Interim Report Second Quarter and First Half of 2005
Allianz Group

Allianz

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

While these excluded items are significant components in understanding and assessing our consolidated financial performance, we believe that the presentation of operating results enhances the understanding and comparability of the performance of our operating segments by highlighting net income attributable to ongoing segment operations and the underlying profitability of our businesses. For example, we believe that trends in the underlying profitability of our segments can be more clearly identified without the fluctuating effects of the realized capital gains and losses or impairments on investment securities, as these are largely dependent on market cycles or issuer specific events over which we have little or no control, and can and do vary, sometimes materially, across periods. Further, the timing of sales that would result in such gains or losses is largely at our discretion. Operating profit is not a substitute for earnings from ordinary activities before taxation or net income as determined in accordance with IFRS. Our definition of operating profit may differ from similar measures used by other companies, and may change over time. For further information on operating profit, as well as the particular reconciling items between operating profit and net income, see Note 3 to the Consolidated Financial Statements.

In the following discussion, we analyze the Allianz Group`s consolidated results of operations for the three and six months ended June 30, 2005 as compared to June 30, 2004, respectively, using operating profit and net income as the relevant performance measures, as permitted under IFRS and as presented in our German Annual Report for the year 2004.

Executive Summary

Strong performance in 2Q and the first half of 2005.

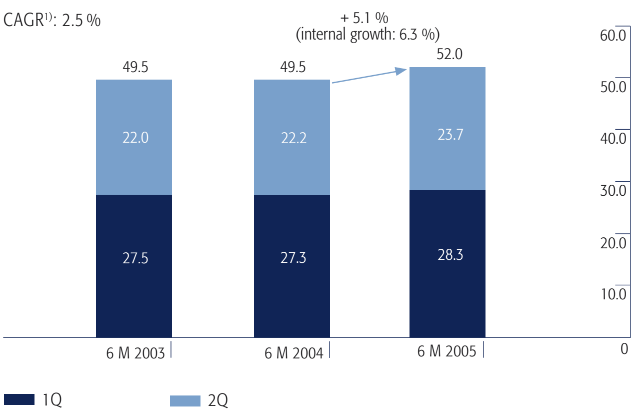
_ Double-digit revenue growth in our Life/Health and Asset Management segments.

_ Due to dynamic growth, combined with continued operational discipline, we propelled our operating profit to nearly twice the level from two years ago. All segments contributed to this marked improvement.

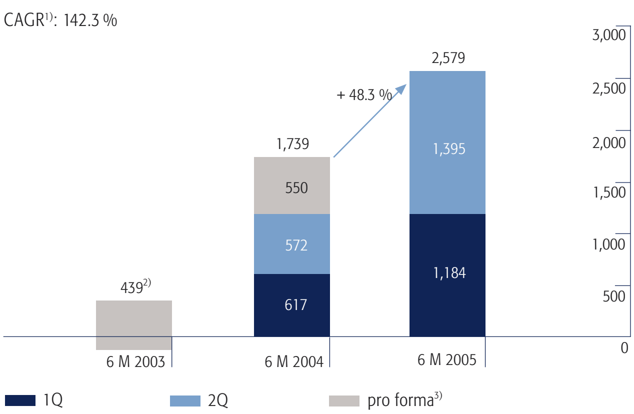
_ Strong increase in our net income, driven by operating profit growth.

_ Our shareholders' equity increased by 19.4 % over the last 6 months.

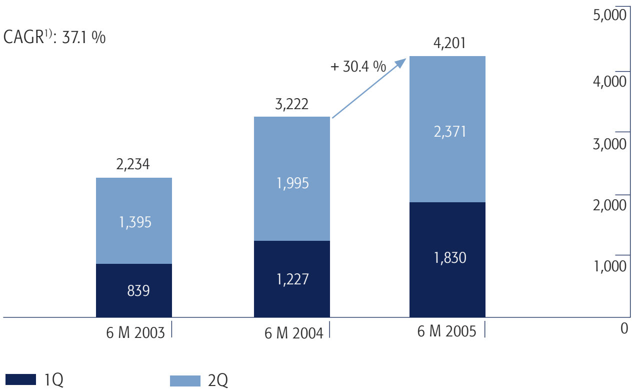
Total Revenues
in € bn



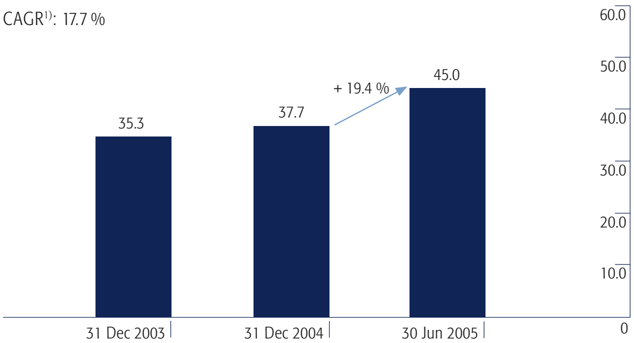
Net Income
in € mn



Operating Profit
in € mn



Shareholders' Equity
in € bn



[1] Compounded annual growth rate.
[2] Comprises net income in 1Q and 2Q of € (540) million and € 408 million, respectively, as well as goodwill amortization (net of tax) of € 571 million for the six months ended June 30, 2003.
[3] Net income contained goodwill amortization (net of tax).

Allianz Group's Consolidated Results of Operations

Revenues

In 2Q, we carried forward our initiative of carefully managed growth. Our total revenues increased by € 1.5 billion, or 6.6 %, to € 23.7 billion compared to the prior year period (first half of 2005: increase of € 2.5 billion, or 5.1%, to € 52.0 billion). Internal growth, which excludes the effects from foreign currency translation and changes in scope of consolidation was 8.0 % in 2Q (first half of 2005: 6.3 %).

Property-Casualty Gross premiums written were fairly constant in 2Q at € 9.8 billion (first half of 2005: € 24.0 billion) compared to the prior year period, despite the disposal of our Taiwanese, Chilean and Canadian property-casualty operations in the second half of 2004, but experienced positive internal growth of 1.8 % in 2Q (first half of 2005: 1.3 %). As we continued to seek opportunities that offered a profitable correlation between premium rates and risks, we were willing to fore-go premium growth in certain markets where this objective could not be achieved.

Life/Health Our Life/Health segment experienced strong growth with an increase in statutory premiums of € 1.7 billion, or 16.3 %, to € 12.0 billion in 2Q compared to the prior year period (first half of 2005: increase of € 2.7 billion, or 12.9 %, to € 23.8 billion), particularly in Germany, Italy, France and the United States. Internal growth of statutory premiums in 2Q amounted to 17.6 % (first half of 2005: 13.9 %). Overall, the significant increase in statutory premiums stemmed principally from investment-oriented products.

Banking In 2Q, operating revenues were € 320 million, or 18.7 %, below the prior year period at € 1.4 billion (first half of 2005: 10.0 % decrease to € 3.1 billion), primarily due to weak trading revenues of Dresdner Kleinwort Wasserstein (or "DrKW"), impacted by challenging market conditions in April and May, as with some of the other investment banks.

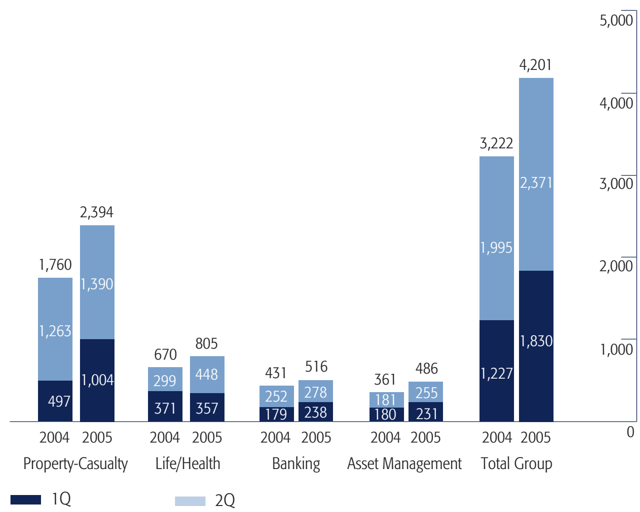
Asset Management Our Asset Management segment achieved net inflows of third-party investments of € 32 billion in the first half of 2005, demonstrating its strong market position as one of the world's five largest asset managers. Total third-party assets at June 30, 2005, amounted to € 688 billion, an increase of € 103 billion, or 17.6 %, from December 31, 2004. These positive developments led to significant operating revenue growth of 14.0 % in 2Q compared to the prior year period (first half of 2005: 11.4 %). Internal growth of our operating revenues was even stronger at 17.1 % for 2Q (first half of 2005: 12.9 %).

Operating Profit

2Q demonstrated our further commitment to **continued operational discipline**, as operating profit improved by € 376 million, or 18.8 %, to € 2.4 billion compared to the prior year period (first half of 2005: increase of € 979 million, or 30.4 %, to € 4.2 billion).

Operating Profit

in € mn



Property-Casualty We succeeded in significantly reducing our combined ratio to 89.8 % in 2Q, a 3.0 percentage point improvement over the prior year period (first half of 2005: decline of 3.3 percentage points to 91.0 %), largely due to positive claims development, lower than expected natural catastrophes as well as cost discipline. As a result, operating profit was increased by € 127 million, or 10.1 %, to € 1.4 billion in 2Q compared to the prior year period. Operating profit for the first half of 2005 reached € 2.4 billion, an increase of € 634 million, or 36.0 %, over the prior year period.

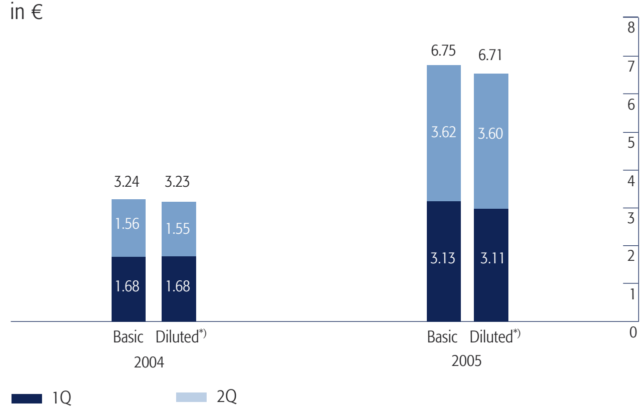
Life/Health In 2Q, operating profit benefited from our strong statutory premium growth and increased considerably by 49.8 % to € 448 million compared to the prior year period. Growth in 2Q of 6.4 % within our current investment income over the prior year period also contributed to our strong operating profit, largely driven by a significant inflow of funds brought about by new business underwritten at Allianz Life of North America (or "Allianz Life"). For the first half of 2005, operating profit increased by € 135 million, or 20.1 %, to € 805 million, compared to the prior year period, and is fully in line with our 2005 expectations.

Banking In 2Q, operating profit improved by € 26 million, or 10.3 %, over the prior year period to € 278 million. The shortfall in operating revenues was more than compensated by lower net loan loss provisions, resulting in a net release of € 52 million, compared to a net charge of € 82 million in the prior year period, as well as a € 212 million, or 15.4 %, decline in administrative expenses. The decline in administrative expenses included a positive one-off effect from releases of provisions for employment anniversary payments at Dresdner Bank, further headcount reductions and lower variable compensation as a consequence of the depressed net trading income. Operating profit for the first half of 2005 also exhibited improvement by increasing € 85 million, or 19.7 %, to € 516 million, compared to the prior year period.

Asset Management We succeeded in significantly improving our cost-income ratio by 7.7 percentage points to 59.8 % over the prior year period. This was mainly attributable to stable operating expenses and markedly higher operating revenues brought about by an increase in assets under management, particularly within the United States and Germany. These positive developments led to an operating profit of € 255 million in 2Q, a 40.9 % growth over the prior year period. For the first half of 2005, operating profit increased by € 125 million, or 34.6 %, to € 486 million over the prior year period.

The continued strengthening of our earnings was also reflected in our consolidated **net income**, which rose by € 823 million to € 1.4 billion, compared with the prior year period (first half of 2005: € 1.4 billion increase, or 116.9 %, to € 2.6 billion), inclusive of the positive impact brought about by the discontinuance of amortization of goodwill due to a change in accounting under IFRS (2Q 2004: € 294 million and first half of 2004: € 588 million). Net capital gains and impairments, after policyholders' participation, increased by € 83 million to € 219 million in 2Q over the prior year period. This increase was mainly attributable to decreased capital gains as a result of reduced sales activity, with the sale of our 25 % shareholding in Bilfinger Berger AG being the only sale with a significant positive effect on our consolidated net income, offset by an overly-proportionate decrease in net impairments compared to the prior year period. Restructuring charges declined in 2Q by 31.6 % from the prior year period to € 78 million, due primarily to the absence of significant restructuring charges at Dresdner Bank. Due to the changes in fair value of derivatives associated with our "All-in-one" capital market transactions, a pre-tax charge to earnings of € 174 million was incurred in 2Q. However, economically, these negative fair value changes are compensated by the increased market prices of respective shares of DAX companies we own, albeit the development of these available-for-sale securities is reflected in unrealized gains/losses within shareholders' equity, and not net income. These developments resulted in earnings from ordinary activities before taxes and minorities of € 2.2 billion in 2Q, a significant improvement of € 951 million, or 78.1 %, over the prior year period, including the discontinuance of goodwill amortization (2Q 2004: € 294 million). For the first half of 2005, earnings from ordinary activities rose by € 1.8 billion, or 72.0 %, to € 4.3 billion over the first half of 2004, which included goodwill amortization of € 588 million. Our consolidated tax expense increased by € 71 million, or 20.2 %, to € 422 million in 2Q compared to the prior year period, largely as a consequence of our improved operating profitability, representing an overall effective income tax rate of 19.0 % in 2Q (2Q 2004: 27.6 %). Taxes for the first half of 2005 amounted to € 991 million, an increase of € 301 million over the prior year period, representing an overall effective tax rate of 22.9 % (first half of 2004: 27.3 %). Preferable tax treatment on dividend income and realized capital gains, as well as tax settlements, positively affected our effective tax rate. Minority interests in earnings increased by € 57 million, or 19.3 %, to € 352 million in 2Q compared to the prior year period.

Earnings per Share
in €



*) See Note 33 to our consolidated financial statements for further details regarding the dilutive effect.

Effects of recently adopted accounting pronouncements on net income[1)]

	Three months ended June 30, 2004 € mn	Six months ended June 30, 2004 € mn
Net income under IFRS regime effective through December 31, 2004	614	1,289
IFRS 2: Share-based compensation	(19)	(53)
IFRS 3: "Impairment-only" approach for goodwill	–[2)]	–[2)]
IAS 39 (revised): Reversal of impairments	(23)	(52)
IAS 39 (revised): Fair value option	–	5
Net income under IFRS regime effective January 1, 2005	**572**	**1,189**

1) See Note 2 to our consolidated financial statements for further details.
2) Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

The following table sets forth the total revenues, operating profit and IFRS net income for each of our business segments for the three and six months ended June 30, 2005, and June 30, 2004, respectively, as well as IFRS consolidated net income of the Allianz Group.

