Allianz Group

Interim Report First Half of 2004

3 + One

Contents

OVERVIEW

Our "3+One" program experienced continued success during the second quarter of 2004 and the positive earnings trend was sustained. Net income for the first half of this year was up on the same period last year by 1,143 million euros to 1,289 million euros. As a result, the equity base was slightly improved at a high level.

All segments contributed to this continued improvement in result:

- In property and casualty insurance we improved the claims ratio further to 69.1 (71.4) percent. At the same time, we also reduced expenses. As a result, the combined ratio, which measures claims and expenses as a percentage of net premiums earned, fell to 94.3 (97.1) percent.
- In life and health insurance, revenues did not meet our expectations. However, results improved significantly. For instance, investment income increased by 2.6 billion euros to 6.7 billion euros. This can be attributed to the more favorable climate on the capital markets. We also cut administrative expenses by 9.7 percent to 0.8 billion euros.
- In banking, profits were again recorded in the second quarter of 2004. The progress achieved at Dresdner Bank is clearly recognizable: after an operating loss of 45 million euros in the first half of 2003, operating profit is now being recorded of 409 million euros.
- The asset management segment is experiencing further profitable growth. Operating profit increased by 12.7 percent to 361 million euros and the cost-income ratio improved 1.8 percentage points to 67.2 percent.

Despite a significant increase in tax charges, operating progress and higher income from investments helped raise net income for the first half of the year by 1,143 million euros to 1,289 million euros.

The capital base was strengthened as well. Taking into account the dividend of 551 million euros distributed in May, our shareholders' equity rose in the first half of 2004 by altogether 0.7 billion euros to 29.3 billion euros.

At the end of the first half year, the solvency ratio for our insurance business increased to 225.9 percent. At the end of 2003, it was still 205.9 percent.

Earnings

The positive earnings trend continued in the second quarter of 2004.

Adjusted for currency and consolidation effects, we were able to further raise **revenues** in property/casualty insurance (+2.1 percent), life/health insurance (+3.1 percent), and asset management (+20.4 percent) in the first six months of 2004. In banking, operating revenues decreased by 4.9 percent, a less substantial reduction than the risk-weighted assets, which dropped by 19.4 percent in the period-end comparison at Dresdner Bank. In the second quarter, we were able to stabilize revenues at the previous year's level.

In property and casualty insurance, the **claims ratio** improved 2.3 percentage points to 69.1 percent, which was mainly the result of our disciplined underwriting policy and portfolio restructuring.

All segments continued to make good progress in cutting **administrative expenses**, which fell by 10.1 percent to 6.1 billion euros.

There was substantially less expenditure required for **loan loss provisions** in banking, which fell by 68.9 percent to 217 million euros.

Investment income before policyholders' profit participation rose from 6.4 billion euros to 10.5 billion euros in the first six months of this year, substantially up on the comparable prior-year period.

Following discussions with the Securities and Exchange Commission (SEC), we retroactively impaired nine securities for the 2002 fiscal year. As a result this also caused an adjustment of the consolidated financial statement for 2003, which is reflected in the previous year's figures published in this report. The changes have no effect on the 2004 results. For further information please refer to the Notes to the Consolidated Financial Statements.

Current investment income increased by 0.2 percent to 8.1 billion euros. Improved conditions on the capital markets substantially reduced write-downs on our investments, which fell 2.4 billion euros to 0.8 billion euros.

Earnings before taxes and amortization of goodwill for the first six months of 2004 amounted to 3.3 billion euros compared to 0.5 billion euros for the same period last year. Amortization of goodwill decreased slightly from 599 million euros to 588 million euros. While we recorded a tax income of 633 million euros in the same period last year, the substantially higher pre-tax earnings this year resulted in a tax charge of 743 million euros. After deduction of minority interests in earnings of 656 (365) million euros, we reported a **net income** of 1,289 million euros as of June 30, 2004, compared to 146 million euros in the first half of 2003. Earnings per share amounted to 3.51 (0.41) euros.

Shareholders' equity

On June 30, 2004, the shareholders' equity of the Allianz Group amounted to 29.3 billion euros. This figure takes into account the fact that shareholders' equity is reduced by 17,949,200 treasury shares which had been acquired at a cost of 4.5 billion euros. This represents a growth in shareholders' equity of 2.4 percent, or 0.7 billion euros, since the end of 2003.

Market capitalization and the Allianz share

On June 30, 2004, the market capitalization of Allianz AG, adjusted for treasury shares, amounted to 32.7 billion euros. The Allianz share has thus dropped altogether 11.0 percent since the end of 2003. Since March 31, 2004, however, the Allianz share price has risen marginally. In comparison, the Dow Jones EURO STOXX 50 gained 0.8 percent during the second quarter of 2004 and DJ EURO STOXX Insurance 2.9 percent.

Employees

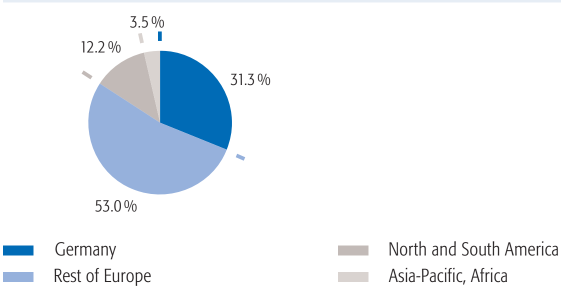
On June 30, 2004, the number of our employees had fallen by 6,557 to 167,193 since the end of 2003.

PROPERTY AND CASUALTY INSURANCE

In property and casualty insurance, our net income doubled to 1,832 (824) million euros. Although our disciplined underwriting policy slowed down the increase in premiums, it did lead to a marked improvement in the combined ratio.

At 24.2 billion euros, premium income was up by 0.6 percent on the first half of 2003. Adjusted for consolidation and exchange rate effects, internal growth came to 2.1 percent. In the area of new business we continued to pay attention to risk-oriented rates and thus tolerated a limited growth in revenues in individual countries such as France and Canada. In contrast, our companies in the U. S. A., Spain, and Australia experienced substancial internal growth.

Property and casualty insurance – premium income by region (€ 24.2 bn)



Compared to the first half of the previous year, the **claims ratio** improved by 2.3 percentage points to 69.1 percent. This improvement is the result of our risk-oriented underwriting and pricing policy. There were also few claims arising from natural catastrophes.

In the following presentation, transactions between reporting units are not consolidated. In order to present a clear picture of our business operations, we have adjusted the results by eliminating amortization of goodwill as well as minority interests.

We further reduced the **expense ratio**. Compared to the corresponding prior-year period, the expense ratio fell from 25.7 to 25.2 percent in total. Despite slightly higher acquisition costs this was achieved thanks to decreasing administrative expenses.

Overall, the **combined ratio**, which measures claims and expenses as a percentage of net premiums earned, improved by 2.7 percentage points to 94.3 percent. This has brought us far closer to our goal of achieving a combined ratio of less than 97 percent for the full year 2004.

Property and casualty insurance

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	24,214	24,059	23,569
Claims ratio	%	69.1	71.4	74.6
Expense ratio	%	25.2	25.7	27.6
Half-year net income*)	€ mn	1,832	824	6,865
Investments	€ mn	143,713	140,375	140,694
Insurance reserves	€ mn	88,542	88,190	89,434

*) Half-year net income after amortization of goodwill, taxes, and minority interests

Investment income also rose significantly from 1.4 billion euros to 3.8 billion euros.

Current investment income increased by 0.8 billion euros to 3.1 billion euros. This is largely attributable to intra-Group dividend payouts. Disregarding intra-Group dividends, current investment income remained at the same level as the comparable prior-year period.

The balance of write-ups and write-downs also showed a marked improvement. While there had been a charge of 758 million euros for the first six months of the previous year, a total charge of 166 million euros was incurred for the first half of 2004. In contrast, we realized 1.6 billion euros capital gains, 1.0 billion euros less than in the first half of 2003.

The improvement in investment income is also partly due to the fact that the previous year's value was distorted by 1.1 billion euros expenses for derivatives used to hedge our stock positions. After substantially reducing our equity exposure in the previous year, we now almost completely refrain from hedging activities.

Earnings before taxes and amortization of goodwill came to 3.2 billion euros, compared to 1.0 billion euros in the first half of the previous year. Amortization of goodwill remained almost unchanged at 191 (193) million euros. A tax charge of 588 million euros arose, compared to tax income of 187 million euros in the first half of the previous year. After minority interests of 555 (163) million euros, we ended the first half of 2004 with an improved net income of 1,832 (824) million euros.

GERMANY

The **Allianz Sachgruppe Deutschland**, which combines the property and casualty insurance business of the German Allianz companies, expanded its premium income in the first half of 2004 by 1.6 percent to 6.4 billion euros.

As before, the largest rise in premiums was in property business. An increase of 13.6 percent was recorded for fire insurance, while the premium volume in dynamic property insurance grew by 8.5 percent. Highly satisfactory growth in premiums of 10.5 percent was also noted in accident insurance with guaranteed premiums refunds. The higher number of policies taken out by customers is evidence of the effect of the changes in taxation that are to come into force in 2005.

Automobile insurance, on the other hand, suffered a slight drop in premiums of 0.7 percent. There is still particularly high price sensitivity in this segment. Despite the introduction of countermeasures, the number of policies being canceled continues to exceed the number of new policies being taken out.

The claims ratio continued to improve, amounting to 60.6 (64.4) percent in the first half of 2004. Alongside the relatively few claims arising from natural catastrophes, the continued intensified examination and removal of unprofitable customer relationships also clearly proved advantageous. The claims ratios improved significantly in technical insurance and dynamic property insurance.

The expense ratio also continued to decline noticeably, down to 25.4 (26.3) percent. Despite cuts in administrative and distribution costs, commissions rose somewhat more strongly than the underlying business.

Sachgruppe Deutschland

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	6,412	6,309	6,067
Claims ratio	%	60.6	64.4	67.0
Expense ratio	%	25.4	26.3	29.1
Earnings after taxes*)	€ mn	683	330	967
Investments	€ mn	23,846	22,309	20,986

*) Earnings after taxes before amortization of goodwill and minority interests

Investment income rose considerably from 0.4 billion euros to 0.7 billion euros. This was mainly the result of lower write-downs due to positive stock market trends, and realized gains from sales of shareholdings.

Overall, earnings after taxes improved substantially to 683 million euros, compared to 330 million euros for the same period last year.

Gross premium income from the reinsurance business of **Allianz AG** amounted to 3.1 billion euros in the first half of 2004, almost unchanged from the comparable prior-year period.

The combined ratio for property and casualty reinsurance, excluding reinsurance business from life and health insurance, fell from 94.7 percent to 88.4 percent as a result of favorable conditions. If we also include the figures for life and health reinsurance, the combined ratio fell to 95.5 (100.3) percent.

Allianz AG

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	3,081	3,223	3,969
Claims ratio	%	67.3	72.5	72.4
Expense ratio	%	28.1	27.8	29.7
Earnings after taxes*)	€ mn	1,392	860	7,191
Investments	€ mn	88,256	87,209	86,451

Investment income was up significantly on the first half of 2003, rising from 0.5 billion euros to 2.4 billion euros. This is largely attributable to substantially higher dividend payouts from Group companies to Allianz AG.