	Property-Casualty		Life/Health		Banking		Asset Management		Consolidation adjustments		Total Group	
	2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn
Three months ended June 30												
Total revenues[*)]	9,790	9,836	11,988	10,304	1,395	1,715	634	556	(111)	(189)	23,696	22,222
Operating profit	1,390	1,263	448	299	278	252	255	181	–	–	2,371	1,995
Earnings from ordinary activities before taxes	**2,088**	**2,015**	**549**	**328**	**431**	**67**	**77**	**(94)**	**(976)**	**(1,098)**	**2,169**	**1,218**
Taxes	(229)	(392)	(43)	(68)	(158)	82	8	10	–	17	(422)	(351)
Minority interests in earnings	(361)	(381)	(131)	(112)	(24)	(16)	(9)	(14)	173	228	(352)	(295)
Net income (loss)	**1,498**	**1,242**	**375**	**148**	**249**	**133**	**76**	**(98)**	**(803)**	**(853)**	**1,395**	**572**
Six months ended June 30												
Total revenues[*)]	23,967	24,214	23,826	21,105	3,077	3,420	1,225	1,100	(130)	(383)	51,965	49,456
Operating profit	2,394	1,760	805	670	516	431	486	361	–	–	4,201	3,222
Earnings from ordinary activities before taxes	**3,426**	**2,935**	**1,069**	**818**	**1,011**	**180**	**143**	**(211)**	**(1,392)**	**(1,247)**	**4,257**	**2,475**
Taxes	(626)	(581)	(118)	(238)	(237)	91	(17)	33	7	5	(991)	(690)
Minority interests in earnings	(549)	(558)	(250)	(185)	(50)	(82)	(22)	(27)	184	256	(687)	(596)
Net income (loss)	**2,251**	**1,796**	**701**	**395**	**724**	**189**	**104**	**(205)**	**(1,201)**	**(986)**	**2,579**	**1,189**

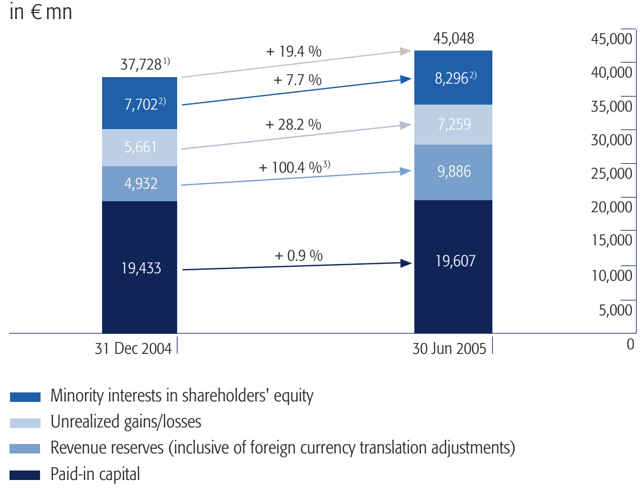
*) Total revenues comprise property-casualty segment's gross premiums written, life/health segment's statutory premiums, banking segment's operating revenues, and asset management segment's operating revenues.

Allianz Group's Consolidated Assets, Liabilities and Shareholders' Equity

In the six months ended June 30, 2005, our shareholders' equity increased by € 7.3 billion to € 45.0 billion at June 30, 2005, (December 31, 2004: € 37.7 billion) further protecting and strengthening our capital base. This increase resulted primarily from our strong net income for the six months ended June 30, 2005, growth in unrealized gains on investments stemming from favorable equity market conditions and lower interest rates in Europe, reduced negative foreign currency translation effects from the strengthening of the USD against the Euro, as well as the sale of treasury stock and the issuance of warrants on Allianz AG shares in connection with our "All-in-One" capital market transactions in January 2005.

Shareholders' Equity

in € mn



1) Restated as a result of the implementation of new accounting standards; see Note 2 to the consolidated financial statements within our 1Q 2005 report.

2) Effective January 1, 2005, and as a result of IAS 1 (revised), minority interests in shareholders' equity was reclassified into shareholders' equity.

3) Consists of the following developments (in € mn): foreign currency translation + 1,347; treasury stock + 1,640; net income + 2,579; shareholders' dividend – 674; miscellaneous + 62;

In the six months ended June 30, 2005, total assets and liabilities increased by € 15.9 billion (1.6 %) and € 8.5 billion (0.9 %), respectively, from December 31, 2004. Increases were primarily experienced within cash and cash equivalents, investments, and reserves for insurance and investment contracts, where balances rose by € 11.1 billion (70.9 %), € 21.7 billion (8.7 %) and € 21.9 billion (6.7 %), respectively. Our investments increased primarily as a result of favorable equity market conditions, lower interest rates in Europe, and strong growth in sales of equity-indexed products at Allianz Life, resulting in increased investments within our Life/Health segment. The growth in reserves for insurance and investment contracts was driven predominantly by aggregate policy reserves at € 10.0 billion (4.3%) and reserves for premium refunds at € 5.6 billion (26.5 %). These increases were offset in part by declines in loans and advances to banks of € 22.3 billion (12.2 %) as well as liabilities to banks of € 20.6 billion (10.8 %), reflecting reduced volumes of repurchase and reverse repurchase operations at Dresdner Bank. Additionally, investments in associated enterprises and joint ventures also declined by € 2.3 billion (40.6 %) as a result of sales of our shareholdings in MAN AG and Gecina S.A. in 1Q and Bilfinger Berger AG in 2Q.

The following table presents the Allianz Group's consolidated balance sheets as of June 30, 2005, and December 31, 2004, and the respective changes:*)

ASSETS	June 30, 2005 € mn	December 31, 2004 € mn	Change in %
Intangible assets	15,693	15,147	3.6
Investments in associated enterprises and joint ventures	3,422	5,757	(40.6)
Investments	270,044	248,327	8.7
Loans and advances to banks	159,997	182,295	(12.2)
Loans and advances to customers	198,206	196,209	1.0
Financial assets carried at fair value through income	242,367	239,292	1.3
Cash and cash equivalents	26,711	15,628	70.9
Amounts ceded to reinsurers from reserves for insurance and investment contracts	22,269	22,310	(0.2)
Deferred tax assets	14,438	13,975	3.3
Other assets	52,877	51,232	3.2
Total assets	**1,006,024**	**990,172**	**1.6**

SHAREHOLDERS' EQUITY AND LIABILITIES	June 30, 2005 € mn	December 31, 2004 € mn	Change in %
Shareholders' equity	45,048	37,728	19.4
Participation certificates and subordinated liabilities	15,535	13,230	17.4
Reserves for insurance and investment contracts	348,252	326,345	6.7
Liabilities to banks	170,753	191,354	(10.8)
Liabilities to customers	162,399	157,274	3.3
Certificated liabilities	61,849	57,771	7.1
Financial liabilities carried at fair value through income	140,575	144,937	(3.0)
Other accrued liabilities	13,169	13,984	(5.8)
Other liabilities	30,502	31,281	(2.5)
Deferred tax liabilities	15,130	14,229	6.3
Deferred income	2,812	2,039	37.9
Total shareholders' equity and liabilities	**1,006,024**	**990,172**	**1.6**

*) Beginning January 1, 2005, under IFRS, various existing accounting standards changed and additional new accounting standards became effective, both of which impacted the Allianz Group's consolidated financial statements prospectively, and to a certain extent, retrospectively, requiring restatement. For further information concerning the impact of these accounting standards, see Note 2 to the consolidated financial statements.

Ratings

_ Standard & Poor's and A.M. Best upgrade outlooks on Allianz AG to Stable.

As a provider of financial services, our capital strength is an important asset. Allianz AG enjoys strong ratings with all major rating agencies. In the six months ended June 30, 2005, these ratings remained unaltered from December 31, 2004. Standard & Poor's (S&P) maintained its "AA–" long-term insurer financial strength and counterparty credit ratings. A.M. Best continued to rate Allianz AG as "A+", its second highest rating category. Both agencies recognize our progress in strengthening our operating profitability, and in turn upgraded their outlook in early August 2005 from negative to stable.

	Standard & Poor's	Moody's	A.M. Best
Insurer financial strength	AA–	Aa3	A+
Outlook	Stable	Stable	Stable
Counterparty credit	AA–	not	aa–
Outlook	Stable	applicable	Stable
Senior unsecured debt	AA–	Aa3	aa–
Outlook		Stable	Stable
Subordinated debt	A	A2	a+/a*)
Outlook		Stable	Stable
Commercial paper (short term)	A-1+	P-1	not rated

*) Ratings vary on the basis of maturity period and terms.

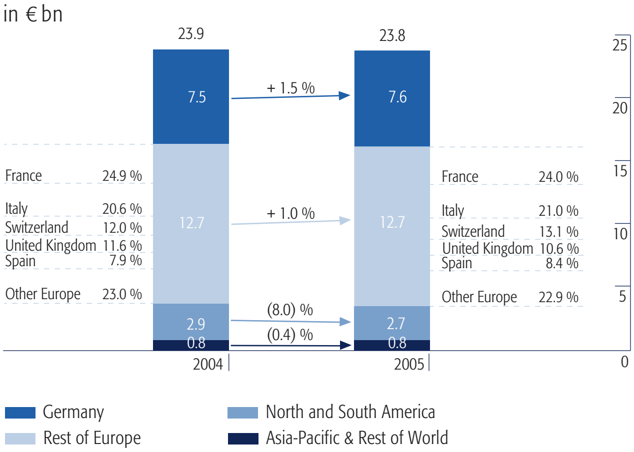
Property-Casualty Insurance Operations

Profitable growth continued and we successfully reduced our combined ratio to 89.8 %.

- In property-casualty insurance, we continued to focus on managed and profitable growth through selectively increasing our business volume where risk-adequate premiums could be attained. Overall, our gross premiums written remained fairly constant at € 9.8 billion in 2Q compared to the prior year period, whereas on an internal growth basis we attained a moderate increase of 1.8 %.
- We succeeded in reducing our combined ratio by 3.0 percentage points to 89.8 % in 2Q compared to the prior year period, due predominantly to lower than expected natural catastrophes and positive claims development. As a consequence, operating profit increased to € 1.4 billion in 2Q, an improvement of 10.1 % over the prior year period.
- As a result of these developments, as well as both lower impairments and taxes, we were able to increase net income by € 256 million to € 1.5 billion in 2Q compared to the prior year period.

Earnings Summary

Gross Premiums Written for the six months ended June 30 by region[*)]
in € bn



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

Gross Premiums Written

2005 to 2004 Three Month Comparison

Our property-casualty insurance segment's gross premiums written in 2Q remained relatively stable at € 9,790 million, despite the disposal of our Taiwanese, Chilean and Canadian property-casualty operations in the second half of 2004. Based on internal growth, gross premiums written increased by 1.8 %.

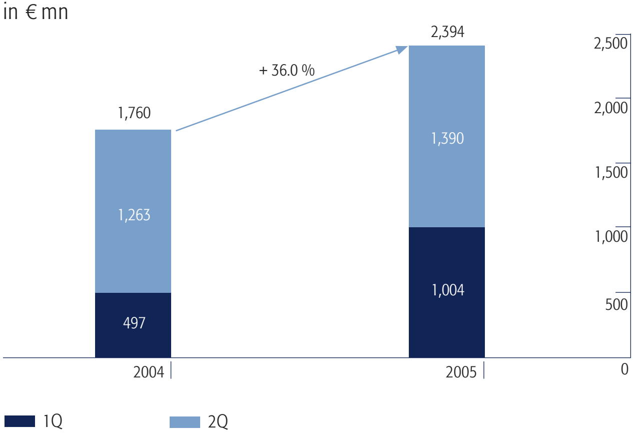
Growth varied considerably across different markets. Positive developments were primarily experienced by Allianz Australia, RAS Group in Italy, AGF Brasil Seguros in Brazil, and Allianz Seguros in Spain, where gross premiums written increased by € 51 million (16.2 %), € 46 million (4.7 %), € 28 million (46.8 %) and € 12 million (2.9 %), respectively. Within Allianz Australia, the increase was driven by our brokers and agency division, as well as our financial institutions and direct division due primarily to new products, innovative sales channels, and successful advertising. RAS Group experienced growth across all lines of business. Sales of new policies and rate increases equally contributed to this development. The increase at our Brazilian property-casualty insurance business resulted primarily from our motor business, where renewal rates and sales of new cars where strong. Within Allianz Seguros in Spain, the favorable development was particularly due to increases in our personal and industrial lines. Premium growth was also strong in our travel insurance and assistance services business provided through Mondial Assistance Group, and in our credit insurance business, provided through Euler Hermes S. A., where premiums increased by € 29 million (13.0 %) and € 20 million (5.0 %), respectively. At Mondial Assistance Group, growth was mainly attributable to our assistance services, particularly in the United Kingdom. Within our credit insurance business, premium growth occurred worldwide. These increases were offset by decreased gross premiums written primarily at Allianz AG and Sachversicherungsgruppe (or "Sachgruppe") in Germany, and AGF IART in France, where gross premiums written decreased by € 53 million (4.6 %), € 42 million (2.4 %), and € 48 million (3.9 %), respectively. At Allianz AG, the negative development resulted primarily from the commutation of a reinsurance contract with Allianz Lebensversicherungs-AG (or "Allianz Leben"). Within Sachgruppe, the decline was largely attributable to a range of portfolio measures undertaken in our motor business, resulting in a lower loss ratio and higher "no claims bonuses", as well as our deliberate decision to focus on profitability and not volume in our non-motor business. The same holds true at AGF IART. Where insurance markets showed signs of softening, we shifted volume to actively manage our business over the cycle. In this context, gross premiums written decreased by € 58 million (8.1 %) at our United Kingdom subsidiary, Allianz Cornhill, and € 67 million (18.2 %) at Allianz Global Risks Re, which reinsures our industrial business worldwide and accounted for 2.8 % of our total Property-Casualty segment's gross premiums written in 2Q.

2005 to 2004 Six Month Comparison

For the first half of 2005, our gross premiums written of € 24.0 billion were relatively stable, despite the deconsolidation of our property-casualty operations in Taiwan, Chile and Canada in the second half of 2004. Overall, the premium development in our Property-Casualty segment reflects our continued strategy of selective and profitable growth.

Operating Profit

in € mn



Operating Profit

2005 to 2004 Three Month Comparison

Overall, we succeeded in further improving our **combined ratio** by 3.0 percentage points to 89.8 % (2Q 2004: 92.8 %). Our **operating profit** increased by 10.1 % to € 1,390 million, mainly reflecting an improved underwriting result. Our **loss ratio** experienced favorable development with an improvement of 2.8 percentage points to 65.1 %, driven primarily by reduced frequency of claims, positive claims development and continued adherence to our disciplined underwriting and pricing practices. Major contributors to these positive developments stemmed from Allianz Australia, AGF IART in France, Fireman's Fund in the United States and Allianz Suisse in Switzerland. Within Allianz Australia, the transition of our business mix from long-tail to short-tail business proved rewarding. Operating profitability at AGF IART increased significantly, primarily as a result of an ongoing decline in claims frequency and the transition to a centralized claims handling process. In the United States, lower than expected natural catastrophes and, in particular, the adherence to a strict underwriting discipline continued to prove rewarding. At Allianz Suisse, we achieved a combined ratio of 88.9 %, an improvement of 7.6 percentage points due largely to positive claims development in our liability and accident lines of business. The marked improvement in our operating profit was achieved despite various loss events in 2Q, including a large fire at an industrial facility in Germany. **Net acquisition costs and administrative expenses** rose by 5.1 % to € 2,690 million, mainly attributable to increased expenses for service agreements resulting from the effects of the first-time consolidation of the Four Seasons Health Care Ltd. acquired in August 2004. Our **expense ratio** remained stable at 24.7 %.

2005 to 2004 Six Month Comparison

Our **combined ratio** for the first half of 2005 decreased 3.3 percentage points to 91.0 %. Equally as positive, we achieved an increase in our **operating profit** of € 634 million, or 36.0 %, to € 2,394 million.

Net Income

2005 to 2004 Three Month Comparison

Overall, **net income** increased markedly by € 256 million, or 20.6 %, to € 1,498 million in 2Q. **Net capital gains and impairments on investments** increased by € 57 million to € 206 million, predominantly from a significant decline in net impairments as a result of a more favorable capital market environment. **Net trading income/(expenses)** decreased significantly to a loss of € 158 million as compared to a loss of € 1 million. This decline was primarily driven by changes in fair values of certain embedded and freestanding derivatives in connection with our "All-in-one" capital market transactions. However, economically, these negative fair value changes are compensated by the increased market prices of respective shares of DAX companies we own, albeit the development of these available-for-sale securities is reflected in unrealized gains/losses within shareholders' equity, and not net income. Net income was also positively affected by the elimination of the amortization of goodwill brought about by a change in accounting under IFRS. In the prior year period, goodwill amortization amounted to € 96 million. **Restructuring charges** in 2Q included a one-time charge of € 55 million for an early retirement program at AGF IART in France. Due in part to tax settlements, our **tax expense** decreased by € 163 million to € 229 million, leading to an effective tax rate of 10.8 % (2Q 2004: 17.5 %). **Minority interests in earnings** remained fairly stable at € 361 million.