Overall, for the first half year earnings after taxes rose by a substantial 61.9 percent to 1.4 billion euros.

FRANCE

In France, premium income remained stable at 3.0 billion euros. Growth in the private investor and small to medium size business sectors was boosted by selective rate increases. In large accounts, we strictly refrained from writing any business where we could not achieve a risk-adequate pricing. Therefore, the claims ratio reduced substantially from 81.7 percent to 76.6 percent.

France

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	2,987	2,988	2,975
Claims ratio	%	76.6	81.7	83.6
Expense ratio	%	22.7	23.6	25.6
Earnings after taxes*)	€ mn	601	150	470
Investments	€ mn	23,138	20,819	21,550

As a result of cost-cutting measures, particularly in claims management and administration, the expense ratio was reduced from 23.6 percent to 22.7 percent. Overall, there was a marked improvement in the combined ratio from 105.2 percent to 99.4 percent. Investment income increased substantially to 737 (342) million euros as a result of higher dividend payouts from subsidiaries.

Earnings after taxes for the first half year 2004 amounted to 601 (150) million euros, a substantial improvement on the previous year.

ITALY

In the Italian market, our companies increased their premium income by 2.9 percent to 2.5 billion euros. This growth was due in part to the RAS Group, which recorded premium growth of 3.7 percent to 1.8 billion euros, while Lloyd Adriatico increased its premium income by 1.0 percent to 0.7 billion euros. The premium income of our direct insurer Genialloyd continued its brisk growth with a 23.3 percent increase to 107 million euros.

Comparatively slight growth was recorded in our main business segment automobile insurance. In line with the market trend, this business segment saw only isolated rate increases. In contrast, liability insurance recorded substantial growth. The RAS Group raised premium income here by 19.4 percent. This trend can be attributed both to an increase in new business and rate adjustments resulting from the ongoing portfolio restructuring.

The claims ratio fell for the third successive year. At 68.7 percent in the first half of 2004, it was 4.4 percentage points below the previous year figure. This encouraging trend is mainly attributable to the restructuring of our liability insurance portfolio and the continued favorable loss situation particularly in automobile insurance. At 23.3 percent, the expense ratio was up slightly on the previous year figure of 22.6 percent. This development is mainly attributable to an increase in administrative expenses and IT investments compared to the first half of 2003. The new collective wage agreements that were decided during the third quarter of last year impacted personnel expenses. As a result, the figure for the first half of 2004 is higher than the previous year's figure.

Italy

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	2,523	2,452	2,379
Claims ratio	%	68.7	73.2	75.5
Expense ratio	%	23.3	22.6	23.3
Earnings after taxes*)	€ mn	326	245	751
Investments	€ mn	10,613	10,222	10,327

*) Earnings after taxes before amortization of goodwill and minority interests

At 330 (338) million euros, investment income remained at much the same level as in the previous year. This was the result of less realized gains and fewer write-downs.

Overall, earnings after taxes rose by 33.2 percent to 326 million euros.

SWITZERLAND

With premium income of 0.9 billion euros, our property and casualty insurance business in Switzerland, Allianz Suisse Versicherungs-Gesellschaft, ranked fourth in the Swiss market during the first half of this year. In euro accounts, premiums dropped by 2.2 percent. Adjusted for exchange rate effects, premiums increased by 3.7 percent.

Premium reductions resulting from restructuring measures in accident and health insurance were more than compensated by premium increases in other lines of business. Premium increases were particularly substantial in automobile and general liability insurance.

Lower loss frequency combined with restructuring exercises in collective insurance helped to improve the claims ratio from 74.8 percent to 74.1 percent. Cost-cutting measures alongside a simultaneous increase in premium income slightly reduced the expense ratio by 0.8 percentage points to 23.9 percent.

Switzerland

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	902	922	892
Claims ratio	%	74.1	74.8	74.4
Expense ratio	%	23.9	24.7	24.4
Earnings after taxes*)	€ mn	34	3	– 14
Investments	€ mn	3,225	3,134	3,565

In the first six months of this year, investment income amounted to 57 million euros, double that of the first half of 2003. This increase is primarily attributable to less write-downs on investments. Overall, earnings after taxes during the first half of 2004 improved to 34 (3) million euros.

GREAT BRITAIN

Our British subsidiary, Allianz Cornhill, reported premium income for the first half of this year of 1.4 billion euros, which is 4.2 percent up on the same period last year. After adjustment for exchange rate effects, growth amounted to 2.3 percent. While business in commercial lines increased by 8.7 percent after adjustment for exchange rate effects, premium income in the private business declined as a direct result of withdrawing from a major affinity relationship. Due to a favorable loss situation, the claims ratio fell from 65.7 percent to 64.2 percent.

Last year, we set up a service company in India to help towards improving our cost structure over the long-term. This year, in addition to providing IT development services, it is now also starting to take on additional activities in the context of policy administration. Initial results have been promising and serve to confirm that we are steering the right course towards improving and protecting our operating profitability over the long term.

The success of Allianz Cornhill also gained recognition by an external body. It was named "General Insurer of the Year" at the British Insurance Awards.

Allianz Cornhill

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	1,390	1,335	1,416
Claims ratio	%	64.2	65.7	71.3
Expense ratio	%	29.1	28.9	30.0
Earnings after taxes*)	€ mn	110	141	34
Investments	€ mn	3,517	2,935	2,802

While we recorded a tax benefit for last year's period, in the first half of 2004, we incurred a tax charge. Despite substantial improvements in pre-tax earnings for the first half, this caused our earnings after taxes to decline to 110 (141) million euros.

*) Earnings after taxes before amortization of goodwill and minority interests

SPAIN

Our Spanish companies, Allianz Seguros and Fénix Directo, a direct insurer, experienced continued growth. In the first half of 2004, with a continuing clear focus on the profitability of new business, they increased premium income to 999 million euros, which is 6.7 percent up on the same period last year. This trend was boosted in particular by the industrial insurance business, while growth in automobile insurance slowed somewhat in the face of increasingly fierce competition.

As a result of fewer claims in all business segments, the claims ratio was reduced to 73.3 percent, 4.6 percentage points below the same period last year. In the first six months of this year, we successfully maintained the excellent expense ratio of the previous year, keeping it at 18.5 percent. While fee and commission expenses increased slightly, administrative expenses continued to fall.

Spain

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	999	936	815
Claims ratio	%	73.3	77.9	76.2
Expense ratio	%	18.5	18.5	21.1
Earnings after taxes[*)]	€ mn	100	28	32
Investments	€ mn	1,897	1,738	1,485

[*)] Earnings after taxes before amortization of goodwill and minority interests

These operating improvements together with a marked increase in investment income caused earnings after taxes to amount to 100 (28) million euros.

CENTRAL AND EASTERN EUROPE

After adjustments for exchange rate effects, premium income in Central and Eastern Europe increased by 3.4 percent. In euro accounts, this represents a 0.9 percent growth rate to 859 million euros.

This trend was significantly influenced by the 5.3 percent decline in premium income in **Hungary** to 281 million euros. This loss in premium income is mainly attributable to the abolition of state subsidies for agricultural insurance.

In **Poland**, premium income increased by 15.0 percent to 100 million euros and in **Romania** by 24.3 percent to 82 million euros.

The key goals of all these companies during the first half of this year were to sustain the increased sales productivity, optimize internal workflows and upgrade the IT infrastructure.

Thanks to a more favorable development in the loss and expense ratio, the combined ratio improved by 2.7 percentage points to 84.6 percent. Our companies in Central and Eastern Europe reported earnings after taxes of 76 (70) million euros for the first half of 2004, thus further increasing profitability. Automobile and industrial insurance in particular aided these encouraging results.

NAFTA-REGION

In the **U.S.A**, Fireman's Fund Insurance Company (FFIC) increased its premium income in local currency by 13.7 percent. Taking into account exchange rate effects, this leads to a growth of 2.3 percent to 1.9 billion euros.

By focusing on profitable areas and introducing strict rate and underwriting policies, FFIC successfully improved its claims ratio, which dropped 3.9 percentage points to 66.5 percent. The promotion of a more centralized loss management and the streamlining of regional management structures contributed to a further drop in the expense ratio by 1.2 percentage points to 28.7 percent.

Due to the positive development of the capital markets there were no write-downs worth mention so FFIC's investment income improved by 9.6 percent to 197 million euros.

NAFTA

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	2,576	2,649	3,045
Claims ratio	%	65.9	71.8	82.7
Expense ratio	%	27.6	28.2	30.9
Earnings after taxes*)	€ mn	174	59	– 270
Investments	€ mn	11,229	12,770	12,082

*) Earnings after taxes before amortization of goodwill and minority interests

In **Canada**, premium income fell 8.4 percent to 249 million euros. The substantially reduced claims ratio in the first half of 2004 from 80.4 percent to 66.5 percent together with the slightly more favorable expense ratio resulted in an improved combined ratio of 89.2 percent, a drop of 14.1 percentage points.

Revenues in **Mexico** amounted to 115 million euros. In local currency, this represents a 16.3 percent increase on the same period last year.

Overall, we substantially improved half-year profit at our NAFTA region companies. We closed the first half of 2004 with total earnings after taxes of 174 (59) million euros. This was mainly boosted by FFIC, which raised earnings after taxes to 134 million euros in the first half of 2004, 100 million euros higher than the same period last year.

SOUTH AMERICA

Our South American companies reported premium income of 294 million euros. In local currency, this represents a marginal increase of 0.4 percent. The combined ratio improved 7.6 percentage points to 90.9 percent. Our selective underwriting policy had a particularly noticeable effect here, resulting in a lower claims ratio.

In the first six months of this year, total earnings after taxes amounted to 45 million euros; 32 million euros up on the same period last year. This was fueled by an increase in investment income in addition to the progress in the operating business.

ASIA-PACIFIC

Our companies in the Asia-Pacific region increased their premium income by 6.5 percent to 812 million euros.

Allianz Australia further increased revenues from 541 million euros to 614 million euros. The claims ratio increased to 76.0 (71.3) percent partly as a result of some serious fire incidences. In combination with an almost stable expense ratio, this resulted in a combined ratio of 97.0 (92.3) percent.

Investment income increased by 27 million euros to 60 million euros. This was primarily boosted by the higher current investment income which had benefited from the shift of equity investments to interest-bearing securities.

Earnings after taxes in Australia increased from 41 million euros to 51 million euros.

In **India**, we continue to be the number one private property insurer through our joint venture Bajaj Allianz General Insurance. Premiums for this company were up 76 percent on the previous year to 67 million euros.

Overall, the Asia-Pacific region reported total earnings after taxes of 79 million euros, compared with 48 million euros in the same period last year.

ALLIANZ GLOBAL RISKS RÜCKVERSICHERUNGS-AG

Allianz Global Risks Rückversicherungs-AG (AGR Re), which pools our international corporate business, raised premium income by 2.8 percent on the previous year to 809 million euros.

Due to a clearly lower claims ratio, which were reduced as a result of our profitability-oriented underwriting guidelines, the combined ratio fell from 101.6 to 97.9 percent. Favorable claims ratios in Germany, Great Britain and the U.S.A. alongside with a number of considerable losses and a larger reserve for loss and loss adjustment expenses than in the previous year negatively impacted earnings.