2005 to 2004 Six Month Comparison

Net income for the first half of 2005 rose by € 455 million, or 25.3 %, to € 2,251 million. Our effective tax rate improved slightly to 18.0 % from 19.3 % in the prior year period.

	Three months ended June 30 2005 € mn	Three months ended June 30 2004 € mn	Six months ended June 30 2005 € mn	Six months ended June 30 2004 € mn
Gross premiums written	9,790	9,836	23,967	24,214
Premiums earned (net)	9,569	9,518	18,734[1]	18,987[1]
Current income from investments (net)	1,073	1,056	1,846[2]	1,666[2]
Insurance benefits (net)	(6,456)	(6,673)	(12,620)[3]	(13,446)[3]
Net acquisition costs and administrative expenses	(2,690)	(2,559)	(5,306)[4]	(5,079)[4]
Other operating income/ (expenses)(net)	(106)	(79)	(260)	(368)
Operating profit	**1,390**	**1,263**	**2,394**	**1,760**
Net capital gains and impairments on investments	206	149	654[5]	807[5]
Net trading income/ (expenses)[6]	(158)	(1)	(161)	(35)
Intra-group dividends and profit transfer	918	955	1,064	1,049
Interest expense on external debt	(213)	(255)	(470)	(455)
Amortization of goodwill[7]	–	(96)	–	(191)
Other non operating income/ (expense) (net)	(55)	–	(55)	–
Earnings from ordinary activities before taxes	**2,088**	**2,015**	**3,426**	**2,935**
Taxes	(229)	(392)	(626)	(581)
Minority interests in earnings	(361)	(381)	(549)	(558)
Net income	**1,498**	**1,242**	**2,251**	**1,796**
Loss ratio[8] in %	65.1	67.9	65.8	69.1
Expense ratio[9] in %	24.7	24.9	25.2	25.2
Combined ratio in %	**89.8**	**92.8**	**91.0**	**94.3**

[1] Net of earned premiums ceded to reinsurers of € 2,457 million (6M 2004: € 2,561 million).

[2] Net of investment management expenses of € 169 million (6M 2004: € 165 million) and interest expenses of € 114 million (6M 2004: € 242 million).

[3] Comprises net claims incurred of € 12,326 million (6M 2004: € 13,126 million), net expenses from changes in other net underwriting provisions of € 86 million (6M 2004: € 186 million) and net expenses for premium refunds of € 208 million (6M 2004: € 134 million). Net expenses for premium refunds were adjusted for income of € 21 million (6M 2004: € 241 million) related to policyholders' participation of net capital gains and impairments on investments, as well as net trading income/(expenses), that were excluded from the determination of operating profit.

[4] Comprises net acquisition costs of € 2,851 million (6M 2004: € 2,879 million), administrative expenses of € 1,862 million (6M 2004: € 1,908 million) and expenses for service agreements of € 593 million (6M 2004: € 292 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.

[5] Comprises net realized gains on investments of € 694 million (6M 2004: € 1,086 million), and net impairments on investments of € 40 million (6M 2004: € 279 million). These amounts are net of policyholders' participation.

[6] Net trading income/(expenses) are net of policyholders' participation.

[7] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

[8] Represents ratio of net claims incurred to net premiums earned.

[9] Represents ratio of net acquisition costs and administrative expenses as presented in the consolidated financial statements to net premiums earned.

Property-Casualty Operations by Geographic Region

The following table sets forth our property-casualty gross premiums written and earnings after taxes before minority interests in earnings and excludes amortization of goodwill, applicable only for 2004, which we refer to herein as "earnings after taxes and before minority interests", by geographic region. Consistent with our general practice, gross premiums written and earnings after taxes and before minority interests by geographic region are presented before consolidation adjustments representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

	Three months ended June 30						Six months ended June 30					
	2005			2004			2005			2004		
	Gross premiums written	Combined Ratio	Earnings after taxes and before minority interests[1]	Gross premiums written	Combined Ratio	Earnings after taxes and before minority interests[1]	Gross premiums written	Combined Ratio	Earnings after taxes and before minority interests[1]	Gross premiums written	Combined Ratio	Earnings after taxes and before minority interests[1]
	€ mn	%	€ mn	€ mn	%	€ mn	€ mn	%	€ mn	€ mn	%	€ mn
Germany	2,418	89.2	897	2,470	87.0	921	7,616	90.6	1,126	7,876	89.2	1,233
France	1,172	98.2	502	1,220	97.3	586	2,867	99.6	602	2,987	99.4	602
Italy	1,354	91.9	352	1,314	91.0	283	2,596	92.1	470	2,523	92.0	405
Switzerland	260	89.1	61	292	93.1	47	1,253	91.1	94	1,142	94.0	76
United Kingdom	658	92.0	68	716	93.3	65	1,290	92.7	104	1,404	94.1	119
Spain	426	90.8	38	414	89.4	41	1,057	91.5	79	999	91.8	99
Other Europe	1,222	86.6	391	1,137	114.0	120	2,941	87.0	610	2,951	110.3	175
NAFTA	1,209	87.5	240	1,342	90.6	138	2,315	87.7	427	2,576	93.9	208
Asia-Pacific	431	79.4	68	400	96.6	29	807	87.7	104	812	97.0	79
South America	159	92.3	14	141	83.3	22	312	93.6	29	294	90.9	45
Other	11	–[2]	1	14	–[2]	–	37	–[2]	2	38	–[2]	2
Specialty Lines												
Credit Insurance	418	77.2	63	398	77.4	44	884	74.0	125	828	75.8	103
Allianz Global Risks Re	301	93.3	35	368	97.8	16	714	95.0	61	809	97.9	62
Allianz Marine & Aviation	272	87.9	9	278	74.6	4	549	92.1	19	540	94.4	20
Travel Insurance and Assistance Services	252	89.1	14	223	91.3	5	505	90.3	26	463	90.5	9
Subtotal	**10,563**	**–**	**2,753**	**10,727**	**–**	**2,321**	**25,743**	**–**	**3,878**	**26,242**	**–**	**3,237**
Consolidation adjustments[3]	(773)	–	(894)	(891)	–	(602)	(1,776)	–	(1,078)	(2,028)	–	(692)
Subtotal	**9,790**	**–**	**1,859**	**9,836**	**–**	**1,719**	**23,967**	**–**	**2,800**	**24,214**	**–**	**2,545**
Amortization of goodwill[1]	–	–	–	–	–	(96)	–	–	–	–	–	(191)
Minority interests	–	–	(361)	–	–	(381)	–	–	(549)	–	–	(558)
Total	**9,790**	**89.8**	**1,498**	**9,836**	**92.8**	**1,242**	**23,967**	**91.0**	**2,251**	**24,214**	**94.3**	**1,796**

[1] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
[2] Presentation not meaningful.
[3] Represents elimination of transactions between Allianz Group companies in different geographic regions.

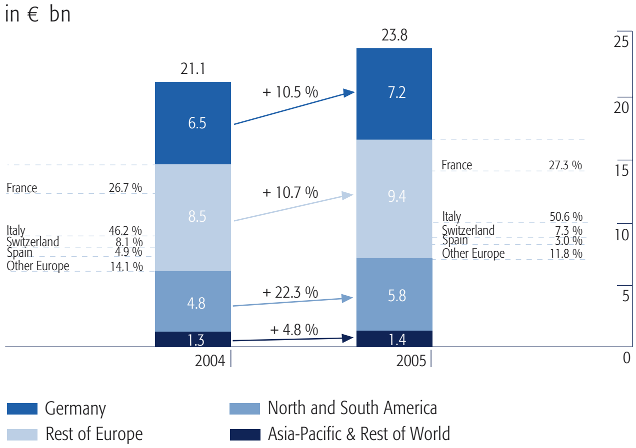
Life/Health Insurance Operations

Continued double-digit growth of statutory premiums. Operating profit and net income also keep pace.

- Total statutory premiums continued with significant growth of 16.3 % to € 12.0 billion in 2Q compared to the prior year period, driven in particular by our European and United States' operations. Internal growth amounted to 17.6 %.
- In 2Q, operating profit developed very favorably with an increase of 49.8 % to € 448 million compared to the prior year period, supported by strong statutory premium growth and current income from investments.
- Net income rose significantly by 153.4 % to € 375 million in 2Q from the prior year period.

Earnings Summary

Statutory Premiums for the six months ended June 30 by regions*)
in € bn



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

Statutory Premiums

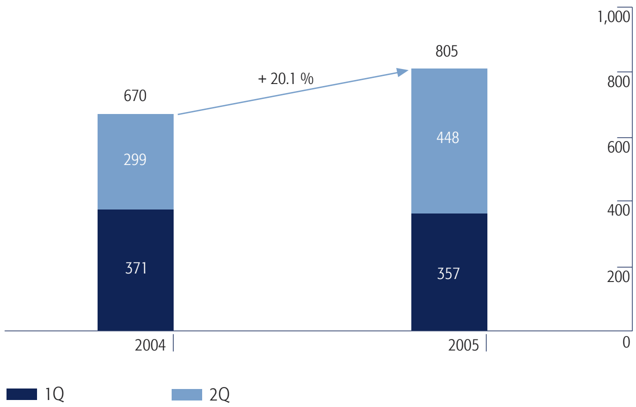
2005 to 2004 Three Month Comparison

Our statutory premiums rose by € 1.7 billion, or 16.3 %, to € 11,988 million in 2Q. Based on internal growth, our statutory premiums increased by 17.6 %. We continued to report significant growth in key European markets, as well as in the United States. The strongest growth was achieved in the United States at € 653 million (27.4 %), Italy at € 419 million (19.4 %), France at € 231 million (20.1 %) and Asia-Pacific at € 205 million (34.5 %). Through Allianz Leben, Germany also experienced growth of € 207 million (6.7 %), driven largely by strong corporate pension business and the effects of the "Retirement Revenue Act" ("Alterseinkünftegesetz"). In the United States, Allianz Life continued to successfully grow its equity-indexed annuity business. In Italy, our subsidiaries RAS Group and Lloyd Adriatico again experienced significant growth from the sale of their unit-linked and index-linked products, thereof RAS Group from strong sales through its bancassurance channel. In France, the growth at AGF Vie was largely driven by strong sales of traditional life contracts through its agent channel, as well as intra-Allianz Group acquisitions. Within Asia-Pacific, the growth generated by Allianz President Insurance in Taiwan stemmed primarily from the recovery of sales through its bancassurance channel. Conversely, statutory premiums in Switzerland at Allianz Suisse decreased by 7.3 % to € 204 million after very strong sales of unit-linked products in the prior year quarter and a decline in sales of traditional products in 2Q. Additionally, Other Europe exhibited a decline of 10.1 % in statutory premiums to € 481 million, principally as a result of the sale of the life/health operations of Allianz Cornhill in 4Q 2004.

2004 Six Month Comparison

For the first half of 2005, statutory premiums increased by € 2.7 billion, or 12.9 %, to € 23.8 billion. This strong growth stemmed predominantly from key European markets, including Germany, Italy and France, as well as the United States, and to a lesser extent, Taiwan.

Operating Profit
in € mn



Operating Profit

2005 to 2004 Three Month Comparison

In 2Q, **operating profit** from our Life/Health insurance operations increased € 149 million, or 49.8 %, to € 448 million. **Current income from investments** developed favorably with an increase of € 188 million, driven predominantly by a significant inflow of funds brought about by new business underwritten at Allianz Life. **Insurance benefits (net)** declined slightly by € 111 million, or 1.9 %, to € 5,779 million. **Net acquisition costs and administrative expenses** rose slightly by € 33 million, or 3.4 %, to € 991 million, while our statutory premiums increased by € 1.7 billion, or 16.3 %, to € 11,988 million in 2Q, driving our **statutory expense ratio** down by 1.0 percentage point to 8.2 %. **Net trading income** declined sharply to a charge of € 296 million largely due to changes in fair values of freestanding derivatives in connection with equity-indexed annuities sold by Allianz Life in the United States.

2005 to 2004 Six Month Comparison

Operating profit for the first half of 2005 rose by € 135 million, or 20.1 %, to € 805 million. This positive development originated largely from significantly strong profitable growth within our statutory premiums in key European markets and the United States. We achieved a **statutory expense ratio** of 7.3 %, a marked decrease of 1.9 percentage points. However, this improvement was also driven by the regular unlocking of assumptions within our deferred policy acquisition cost asset in 1Q.

Net Income

2005 to 2004 Three Month Comparison

Overall, **net income** increased significantly by € 227 million, or 153.4 %, to € 375 million. **Net capital gains and impairments on investments** attributable to shareholders increased € 30 million, or 230.7 %, to € 43 million. This development was primarily due to higher realizations of capital gains, though none individually significant. **Intra-group dividends and profit transfer** remained flat at € 58 million. Net income was also positively affected by the elimination of the amortization of goodwill brought about by a change in accounting under IFRS (2Q 2004: € 39 million). **Tax expense** decreased from € 68 million to € 43 million, leading to an effective tax rate of 10.6 % (2Q 2004: 20.2 %). This decline was influenced by a tax settlement affecting Allianz Life, resulting in a refund. **Minority interests in earnings** increased by € 19 million to € 131 million, primarily due to increased earnings at our Italian and French entities.

2005 to 2004 Six Month Comparison

For the first half of 2005, **net income** rose by € 306 million, or 77.5 %, to € 701 million due primarily to strong profitable growth in key European markets and the United States. Additionally, increases in **net capital gains and impairments on investments** and the elimination of goodwill amortization as a result of a change in accounting under IFRS also contributed to the strengthening of our net income. Largely due to the Allianz Life tax settlement, our effective tax rate improved considerably to 10.7 % from 28.6 %.

	Three months ended June 30		Six months ended June 30	
	2005	2004	2005	2004
	€ mn	€ mn	€ mn	€ mn
Statutory premiums[1)]	11,988	10,304	23,826	21,105
Gross premiums written	4,746	4,813	10,135	10,114
Premiums earned (net)	4,422	4,263	9,564[2)]	9,012[2)]
Current income from investments (net)	3,128	2,940	5,783[3)]	5,559[3)]
Insurance benefits (net)	(5,779)	(5,890)	(12,308)[4)]	(11,882)[4)]
Net acquisition costs and administrative expenses	(991)	(958)	(1,750)[5)]	(1,906)[5)]
Net trading income/ (expenses)	(296)	(37)	(348)	(7)
Other operating income/ (expenses) (net)	(36)	(19)	(136)	(106)
Operating profit	**448**	**299**	**805**	**670**
Net capital gains and impairments on investments	43	13	196[6)]	162[6)]
Intra-group dividends and profit transfer	58	55	68	65
Amortization of goodwill[7)]	–	(39)	–	(79)
Earnings from ordinary activities before taxes	**549**	**328**	**1,069**	**818**
Taxes	(43)	(68)	(118)	(238)
Minority interests in earnings	(131)	(112)	(250)	(185)
Net income	**375**	**148**	**701**	**395**
Statutory expense ratio[8)] in %	**8.2**	**9.2**	**7.3**	**9.2**

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

2) Net of earned premiums ceded to reinsurers of € 521 million (6M 2004: € 1,056 million).

3) Net of investment management expenses of € 215 million (6M 2004: € 207 million) and interest expenses of € 2 million (6M 2004: € 11 million).

4) Net insurance benefits were adjusted for income of € 1,644 million (6M 2004: € 761 million) related to policyholders' participation of net capital gains and impairments on investments that were excluded from the determination of operating profit.