Allianz Global Risks Rückversicherungs-AG

		6/30/2004	6/30/2003
Gross premiums	€ mn	809	787
Claims ratio	%	68.3	70.9
Expense ratio	%	29.6	30.8
Earnings after taxes*)	€ mn	12	– 21
Investments	€ mn	1,589	1,039

Overall, after a loss of 21 million euros in the first half of 2003, we were able to return to profitability during the first half of this year with earnings after taxes of 12 million euros.

In Allianz Global Risks, which, in addition to the reinsurance activities of AGR Re, includes the worldwide industrial clients business of the Allianz Group, we were able to lower its combined ratio to 93.8 (96.8) percent.

CREDIT INSURANCE

Our global credit insurance business is combined in the Allianz group company **Euler Hermes S. A.** In the first half of 2004, premium income fell slightly by 0.4 percent to 828 million euros.

The claims ratio of the previous year was further improved to 49.6 percent in the first half of this year. This is a result of a decline in claims frequency and the absence of major individual claims, both a clear sign of the success of our new and improved risk management. The expense ratio of 26.2 percent improved compared to the previous half year's figure and reflects the success of the previous year's cost-cutting.

Credit Insurance

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	828	831	809
Claims ratio	%	49.6	58.5	79.2
Expense ratio	%	26.2	30.4	39.2
Earnings after taxes*)	€ mn	106	33	40
Investments	€ mn	2,733	2,580	2,450

Earnings after taxes for the first half of 2004 amount to 106 million euros, which is substantially above the previous year figure.

*) Earnings after taxes before amortization of goodwill and minority interests

TRAVEL INSURANCE AND ASSISTANCE

In the first half of 2004, the **Mondial Assistance Group**, the international market leader in travel insurance and assistance, reported premium income of 463 million euros, 12.0 percent up on the same period last year.

The moderate recovery of the tourism sector led to a rise in the travel insurance business in the majority of European markets. At the same time, the assistance business also developed positively.

The expense ratio increased by one percentage point to 32.8 percent. This trend is attributable to a higher proportion of revenues in travel insurance which features higher fee and commission expenses than in the assistance business. On the other hand, administrative expenses as a percentage of premium income fell from 10.5 percent in the comparable prior-year period to 9.5 percent in the first half of 2004.

Travel Insurance and Assistance

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	463	414	412
Claims ratio	%	57.7	62.2	62.6
Expense ratio	%	32.8	31.8	29.9
Earnings after taxes*)	€ mn	9	8	5
Investments	€ mn	559	480	449

Earnings after taxes amounted to 9 (8) million euros for the first half year after accounting for restructuring expenses.

ALLIANZ MARINE & AVIATION

Allianz Marine & Aviation is our European specialist insurer for transportation, shipping, and aviation risks. In the first half of 2004, premium income amounted to 540 million euros, representing a slight decrease of 1.2 percent on the previous year. The intentional reduction of business volume in selected segments and negative exchange rate effects were almost offset by the growing business in Great Britain. In its second year of business, our British branch is exhibiting marked progress and increasing premiums in both aviation and marine insurance. In Germany, the transportation business is progressing at a stable rate while in France it is showing a slight decline.

Allianz Marine & Aviation

		6/30/2004	6/30/2003
Gross premiums	€ mn	540	546
Claims ratio	%	69.7	62.9
Expense ratio	%	24.8	21.2
Earnings after taxes*)	€ mn	21	26
Investments	€ mn	1,225	1,222

Last year, the claims ratio was at an exceptionally low level of 62.9 percent. This year, it has risen to 69.7 percent in line with expectations.

Earnings after taxes of 21 (26) million euros are affected by a higher investment income.

*) Earnings after taxes before amortization of goodwill and minority interests

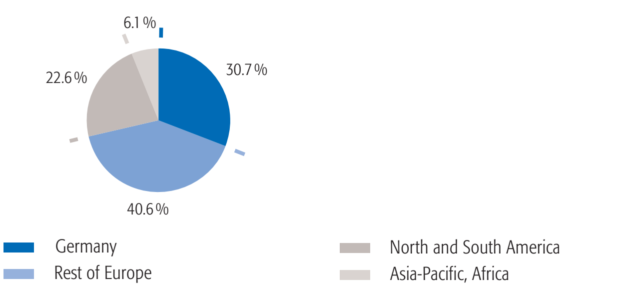
LIFE AND HEALTH INSURANCE

In life and health insurance, total premium income increased by 3.1 percent after adjustment for exchange rate and consolidation effects. Administrative expenses were cut and the investment income substantially improved. In total, we raised net income for the period by 65.5 percent to 386 million euros.

Accounting for exchange rate and consolidation effects, total premium income in life and health insurance grew 0.1 percent to 21.1 billion euros. In IFRS accounts, which recognize only the cost and risk elements as revenue from investment-oriented life-insurance products, premium income rose 0.6 percent to 10.1 billion euros. While for France and the U.S.A (in local currency) we are able to report double-digit growth in total revenues, revenues in Italy, Switzerland, and Korea declined substantially.

In the following presentation, transactions between reporting units are not consolidated. In order to present a clear picture of our business operations, we have adjusted the results by eliminating amortization of goodwill as well as minority interests.

Life and health insurance – total premium income by region (€ 21.1 bn)



We reduced administrative expenses by 9.7 percent while revenues rose; at the same time, acquisition costs increased, primarily as a result of adjustments in the bases for actuarial calculations. Based on total premium income, the expense ratio was 9.2 percent, which is higher than the comparable prior-year period (7.7 percent). This is in line with expectations as the 2003 figure was influenced by special factors. However, overall, the expense ratio is still comparatively low.

Life and Health Insurance

		6/30/2004	6/30/2003	6/30/2002
Total revenues	€ mn	21,122	21,102	18,931
Gross premiums	€ mn	10,114	10,057	9,950
Expense ratio[1]	%	9.2	7.7	10.4
Half-year net income[2]	€ mn	386	233	203
Investments	€ mn	247,935	230,729	214,897
Insurance reserves	€ mn	247,803	232,747	216,389

[1] In relation to total premiums earned

[2] Half-year net income after amortization of goodwill, taxes, and minority interests

Investment income was up substantially on the first half of 2003, increasing from 4.1 billion euros to 6.7 billion euros. The recovery on the capital markets had a significant influence here. Write-downs fell from 1,744 million euros to 184 million euros. The increase in current investment income to 5.9 billion euros (0.1 billion euros up on the previous year) was another contributing factor.

After policyholders' participation, earnings before taxes and amortization of goodwill for the life and health insurance segment came to 903 (549) million euros for the first half of 2004. After amortization of goodwill of 79 (87) million euros, taxes of 247 (104) million euros and minority interests of 191 (125) million euros, net income in this segment improved to 386 (233) million euros.

GERMANY

Allianz Leben increased total revenues by 4.4 percent on the first half of the previous year, bringing it to 5.0 billion euros. This growth is partly attributable to the outstanding performance of new business during the previous year, which is only now being fully reflected in premium income.

As expected, new business in the first half of this year was below the comparable previous year figure, declining by 5.9 percent. This is primarily the result of a base effect; specifically, the higher annual increments in 2003 thanks to the linking of many contracts to the movement in the employees' insurance maximum contributions in the state pension scheme. By the end of the year, we expect to see a clear revival in new business due to changes in the taxation of endowment policies from 2005, following legislation on the taxation of pensions and annuities ("Alterseinkünftegesetz") which in June passed the second chamber of the German parliament ("Bundesrat").

The increase in the expense ratio is attributable to a special factor from the previous year when the expense ratio fell to an exceptionally low level following adjustments to its calculation. Overall, the expense ratio is falling in the long term and we expect this positive trend to continue.

Allianz Leben[*]

		6/30/2004	6/30/2003	6/30/2002
Total revenues	€ mn	4,976	4,766	4,498
Gross premiums	€ mn	4,712	4,550	4,414
Expense ratio[1]	%	11.7	7.8	13.6
Earnings after taxes[2]	€ mn	75	– 6	125
Investments	€ mn	114,289	111,403	107,186

[*] Including Deutsche Lebensversicherungs-AG and Allianz Pensionskasse AG

Investment income was up 1.7 billion euros on the same period last year, rising to 3.2 billion euros, which was mainly a result of the substantial drop in realized losses and write-downs.

Following our loss of 6 million euros during the first half of 2003, we were able to report earnings after taxes of 75 million euros for the first half of this year.

In the **health insurance business**, Allianz Private Krankenversicherung reported a moderate 2.0 percent gain in premiums, rising to 1.5 billion euros. This positive revenue figure is mainly boosted by new business with continued strong demand for supplementary insurance. However, current discussions on health care policy continue to disconcert potential customers, preventing them from opting for full health insurance coverage.

At the start of 2004, unlike in previous years, premiums levels required only minor adjustments thanks to the positive claims development over the past few years.

At 71.7 percent, the claims ratio is marginally above the previous year figure of 71.6 percent. In contrast, the expense ratio improved to 9.1 (9.9) percent.

Allianz Private Krankenversicherungs-AG

		6/30/2004	6/30/2003	6/30/2002
Gross premiums	€ mn	1,507	1,477	1,425
Claims ratio	%	71.7	71.6	72.2
Expense ratio	%	9.1	9.9	9.9
Earnings after taxes[2]	€ mn	49	31	31
Investments	€ mn	13,742	13,035	11,269

Earnings after taxes climbed to 49 (31) million euros on the back of rising investment income.

[1] In relation to total premiums earned
[2] Earnings after taxes and before amortization of goodwill and minority interests

FRANCE

In France, total revenues were up 10.1 percent on the previous year, amounting to 2.3 billion euros. Individual life insurance sales were increased by optimizing the distribution networks. This contributed to a disproportionate growth of 76 percent in sales of unit-linked products, which now account for almost 30 percent of all new business.

In health insurance, substantial rate adjustments had to be made in certain areas due to the ever increasing health care costs.

France

		6/30/2004	6/30/2003	6/30/2002
Total revenues	€ mn	2,280	2,071	2,141
Gross premiums	€ mn	752	743	758
Expense ratio[1]	%	15.8	16.8	17.4
Earnings after taxes[2]	€ mn	169	184	7
Investments	€ mn	51,476	39,425	42,109

At 1.3 billion euros, investment income was up 35.5 percent on the comparable prior-year figure. This development was boosted by the balance from write-ups and write-downs, which improved by 0.5 billion euros.

Overall, at 169 million euros, earnings after taxes remained at the previous year's level.

ITALY

In Italy, total revenues fell 15.7 percent to 4.1 billion euros. This is mainly attributable to reduced sales of life insurance through the bank channel (compared to the outstanding figures achieved last year), a trend evident throughout the entire market. This had a particularly strong impact on investment-oriented products, which despite this remained the mainstay of new business. However, sales through company agents in the private client business developed positively.

With absolute costs remaining approximately constant, the expense ratio increased from 3.1 percent to 4.1 percent.

Italy

		6/30/2004	6/30/2003	6/30/2002
Total revenues	€ mn	4,096	4,858	3,850
Gross premiums	€ mn	532	567	583
Expense ratio[1]	%	4.1	3.1	4.2
Earnings after taxes[2]	€ mn	152	123	245
Investments	€ mn	19,571	18,812	15,660

Investment income increased substantially by 121 million euros to 524 million euros. This trend was supported by growth in current investment income by 47 million euros to 492 million euros.

In total, our life insurer in Italy increased earnings after taxes to 152 million euros, representing a rise of 29 million euros.

[1] In relation to total premiums earned
[2] Earnings after taxes and before amortization of goodwill and minority interests

SWITZERLAND

Allianz Suisse Lebensversicherungs-Gesellschaft reported total revenues of 688 million euros. This represents a decline of 14.4 percent and is primarily attributable to the spin-off of the company's "Pensionskasse", a reduction of new business in collective life insurance, and exchange rate effects. In local currency, premium income from unit-linked life insurance increased by 92.6 percent.

On January 1, 2004, the guaranteed interest rate was lowered to 2.25 percent. In collective life insurance this new rate also applies to the business in force. Although this adjustment significantly increases the profitability of life insurance, it still doesn't meet our demands.

The expense ratio increased by 1.2 percentage points to 8.3 percent. This is mainly attributable to increased write-downs on deferred acquisition costs.

Switzerland

		6/30/2004	6/30/2003	6/30/2002
Total revenues	€ mn	688	804	716
Gross premiums	€ mn	323	453	331
Expense ratio[1]	%	8.3	7.1	8.1
Earnings after taxes[2]	€ mn	12	– 10	– 35
Investments	€ mn	7,505	8,239	8,424

Investment income rose by 22.4 percent to 146 million euros as a result of substantially lower write-downs.

As a result of operating improvements, our Swiss life insurer returned to profitability during the first half of this year, reporting earnings after taxes of 12 million euros compared to the 10 million euro loss of the comparable prior-year period.

U.S.A.

Allianz Life, our life insurer in the U.S.A, reported growth of 13.6 percent in local currency for the first six months of this year, which translates into a 2.4 percent growth in euro accounts. 340 million euros of the 4.7 billion euro premium volume is an effect from completing the sale of our reinsurance business. Primary insurance experienced internal growth of 5.5 percent. Sales of unit-linked annuity insurance increased significantly in local currency by 75.8 percent, primarily benefiting from the introduction of new products, an improved distribution network, and a relatively stable capital market environment.

At the same time however, sales of fixed annuity insurance declined due to low interest rates compared to the same period last year. However, the rise in interest rates in the second quarter of 2004 in conjunction with the market launch of new products has led to a promising increase in sales of fixed annuity insurance.

The expense ratio increased by 0.7 percentage points to 5.7 percent as a result of the slow growth as compared to the previous year.

Allianz Life

		6/30/2004	6/30/2003	6/30/2002
Total revenues	€ mn	4,729	4,619	3,831
Gross premiums	€ mn	531	549	717
Expense ratio[1]	%	5.7	5.0	5.7
Earnings after taxes[2]	€ mn	76	84	– 16
Investments	€ mn	21,275	19,560	12,974

An increase in current investment income together with a fall in realized gains resulted in investment income of 520 million euros, which is 1.5 percent up on the first half of 2003.

Overall, at 76 million euros, earnings after taxes for the first six months are marginally below the previous year figure.

[1] In relation to total premiums earned
[2] Earnings after taxes and before amortization of goodwill and minority interests

ASIA-PACIFIC

At **Allianz Life Korea** we are continuing our restructuring exercise and are still fully committed to improving profitability.

During the first half of this year, we implemented measures in two areas. Firstly, we reviewed the entire product portfolio. To improve profitability of new business we increased cost addons and lowered guaranteed interest rate in line with the market. Secondly, we streamlined the distribution network and introduced a more performance-oriented commission system.

In the first half of 2004, our total revenues dropped by 17.4 percent on the previous year to 691 million euros. After adjustment for exchange rate effects, the decline amounted to 11.2 percent. New business thus did not meet our expectations, but shifted towards the sale of more profitable products with a longer maturity – in line with our plans.

Following a loss of 3 million euros in the first half of 2003, Allianz Life Korea reported earnings after taxes of 36 million euros for the first six months of 2004. This represents an increase of 39 million euros and is primarily the result of substantial realized gains in the first quarter of 2004. In the second quarter of 2004, there was a loss of 8 million euros.

We are continuing our relentless efforts to stabilize the operating profitability of Allianz Life Korea over the long term. The continued development of our new business based on more profitable products within difficult market conditions will be the decisive factor in this success.

Just under a year since its creation, our Korean bancassurance Hana Life joint venture has reported premium volume of 32 million euros.

In **Taiwan**, our joint venture more than doubled gross premium income in the first half of 2004 compared to the same period last year, increasing it to 463 million euros; a rise of 119.6 percent.

SOUTH AMERICA

In South America we focus on property and casualty insurance in most of the countries. In line with this strategic direction, we sold off our Brazilian life insurance business in the first half of this year.

BANKING BUSINESS

With our banking business already returning to profitability in the first quarter of this year, the second quarter has served to confirm this encouraging trend: The first half of 2004 generated operating profit of 431 (– 23) million euros; 409 (– 45) million euros of which are attributable to Dresdner Bank. Dresdner Bank is therefore well on course and contributed 231 (– 386) million euros to half-year net income.

Banking Business

		6/30/2004 Banking	6/30/2004 thereof Dresdner Bank[1]	6/30/2003 Banking	6/30/2003 thereof Dresdner Bank[1]
Net interest income[2]	€ mn	1,132	1,101	1,362	1,192
Net fee and commission income	€ mn	1,376	1,289	1,274	1,244
Net trading income	€ mn	913	912	1,071	1,078
Operating revenues	€ mn	3,420	3,302	3,706	3,514
Operating expenses	€ mn	– 2,772	– 2,676	– 3,029	– 2,860
Net loan loss provisions	€ mn	– 217	– 217	– 699	– 699
Operating profit	€ mn	431	409	– 23	– 45
Net of other income/expenses	€ mn	– 67	– 63	– 260	– 270
Investment result	€ mn	69	62	– 260	– 261
Restructuring expenses	€ mn	– 116	– 116	– 275	– 223
Amortization of goodwill	€ mn	– 129	– 129	– 137	– 139
Profit before taxes	€ mn	188	163	– 954	– 938
Taxes	€ mn	91	106	527	539
Profit after taxes	€ mn	279	268	– 427	– 398
Minority interests in earnings	€ mn	– 82	– 38	– 9	12
Net income	€ mn	197	231	– 437	– 386
Operating cost-income ratio	%	81.1	81.0	81.7	81.4

[1] Dresdner Bank's contribution to Allianz Group's banking business

[2] Starting in 2004, "current income from associated companies" will be reported under net interest income (first half of 2003: net loss of 54 million euros from investments)

Operating revenues in **banking** declined by 286 million euros, or 7.7 percent, to 3.4 billion euros. Of this amount, 109 million euros are attributable to consolidation effects (primarily relating to the sale of Entenial and of our banking activities in Belgium and Brazil). After deduction of operating expenses and loan loss provisions from operating revenues, the banking business closed the first half of 2004 with an **operating profit** of 431 (– 23) million euros. Overall, banking reported **half-year net income** of 197 (– 437) million euros.

Based on operating revenues, more than 95 percent of this result was generated by **Dresdner Bank**, which performed as follows:

Operating revenues declined to 3.3 billion euros, which is 212 million euros, or 6.0 percent, down on the same period last year. This decline was essentially due to a year-on-year drop in **trading income** of 166 million euros or 15.4 percent. However, more than 60 percent of this drop was due to valuation effects resulting from the application of IAS 39, which caused trading income to fall by 105 million euros to 160 million euros. **Net interest income** fell 92 million euros, or 7.7 percent; in contrast, **net fee and commission income** increased by 46 million euros, or 3.7 percent.

Comparing only the operating revenues of the second quarter 2004 with those of the second quarter 2003, reveals a discernible growth of 1 percent; showing a favorable stabilization at 1.6 billion euros. This is encouraging for two reasons. First, this stabilization is underpinned by all three earnings figures. Second, we were able to significantly improve our **interest margin** since **risk-weighted assets** had been systematically reduced at the same time: They declined to around 106.8 billion euros on June 30, 2004, this figure is 25.7 billion euros or 19.4 percent less than at the end of the first half 2003.

Operating expenses were cut by 6.5 percent to 2.7 (2.9) billion euros. This shows that we continue to make good progress in cutting costs.

At the same time, we were able to substantially reduce **loan loss provisions**: at 217 million euros, they were 68.9 percent below the previous year's figure.

After deducting operating expenses and loan loss provisions from operating revenues, Dresdner Bank contributed 409 (– 45) million euros to the **operating profit** of the banking business. This shows that Dresdner Bank is well on the right track.

The **non-operating expense components** together came to 246 (893) million euros. The most significant expenses in the first half were the scheduled amortization of goodwill amounting to 129 (139) million euros and restructuring expenses of 116 (223) million euros.

After these non-operating components, taxes, and minority interests, **Dresdner Bank** contributed 231 (– 386) million euros to the **half-year net income** of Allianz' banking business. This proves that the measures initiated within the context of the "Neue Dresdner Bank" program launched in August 2003 are bearing fruit.

Segment reporting

Private and Business Clients (PBC)

		6/30/2004	6/30/2003
Net interest income	€ mn	734	771
Net fee and commission income	€ mn	853	761
Net trading income	€ mn	16	20
Operating revenues	€ mn	1,603	1,552
Operating expenses	€ mn	– 1,203	– 1,281
Net loan loss provisions	€ mn	– 105	– 166
Operating profit	€ mn	295	106
Net of other income/expenses	€ mn	– 3	1
Investment result	€ mn	6	12
Restructuring expenses	€ mn	– 50	– 62
Profit before taxes and amortization of goodwill	€ mn	248	56
Taxes	€ mn	– 93	– 17
Profit after taxes and before amortization of goodwill	€ mn	155	39
Operating cost-income ratio	%	75.1	82.5

The Private and Business Clients division generated **operating revenues** of 1.6 billion euros in the first half of 2004, up 3.3 percent year-on-year. This is mainly due to an improvement in net fee and commission income of 12.0 percent, which is primarily the result of strong securities trading. Moreover, the sale of insurance products made a positive contribution to the revenue increase. **Operating expenses** fell by 6.0 percent as a result of ongoing cost-cutting measures. The cost-income ratio improved significantly to 75.1 (82.5) percent. At the same time, **loan loss provisions** were down 61 million euros. Overall, we were able to almost triple the **operating profit** in the Private and Business Clients (PBC) division to 295 (106) million euros. We reported a profit after taxes of 155 (39) million euros.