5) Comprises net acquisition costs of € 1,019 million (6M 2004: € 1,247 million), administrative expenses of € 670 million (6M 2004: € 599 million) and expenses for service agreements of € 61 million (6M 2004: € 60 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.

6) Comprises net realized gains on investments of € 259 million (6M 2004: € 173 million), and net impairments on investments of € 63 million (6M 2004: € 11 million). These amounts are net of policyholders' participation.

7) Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

8) Represents ratio of net acquisition costs and administrative expenses as presented in the consolidated financial statements to net premiums earned (statutory).

Life/Health Operations by Geographic Region

The following table sets forth our gross life/health statutory premiums, gross premiums written, as well as earnings after taxes and before minority interests in earnings and excludes amortization of goodwill, applicable only for 2004, which we refer to herein as "earnings after taxes and before minority interests", by geographic region. Consistent with our general practice, statutory premiums, gross premiums written as well as earnings after taxes and before minority interests by geographic region are presented before consolidation adjustments representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

	Three months ended June 30						Six months ended June 30					
	2005			2004			2005			2004		
	Statutory premiums[1]	Gross premiums written	Earnings after taxes and before minority interests[2]	Statutory premiums[1]	Gross premiums written	Earnings after taxes and before minority interests[2]	Statutory premiums[1]	Gross premiums written	Earnings after taxes and before minority interests[2]	Statutory premiums[1]	Gross premiums written	Earnings after taxes and before minority interests[2]
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Germany	3,309	3,001	57	3,102	2,970	61	7,182	6,537	176	6,500	6,219	121
France[3]	1,379	411	73	1,148	377	47	2,587	843	232	2,280	752	153
Italy	2,583	246	163	2,164	281	126	4,928	515	221	4,096	532	152
Switzerland	204	94	18	220	98	4	692	291	28	688	323	12
Spain	149	130	12	135	119	13	285	251	22	419	391	24
Other Europe	481	312	41	535	341	36	981	651	65	1,081	708	75
United States	3,036	199	133	2,383	284	11	5,761	370	184	4,729	531	73
Asia-Pacific	799	330	10	594	324	–	1,316	638	24	1,260	622	46
Other	53	28	(1)	28	24	6	105	50	(1)	64	48	8
Subtotal	**11,993**	**4,751**	**506**	**10,309**	**4,818**	**304**	**23,837**	**10,146**	**951**	**21,117**	**10,126**	**664**
Consolidation adjustments[4]	(5)	(5)	–	(5)	(5)	(5)	(11)	(11)	–	(12)	(12)	(5)
Subtotal	**11,988**	**4,746**	**506**	**10,304**	**4,813**	**299**	**23,826**	**10,135**	**951**	**21,105**	**10,114**	**659**
Amortization of goodwill[2]	–	–	–	–	–	(39)	–	–	–	–	–	(79)
Minority interests	–	–	(131)	–	–	(112)	–	–	(250)	–	–	(185)
Total	**11,988**	**4,746**	**375**	**10,304**	**4,813**	**148**	**23,826**	**10,135**	**701**	**21,105**	**10,114**	**395**

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

[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

[3] Effective in 1Q 2005, Assurance Vie et Prevoyance and Martin Maurel Vie were consolidated within the Life/Health insurance operations of France.

[4] Represents elimination of transactions between Allianz Group companies in different geographic regions.

Banking Operations

Double-digit increases in our operating profit and net income.

- In 2Q, operating profit from our banking business increased by 10.3 % to € 278 million compared to the prior year period. Thereof, Dresdner Bank contributed € 272 million.
- Operating revenues declined to € 1.4 billion, or 18.7 %, mainly because of a shortfall in net trading income in 2Q. This was more than compensated by a net release of loan loss provisions in 2Q of € 52 million, as well as significantly reduced administrative expenses, by € 212 million. Dresdner Bank is on track to earn its cost of capital in 2005.
- In 2Q, Dresdner Bank achieved an 82.1 % increase in net income from the prior year period to € 244 million. Net income of Dresdner Bank was also positively affected by the elimination of goodwill amortization under IFRS (2Q 2004: € 62 million) and the absence of significant restructuring charges.

Earnings Summary

The results of operations of our banking segment are almost exclusively represented by Dresdner Bank, accounting for 95.8 % of the total segment's operating revenues for the first half of 2005 (first half of 2004: 96.5 %). Accordingly, the discussion of our banking segment's results of operations for the three and six months ended June 30, 2005, as compared to June 30, 2004, respectively, relate solely to the operations of Dresdner Bank.

Operating Revenues

2005 to 2004 Three Month Comparison

Despite the strong growth of 14.1 % in our net fee and commission income to € 663 million, operating revenues declined to € 1,331 million in 2Q, a decrease of 18.7 %. Net fee and commission income was strong in our Personal Banking and Private & Business Banking divisions, primarily as a result of increased activities in our securities business, specifically closed-end funds. Further, at DrKW, client business developed favorably, with an improvement in our mergers & acquisitions business also contributing to our increased net fee and commission income. Conversely, net trading income declined to € 127 million from € 473 million, due primarily to challenging market conditions in April and May, as with some of the other investment banks. These developments negatively affected our trading income. In June, revenues from trading at DrKW exhibited substantial improvement as market trends stabilized. Mainly attributable to the further planned reduction of our non-strategic interest-bearing portfolios within our IRU division, net interest income decreased by 7.4 % to € 541 million.

2005 to 2004 Six Month Comparison

Operating revenues for the first half of 2005 decreased by € 355 million, or 10.8 %, to € 2,947 million, driven principally by the developments at DrKW and the further planned reduction of our non-strategic interest-bearing portfolios within our IRU division.

Operating Profit

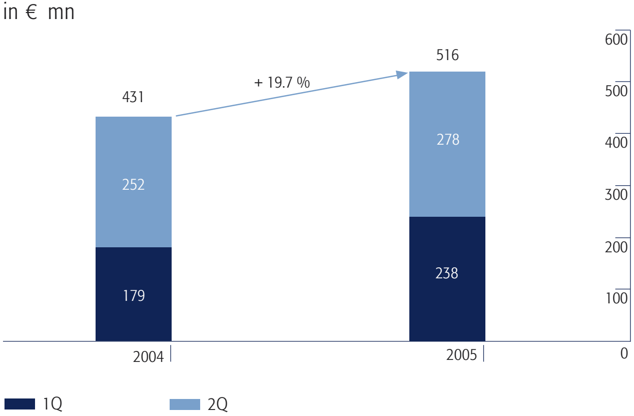
2005 to 2004 Three Month Comparison

In 2Q, **operating profit** of Dresdner Bank increased by 15.7 % to € 272 million from € 235 million. The substantial decline of our **net loan loss provisions**, resulting in a net release of € 54 million in 2Q, as well as significantly reduced **administrative expenses**, more than compensated for the shortfall in operating revenues. Administrative expenses were reduced by 15.7 % to € 1,113 million, driven by both personnel and non-personnel operating expenses. Personnel expenses decreased by € 196 million, or 24.6 %, to € 601 million. Approximately one-third of this reduction was due to a positive one-off effect, stemming from the release of provisions for employment anniversary payments due to the alignment of Dresdner Bank's payment scheme to that of the Allianz Group. Further, headcount has been reduced by more than 2,300 and, commensurate with the reduced operating revenues at DrKW in 2Q, less performance-linked compensation was accrued. Notwithstanding focused investments in certain growth areas, such as infrastructure for our "Business Model 3", which includes the sale of our banking products through insurance agents, non-personnel operating expenses also declined by 2.3 % to € 512 million primarily as a result of lower expenses related to information technology and office space. Our **cost-income ratio** reached 83.6 % in 2Q (2Q 2004: 80.6 %) as a result of the overly-proportionate decline in operating revenues compared to that of our administrative expenses. The positive development of our net loan loss provisions was characterized by gross releases and recoveries of € 290 million in 2Q, commensurate with the prior year period, stemming principally from exits from large debtors, mainly within our IRU division, but also within our strategic divisions. Gross new provisions were approximately one-third lower compared to 2Q 2004, resulting from the significantly improved risk profile of our credit portfolio and the planned reductions in our non-strategic business within our IRU division.

2005 to 2004 Six Month Comparison

For the first half of 2005, **operating profit** amounted to € 488 million, an increase of 19.3 %. This positive development is largely attributable to reductions in our **administrative expenses** and **net loan loss provisions**. Our coverage ratio at June 30, 2005, increased to 62.1 % as compared to 60.3 % at June 30, 2004, despite net releases of loan loss provisions in 2Q.

Banking Segment Operating Profit
in € mn



Net Income

2005 to 2004 Three Month Comparison

Net income of Dresdner Bank improved significantly to € 244 million in 2Q from € 134 million. In addition to the positive developments within our operating profit and the absence of significant **restructuring charges** in 2Q, Dresdner Bank's net income benefited from capital gains and certain changes in IFRS accounting standards, including the elimination of goodwill amortization (2Q 2004: € 62 million). **Net capital gains and impairments on investments** of Dresdner Bank increased to € 138 million in 2Q, compared to € 64 million. This increase resulted primarily from the sale of our entire 25 % stake in Bilfinger Berger AG in 2Q. The majority of the aforementioned capital gains are reflected in our Corporate Other division. Due primarily to increased operating profitability, **tax expense** rose by € 255 million to € 158 million, compared to a tax benefit of € 97 million in 2Q 2004.

2005 to 2004 Six Month Comparison

Net income for the first half of 2005 increased significantly by € 488 million, or 219.8 %, to € 710 million. This positive development is primarily attributable to the sale of our shareholdings in Munich Re in 1Q, declines in our **administrative expenses** and **net loan loss provisions**, as well as reduced net impairments on investments. With the sale of its Bilfinger Berger shareholding in 2Q and the transfer of approximately 5 % of its 7.3 % shareholding in Munich Re to Allianz AG in 1Q as part of our successful "All-in-one" capital market transactions in January 2005, Dresdner Bank has significantly reduced its non-strategic equity holdings during the six months ended June 30, 2005.

	Three months ended June 30				Six months ended June 30			
	2005		2004		2005		2004	
	Banking Segment € mn	Dresdner Bank € mn	Banking Segment € mn	Dresdner Bank € mn	Banking Segment € mn	Dresdner Bank € mn	Banking Segment € mn	Dresdner Bank € mn
Net interest income	560	541	596	584	1,113	1,075	1,132	1,101
Net fee and commission income	699	663	635	581	1,382	1,310	1,376	1,289
Net trading income	136	127	484	473	582	562	912	912
Operating revenues	**1,395**	**1,331**	**1,715**	**1,638**	**3,077**	**2,947**	**3,420**	**3,302**
Administrative expenses	(1,169)	(1,113)	(1,381)	(1,321)	(2,520)	(2,413)	(2,772)	(2,676)
Net loan loss provisions	52	54	(82)	(82)	(41)	(46)	(217)	(217)
Operating profit	**278**	**272**	**252**	**235**	**516**	**488**	**431**	**409**
Net capital gains and impairments on investments	138	138	64	64	431[1]	432	61[1]	53
Restructuring charges	(5)	(5)	(104)	(104)	(5)	(5)	(116)	(116)
Other non-operating income/(expenses)(net)	20	17	(83)	(77)	69	67	(67)	(63)
Amortization of goodwill[2]	–	–	(62)	(62)	–	–	(129)	(129)
Earnings from ordinary activities before taxes	**431**	**422**	**67**	**56**	**1,011**	**982**	**180**	**154**
Taxes	(158)	(158)	82	97	(237)	(232)	91	106
Minority interests in earnings	(24)	(20)	(16)	(19)	(50)	(40)	(82)	(38)
Net income	**249**	**244**	**133**	**134**	**724**	**710**	**189**	**222**
Cost-income ratio[3] in %	**83.8**	**83.6**	**80.5**	**80.6**	**81.9**	**81.9**	**81.1**	**81.0**

[1] Comprises primarily net realized gains on investments of € 505 million (6M 2004: € 318 million), and net impairments on investments of € 78 million (6M 2004: € 281 million) which includes € 19 million (6M 2004: € 11 million) of scheduled depreciation of real estate used by third parties.

[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

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

Banking Operations by Division

The following table sets forth our banking operating revenues and earnings after taxes before minority interests in earnings and excludes amortization of goodwill, applicable only for 2004, which we refer to herein as "earnings after taxes and before minority interests", by division. Consistent with our general practice, operating revenues and earnings after taxes and before minority in-terests by division are presented before consolidation adjustments representing the elimination of transactions between Allianz Group companies in different divisions and different segments.

Banking Operations – Key Data by Division

	Three months ended June 30				Six months ended June 30			
	2005		2004		2005		2004	
	Operating revenues[1] € mn	Earnings after taxes and before minority interests[2] € mn	Operating revenues[1] € mn	Earnings after taxes and before minority interests[2] € mn	Operating revenues[1] € mn	Earnings after taxes and before minority interests[2] € mn	Operating revenues[1] € mn	Earnings after taxes and before minority interests[2] € mn
Personal Banking	453	47	445	(3)	949	84	961	37
Private & Business Banking	282	93	279	44	595	171	604	116
Corporate Banking	245	74	255	64	499	135	503	115
Dresdner Kleinwort Wasserstein	323	23	514	55	837	85	1,067	116
IRU	5	71	156	212	55	48	249	173
Corporate Other	23	(44)	(11)	(157)	12	227	(82)	(168)
Dresdner Bank	**1,331**	**264**	**1,638**	**215**	**2,947**	**750**	**3,302**	**389**
Other Banks[3]	**64**	**9**	**77**	**(4)**	**130**	**24**	**118**	**11**
Subtotal	**1,395**	**273**	**1,715**	**211**	**3,077**	**774**	**3,420**	**400**
Amortization of goodwill[2]	–	–	–	(62)	–	–	–	(129)
Minority Interests	–	(24)	–	(16)	–	(50)	–	(82)
Total	**1,395**	**249**	**1,715**	**133**	**3,077**	**724**	**3,420**	**189**

[1] Consists of net interest income, net fee and commission income, and net trading income. Operating revenue is a measure used by management to calculate and monitor the activities and operating performance of its banking operations. This measure is used by other banks, but other banks may calculate operating income on a different basis and accordingly may not be comparable to operating income as used herein. With effect from January 1, 2004, current income (loss) from investments in associated enterprises and joint ventures is included within operating revenues.

[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

[3] Consists of non-Dresdner Bank banking operations within our banking segment.

Asset Management Operations

We continued to increase our assets under management and operating profit.

- In the first half of 2005, we achieved an increase in our third-party assets under management of 17.6 % to € 688 billion from December 31, 2004. This growth includes net inflows of € 32 billion.
- In 2Q, our operating profit improved by € 74 million, or 40.9 %, to € 255 million and we achieved a cost-income ratio of 59.8 %, a significant improvement of 7.7 percentage points over the prior year period.
- In 2Q, our asset management segment reported net income of € 76 million compared to a net loss of € 98 million in the prior year period, resulting in a € 174 million improvement.

The assets under management by the Allianz Group consist of third-party assets, group's own investments and financial assets for unit-linked contracts. See "Assets Under Management of the Allianz Group" for a breakdown of those assets managed by Allianz Global Investors.

Earnings Summary

Our asset management segment's results of operations are almost exclusively represented by Allianz Global Investors, which accounted for 98.6 % of our total asset management segment's operating revenues for the first half of 2005. Accordingly, the discussion of our asset management segment's results of operations for the three and six months ended June 30, 2005, as compared to June 30, 2004, respectively, relate solely to the operations of Allianz Global Investors.

Operating Revenues

2005 to 2004 Three Month Comparison

Operating revenues of Allianz Global Investors increased by € 71 million, or 12.8 %, to € 627 million. Internal growth was even stronger at 16.5 %. This growth reflects positive business developments worldwide, resulting primarily from higher average assets under management driven by significant net inflows to our fixed-income business in the United States and Germany, as well as favorable capital markets and positive effects from exchange rate movements.