Corporate Banking (CB)

		6/30/2004	6/30/2003
Net interest income	€ mn	346	344
Net fee and commission income	€ mn	144	156
Net trading income	€ mn	27	25
Operating revenues	€ mn	516	525
Operating expenses	€ mn	– 236	– 266
Net loan loss provisions	€ mn	– 69	– 97
Operating profit	€ mn	212	162
Net of other income/expenses	€ mn	1	3
Investment result	€ mn	0	13
Restructuring expenses	€ mn	– 9	– 59
Profit before taxes and amortization of goodwill	€ mn	204	120
Taxes	€ mn	– 82	– 48
Profit after taxes and before amortization of goodwill	€ mn	123	72
Operating cost-income ratio	%	45.7	50.6

Dresdner Kleinwort Wasserstein (DrKW)

		6/30/2004	6/30/2003
Net interest income	€ mn	136	171
Net fee and commission income	€ mn	268	259
Net trading income	€ mn	676	775
Operating revenues	€ mn	1,080	1,204
Operating expenses	€ mn	– 903	– 941
Net loan loss provisions	€ mn	– 16	3
Operating profit	€ mn	162	266
Net of other income/expenses	€ mn	4	20
Investment result	€ mn	10	14
Restructuring expenses	€ mn	– 1	– 23
Profit before taxes and amortization of goodwill	€ mn	174	277
Taxes	€ mn	– 45	– 111
Profit after taxes and before amortization of goodwill	€ mn	130	167
Operating cost-income ratio	%	83.6	78.2

Operating revenues in the Corporate Banking division remained virtually unchanged at 516 (525) million euros, with only net commission income recording a slight decline. However, it is encouraging that net interest income remained stable despite a substantial reduction of more than 16 percent in risk-weighted assets. This is a clear indication of our significantly improved **interest margin**. **Operating expenses** were reduced by 11.2 percent thanks to strict cost management. **Loan loss provisions** (– 29.4 percent) were also substantially down on previous year's level. **Operating profit** was raised by 30.5 percent to 212 million euros, with **profit after taxes** totaling 123 (72) million euros. The **cost-income ratio** improved by a further 4.9 percentage points to 45.7 percent.

DrKW generated **operating revenues** of 1.1 (1.2) billion euros. The decline of 124 million euros, or 10.3 percent, is due to a drop in earnings in rates business and in foreign exchange trading brought about by market forces. However, business with equity and credit products continued to report encouraging performance. We cut **costs** at DrKW by 4.1 percent as a result of further measures designed to improve flexibility and were thus able to offset part of the revenue decline. After loan loss provisions, we reported an **operating profit** of 162 (266) million euros. DrKW generated an operating profit for the seventh consecutive quarter. Overall, DrKW reported **profit after taxes** totaling 130 (167) million euros.

Institutional Restructuring Unit (IRU)

		6/30/2004	6/30/2003
Net interest income	€ mn	215	236
Net fee and commission income	€ mn	19	47
Net trading income	€ mn	3	4
Operating revenues	€ mn	236	286
Operating expenses	€ mn	– 142	– 207
Net loan loss provisions	€ mn	– 127	– 464
Operating profit	€ mn	– 32	– 385
Net of other income/expenses	€ mn	– 45	– 147
Investment result	€ mn	168	– 4
Restructuring expenses	€ mn	0	– 78
Profit before taxes and amortization of goodwill	€ mn	91	– 614
Taxes	€ mn	66	172
Profit after taxes and before amortization of goodwill	€ mn	157	– 442
Operating cost-income ratio	%	60.0	72.3

In the first half of 2004 IRU generated a profit contribution after taxes of 157 (– 442) million euros. This substantial improvement was essentially due to two factors. First, **loan loss provisions** declined significantly by 72.8 percent to 127 (464) million euros. This is also due to the fact that the IRU has cut its portfolio by over 60 percent since its creation at the start of 2003. Second, we generated investment result totaling 168 (net loss of 4) million euros.

Corporate Other*)

		6/30/2004	6/30/2003
Net interest income	€ mn	– 330	– 329
Net fee and commission income	€ mn	6	21
Net trading income	€ mn	190	254
Operating revenues	€ mn	– 135	– 54
Operating expenses	€ mn	– 192	– 166
Net loan loss provisions	€ mn	99	25
Operating profit	€ mn	– 227	– 194
Net of other income/expenses	€ mn	– 19	– 148
Investment result	€ mn	– 122	– 296
Restructuring expenses	€ mn	– 57	0
Profit before taxes and amortization of goodwill	€ mn	– 426	– 639
Taxes	€ mn	259	543
Profit after taxes and before amortization of goodwill	€ mn	– 167	– 95

*) Corporate Other = corporate functions (to the extent that they have not been allocated to business units), corporate items and corporate investments of Dresdner Bank together with consolidation adjustments.

The components included under Corporate Other generated an after-tax loss of 167 (loss of 95) million euros in the first half of 2004. This loss was due to various factors: operating revenues were weighed down by effects resulting from the application of **IAS 39**, which contributed a loss of 203 (loss of 243) million euros to net interest income and 160 (265) million euros to trading income. Investment result generated a **net loss** of 122 (loss of 296) million euros including, inter alia, expenses for write-downs on our real-estate holdings. Finally, this division recorded **tax income** totaling 259 (543) million euros.

ASSET MANAGEMENT

On June 30, 2004, our assets under management amounted to 1,066 billion euros. This represents a rise of 70 billion euros, or 7.0 percent, since the end of 2003 and includes net inflows for third-party investments of 13 billion euros. Operating profit increased to 361 (320) million euros; as expected, losses fell to 152 (183) million euros.

Assets Under Management

	current values 6/30/2004 € bn	current values 12/31/2003 € bn
Group investments	435	399
Investments for unit-linked life insurance	32	32
Investments for third-party investors	599	565
Assets under management	1,066	996

Since the end of 2003 Group investments increased by 36 billion euros, or 9.1 percent, to 435 billion euros.

At the same time, investments for third party investors climbed by 34 billion euros, or 6.0 percent, to 599 billion euros. The main contributing factors were high net inflows of 13 billion euros, portfolio gains of 6 billion euros thanks to slight increases in equity and bond prices, and conversion gains of 15 billion euros due to the somewhat stronger dollar compared to the start of the year. At constant exchange rates, the increase in investments for third party investors would have come to 19 billion euros, or 3.4 percent.

Approximately 74 percent of this amount is invested in interest-bearing securities and about 25 percent in equities. Business with institutional customers accounts for 60 percent of investments for third parties, while 40 percent comes from business with private clients.

In the fixed-income securities business, we sustained the successes of the past few years. Our PIMCO Total Return Fund thus further strengthened its position as the world's largest actively managed bond fund. Our bond manager PIMCO, the market leader in the fixed income business in the U.S.A., also boosted its market position in both Europe and Asia. In Germany, we upgraded assets under management in the institutional market as well as in the area of public funds. In institutional asset management, our subsidiary dbi continues to hold the unchallenged top position among special funds, with managed assets of 70.0 (end of 2003: 68.4) billion euros. In the area of public funds, dit asserted its fourth place in the German market. It manages assets of 47.3 (end of 2003: 46.7) billion euros.

The operating profit amounted to 361 million euros, compared to 320 million euros in the prior-year period. At constant exchange rates, we would have improved the result by 22.2 percent, to 391 million euros. As a result of stricter cost management, we lowered the cost-income ratio from 69.0 percent in the first half of the previous year to 67.2 percent.

Acquisition-related expenses came to 426 million euros. This includes amortization of goodwill totaling 189 million euros, and 63 million euros for the amortization of capitalized loyalty bonuses to the management of the PIMCO Group. These bonuses will end in 2005. An additional 173 million euros went mainly on retention payments to the management and employees of PIMCO and Nicholas Applegate, which were agreed upon at the time of acquisition of the fund management companies.

Taxes produced a charge of 5 million euros. After deduction of minority interests amounting to 82 million euros, the asset management segment reported a loss of 152 million euros as expected, compared to a loss of 183 million euros in the prior-year period.

In accordance with the agreement with Pacific Life, the minority shareholder of PIMCO, Allianz further increased its interest in PIMCO. In the fourth quarter of the previous year, Pacific Life exercised its right to offer us a 250 million U.S. dollar tranche of PIMCO shares. In the first quarter of 2004, we exercised a further 250 million U.S. dollar option to purchase. These transactions, with a total value of 500 million U.S. dollars, were completed in the first and second quarters of this year and raised our interest in PIMCO to 89.9 percent at the end of June, 2004.

OUTLOOK

The success that has been enjoyed to date following the implementation of our “3+One" program serves to confirm that we are on the right track. The development of our business in the first six months of this year has proven that we are in a good position for achieving the goals that we set for the year.

We still expect total premium income to increase by some 4 percent. In property and casualty insurance, we are confident that we will be able to achieve a combined ratio of less than 97 percent for the whole of 2004, provided that there are no major natural catastrophes. In life insurance, we intend to be involved in the growth of the individual markets and use product development and pricing to tap additional earnings potential. In banking, we are pursuing the goal of stabilizing our income and are continuing our cost-cutting drive; our aim is to achieve a balanced annual result before restructuring expenses. In asset management, we plan to raise assets managed for third parties by 10 percent year-on-year and further improve the operating result.

The development of investment income will level out towards the end of the year since we already collected a large number of dividends from our stock portfolios in the first two quarters and anticipate fewer capital gains in the second half of the year. A significant and continued setback on the stock market would negatively impact our earnings due to an increase in write-downs.

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words ‘may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential, or continue’ and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults (vii) interest rate levels, (viii) currency exchange rates including the Euro-U.S. dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The matters discussed herein may also involve risks and uncertainties described from time to time in Allianz AG's filings with the U.S. Securities and Exchange Commission.

The company assumes no obligation to update any forward-looking statement.

Consolidated Financial Statements First Half of 2004

Consolidated Balance Sheet as of June 30, 2004 and as of December 31, 2003

ASSETS	Note	6/30/2004 € mn	12/31/2003 € mn
A. Intangible assets	2	16,013	16,262
B. Investments in affiliated enterprises, joint ventures and associated enterprises		6,044	6,442
C. Investments	3	301,684	295,067
D. Investments held on account and at risk of life insurance policyholders		31,596	32,460
E. Loans and advances to banks	4	132,406	117,511
F. Loans and advances to customers	5	217,612	203,259
G. Trading assets		189,579	146,154
H. Cash and cash equivalents		28,405	25,528
I. Amounts ceded to reinsurers from insurance reserves	6	25,971	25,061
J. Deferred tax assets		14,129	14,364
K. Other assets		52,813	53,804
Total assets		1,016,252	935,912

EQUITY AND LIABILITIES	Note	6/30/2004 € mn	12/31/2003 € mn
A. Shareholders' equity		29,280	28,592
B. Minority interests in shareholders' equity	7	8,587	8,367
C. Participation certificates and subordinated liabilities	8	13,724	12,230
D. Insurance reserves	9	329,919	311,471
E. Insurance reserves for life insurance where the investment risk is carried by policyholders		31,596	32,460
F. Liabilities to banks		199,992	178,316
G. Liabilities to customers		185,390	154,728
H. Certificated liabilities		54,379	63,338
I. Trading liabilities		102,083	84,835
J. Other accrued liabilities	10	12,616	13,908
K. Other liabilities	11	33,229	31,725
L. Deferred tax liabilities		13,126	13,509
M. Deferred income		2,331	2,433
Total equity and liabilities		1,016,252	935,912

Consolidated Income Statement for the Period from January 1 to June 30, 2004 and from January 1 to June 30, 2003

	Note	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
1. Premiums earned (net)	12	27,999	27,503
2. Interest and similar income	13	10,647	11,866
3. Income (net) from investments in affiliated enterprises, joint ventures and associated enterprises		639	– 232
4. Other income from investments	14	3,049	5,804
5. Trading income	15	986	34
6. Fee and commission income, and income from service activities	16	3,346	3,030
7. Other income		1,110	1,892
Total income (1. to 7.)		47,776	49,897
8. Insurance benefits (net)	17	– 26,577	– 24,255
9. Interest and similar expenses	18	– 2,658	– 3,515
10. Other expenses for investments	19	– 1,542	– 6,637
11. Loan loss provisions	20	– 222	– 703
12. Acquisition costs and administrative expenses	21	– 10,993	– 10,929
13. Amortization of goodwill		– 588	– 599
14. Other expenses		– 2,508	– 3,381
Total expenses (8. to 14.)		– 45,088	– 50,019
15. Earnings from ordinary activities before taxes		2,688	– 122
16. Taxes	22	– 743	633
17. Minority interests in earnings	7	– 656	– 365
18. Net income		1,289	146
		€	€
Earnings per share	23	3.51	0.41
Earnings per share after elimination of amortization of goodwill	23	5.12	2.11
Diluted earnings per share	23	3.50	0.41
Diluted earnings per share after elimination of amortization of goodwill	23	5.10	2.11

Consolidated Income Statement for the Period from April 1 to June 30, 2004 and from April 1 to June 30, 2003

	Note	4/1–6/30/2004 € mn	4/1–6/30/2003 € mn
1. Premiums earned (net)	12	13,781	13,715
2. Interest and similar income	13	5,664	6,466
3. Income (net) from investments in affiliated enterprises, joint ventures and associated enterprises		480	– 377
4. Other income from investments	14	1,108	3,437
5. Trading income	15	553	– 925
6. Fee and commission income, and income from service activities	16	1,684	1,461
7. Other income		424	1,046
Total income (1. to 7.)		23,694	24,823
8. Insurance benefits (net)	17	– 13,165	– 12,912
9. Interest and similar expenses	18	– 1,348	– 1,945
10. Other expenses for investments	19	– 915	– 1,959
11. Loan loss provisions	20	– 85	– 345
12. Acquisition costs and administrative expenses	21	– 5,444	– 5,278
13. Amortization of goodwill		– 294	– 294
14. Other expenses		– 1,139	– 2,052
Total expenses (8. to 14.)		– 22,390	– 24,785
15. Earnings from ordinary activities before taxes		1,304	38
16. Taxes	22	– 368	866
17. Minority interests in earnings	7	– 322	– 242
18. Net income		614	662

Statement of Changes in Shareholders' Equity

	Paid-in capital € mn	Revenue reserves € mn	Translation differences € mn	Unrealized gains and losses € mn	Shareholders' equity € mn
As of 12/31/2002	14,785	5,914	– 342	1,317	21,674
Translation differences			– 830	– 53	– 883
Changes in the group of consolidated companies		– 1,312		876	– 436
Capital paid in	4,482				4,482
Treasury stock		1,530			1,530
Unrealized investment gains and losses				2,179	2,179
Net income		146			146
Shareholders' dividend		– 374			– 374
Miscellaneous		– 1,075			– 1,075
As of 6/30/2003	19,267	4,829	– 1,172	4,319	27,243
As of 12/31/2003	19,347	6,914	– 1,916	4,247	28,592
Translation differences			292	21	313
Changes in the group of consolidated companies		– 67	6	5	– 56
Treasury stock		38			38
Unrealized investment gains and losses				– 365	– 365
Net income		1,289			1,289
Shareholders' dividend		– 551			– 551
Miscellaneous		50		– 30	20
As of 6/30/2004	19,347	7,673	– 1,618	3,878	29,280

The column "translation differences" shows the currency translation differences accrued since January 1, 1997 (conversion to IFRS accounting), which are recorded in shareholders' equity and not recognized in net income.

Cash Flow Statement

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Current business activities		
Net income	1,289	146
Change in unearned premiums	2,188	2,543
Change in aggregate policy reserves[1]	8,400	6,614
Change in reserve for loss and loss adjustment expenses	1,310	364
Change in other insurance reserves[2]	1,551	– 883
Change in deferred acquisition costs	– 617	– 1,318
Change in funds held by others under reinsurance business assumed	616	– 41
Change in funds held under reinsurance business ceded	323	196
Change in accounts receivable/payable on reinsurance business	173	– 22
Change in trading securities[3]	– 20,139	– 5,882
Change in loans and advances to banks and customers	– 40,583	– 28,679
Change in liabilities to banks and customers	54,843	56,033
Change in certificated liabilities	2,005	– 16,342
Change in other receivables and liabilities	4,854	1,771
Change in deferred tax assets/liabilities[4]	155	– 1,076
Non-cash investment income/expenses	– 2,107	1,557
Amortization of goodwill	589	599
Other	– 2,629	– 3,236
Net cash flow provided by (used in) operating activities	12,221	12,344
Investment activities		
Change in securities available for sale	– 5,107	– 5,271
Change in securities held to maturity	– 583	2,393
Change in real estate	– 935	– 530
Change in other investments	873	– 695
Change in cash and cash equivalents from the acquisition of consolidated affiliated companies	– 857	–
Other	– 1,561	295
Net cash flow provided by (used in) investing activities	– 8,170	– 3,808
Financing activities		
Change in participation certificates and subordinated liabilities	1,494	– 1,454
Change in investments held on account and at risk of life insurance policyholders	– 4,716	– 4,254
Change in aggregate policy reserves for life insurance products according to SFAS 97	1,322	4,952
Cash inflow from capital increases	–	4,482
Dividend payouts	– 980	– 632
Other from shareholders' equity and minority interests[5]	1,672	– 1,744
Net cash flow provided by financing activities	1,208	1,350
Effect of exchange rate changes on cash and cash equivalents	34	– 74
Change in cash and cash equivalents	2,877	9,812
Cash and cash equivalents at beginning of period	25,528	21,008
Cash and cash equivalents at end of period	28,405	30,820

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

The data for the cash flow statement were prepared in accordance with International Financial Reporting Standards (IFRS).

The cash flow statement excludes effects of major changes in the scope of consolidation, in the first half of 2004 in particular the effects of the deconsolidation of Entenial, Guyancourt, and the acquisition of Banca BNL Investimenti, Milan.

The deconsolidation reduced the value of investments held (excluding funds held by others) by € 1,514 (24) mn; the purchase caused an increase in goodwill of € 49 (0) mn; the net total of other assets and liabilities increased by € 2,322 (24) mn. Cash outflows in connection with the acquisition amounted to € 57 (0) mn. In addition, changes in the scope of consolidation resulted in a reduction of cash and cash equivalents by € 801 (0) mn. Outflow for taxes on income amounted to € 637 (1,462) mn.

Consolidated Balance Sheet by Business Segments as of June 30, 2004 and as of December 31, 2003

ASSETS	Property/Casualty		Life/Health	
	6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn
A. Intangible assets	2,283	2,520	4,224	4,351
B. Investments in affiliated enterprises, joint ventures and associated enterprises	48,557	48,385	5,326	5,717
C. Investments	82,049	80,920	203,055	196,335
D. Investments held on account and at risk of life insurance policyholders	–	–	31,596	32,460
E. Loans and advances to banks	10,406	9,693	6,687	2,103
F. Loans and advances to customers	2,439	3,033	27,523	28,155
G. Trading assets	542	1,375	6,926	1,646
H. Cash and cash equivalents	2,278	1,769	1,273	1,103
I. Amounts ceded to reinsurers from insurance reserves	15,164	14,400	17,141	16,875
J. Deferred tax assets	7,003	7,153	3,274	3,368
K. Other assets	20,674	23,628	19,804	19,747
Total segment assets	191,395	192,876	326,829	311,860

EQUITY AND LIABILITIES	Property/Casualty		Life/Health	
	6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn
A. Participation certificates and subordinated liabilities	5,488	4,006	65	65
B. Insurance reserves	88,542	83,946	247,803	233,868
C. Insurance reserves for life insurance where the investment risk is carried by policyholders	–	–	31,596	32,460
D. Liabilities to banks	2,277	8,687	4,055	1,662
E. Liabilities to customers	5,283	–	71	–
F. Certificated liabilities	11,254	17,757	82	90
G. Trading liabilities	295	353	1,546	1,396
H. Other accrued liabilities	5,666	5,594	892	1,242
I. Other liabilities	14,782	15,503	20,686	20,528
J. Deferred tax liabilities	7,253	7,469	4,056	4,148
K. Deferred income	113	135	468	557
Total segment liabilities	140,953	143,450	311,320	296,016

Banking		Asset Management		Consolidation Adjustments		Group	
6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn
2,715	2,847	6,791	6,544	–	–	16,013	16,262
3,168	3,303	4	6	– 51,011	– 50,969	6,044	6,442
21,993	27,732	575	565	– 5,988	– 10,485	301,684	295,067
–	–	–	–	–	–	31,596	32,460
117,589	106,794	92	160	– 2,368	– 1,239	132,406	117,511
196,411	182,304	51	24	– 8,812	– 10,257	217,612	203,259
182,043	143,167	117	125	– 49	– 159	189,579	146,154
24,997	22,987	647	365	– 790	– 696	28,405	25,528
–	–	–	–	– 6,334	– 6,214	25,971	25,061
3,781	3,768	71	75	–	–	14,129	14,364
15,391	13,837	3,761	3,744	– 6,817	– 7,152	52,813	53,804
568,088	506,739	12,109	11,608	– 82,169	– 87,171	1,016,252	935,912

Banking		Asset Management		Consolidation Adjustments		Group	
6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn
8,320	8,263	–	–	– 149	– 104	13,724	12,230
71	35	–	–	– 6,497	– 6,378	329,919	311,471
–	–	–	–	–	–	31,596	32,460
193,764	168,770	193	111	– 297	– 914	199,992	178,316
187,564	156,390	316	378	– 7,844	– 2,040	185,390	154,728
43,702	51,371	4	72	– 663	– 5,952	54,379	63,338
100,299	83,307	–	–	– 57	– 221	102,083	84,835
5,536	6,611	522	461	–	–	12,616	13,908
8,883	7,295	1,533	1,509	– 12,655	– 13,110	33,229	31,725
1,761	1,836	56	56	–	–	13,126	13,509
1,743	1,738	7	3	–	–	2,331	2,433
551,643	485,616	2,631	2,590	– 28,162	– 28,719	978,435	898,953
				Equity[*)]		37,867	36,959
				Total equity and liabilities		1,016,252	935,912

[*)] Shareholders' equity and minority interests

Consolidated Income Statement by Business Segments for the Period from January 1 to June 30, 2004 and from January 1 to June 30, 2003

	Property/Casualty		Life/Health	
	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
1. Premiums earned (net)	18,987	18,380	9,012	9,123
2. Interest and similar income	2,146	2,256	5,717	5,687
3. Income (net) from investments in affiliated enterprises, joint ventures and associated enterprises	1,488	45	201	139
4. Other income from investments	1,225	2,702	1,428	2,682
5. Trading income	– 36	– 1,196	107	138
6. Fee and commission income, and income from service activities	429	314	102	103
7. Other income	368	886	583	735
Total income (1. to 7.)	24,607	23,387	17,150	18,607
8. Insurance benefits (net)	– 13,757	– 13,294	– 12,820	– 10,961
9. Interest and similar expenses	– 751	– 796	– 50	– 131
10. Other expenses for investments	– 581	– 1,787	– 518	– 4,261
11. Loan loss provisions	– 3	– 3	– 2	– 1
12. Acquisition costs and administrative expenses	– 4,982	– 4,946	– 2,073	– 1,822
13. Amortization of goodwill	– 191	– 193	– 79	– 87
14. Other expenses	– 1,367	– 1,568	– 784	– 882
Total expenses (8. to 14.)	– 21,632	– 22,587	– 16,326	– 18,145
15. Earnings from ordinary activities before taxes	2,975	800	824	462
16. Taxes	– 588	187	– 247	– 104
17. Minority interests in earnings	– 555	– 163	– 191	– 125
18. Net income	1,832	824	386	233