2005 to 2004 Six Month Comparison

For the first half of 2005, our operating revenues increased by € 108 million, or 9.8 %, to € 1,208 million. This growth reflects our continuous positive business developments worldwide.

Operating Profit

2005 to 2004 Three Month Comparison

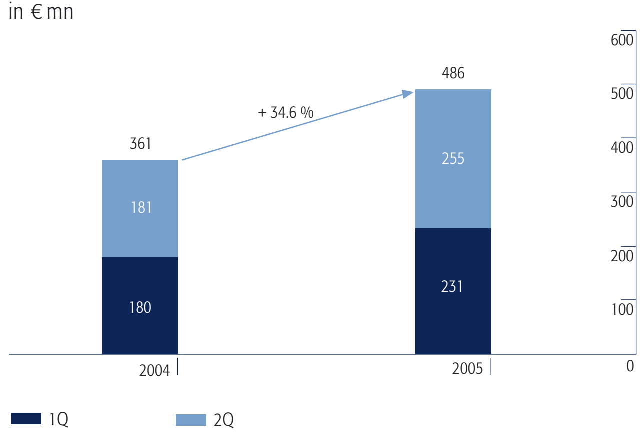
Operating profit of Allianz Global Investors increased significantly by € 71 million, or 39.2 %, to € 252 million in 2Q, primarily due to the aforementioned growth in our **operating revenues.** While operating revenues increased, **operating expenses** remained constant at € 375 million in 2Q due primarily to strict cost management. As a result of these developments, our **cost-income ratio** improved significantly to 59.8 % in 2Q (2Q 2004: 67.5 %).

2005 to 2004 Six Month Comparison

Operating profit for the first half of 2005 increased by € 121 million, or 33.5 %, to € 482 million. This positive development was driven by the increase in **operating revenues** and decreased **operating expenses.**

Asset Management Segment Operating Profit

in € mn



Net Income

2005 to 2004 Three Month Comparison

Allianz Global Investors reported **net income** of € 75 million in 2Q, representing a significant improvement from the net loss of € 98 million in 2Q 2004. **Acquisition-related expenses** remained constant at € 178 million. Thereof, € 179 million was due to the deferred purchases of interests in PIMCO, which increased from € 118 million due primarily to an increase in the fair value of the shares issued. Further, € 2 million related to retention payments for the management and employees of PIMCO and Nicholas Applegate, which decreased from € 29 million as they largely expire this year. These deferred purchases of interests in PIMCO and retention payments were agreed upon at the time these investment companies were acquired. Our net income also benefited from the elimination of goodwill amortization under IFRS, effective January 1, 2005 (2Q 2004: € 97 million).

2005 to 2004 Six Month Comparison.

For the first half of 2005, we reported **net income** of € 102 million, compared to a net loss of € 205 million in the prior year period. Whereas in 1Q we experienced tax expenses of € 26 million mainly as a result of our improved operating profitability, taxes in 2Q were affected by a one-off deferred tax credit related to goodwill amortization amounting to € 36 million. Overall, **tax expenses** increased by € 50 million over the first half of 2004.

	Three months ended June 30				Six months ended June 30			
	2005		2004		2005		2004	
	Asset Management Segment € mn	Allianz Global Investors € mn	Asset Management Segment € mn	Allianz Global Investors € mn	Asset Management Segment € mn	Allianz Global Investors € mn	Asset Management Segment € mn	Allianz Global Investors € mn
Operating revenues	634	627	556	556	1,225	1,208	1,100	1,100
Operating expenses	(379)	(375)	(375)	(375)	(739)	(726)	(739)	(739)
Operating profit	**255**	**252**	**181**	**181**	**486**	**482**	**361**	**361**
Acquisition-related expenses	(178)	(178)	(178)	(178)	(343)[1]	(343)[1]	(383)[1]	(383)[1]
Amortization of goodwill[2]	–	–	(97)	(97)	–	–	(189)	(189)
Earnings from ordinary activities before taxes	**77**	**74**	**(94)**	**(94)**	**143**	**139**	**(211)**	**(211)**
Taxes	8	9	10	10	(17)	(17)	33	33
Minority interests in earnings	(9)	(8)	(14)	(14)	(22)	(20)	(27)	(27)
Net income (loss)	**76**	**75**	**(98)**	**(98)**	**104**	**102**	**(205)**	**(205)**
Cost-income ratio[3] in %	**59.8**	**59.8**	**67.5**	**67.5**	**60.3**	**60.1**	**67.2**	**67.2**

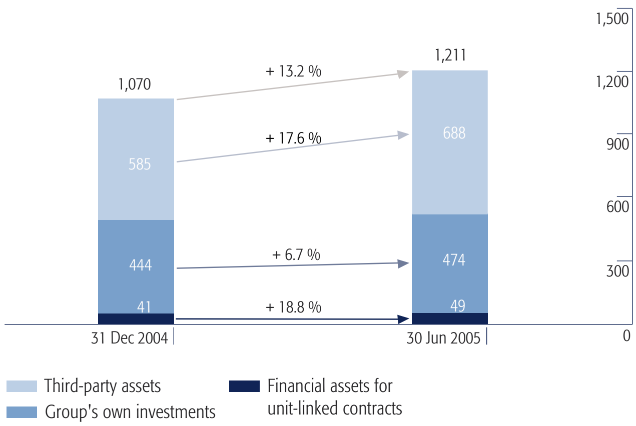
[1] Comprises charges of € 306 million (6M 2004: € 253 million) in connection with the deferred purchases of interests in PIMCO, charges of € 12 million (6M 2004: € 67 million) relating to retention payments for the management and employees of PIMCO and Nicholas Applegate, as well as amortization charges of € 25 million (6M 2004: € 63 million) relating to capitalized loyalty bonuses for PIMCO management. Effective January 1, 2005, and applied retrospectively, under IFRS, the PIMCO LLC Class B Unit Purchase Plan ("Class B Plan") is considered a cash settled plan, resulting in changes in the fair value of the shares issued to be recognized as expense.

[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

[3] Represents ratio of operating expenses to operating revenues.

Assets Under Management of the Allianz Group

Assets Under Management
in € bn



The following table sets forth certain key data concerning our asset management operations:

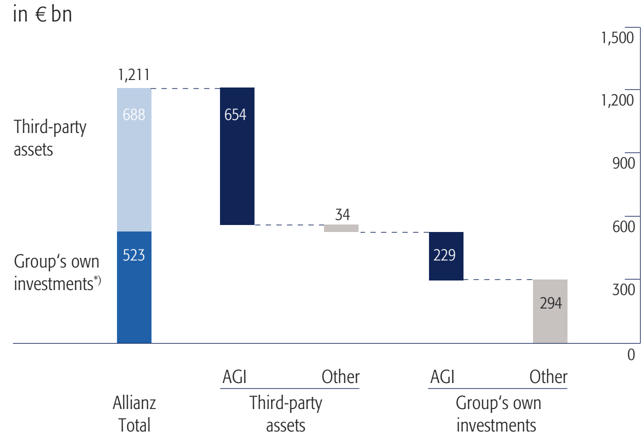
Assets Under Management – Key Data

Fair values as of	June 30, 2005		December 31, 2004	
	€ mn	%	€ mn	%
Third-party assets[1]	687,764	56.8	584,624	54.6
Group's own investments[2]	473,714[3]	39.1	443,849[3]	41.5
Financial assets for unit-linked contracts[1]	49,191[3]	4.1	41,412[3]	3.9
Total	**1,210,669**	**100.0**	**1,069,885**	**100.0**

[1] Assets are presented at fair value.
[1] Includes adjustments to reflect real estate and investments in associated enterprises and joint ventures at fair value. These adjustments were made in order to reflect the definition of group's own investments used by management for its controlling purposes.
[1] As a result of a new IFRS accounting standard (IAS 39 revised), certain unit-linked contracts previously classified as trading assets within group's own investments were reclassified to financial assets for unit-linked contracts, resulting in no net income statement impact.

We manage our third-party asset management business primarily through our asset management subsidiary Allianz Global Investors. At June 30, 2005, Allianz Global Investors managed approximately € 654 billion, or 95.1 %, of our third-party assets under management and approximately € 229 billion, or 43.9 %, of our group's own investments. Overall, Allianz Global Investors managed approximately € 883 billion, or 73.0 %, of the Allianz Group's total assets under management. The remainder of our third-party assets are managed by Dresdner Bank (approximately € 16 billion, or 2.3 %) and other Allianz Group companies (approximately € 18 billion, or 2.6 %).

Assets Under Management by Entity at June 30, 2005
in € bn



*) Includes financial assets for unit-linked contracts of € 49 billion.

Third-Party Assets

Overall, third-party assets account for approximately 56.8 % or € 688 billion of assets managed by the Allianz Group. Since December 31, 2004, the value of this portfolio has increased by € 103 billion, including net inflows of € 32 billion and positive effects from exchange rate movements of € 55 billion, resulting primarily from the strengthening of the U.S. dollar as compared to the Euro. Market-related appreciation in the value of our assets amounted to € 16 billion.

We have strong market positions in the United States and Germany. At June 30, 2005, 72.7 % and 14.6 % of our third-party assets under management originated from the United States and Germany, respectively. Of the total third-party assets under management, 77.6 % and 21.3 % were invested in fixed income securities and equities, respectively. Institutional customers accounted for 63.0 % of our third-party assets under management. This customer segment requires us to provide the highest standards in terms of quality of products and services. Our high standards also benefited our retail clients, who accounted for 37.0 % of our third-party assets under management.

Outlook

We expect an overall increase in total revenues in line with 2004 and continue to focus our efforts in sustaining and selectively improving our operating profit. However, as always, natural catastrophes and adverse developments in the capital markets, as well as the other factors noted below, may severely impact our profitability.

For 2005, the Allianz Group has the following targets:

Within our Property-Casualty segment we want to maintain a combined ratio below 95 %. We remain confident that our Life/Health segment will achieve its operating profit target of at least € 1.5 billion. Dresdner Bank is on track to earn its cost of capital in 2005. Additionally, we target a 10 % increase in operating profit for our Asset Management business.

Due to the strong performance in 2Q and the first half of 2005, we expect to surpass our targets for 2005.

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words 'may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential, or continue' and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults (vii) interest rate levels, (viii) currency exchange rates including the Euro-U.S. dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The company assumes no obligation to update any forward-looking information contained herein.

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

Consolidated Financial Statements
Contents

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Consolidated Balance Sheets
As of June 30, 2005 and as of December 31, 2004

ASSETS	➤➤ Note	June 30, 2005 € mn	December 31, 2004 € mn
Intangible assets	4	15,693	15,147
Investments in associated enterprises and joint ventures		3,422	5,757
Investments	5	270,044	248,327
Loans and advances to banks	6	159,997	182,295
Loans and advances to customers	7	198,206	196,209
Financial assets carried at fair value through income	8	242,367	239,292
Cash and cash equivalents		26,711	15,628
Amounts ceded to reinsurers from reserves for insurance and investment contracts	9	22,269	22,310
Deferred tax assets		14,438	13,975
Other assets		52,877	51,232
Total assets		1,006,024	990,172

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	June 30, 2005 € mn	December 31, 2004 € mn
Shareholders' equity	10	45,048	37,728
Participation certificates and subordinated liabilities	11	15,535	13,230
Reserves for insurance and investment contracts	12	348,252	326,345
Liabilities to banks	13	170,753	191,354
Liabilities to customers	14	162,399	157,274
Certificated liabilities	15	61,849	57,771
Financial liabilities carried at fair value through income	16	140,575	144,937
Other accrued liabilities	17	13,169	13,984
Other liabilities	18	30,502	31,281
Deferred tax liabilities		15,130	14,229
Deferred income		2,812	2,039
Total shareholders' equity and liabilities		1,006,024	990,172

To read the notes, simply click ➤➤ on the number

Consolidated Income Statements
for the three months and six months ended June 30, 2005 and 2004

		Three months ended June 30,		Six months ended June 30,	
		2005	2004	2005	2004
	➤➤ Note	€ mn	€ mn	€ mn	€ mn
Premiums earned (net)	19	13,991	13,781	28,298	27,999
Interest and similar income	20	6,284	5,648	11,347	10,618
Income from investments in associated enterprises and joint ventures (net)	21	184	480	897	639
Other income from investments	22	856	1,001	2,148	2,723
Income from financial assets and liabilities carried at fair value through income (net)	23	(9)	450	487	956
Fee and commission income, and income from service activities	24	2,051	1,684	3,915	3,346
Other income	25	642	427	1,271	1,113
Total income		**23,999**	**23,471**	**48,363**	**47,394**
Insurance and investment contract benefits (net)	26	(12,780)	(13,023)	(26,616)	(26,383)
Interest and similar expenses	27	(1,937)	(1,420)	(3,346)	(2,797)
Other expenses from investments	28	(346)	(847)	(660)	(1,409)
Loan loss provisions	29	50	(85)	(44)	(222)
Acquisition costs and administrative expenses (net)	30	(5,815)	(5,700)	(11,457)	(11,480)
Amortization of goodwill		–	(294)	–	(588)
Other expenses	31	(1,002)	(884)	(1,983)	(2,040)
Total expenses		**(21,830)**	**(22,253)**	**(44,106)**	**(44,919)**
Earnings from ordinary activities before taxes		2,169	1,218	4,257	2,475
Taxes	32	(422)	(351)	(991)	(690)
Minority interests in earnings		(352)	(295)	(687)	(596)
Net income		**1,395**	**572**	**2,579**	**1,189**

		€	€	€	€
Basic earnings per share	33	3.62	1.56	6.75	3.24
Diluted earnings per share	33	3.60	1.55	6.71	3.23

Consolidated Statements of Changes in Shareholders' Equity for the six months ended June 30, 2005 and 2004

	Paid-in capital € mn	Revenue reserves € mn	Foreign currency translation adjustments € mn	Unrealized gains and losses (net) € mn	Shareholders' equity before minority interests € mn	Minority interests in shareholders' equity € mn	Shareholders' equity € mn
Balance as of December 31, 2003	**19,347**	**6,186**	**(1,893)**	**4,356**	**27,996**	**7,263**	**35,259**
Foreign currency translation adjustments	–	–	287	21	308	8	316
Changes in the group of consolidated companies	–	(67)	6	5	(56)	–	(56)
Treasury shares	–	38	–	–	38	–	38
Unrealized investment gains and losses	–	–	–	(314)	(314)	41	(273)
Net income	–	1,189	–	–	1,189	596	1,785
Dividends paid	–	(551)	–	–	(551)	(425)	(976)
Miscellaneous	–	50	–	–	50	(357)	(307)
Balance as of June 30, 2004	**19,347**	**6,845**	**(1,600)**	**4,068**	**28,660**	**7,126**	**35,786**
Balance as of December 31, 2004	**19,433**	**7,566**	**(2,634)**	**5,661**	**30,026**	**7,702**	**37,728**
Foreign currency translation adjustments	–	–	1,347	45	1,392	27	1,419
Changes in the group of consolidated companies	–	2	1	(10)	(7)	91	84
Capital paid in	174	–	–	–	174	–	174
Treasury shares	–	1,640	–	–	1,640	–	1,640
Unrealized investment gains and losses	–	–	–	1,563	1,563	309	1,872
Net income	–	2,579	–	–	2,579	687	3,266
Dividends paid	–	(674)	–	–	(674)	(570)	(1,244)
Miscellaneous	–	59	–	–	59	50	109
Balance as of June 30, 2005	**19,607**	**11,172**	**(1,286)**	**7,259**	**36,752**	**8,296**	**45,048**

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

Consolidated Statements of Cash Flows for the six months ended June 30, 2005 and 2004

Six months ended June 30,	2005 € mn	2004 € mn
Operating activities		
Net income	2,579	1,189
Change in unearned premiums	2,478	2,188
Change in aggregate policy reserves (without aggregate policy reserves for life insurance products in accordance with SFAS 97)	8,685	8,373
Change in reserve for loss and loss adjustment expenses	1,301	1,310
Change in other insurance reserves (without change in the reserve for latent premium refunds from unrealized investment gains and losses)	1,938	1,475
Change in deferred acquisition costs	(1,068)	(617)
Change in funds held by others under reinsurance business assumed	(26)	616
Change in funds held under reinsurance business ceded	(1,067)	323
Change in accounts receivable/payable on reinsurance business	74	173
Change in trading securities (including trading liabilities)	(1,175)	(20,279)
Change in loans and advances to banks and customers	20,992	(43,722)
Change in liabilities to banks and customers	(15,770)	54,843
Change in certificated liabilities	3,978	2,005
Change in other receivables and liabilities	103	4,694
Change in deferred tax assets/liabilities (without change in deferred tax assets/liabilities from unrealized investment gains and losses)	22	128
Non-cash investment income/expenses	(2,893)	(2,169)
Amortization of goodwill	–	588
Other	337	(2,240)
Net cash flow provided by operating activities	**20,488**	**8,878**
Investing activities		
Change in securities available-for-sale	(14,800)	(1,805)
Change in investments held-to-maturity	117	(583)
Change in real estate	(488)	(823)
Change in other investments	3,144	909
Change in cash and cash equivalents from the acquisition of consolidated affiliated companies	–	(857)
Other	(303)	(1,621)
Net cash flow provided by (used in) investing activities	**(12,330)**	**(4,780)**
Financing activities		
Change in participation certificates and subordinated liabilities	2,299	1,494
Change in investments held on account and at risk of life insurance policyholders	(6,442)	(4,682)
Change in aggregate policy reserves for life insurance products according to SFAS 97	5,576	1,351
Cash inflow from capital increases	174	–
Dividend payouts	(1,244)	(976)
Other from shareholders' capital and minority interests (without change in revenue reserve from unrealized investment gains and losses)	2,498	1,558
Net cash flow provided by (used in) financing activities	**2,861**	**(1,255)**
Effect of exchange rate changes on cash and cash equivalents	64	34
Change in cash and cash equivalents	**11,083**	**2,877**
Cash and cash equivalents at beginning of period	15,628	25,528
Cash and cash equivalents at end of period	**26,711**	**28,405**

The data for the Allianz Group's consolidated statements of cash flows was prepared in accordance with International Financial Reporting Standards (IFRS).

Outflows for taxes on income amounted to € 212 mn (2004: € 637 mn).

Notes to the Consolidated Financial Statements

1 Basis of presentation

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) as adopted under European Union (EU) regulations in accordance with clause 315a of the German Commercial Code (HGB). EU regulations require full compliance with IFRS with the exception of the IAS 39 carve-out rules. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards continue to be cited as International Accounting Standards (IAS). In establishing these consolidated financial statements, all IFRS standards have been adhered to, however:

- IAS 39 revised, **Financial Instruments: Recognition and Measurement** ("IAS 39 revised") requires a change to the Allianz Group's impairment criteria for equity securities. An equity security is considered to be impaired if there is objective evidence that the cost of the equity security may not be recovered. IAS 39 revised requires that a significant or prolonged decline in the fair value of an equity security below cost is considered to be objective evidence of impairment. As a result, the Allianz Group will establish new impairment criteria for equity securities to define significant or prolonged decline.
- IAS 39 revised does not allow an adjusted cost basis to be established upon impairment of an equity security. Rather, each reporting period, if the fair value is less than the original cost basis of the equity security, the security is analyzed for impairment based upon the Allianz Group's impairment criteria. At each reporting date, for equity securities that are determined to be impaired based upon the Allianz Group's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments. According to the Allianz Group's existing accounting policy, upon the recognition of an impairment of an equity security, an adjusted cost basis was established. Therefore, at each reporting period, if the fair value was less than the adjusted cost basis of the equity security, the security was analyzed for impairment based upon the Allianz Group's impairment criteria.

The Allianz Group is currently in discussions with the accounting standards setters to determine if the adoption of IAS 39 revised, including the above mentioned points, will result in a difference to accounting principles generally accepted in the United States (U.S. GAAP). Upon conclusion of those discussions and the clarification of the timing of the impairment tests by

IFRIC (quarterly versus annual tests) during 2005, the Allianz Group will adopt these provisions retrospectively as if adopted on January 1, 2005. These provisions are not expected to have a material impact on the impairments for the six months ended June 30, 2005. However, realized gains and losses from the disposal of investments may increase and decrease, respectively. These provisions are expected to result in a decrease of revenue reserves and a corresponding increase in unrealized gains and losses (net), however, these provisions will not impact the total reported shareholders' equity as of December 31, 2004.

For years through 2004, IFRS did not provide specific guidance concerning the reporting of insurance and reinsurance contracts. Therefore, 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. See Note 2 regarding changes to IFRS effective January 1, 2005. The financial statements are presented in Euros (€).

In certain cases, prior reporting period figures were reclassified in the consolidated balance sheet and in the consolidated income statement to make them comparable with the presentation of the current reporting period. These reclassifications had no impact on income.

2 Recently adopted accounting pronouncements

Effective January 1, 2005, the Allianz Group adopted IAS 32 revised 2003, **Financial Instruments: Disclosure and Presentation** ("IAS 32 revised") and IAS 39 revised.

IAS 39 revised prohibits reversals of impairment losses on equity securities. According to the Allianz Group's previous accounting policy, if the amount of an impairment previously recorded on an equity security decreases, the impairment was reversed. IAS 39 revised required retrospective application of this change; therefore, the Allianz Group's previously issued consolidated financial statements were required to be restated to include the effects of this change.

As a result of the adoption of this provision of IAS 39 revised, the Allianz Group recorded the following effects in its consolidated income statements:

(Debit) Credit	Three months ended June 30, 2004 €mn	Six months ended June 30, 2004 €mn
Other income from investments	(83)	(247)
Insurance and investment contract benefits (net)	28	120
Other expenses from investments	31	66
Taxes	3	13
Minority interests in earnings	(2)	(4)
Net impact on previously reported net income	**(23)**	**(52)**

In accordance with IAS 32 revised, a financial instrument qualifies as a financial liability of the issuer if it gives the holder the right to put the instrument back to the issuer for cash or another financial asset (a "puttable instrument"). The classification as a financial liability is independent of considerations such as when the right is exercisable, how the amount payable or receivable upon exercise of the right is determined, and whether the puttable instrument has a fixed maturity. As a result of the adoption of IAS 32 revised, the Allianz Group was required to reclassify the minority interests in shareholders' equity of certain consolidated investment funds to liabilities. These liabilities are required to be recorded at redemption amount with changes recorded in the consolidated income statement.

Further, IAS 39 revised created a new category, designated at fair value through income, for financial assets. Financial assets designated at fair value through income are recognized at fair value with changes recognized in net income. As a result of being required to record the liabilities related to the previously mentioned consolidated investment funds at the redemption amount due to the adoption of IAS 32 revised, the Allianz Group reclassified the related investments from securities available-for-sale to financial assets designated at fair value through income. IAS 39 revised required retrospective application of these changes.

As a result of the adoption of these provisions of IAS 32 revised and IAS 39 revised, the Allianz Group recorded the following effects in its consolidated income statements:

(Debit) Credit	Three months ended June 30, 2004 €mn	Six months ended June 30, 2004 €mn
Interest and similar income	(16)	(29)
Other income from investments	(21)	(76)
Income from financial assets and liabilities carried at fair value through income (net)	14	87
Insurance and investment contract benefits (net)	(3)	(43)
Other expenses from investments	25	55
Taxes	–	2
Minority interests in earnings	1	9
Net impact on previously reported net income	**–**	**5**

In addition, as a result of the adoption of IAS 39 revised, the Allianz Group reclassified certain securities available-for-sale to loans and advances to banks and loans and advances to customers. As a result of the adoption of this provision of IAS 39 revised, the Allianz Group recorded the following effects in its consolidated income statements:

(Debit) Credit	Three months ended June 30, 2004 € mn	Six months ended June 30, 2004 € mn
Other income from investments	–	(3)
Other income	–	3
Other expenses from investments	(11)	(12)
Other expenses	11	12
Net impact on previously reported net income	**–**	**–**

Effective January 1, 2005, the Allianz Group adopted IFRS 2, **Share Based Payments** ("IFRS 2"). In accordance with IFRS 2, share based compensation plans are required to be classified as equity settled or cash settled plans. Equity settled plans are measured at fair value on the grant date and recognized as expense in the income statement, with an increase in shareholders' equity, over the vesting period. Cash settled plans are measured at fair value at each reporting date and recognized as liabilities. Changes in the fair value of cash settled plans are recognized as expense in the income statement. A company is considered to have a cash settled plan if the shares issued are redeemable, either mandatorily or at the counter-party's option. In this respect, IFRS 2 has incorporated the "puttable instrument" concept of IAS 32 revised, which requires that such instruments be classified as liabilities rather than equity instruments. As a result of the adoption of IFRS 2, the PIMCO LLC Class B Unit Purchase Plan ("Class B Plan") is considered a cash settled plan as the equity instruments issued are puttable at the counter-party's option. According to the Allianz Group's previous accounting policy, the Class B Plan was considered an equity settled plan.

Further, IFRS 2 requires that equity settled plans include a best estimate of the number of equity instruments that are expected to vest in determining the amount of expense to be recognized. The Allianz Group's previous accounting policy required that forfeitures of equity instruments be recognized when incurred.

As a result of the adoption of IFRS 2, the Allianz Group recorded the following effects in its consolidated income statements:

(Debit) Credit	Three months ended June 30, 2004 € mn	Six months ended June 30, 2004 € mn
Acquisition and administrative expenses (net)	(61)	(146)
Taxes	14	38
Minority interests in earnings	28	55
Net impact on previously reported net income	**(19)**	**(53)**

Effective January 1, 2005, the Allianz Group adopted IFRS 3, **Business Combinations** ("IFRS 3"). In accordance with IFRS 3, a company must cease the amortization of goodwill and intangible assets with an indefinite life and rather test for impairment on an annual basis in addition to whenever there is an indication that the carrying value is not recoverable. As a result of the adoption on IFRS 3 on January 1, 2005, the Allianz Group ceased amortization of goodwill and brand names.

Effective January 1, 2005, the Allianz Group adopted IFRS 4, **Insurance Contracts** ("IFRS 4"). IFRS 4 represents the completion of phase I and is a transitional standard until the IASB has more fully addressed the recognition and measurement of insurance contracts. IFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. IFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and measurement of insurance contracts. As a result, the Allianz Group continues to apply the provisions of U.S. GAAP for the recognition and measurement of insurance contracts. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with IAS 39 revised. As a result of the adoption of IFRS 4, certain contracts were reclassified as investment contracts. This change did not have a material effect on the Allianz Group's shareholders' equity as of December 31, 2003.

Further, the Allianz Group reclassified the assets related to its unit-linked insurance and investment contracts to financial assets designated at fair value through income and the related liabilities to financial liabilities designated at fair value through income as allowed under the EU insurance directives.

As a result of this reclassification, the Allianz Group recorded the following effects in its consolidated income statements:

(Debit) Credit	Three months ended June 30, 2004 € mn	Six months ended June 30, 2004 € mn
Income from financial assets and liabilities carried at fair value through income (net)	(117)	(117)
Insurance and investment contract benefits (net)	117	117
Net impact on previously reported net income	**–**	**–**

3 Segment reporting

Business Segment Information – Consolidated Balance Sheets As of June 30, 2005 and as of December 31, 2004

ASSETS	Property-Casualty		Life/Health	
	June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn
Intangible assets	2,222	2,185	4,031	4,075
Investments in associated enterprises and joint ventures	48,225	48,358	4,001	5,532
Investments	83,638	81,246	169,472	154,920
Loans and advances to banks	12,350	7,425	59,244	56,699
Loans and advances to customers	2,673	6,224	27,009	28,808
Financial assets carried at fair value through income	2,599	1,137	59,064	46,668
Cash and cash equivalents	2,227	1,665	2,004	968
Amounts ceded to reinsurers from reserves for insurance and investment contracts	13,304	12,337	10,838	16,382
Deferred tax assets	6,980	6,738	3,562	3,380
Other assets	21,757	20,045	22,356	20,362
Total segment assets	**195,975**	**187,360**	**361,581**	**337,794**

SHAREHOLDERS' EQUITY AND LIABILITIES	Property-Casualty		Life/Health	
	June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn
Participation certificates and subordinated liabilities	7,277	5,497	141	141
Reserves for insurance and investment contracts	85,054	83,111	265,230	249,802
Liabilities to banks	1,404	1,358	3,837	1,241
Liabilities to customers	5,022	5,336	77	165
Certificated liabilities	10,627	11,405	4	68
Financial liabilities carried at fair value through income	940	531	54,067	44,776
Other accrued liabilities	5,640	5,960	855	1,016
Other liabilities	13,993	12,395	16,811	21,285
Deferred tax liabilities	7,986	7,821	4,969	4,491
Deferred income	133	160	129	139
Total segment liabilities	**138,076**	**133,574**	**346,120**	**323,124**

Banking		Asset Management		Consolidation Adjustments		Group	
June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn
2,514	2,526	6,926	6,362	–	(1)	15,693	15,147
2,719	3,038	3	3	(51,526)	(51,174)	3,422	5,757
18,007	17,736	734	528	(1,807)	(6,103)	270,044	248,327
89,643	119,776	203	144	(1,443)	(1,749)	159,997	182,295
177,066	168,876	58	29	(8,600)	(7,728)	198,206	196,209
180,490	191,463	287	132	(73)	(108)	242,367	239,292
22,868	13,097	508	431	(896)	(533)	26,711	15,628
–	–	–	–	(1,873)	(6,409)	22,269	22,310
3,682	3,664	208	187	6	6	14,438	13,975
10,547	15,311	3,379	2,942	(5,162)	(7,428)	52,877	51,232
507,536	**535,487**	**12,306**	**10,758**	**(71,374)**	**(81,227)**	**1,006,024**	**990,172**

Banking		Asset Management		Consolidation Adjustments		Group	
June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn
8,327	7,815	–	–	(210)	(223)	15,535	13,230
6	4	1	–	(2,039)	(6,572)	348,252	326,345
166,295	189,194	37	7	(820)	(446)	170,753	191,354
164,237	158,264	489	294	(7,426)	(6,785)	162,399	157,274
51,911	47,060	4	4	(697)	(766)	61,849	57,771
85,642	99,733	–	–	(74)	(103)	140,575	144,937
4,985	5,783	1,689	1,225	–	–	13,169	13,984
4,871	8,871	1,112	709	(6,285)	(11,979)	30,502	31,281
2,104	1,860	71	57	–	–	15,130	14,229
2,539	1,738	11	2	–	–	2,812	2,039
490,917	**520,322**	**3,414**	**2,298**	**(17,551)**	**(26,874)**	**960,976**	**952,444**
				Shareholders' equity[*)]		**45,048**	**37,728**
				Total shareholders' equity and liabilities		**1,006,024**	**990,172**

[*)] Shareholders' equity and minority interests in shareholders' equity.