	Banking		Asset Management		Consolidation Adjustments		Group	
	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
	–	–	–	–	–	–	27,999	27,503
	3,153	4,282	31	33	– 400	– 392	10,647	11,866
	87	– 75	–	1	– 1,137	– 342	639	– 232
	356	417	6	7	34	– 4	3,049	5,804
	913	1,071	3	11	– 1	10	986	34
	1,609	1,502	1,505	1,364	– 299	– 253	3,346	3,030
	152	279	17	48	– 10	– 56	1,110	1,892
	6,270	7,476	1,562	1,464	– 1,813	– 1,037	47,776	49,897
	–	–	–	–	–	–	– 26,577	– 24,255
	– 2,093	– 2,921	– 8	– 16	244	349	– 2,658	– 3,515
	– 301	– 603	– 1	– 2	– 141	16	– 1,542	– 6,637
	– 217	– 699	–	–	–	–	– 222	– 703
	– 3,006	– 3,258	– 1,185	– 1,129	253	226	– 10,993	– 10,929
	– 129	– 137	– 189	– 182	–	–	– 588	– 599
	– 336	– 813	– 244	– 236	223	118	– 2,508	– 3,381
	– 6,082	– 8,431	– 1,627	– 1,565	579	709	– 45,088	– 50,019
	188	– 955	– 65	– 101	– 1,234	– 328	2,688	– 122
	91	527	– 5	23	6	–	– 743	633
	– 82	– 9	– 82	– 105	254	37	– 656	– 365
	197	– 437	– 152	– 183	– 974	– 291	1,289	146

1 Accounting regulations

In accordance with § 292a of the German Commercial Code (HGB), the consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS). All standards currently in force for the periods under review have been adopted in the presentation of the consolidated financial statements.

Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board (IASB). Already approved standards continue to be cited as International Accounting Standards (IAS).

IFRS do not provide specific guidance concerning the reporting of insurance transactions in financial statements. In such cases, as envisioned in the IFRS Framework, the provisions embodied under accounting principles generally accepted in the United States of America (U.S. GAAP) have been applied.

In the second quarter of 2004, in connection with the application of Statement of Position (SOP) 03-1 "Accounting and Reporting by Insurance Enterprises for certain Nontraditional Long-Duration Contracts and for Separate Accounts", there was a € 5,845 mn drop in the reported "insurance reserves for life insurance where the investment risk is carried by policyholders" and the corresponding asset position. This is due to Group enterprises from France in particular transferring insurance portfolios to the "Insurance Reserves" position and reporting the corresponding investments as trading assets.

In the consolidated financial statements for December 31, 2002, on the basis of detailed analyses, we did not record impairments under IFRS for 9 securities that by December 31, 2002 had had market values more than 20 % below the Allianz Group weighted-average acquisition cost for over 6 months. At this point, the unrealized losses on these securities were not indicative of objective evidence of impairment for IFRS purposes. However, in the reconciliation of our 2002 annual accounts to U.S. GAAP, following discussion with the U.S. Securities and Exchange Commission (SEC) and considering the requirement for a different weighting of the available facts under U.S.GAAP, we booked a respective impairment. This accounting difference continued to be a subject of discussions with the SEC into the year 2004.

In the end, our discussions with the SEC resulted in a restatement of our 2002 consolidated financial statements whereby impairment write-downs on the above-mentioned securities were retroactively been taken under IFRS as of December 31, 2002. The consequence of this was that the consolidated financial statements for 2003 also had to be adjusted. The adjustment to net income for the 2002 fiscal year according to IFRS amounted to a reduction of € 267 mn. For the 2003 fiscal year, there was a corresponding increase of € 274 mn.

The following table contains a detailed breakdown of the effects of the adjustment on earnings for the periods April 1 to June 30, and January 1 to June 30 2003 and on shareholders' equity (including minority interests) for June 30, 2003:

	4/1/2003 – 6/30/2003 € mn	1/1/2003 – 6/30/2003 € mn
Investment income	111	221
Expenses for premium refunds (latent reserves)	30	108
Tax charge	3	3
Minority interests	10	13
Change in net income for the period from adjustment	68	97

	6/30/2003 € mn
Revenue reserves	– 170
Other reserves	171
Minority interests in shareholders' equity	– 1
Change in shareholders' equity from adjustment	–

When acquiring PIMCO in 2000, it was agreed that PIMCO management would acquire PIMCO equity annually through 2004 subject to a vesting arrangement, and, following a blackout period, PIMCO management and Allianz would hold reciprocal rights to put or call such equity, enabling Allianz to increase its economic interest in the earnings of PIMCO in future periods.

As of September 30, 2003, we adjusted the accounting for this arrangement. Previously, we had intended to recognize compensation expense associated with these equity transactions only following a vesting period. However, the accounting and valuation provisions of Accounting Principles Board Opinion (APB) 25 and Statement of Financial Accounting Standards (SFAS) 123 require that such expense be recognized ratably over the vesting period. The adjustment of the accounting was made in the third quarter of 2003. For the past, the following effects have been recognized: revenue reserves and, accordingly, shareholders' equity as of June 30, 2003 were reduced by € 142 mn. Net income for the first six months 2003 was adjusted for an after-tax charge of € 53 mn.

The accounting adjustment had no effect on Allianz's cash position.

Beginning in the third quarter of 2003, all equity-based employee compensation plans are accounted for in accordance with the fair value method of SFAS 123. Compensation expense measured under SFAS 123 for the PIMCO arrangements described above approximates that measured under APB 25. The interim report follows the same accounting and valuation principles as the most recent annual financial statements.

In certain cases, prior-year figures were reclassified in the balance sheet and in the income statement to make them comparable with the current fiscal year. Such reclassifications have no impact on income.

The financial statements are presented in euros (€).

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED BALANCE SHEET

2 Intangible assets

Intangible assets comprise the following:

	6/30/2004 € mn	12/31/2003 € mn
Goodwill	12,329	12,370
Capitalized value of life/health insurance portfolios	1,601	1,658
Software	1,004	1,064
Loyalty bonuses	94	158
Brand names	761	782
Other	224	230
Total	16,013	16,262

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

	€ mn
Gross amount capitalized as of 12/31/2003	17,259
Accumulated amortization as of 12/31/2003	–4,889
Value stated as of 12/31/2003	12,370
Translation differences	82
Value stated as of 1/1/2004	12,452
Reclassification	–
Additions	483
Disposals	–17
Impairment	–
Amortization	–589
Value stated as of 6/30/2004	12,329
Accumulated amortization as of 6/30/2004	–5,478
Gross amount capitalized as of 6/30/2004	17,807

New acquisitions essentially include goodwill from increasing the interest in

- Pimco Advisors L.P., Delaware by 6.0% to 89.9%,
- Banca BNL Investimenti, Milan by 100.0% to 100.0%.

Deconsolidations essentially include goodwill from the reduction of our interests in:

- Entenial, Guyancourt, by 72.2% to 0.0%,
- Assurance Générales de France, Paris, by 0.9% to 62.6%.

Amortization is shown as a separate item under figure 13 of the consolidated income statement.

3 Investments

	6/30/2004 € mn	12/31/2003 € mn
Securities held-to-maturity	5,292	4,683
Securities available-for-sale	284,144	277,871
Real estate used by third parties	10,847	10,501
Funds held by others under reinsurance contracts assumed	1,401	2,012
Total	301,684	295,067

Securities available-for-sale

	Amortized cost		Unrealized gains		Unrealized losses		Market values	
	6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn	6/30/2004 € mn	12/31/2003 € mn
Equity securities	38,051	43,046	7,262	6,363	1,174	1,139	44,139	48,270
Government debt securities	139,719	131,486	4,493	4,744	759	626	143,453	135,604
Corporate debt securities	90,822	86,238	3,093	3,722	441	301	93,474	89,659
Other	3,061	4,280	34	69	17	11	3,078	4,338
Total	271,653	265,050	14,882	14,898	2,391	2,077	284,144	277,871

	Realized gains		Realized losses	
	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Equity securities	1,730	3,411	527	3,179
Government debt securities	239	658	128	63
Corporate debt securities	438	529	88	154
Other	18	16	28	3
Total	2,425	4,614	771	3,399

Impairments on securities available-for-sale totaled € 215 (3,067) mn and are included in other expenses for investments. Reversal of impairments on securities available-for-sale totaled € 503 (1,060) mn and are included in other income from investments.

4 Loans and advances to banks

	6/30/2004 € mn	12/31/2003 € mn
Loans	5,309	4,439
Reverse repos	100,838	91,201
Other advances	26,348	22,171
Loans and advances to banks	132,495	117,811
Less loan loss allowance	89	300
Loans and advances to banks after loan loss allowance	132,406	117,511

5 Loans and advances to customers

	6/30/2004 € mn	12/31/2003 € mn
Loans and advances to customers	222,898	208,684
Less loan loss allowance	5,286	5,425
Loans and advances to customers after loan loss allowance	217,612	203,259

6 Amounts ceded to reinsurers from insurance reserves

	6/30/2004 € mn	12/31/2003 € mn
Unearned premiums	1,759	1,242
Aggregate policy reserves	10,969	10,923
Reserves for loss and loss adjustment expenses	12,998	12,765
Other insurance reserves	245	131
Subtotal	25,971	25,061
Insurance reserves for life insurance where the investment risk is carried by policy-holders	–	–
Total	25,971	25,061

7 Minority interests in shareholders' equity and earnings

The primary subsidiaries included are the AGF Group, Paris, the RAS Group, Milan, and PIMCO Group, Delaware.

The interests of minority shareholders are made up as follows:

	6/30/2004 € mn	12/31/2003 € mn
Other reserves unrealized gains and losses	692	620
Share of earnings	656	825
Other equity components	7,239	6,922
Total	8,587	8,367

8 Participation certificates and subordinated liabilities

	6/30/2004 € mn	12/31/2003 € mn
Participation certificates	1,594	1,596
Subordinated liabilities	12,130	10,634
Total	13,724	12,230

9 Insurance reserves

	6/30/2004 € mn	12/31/2003 € mn
Unearned premiums	14,984	12,198
Aggregate policy reserves	229,734	217,895
Reserves for loss and loss adjustment expenses	64,633	62,782
Reserves for premium refunds	19,240	17,338
Premium deficiency reserves	607	538
Other insurance reserves	721	720
Total	329,919	311,471

10 Other accrued liabilities

	6/30/2004 € mn	12/31/2003 € mn
Reserves for pensions and similar obligations	5,608	5,669
Accrued taxes	1,570	2,066
Miscellaneous accrued liabilities	5,438	6,173
Total	12,616	13,908

Of the accrued taxes, € 1,440 (1,488) mn is attributable to taxes on income.