Business Segment Information – Consolidated Income Statements for the three months ended June 30, 2005 and 2004

	Property-Casualty		Life/Health	
Three months ended June 30,	2005 € mn	2004 € mn	2005 € mn	2004 € mn
Premiums earned (net)	9,569	9,518	4,422	4,263
Interest and similar income	1,258	1,196	3,211	3,008
Income from associated enterprises and joint ventures (net)	906	1,336	120	122
Other income from investments	329	309	426	438
Income from financial assets and liabilities carried at fair value through income (net)	(122)	(1)	(24)	(26)
Fee and commission income, and income from service activities	442	253	40	53
Other income	339	200	206	164
Total income	**12,721**	**12,811**	**8,401**	**8,022**
Insurance and investment contract benefits (net)	(6,481)	(6,915)	(6,289)	(6,108)
Interest and similar expenses	(516)	(371)	(135)	(172)
Other expenses from investments	(112)	(339)	(185)	(230)
Loan loss provisions	–	(2)	(2)	(1)
Acquisition costs and administrative expenses (net)	(2,776)	(2,666)	(1,102)	(1,022)
Amortization of goodwill	–	(96)	–	(39)
Other expenses	(748)	(407)	(139)	(122)
Total expenses	**(10,633)**	**(10,796)**	**(7,852)**	**(7,694)**
Earnings from ordinary activities before taxes	2,088	2,015	549	328
Taxes	(229)	(392)	(43)	(68)
Minority interests in earnings	(361)	(381)	(131)	(112)
Net income	**1,498**	**1,242**	**375**	**148**

Banking		Asset Management		Consolidation Adjustments		Group	
2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn
–	–	–	–	–	–	13,991	13,781
1,930	1,636	27	15	(142)	(207)	6,284	5,648
135	45	–	–	(977)	(1,023)	184	480
83	297	3	–	15	(43)	856	1,001
137	484	–	(1)	–	(6)	(9)	450
844	764	885	763	(160)	(149)	2,051	1,684
131	56	(9)	12	(25)	(5)	642	427
3,260	**3,282**	**906**	**789**	**(1,289)**	**(1,433)**	**23,999**	**23,471**
–	–	–	–	(10)	–	(12,780)	(13,023)
(1,416)	(1,075)	(19)	(3)	149	201	(1,937)	(1,420)
(36)	(243)	–	–	(13)	(35)	(346)	(847)
52	(82)	–	–	–	–	50	(85)
(1,313)	(1,510)	(799)	(638)	175	136	(5,815)	(5,700)
–	(62)	–	(97)	–	–	–	(294)
(116)	(243)	(11)	(145)	12	33	(1,002)	(884)
(2,829)	**(3,215)**	**(829)**	**(883)**	**313**	**335**	**(21,830)**	**(22,253)**
431	67	77	(94)	(976)	(1,098)	2,169	1,218
(158)	82	8	10	–	17	(422)	(351)
(24)	(16)	(9)	(14)	173	228	(352)	(295)
249	**133**	**76**	**(98)**	**(803)**	**(853)**	**1,395**	**572**

Business Segment Information – Consolidated Income Statements for the six months ended June 30, 2005 and 2004

	Property-Casualty		Life/Health	
Six months ended June 30,	2005 € mn	2004 € mn	2005 € mn	2004 € mn
Premiums earned (net)	18,734	18,987	9,564	9,012
Interest and similar income	2,161	2,143	5,940	5,691
Income from associated enterprises and joint ventures (net)	1,168	1,488	670	201
Other income from investments	732	1,135	1,213	1,206
Income from financial assets and liabilities carried at fair value through income (net)	(101)	(24)	–	65
Fee and commission income, and income from service activities	815	429	83	102
Other income	642	370	459	584
Total income	**24,151**	**24,528**	**17,929**	**16,861**
Insurance and investment contract benefits (net)	(12,641)	(13,742)	(13,950)	(12,641)
Interest and similar expenses	(884)	(752)	(240)	(330)
Other expenses from investments	(214)	(555)	(339)	(405)
Loan loss provisions	–	(3)	(3)	(2)
Acquisition costs and administrative expenses (net)	(5,506)	(5,274)	(1,978)	(2,132)
Amortization of goodwill	–	(191)	–	(79)
Other expenses	(1,480)	(1,076)	(350)	(454)
Total expenses	**(20,725)**	**(21,593)**	**(16,860)**	**(16,043)**
Earnings from ordinary activities before taxes	3,426	2,935	1,069	818
Taxes	(626)	(581)	(118)	(238)
Minority interests in earnings	(549)	(558)	(250)	(185)
Net income	**2,251**	**1,796**	**701**	**395**

Banking		Asset Management		Consolidation Adjustments		Group	
2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn
–	–	–	–	–	–	28,298	27,999
3,490	3,153	44	31	(288)	(400)	11,347	10,618
184	87	–	–	(1,125)	(1,137)	897	639
436	342	5	6	(238)	34	2,148	2,723
583	913	5	2	–	–	487	956
1,640	1,609	1,693	1,505	(316)	(299)	3,915	3,346
214	153	17	17	(61)	(11)	1,271	1,113
6,547	**6,257**	**1,764**	**1,561**	**(2,028)**	**(1,813)**	**48,363**	**47,394**
–	–	–	–	(25)	–	(26,616)	(26,383)
(2,480)	(2,093)	(26)	(7)	284	385	(3,346)	(2,797)
(87)	(296)	–	(1)	(20)	(152)	(660)	(1,409)
(41)	(217)	–	–	–	–	(44)	(222)
(2,778)	(3,006)	(1,536)	(1,353)	341	285	(11,457)	(11,480)
–	(129)	–	(189)	–	–	–	(588)
(150)	(336)	(59)	(222)	56	48	(1,983)	(2,040)
(5,536)	**(6,077)**	**(1,621)**	**(1,772)**	**636**	**566**	**(44,106)**	**(44,919)**
1,011	180	143	(211)	(1,392)	(1,247)	4,257	2,475
(237)	91	(17)	33	7	5	(991)	(690)
(50)	(82)	(22)	(27)	184	256	(687)	(596)
724	**189**	**104**	**(205)**	**(1,201)**	**(986)**	**2,579**	**1,189**

The following table sets forth the total revenues, operating profit and IFRS net income for each of our business segments for the three months and six months ended June 30, 2005 and 2004, as well as IFRS consolidated net income of the Allianz Group.

	Property-Casualty		Life/Health		Banking		Asset Management		Consolidation adjustments		Total Group	
	2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn	2005 € mn	2004 € mn
Three months ended June 30,												
Total revenues*)	9,790	9,836	11,988	10,304	1,395	1,715	634	556	(111)	(189)	23,696	22,222
Operating profit	1,390	1,263	448	299	278	252	255	181	–	–	2,371	1,995
Earnings from ordinary activities before taxes	**2,088**	**2,015**	**549**	**328**	**431**	**67**	**77**	**(94)**	**(976)**	**(1,098)**	**2,169**	**1,218**
Taxes	(229)	(392)	(43)	(68)	(158)	82	8	10	–	17	(422)	(351)
Minority interests in earnings	(361)	(381)	(131)	(112)	(24)	(16)	(9)	(14)	173	228	(352)	(295)
Net income (loss)	**1,498**	**1,242**	**375**	**148**	**249**	**133**	**76**	**(98)**	**(803)**	**(853)**	**1,395**	**572**
Six months ended June 30,												
Total revenues*)	23,967	24,214	23,826	21,105	3,077	3,420	1,225	1,100	(130)	(383)	51,965	49,456
Operating profit	2,394	1,760	805	670	516	431	486	361	–	–	4,201	3,222
Earnings from ordinary activities before taxes	**3,426**	**2,935**	**1,069**	**818**	**1,011**	**180**	**143**	**(211)**	**(1,392)**	**(1,247)**	**4,257**	**2,475**
Taxes	(626)	(581)	(118)	(238)	(237)	91	(17)	33	7	5	(991)	(690)
Minority interests in earnings	(549)	(558)	(250)	(185)	(50)	(82)	(22)	(27)	184	256	(687)	(596)
Net income (loss)	**2,251**	**1,796**	**701**	**395**	**724**	**189**	**104**	**(205)**	**(1,201)**	**(986)**	**2,579**	**1,189**

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

Property-Casualty Insurance Segment

	Three months ended June 30, 2005 € mn	Three months ended June 30, 2004 € mn	Six months ended June 30, 2005 € mn	Six months ended June 30, 2004 € mn
Gross premiums written	9,790	9,836	23,967	24,214
Premiums earned (net)	9,569	9,518	18,734[1]	18,987[1]
Current income from investments (net)	1,073	1,056	1,846[2]	1,666[2]
Insurance benefits (net)	(6,456)	(6,673)	(12,620)[3]	(13,446)[3]
Net acquisition costs and administrative expenses	(2,690)	(2,559)	(5,306)[4]	(5,079)[4]
Other operating income/(expenses)(net)	(106)	(79)	(260)	(368)
Operating profit	**1,390**	**1,263**	**2,394**	**1,760**
Net capital gains and impairments on investments	206	149	654[5]	807[5]
Net trading income/(expenses)[6]	(158)	(1)	(161)	(35)
Intra-group dividends and profit transfer	918	955	1,064	1,049
Interest expense on external debt	(213)	(255)	(470)	(455)
Amortization of goodwill[7]	–	(96)	–	(191)
Restructuring charges	(55)	–	(55)	–
Earnings from ordinary activities before taxes	**2,088**	**2,015**	**3,426**	**2,935**
Taxes	(229)	(392)	(626)	(581)
Minority interests in earnings	(361)	(381)	(549)	(558)
Net income	**1,498**	**1,242**	**2,251**	**1,796**
Loss ratio[8] in %	65.1	67.9	65.8	69.1
Expense ratio[9] in %	24.7	24.9	25.2	25.2
Combined ratio in %	**89.8**	**92.8**	**91.0**	**94.3**

[1] Net of earned premiums ceded to reinsurers of € 2,457 million (2004: € 2,561 million).

[2] Net of investment management expenses of € 169 million (2004: € 165 million) and interest expenses of € 114 million (2004: € 242 million).

[3] Comprises net claims incurred of € 12,326 million (2004: € 13,126 million), net expenses from changes in other net underwriting provisions of € 86 million (2004: € 186 million) and net expenses for premium refunds of € 208 million (2004: € 134 million). Net expenses for premium refunds were adjusted for income of € 21 million (2004: € 241 million) related to policyholders' participation of net capital gains and impairments on investments, as well as net trading income/(expenses), that were excluded from the determination of operating profit.

[4] Comprises net acquisition costs of € 2,851 million (2004: € 2,879 million), administrative expenses of € 1,862 million (2004: € 1,908 million) and expenses for service agreements of € 593 million (2004: € 292 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.

[5] Comprises net realized gains on investments of € 694 million (2004: € 1,086 million), and net impairments on investments of € 40 million (2004: € 279 million). These amounts are net of policyholders' participation.

[6] Net trading income/(expenses) are net of policyholders' participation.

[7] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

[8] Represents ratio of net claims incurred to net premiums earned.

[9] Represents ratio of net acquisition costs and administrative expenses as presented in the consolidated financial statements to net premiums earned.

Life/Health Insurance Segment

	Three months ended June 30, 2005 € mn	Three months ended June 30, 2004 € mn	Six months ended June 30, 2005 € mn	Six months ended June 30, 2004 € mn
Statutory premiums[1]	11,988	10,304	23,826	21,105
Gross premiums written	4,746	4,813	10,135	10,114
Premiums earned (net)	4,422	4,263	9,564[2]	9,012[2]
Current income from investments (net)	3,128	2,940	5,783[3]	5,559[3]
Insurance benefits (net)	(5,779)	(5,890)	(12,308)[4]	(11,882)[4]
Net acquisition costs and administrative expenses	(991)	(958)	(1,750)[5]	(1,906)[5]
Net trading income/(expenses)	(296)	(37)	(348)	(7)
Other operating income/(expenses) (net)	(36)	(19)	(136)	(106)
Operating profit	**448**	**299**	**805**	**670**
Net capital gains and impairments on investments	43	13	196[6]	162[6]
Intra-group dividends and profit transfer	58	55	68	65
Amortization of goodwill[7]	–	(39)	–	(79)
Earnings from ordinary activities before taxes	**549**	**328**	**1,069**	**818**
Taxes	(43)	(68)	(118)	(238)
Minority interests in earnings	(131)	(112)	(250)	(185)
Net income	**375**	**148**	**701**	**395**
Statutory expense ratio[8] in %	8.2	9.2	7.3	9.2

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

[2] Net of earned premiums ceded to reinsurers of € 521 million (2004: € 1,056 million).

[3] Net of investment management expenses of € 215 million (2004: € 207 million) and interest expenses of € 2 million (2004: € 11 million).

[4] Net insurance benefits were adjusted for income of € 1,644 million (2004: € 761 million) related to policyholders' participation of net capital gains and impairments on investments that were excluded from the determination of operating profit.

[5] Comprises net acquisition costs of € 1,019 million (2004: € 1,247 million), administrative expenses of € 670 million (2004: € 599 million) and expenses for service agreements of € 61 million (2004: € 60 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.

[6] Comprises net realized gains on investments of € 259 million (2004: € 173 million), and net impairments on investments of € 63 million (2004: € 11 million). These amounts are net of policyholders' participation.

[7] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

[8] Represents ratio of net acquisition costs and administrative expenses as presented in the consolidated financial statements to net premiums earned (statutory).

Banking Segment

	Three months ended June 30,				Six months ended June 30,			
	2005		2004		2005		2004	
	Banking Segment € mn	Dresdner Bank € mn	Banking Segment € mn	Dresdner Bank € mn	Banking Segment € mn	Dresdner Bank € mn	Banking Segment € mn	Dresdner Bank € mn
Net interest income	560	541	596	584	1,113	1,075	1,132	1,101
Net fee and commission income	699	663	635	581	1,382	1,310	1,376	1,289
Net trading income	136	127	484	473	582	562	912	912
Operating revenues	**1,395**	**1,331**	**1,715**	**1,638**	**3,077**	**2,947**	**3,420**	**3,302**
Administrative expenses	(1,169)	(1,113)	(1,381)	(1,321)	(2,520)	(2,413)	(2,772)	(2,676)
Net loan loss provisions	52	54	(82)	(82)	(41)	(46)	(217)	(217)
Operating profit	**278**	**272**	**252**	**235**	**516**	**488**	**431**	**409**
Net capital gains and impairments on investments	138	138	64	64	431 [1]	432	61 [1]	53
Restructuring charges	(5)	(5)	(104)	(104)	(5)	(5)	(116)	(116)
Other non-operating income/ (expenses) (net)	20	17	(83)	(77)	69	67	(67)	(63)
Amortization of goodwill [2]	–	–	(62)	(62)	–	–	(129)	(129)
Earnings from ordinary activities before taxes	**431**	**422**	**67**	**56**	**1,011**	**982**	**180**	**154**
Taxes	(158)	(158)	82	97	(237)	(232)	91	106
Minority interests in earnings	(24)	(20)	(16)	(19)	(50)	(40)	(82)	(38)
Net income	**249**	**244**	**133**	**134**	**724**	**710**	**189**	**222**
Cost-income ratio [3] in %	83.8	83.6	80.5	80.6	81.9	81.9	81.1	81.0

[1] Comprises primarily net realized gains on investments of € 505 million (2004: € 318 million), and net impairments on investments of € 78 million (2004: € 281 million) which includes € 19 million (2004: € 11 million) of scheduled depreciation of real estate used by third parties.

[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

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

Asset Management Segment

	Three months ended June 30,				Six months ended June 30,			
	2005		2004		2005		2004	
	Asset Management Segment € mn	Allianz Global Investors € mn	Asset Management Segment € mn	Allianz Global Investors € mn	Asset Management Segment € mn	Allianz Global Investors € mn	Asset Management Segment € mn	Allianz Global Investors € mn
Operating revenues	634	627	556	556	1,225	1,208	1,100	1,100
Operating expenses	(379)	(375)	(375)	(375)	(739)	(726)	(739)	(739)
Operating profit	**255**	**252**	**181**	**181**	**486**	**482**	**361**	**361**
Acquisition-related expenses	(178)	(178)	(178)	(178)	(343)[1]	(343)[1]	(383)[1]	(383)[1]
Amortization of goodwill[2]	–	–	(97)	(97)	–	–	(189)	(189)
Earnings from ordinary activities before taxes	**77**	**74**	**(94)**	**(94)**	**143**	**139**	**(211)**	**(211)**
Taxes	8	9	10	10	(17)	(17)	33	33
Minority interests in earnings	(9)	(8)	(14)	(14)	(22)	(20)	(27)	(27)
Net income (loss)	**76**	**75**	**(98)**	**(98)**	**104**	**102**	**(205)**	**(205)**
Cost-income ratio[3] in %	59.8	59.8	67.5	67.5	60.3	60.1	67.2	67.2

[1] Comprises charges of € 306 million (2004: € 253 million) in connection with the deferred purchases of interests in PIMCO, charges of € 12 million (2004: € 67 million) relating to retention payments for the management and employees of PIMCO and Nicholas Applegate, as well as amortization charges of € 25 million (2004: € 63 million) relating to capitalized loyalty bonuses for PIMCO management. Effective January 1, 2005, and applied retrospectively, under IFRS, the PIMCO LLC Class B Unit Purchase Plan ("Class B Plan") is considered a cash settled plan, resulting in changes in the fair value of the shares issued to be recognized as expense.