11 Other liabilities

	6/30/2004 € mn	12/31/2003 € mn
Funds held under reinsurance business ceded	8,967	8,608
Accounts payable on direct insurance business	7,342	7,813
Accounts payable on reinsurance business	1,745	1,878
Other liabilities	15,175	13,426
Total	33,229	31,725

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED INCOME STATEMENT

12 Premiums earned (net)

	Property/Casualty*)		Life/Health*)		Total	
	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Gross premiums written:						
from direct insurance	22,484	22,588	9,771	9,624	32,255	32,212
from reinsurance assumed	1,369	1,118	337	424	1,706	1,542
Total	23,853	23,706	10,108	10,048	33,961	33,754
Reinsurance ceded	– 3,034	– 3,122	– 693	– 510	– 3,727	– 3,632
Premiums written (net)	20,819	20,584	9,415	9,538	30,234	30,122
Premiums earned:						
from direct insurance	19,876	19,635	9,726	9,563	29,602	29,198
from reinsurance assumed	1,307	1,100	334	413	1,641	1,513
Total	21,183	20,735	10,060	9,976	31,243	30,711
Reinsurance ceded	– 2,553	– 2,699	– 691	– 509	– 3,244	– 3,208
Premiums earned (net)	18,630	18,036	9,369	9,467	27,999	27,503

13 Interest and similar income

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Income from		
securities held-to-maturity	160	197
securities available-for-sale	6,443	6,556
real estate used by third parties	453	498
lending, money market transactions and loans	3,234	4,213
leasing agreements	23	35
other interest-bearing instruments	334	367
Total	10,647	11,866

Net interest margin from Banking *)

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Interest and current income	3,142	4,260
Interest expenses	– 2,065	– 2,891
Net interest margin	1,077	1,369
Less loan loss allowance	217	699
Net interest margin after loan loss allowance	860	670

*) After eliminating intra-Group transactions between segments

14 Other income from investments

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Realized gains on		
securities held-to-maturity	–	–
securities available-for-sale	2,425	4,614
real estate used by third parties	111	89
other investments	–	7
Subtotal	2,536	4,710
Income from revaluations of		
securities held-to-maturity	–	18
securities available-for-sale	503	1,060
real estate used by third parties	10	8
other investments	–	8
Subtotal	513	1,094
Income	3,049	5,804

15 Trading income

Trading income includes expenses amounting to € 303 (1,112) mn from derivative financial instruments used by insurance companies for which hedge accounting is not applied. These include gains on derivative financial instruments embedded in exchangeable bonds issued amounting to € 6 (0) mn. During the first half of 2003, options and forwards were used (macro hedges) to reduce exposure to equities. This resulted in a charge of € 1,131 mn. Macro hedges were closed out during fiscal year 2003. Trading income also includes losses of € 309 (2003: gains of 19) mn arising from the use of other derivative financial instruments by insurance companies.

Trading income amounting to € 986 (34) mn includes € 913 (1,071) mn income from trading activities of the banking business*). This is comprised as follows:

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Trading in interest products	456	472
Trading in equity products	127	101
Foreign exchange/precious metals trading	110	186
Other trading activities	220	312
Total	913	1,071

*) After eliminating intra-Group transactions between segments

16 Fee and commission income, and income from service activities

Of the total fee and commission income, and income from service activities, € 1,459 (1,373) mn are attributable to banking business*).

Net fee and commission income from banking business*)

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Fee and commission income	1,459	1,373
Fee and commission expenses	– 216	– 214
Net fee and commission income	1,243	1,159

Net fee and commission income from banking business comprises income from:

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Securities business	578	602
Underwriting business	54	55
Mergers and Acquisitions advisory	90	86
Foreign commercial business	30	33
Payment transactions (domestic and foreign)	187	185
Other	304	198
Net fee and commission income	1,243	1,159

17 Insurance benefits

Insurance benefits in Property/Casualty[*] include the following:

	Gross		Ceded in reinsurance		Net	
	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Claims						
Claims paid	– 13,239	– 14,556	1,544	2,162	– 11,695	– 12,394
Change in reserves for loss and loss adjustment expenses	– 1,069	298	– 50	– 713	– 1,119	– 415
Subtotal	– 14,308	– 14,258	1,494	1,449	– 12,814	– 12,809
Change in other reserves						
Aggregate policy reserves	– 93	– 126	5	32	– 88	– 94
Other	– 87	77	1	1	– 86	78
Subtotal	– 180	– 49	6	33	– 174	– 16
Expenses of premium refunds	– 405	– 73	15	– 7	– 390	– 80
Total	– 14,893	– 14,380	1,515	1,475	– 13,378	– 12,905

Insurance benefits in Life/Health[*] include the following:

	Gross		Ceded in reinsurance		Net	
	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Benefits paid	– 9,105	– 8,963	572	540	– 8,533	– 8,423
Change in reserves						
Aggregate policy reserves	– 2,130	– 2,839	61	10	– 2,069	– 2,829
Other	– 71	– 122	71	– 65	–	– 187
Subtotal	– 11,306	– 11,924	704	485	– 10,602	– 11,439
Expenses of premium refunds	– 2,603	78	6	11	– 2,597	89
Total	– 13,909	– 11,846	710	496	– 13,199	– 11,350

18 Interest and similar expenses

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Interest expenses for		
deposits	– 1,086	– 1,565
certificated liabilities	– 590	– 891
Subtotal	– 1,676	– 2,456
Other interest expenses	– 982	– 1,059
Total	– 2,658	– 3,515

[*] After eliminating intra-Group transactions between segments

19 Other expenses for investments

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Realized losses on		
securities held-to-maturity	– 1	– 1
securities available-for-sale	– 771	– 3,399
real estate used by third parties	– 29	– 18
other investments	–	– 1
Subtotal	– 801	– 3,419
Depreciation and write-downs on investments:		
securities held-to-maturity (impairment write-downs)	– 2	– 10
securities available-for-sale (impairment write-downs)	– 215	– 3,067
real estate used by third parties	– 524	– 139
other investments	–	– 2
Subtotal	– 741	– 3,218
Expenses	– 1,542	– 6,637

20 Loan loss provisions

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Additions to allowances including direct write-offs	– 790	– 1,236
Less amounts released	494	503
Less recoveries on loans previously impaired	74	30
Loan loss provisions	– 222	– 703

21 Acquisition costs and administrative expenses

	Property/Casualty*)		Life/Health*)	
	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Acquisition costs				
Payments	– 3,655	– 3,410	– 1,848	– 1,865
Change in deferred acquisition costs	176	242	436	876
Subtotal	– 3,479	– 3,168	– 1,412	– 989
Administrative expenses	– 1,693	– 1,949	– 598	– 656
Underwriting costs (gross)	– 5,172	– 5,117	– 2,010	– 1,645
Less commissions and profit-sharing received on reinsurance business ceded	432	419	117	56
Underwriting costs (net)	– 4,740	– 4,698	– 1,893	– 1,589
Expenses for management of investments	– 186	– 223	– 171	– 195
Acquisition costs and administrative expenses	– 4,926	– 4,921	– 2,064	– 1,784

	Banking*)		Asset Management*)	
	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Personnel costs	– 1,686	– 1,844	– 575	– 603
Operating costs	– 1,063	– 1,179	– 156	– 165
Fee and commission costs	– 216	– 214	– 307	– 219
Acquisition costs and administrative expenses	– 2,965	– 3,237	– 1,038	– 987

Acquisition costs and administrative expenses in insurance business include the personnel and operating expenses of the insurance business allocated to the functional areas "Acquisition of insurance policies", "Administration of insurance policies" and "Asset management". Other personnel and operating expenses are reported under Insurance benefits (claims settlement expenses) and other expenses.

In Banking, all personnel and operating expenses are reported under "Acquisition costs and administrative expenses".

22 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.

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Current taxes	– 655	– 491
Deferred taxes	– 66	1,153
Subtotal	– 721	662
Other taxes	– 22	– 29
Total	– 743	633

*) After eliminating intra-Group transactions between segments

OTHER INFORMATION

23 Other information

Number of employees

The Group had a total of 167,193 (173,750) employees as of the balance sheet date. 77,885 (82,245) of these were employed in Germany and 89,308 (91,505) in other countries. The number of employees undergoing training decreased by 803 to 5,260.

Personnel expenses

	1/1–6/30/2004 € mn	1/1–6/30/2003 € mn
Salaries and wages	4,300	4,358
Social security contributions and employee assistance	721	864
Expenses for pensions and other post-retirement benefits	321	311
Total	5,342	5,533

Hedge accounting

Fair Value Hedging is mainly applied in the Allianz Group. Derivatives used for fair value hedges show a negative fair value of € 110 (50) mn. Ineffectiveness resulted in a loss of € 0 (9) mn. In addition, foreign currency hedging instruments with a negative fair value of € 0 (–) mn were used as hedges of a net investment in an economically independent foreign entity. This increased the item "Other reserves" by € 0 (–) mn.

Additionally, cash flow hedges were used to hedge variable cashflows exposed to interest rate fluctuations. The swaps utilized had a fair value of € – 49 (–) mn; other reserves decreased by € 17 (–) mn. Ineffectiveness amounted to € 0 (–) mn.

Earnings per share

The earnings per share figure is calculated by dividing the consolidated net income for the period under review by the weighted average number of common shares outstanding.

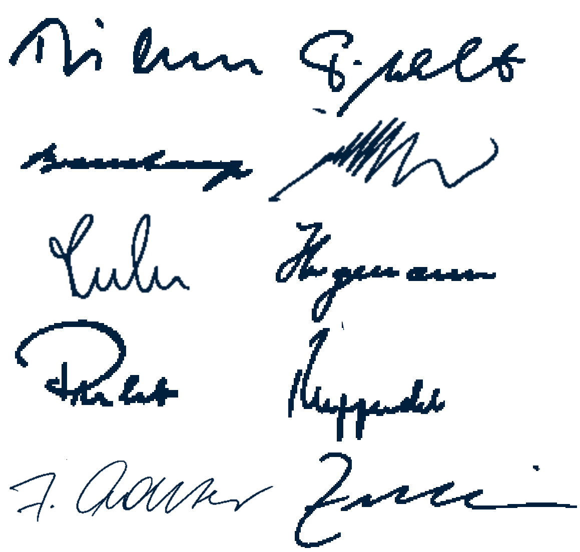
		6/30/2004	6/30/2003
Net income for the period	€ mn	1,289	146[1]
Weighted average number of shares		366,769,550	353,867,751
Number of shares (not including shares held by the company)		366,769,550	365,120,476
Earnings per share[1]	€	3.51	0.41
Earnings per share after elimination of amortization of goodwill	€	5.12	2.11
Diluted earnings per share	€	3.50[2]	0.41
Diluted earnings per share after elimination of amortization of goodwill	€	5.10[2]	2.11

[1] Adjusted for PIMCO amendment and retroactive impairment amortization amendment
[2] Incl. outstanding participation certificates

The weighted average number of shares does not include 17,949,200 (19,210,096) shares held by the company.

Munich, August 13, 2004

Allianz Aktiengesellschaft
The Board of Management



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