[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

[3] Represents ratio of operating expenses to operating revenues.

Supplementary Information to the Consolidated Balance Sheets

4 Intangible assets

	June 30, 2005 € mn	December 31, 2004 € mn
Goodwill	12,337	11,677
Present value of future profits	1,419	1,522
Software	992	972
Brand names	740	740
Loyalty bonuses	–	33
Other	205	203
Total	**15,693**	**15,147**

Changes in goodwill for the six months ended June 30, 2005, were as follows:

	€ mn
Cost as of December 31, 2004	11,901
Accumulated impairments as of December 31, 2004	(224)
Carrying value as of December 31, 2004	**11,677**
Additions	279
Disposals	(12)
Foreign currency translation adjustments	393
Carrying value as of June 30, 2005	**12,337**
Accumulated impairments as of June 30, 2005	224
Cost as of June 30, 2005	12,561

Additions include goodwill from

- increasing the interest in PIMCO Advisors L.P., Delaware, by 3.1 % to 96.7 %,
- increasing the interest in GamePlan Financial Marketing LLC, Woodstock, by 60.0 % to 100.0 %,
- the acquisition of 100.0 % interest in Bettercare Group Limited, Kingston upon Thames.

Disposals include goodwill from reducing the interest in Assurance Générales de France, Paris, by 0.6 % to 61.4 %, as a result of the issuance of shares from share based compensation plans.

5 Investments

	June 30, 2005 € mn	December 31, 2004 € mn
Securities held-to-maturity	5,078	5,179
Securities available-for-sale	252,190	230,919
Real estate used by third parties	11,146	10,628
Funds held by others under reinsurance contracts assumed	1,630	1,601
Total	**270,044**	**248,327**

Securities available-for-sale

	Amortized cost		Unrealized gains		Unrealized losses		Fair values	
	June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn	June 30, 2005 € mn	December 31, 2004 € mn
Equity securities	36,898	35,280	12,009	9,795	(589)	(875)	48,318	44,200
Government bonds	114,064	106,155	8,007	5,375	(130)	(235)	121,941	111,295
Corporate bonds	75,505	68,967	4,983	3,745	(89)	(95)	80,399	72,617
Other	1,414	2,721	121	90	(3)	(4)	1,532	2,807
Total	**227,881**	**213,123**	**25,120**	**19,005**	**(811)**	**(1,209)**	**252,190**	**230,919**

	Gross realized gains		Gross realized losses	
Six months ended June 30,	2005 € mn	2004 € mn	2005 € mn	2004 € mn
Equity securities	1,405	1,864	(225)	(438)
Debt securities	580	665	(175)	(205)
Other	6	24	(5)	(28)
Total	**1,991**	**2,553**	**(405)**	**(671)**

6 Loans and advances to banks

	June 30, 2005 € mn	December 31, 2004 € mn
Loans	67,396	59,543
Reverse repurchase agreements and collateral paid for securities borrowing transactions	68,936	103,406
Short-term investments and certificates of deposit	12,443	8,481
Other	11,467	11,096
Loans and advances to banks	**160,242**	**182,526**
Loan loss allowance	(245)	(231)
Total	**159,997**	**182,295**

7 Loans and advances to customers

	June 30, 2005 € mn	December 31, 2004 € mn
Loans	118,496	120,361
Reverse repurchase agreements and collateral paid for securities borrowing transactions	66,529	70,459
Other	15,723	9,293
Loans and advances to customers	**200,748**	**200,113**
Loan loss allowance	(2,542)	(3,904)
Total	**198,206**	**196,209**

8 Financial assets carried at fair value through income

	June 30, 2005 € mn	December 31, 2004 € mn
Financial assets held for trading	182,522	194,439
Financial assets for unit linked contracts	49,191	41,413
Financial assets designated at fair value through income	10,654	3,440
Total	**242,367**	**239,292**

Financial assets held for trading comprised the following:

	June 30, 2005 € mn	December 31, 2004 € mn
Fixed-income securities	139,004	156,159
Equities	24,186	17,683
Derivative financial instruments	19,332	20,597
Total	**182,522**	**194,439**

9 Amounts ceded to reinsurers from reserves for insurance and investment contracts

	June 30, 2005 € mn	December 31, 2004 € mn
Unearned premiums	1,739	1,238
Aggregate policy reserves	9,165	10,276
Reserves for loss and loss adjustment expenses	11,236	10,684
Other insurance reserves	129	112
Total	**22,269**	**22,310**

10 Shareholders' equity

	June 30, 2005 € mn	December 31, 2004 € mn
Issued capital	988	988
Capital reserve	18,619	18,445
Revenue reserves	11,234	12,171
Treasury shares	(62)	(4,605)
Foreign currency translation adjustments	(1,286)	(2,634)
Unrealized gains and losses (net)	7,259	5,661
Shareholders' equity before minority interests	**36,752**	**30,026**
Minority interests in shareholders' equity	8,296	7,702
Total	**45,048**	**37,728**

On February 18, 2005, the Allianz Group issued a subordinated bond with € 11.2 mn detachable warrants, which allow the holder to purchase a share of Allianz AG. The warrants are exercisable at any time during their 3 year term and have an exercise price of € 92 per share. The warrants were recorded in capital reserves based upon their fair value of € 174 mn at their issuance date.

Minority interests in shareholders' equity are comprised of the following:

	June 30, 2005 € mn	December 31, 2004 € mn
Unrealized gains and losses (net)	1,415	1,096
Share of earnings	687	1,100
Other equity components	6,194	5,506
Total	**8,296**	**7,702**

The primary subsidiaries of the Allianz Group included in minority interests in shareholders' equity are AGF Group, Paris, RAS Group, Milan, and PIMCO Group, Delaware.

11 Participation certificates and subordinated liabilities

	June 30, 2005 € mn	December 31, 2004 € mn
Allianz AG*)		
Subordinated bonds	6,166	4,775
Participation certificates	85	85
Subtotal	**6,251**	**4,860**
Banking subsidiaries		
Subordinated liabilities	5,195	4,779
Hybrid equity	1,597	1,500
Participation certificates	1,524	1,526
Subtotal	**8,316**	**7,805**
All other subsidiaries		
Subordinated liabilities	923	520
Hybrid equity	45	45
Subtotal	**968**	**565**
Total	**15,535**	**13,230**

*) Includes subordinated bonds issued by Allianz Finance II B.V. and guaranteed by Allianz AG.

On February 18, 2005, the Allianz Group issued a subordinated bond with a principal amount of € 1,400 mn. The subordinated bond is perpetual, however, the Allianz Group has the right to call the bond after 12 years. The subordinated bond has a coupon rate of 4.375 %.

On January 27, 2005, the AGF Group issued a subordinated bond with a principal amount of € 400 mn. The subordinated bond is perpetual and has a coupon rate of 4.625 %.

12 Reserves for insurance and investment contracts

	June 30, 2005 € mn	December 31, 2004 € mn
Unearned premiums	15,377	12,050
Aggregate policy reserves	239,850	229,873
Reserves for loss and loss adjustment expenses	65,276	62,331
Reserves for premium refunds	26,823	21,202
Other insurance reserves	926	889
Total	**348,252**	**326,345**

Reserves for loss and loss adjustment expenses expenses are comprised of the following:

	June 30, 2005 € mn	December 31, 2004 € mn
Property-Casualty	58,271	55,536
Life/Health	7,005	6,795
Total	**65,276**	**62,331**

Changes in the reserves for loss and loss adjustment expenses for the property-casualty insurance segment for the six months ended June 30, 2005, were as follows:

	2005 € mn
Gross reserves for loss and loss adjustment expenses as of January 1,	55,536
Amount ceded to reinsurers	(10,029)
Net reserves for loss and loss adjustment expenses as of January 1,	**45,507**
Loss and loss adjustment expenses incurred (net)	
Current year	12,584
Prior years	(383)
Subtotal	**12,201**
Loss and loss adjustment expenses paid (net)	
Current year	(4,111)
Prior years	(7,135)
Subtotal	**(11,246)**
Foreign currency translation adjustments	1,351
Change in the group of consolidated companies	–
Net reserves for loss and loss adjustment expenses as of June 30,	**47,813**
Amount ceded to reinsurers	10,458
Gross reserves for loss and loss adjustment expenses as of June 30,	**58,271**

13 Liabilities to banks

	June 30, 2005 € mn	December 31, 2004 € mn
Payable on demand	21,782	14,003
Repurchase agreements and collateral received from securities lending transactions	67,099	78,675
Term deposits and certificates of deposit	80,411	96,743
Other	1,461	1,933
Total	**170,753**	**191,354**

14 Liabilities to customers

	June 30, 2005 € mn	December 31, 2004 € mn
Savings deposits	2,320	2,410
Home loan savings deposits	3,280	3,214
Payable on demand	64,053	50,946
Repurchase agreements and collateral received from securities lending transactions	31,628	49,276
Term deposits and certificates of deposit	59,190	49,261
Other	1,928	2,167
Total	**162,399**	**157,274**

15 Certificated liabilities

	June 30, 2005 € mn	December 31, 2004 € mn
Allianz AG[*)]		
Senior bonds	5,749	5,741
Exchangeable bonds	2,306	2,742
Money market securities	1,202	1,428
Subtotal	**9,257**	**9,911**
Banking subsidiaries		
Certificated liabilities	25,630	25,159
Money market securities	26,148	21,693
Subtotal	**51,778**	**46,852**
All other subsidiaries		
Certificated liabilities	414	458
Money market securities	400	550
Subtotal	**814**	**1,008**
Total	**61,849**	**57,771**

*) Includes senior bonds, exchangeable bonds and money market securities issued by Allianz Finance B.V., Allianz Finance II B.V. and Allianz Finance Corporation and guaranteed by Allianz AG.

On February 18, 2005, the Allianz Group issued a senior exchangeable bond, Basket Index Tracking Equity Linked Securities ("BITES"), with a principal amount of € 1,262 mn. The redemption value of the BITES is linked to the performance of the DAX Index. The BITES were issued at a DAX reference level of 4,205.115. The Allianz Group will redeem the BITES with shares of BMW AG, Munich Re and/or Siemens AG. The BITES have a term of 3 years, however, the Allianz Group has the right to redeem the BITES at anytime during their term. The holders of the BITES have the right to exchange the BITES during their term at the redemption value. An outperfomance premium is paid annually equal to 0.75% of the average DAX Index during the reference period prior to the payment date. Upon redemption of the BITES by the Allianz Group or at maturity, the holders of the BITES receive a redemption premium of 1.75% of the redemption value.

On March 23, 2005, the Allianz Group repaid in cash a senior exchangeable bond with a face amount of € 1,700 mn.

16 Financial liabilities carried at fair value through income

	June 30, 2005 € mn	December 31, 2004 € mn
Financial liabilities held for trading	89,306	102,141
Financial liabilities for unit linked contracts	49,191	41,413
Puttable financial liabilities carried at fair value through income	2,078	1,383
Total	**140,575**	**144,937**

Financial liabilities held for trading are comprised of the following:

	June 30, 2005 € mn	December 31, 2004 € mn
Obligations to deliver securities	60,325	72,804
Derivative financial instruments	21,619	23,018
Other trading liabilities	7,362	6,319
Total	**89,306**	**102,141**

17 Other accrued liabilities

	June 30, 2005 € mn	December 31, 2004 € mn
Reserves for pensions and similar obligations	5,782	5,738
Accrued taxes	1,206	1,408
Miscellaneous accrued liabilities	6,181	6,838
Total	**13,169**	**13,984**

Of the accrued taxes, € 1,071 mn (2004: € 1,278 mn) is attributed to taxes on income.

18 Other liabilities

	June 30, 2005 € mn	December 31, 2004 € mn
Funds held under reinsurance business ceded	7,711	8,706
Accounts payable on direct insurance business	8,093	8,199
Accounts payable on reinsurance business	1,787	1,694
Other liabilities	12,911	12,682
Total	**30,502**	**31,281**

Supplementary Information to the Consolidated Income Statements

19 Premiums earned (net)

	Property-Casualty			Life/Health			Total
	Segment	Consolidation adjustments	Group*)	Segment	Consolidation adjustments	Group*)	Group*)
Six months ended June 30,	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
2005							
Premiums written							
Direct	22,299	–	22,299	10,020	–	10,020	32,319
Assumed	1,668	(113)	1,555	115	(1)	114	1,669
Subtotal	**23,967**	**(113)**	**23,854**	**10,135**	**(1)**	**10,134**	**33,988**
Ceded	(2,871)	1	(2,870)	(524)	113	(411)	(3,281)
Net	**21,096**	**(112)**	**20,984**	**9,611**	**112**	**9,723**	**30,707**
Premiums earned							
Direct	19,669	–	19,669	9,969	–	9,969	29,638
Assumed	1,522	(110)	1,412	116	(1)	115	1,527
Subtotal	**21,191**	**(110)**	**21,081**	**10,085**	**(1)**	**10,084**	**31,165**
Ceded	(2,457)	1	(2,456)	(521)	110	(411)	(2,867)
Net	**18,734**	**(109)**	**18,625**	**9,564**	**109**	**9,673**	**28,298**
2004							
Premiums written							
Direct	22,484	–	22,484	9,771	–	9,771	32,255
Assumed	1,730	(361)	1,369	342	(5)	337	1,706
Subtotal	**24,214**	**(361)**	**23,853**	**10,113**	**(5)**	**10,108**	**33,961**
Ceded	(3,039)	5	(3,034)	(1,054)	361	(693)	(3,727)
Net	**21,175**	**(356)**	**20,819**	**9,059**	**356**	**9,415**	**30,234**
Premiums earned							
Direct	19,876	–	19,876	9,726	–	9,726	29,602
Assumed	1,672	(365)	1,307	342	(8)	334	1,641
Subtotal	**21,548**	**(365)**	**21,183**	**10,068**	**(8)**	**10,060**	**31,243**
Ceded	(2,561)	8	(2,553)	(1,056)	365	(691)	(3,244)
Net	**18,987**	**(357)**	**18,630**	**9,012**	**357**	**9,369**	**27,999**

*) After elimination of intra-Allianz Group transactions between segments.

20 Interest and similar income

Six months ended June 30,	2005 € mn	2004 € mn
Securities held-to-maturity	126	160
Securities available-for-sale	5,217	4,815
Real estate used by third parties	545	453
Lending, money market transactions and loans	5,332	4,833
Leasing agreements	46	23
Other interest-bearing instruments	81	334
Total	**11,347**	**10,618**

Net interest income from the banking segment

	Segment € mn	Consolidation adjustments € mn	Group[*)] € mn
Six months ended June 30, 2005			
Interest and similar income	3,490	(16)	3,474
Interest expense	(2,480)	40	(2,440)
Net interest income	**1,010**	**24**	**1,034**
Loan loss provisions	(41)	–	(41)
Net interest income after loan loss provisions	**969**	**24**	**993**
Six months ended June 30, 2004			
Interest and similar income	3,153	(11)	3,142
Interest expense	(2,093)	28	(2,065)
Net interest income	**1,060**	**17**	**1,077**
Loan loss provisions	(217)	–	(217)
Net interest income after loan loss provisions	**843**	**17**	**860**

*) After elimination of intra-Allianz Group transactions between segments.

21 Income from investments in associated enterprises and joint ventures (net)

Six months ended June 30,	2005 € mn	2004 € mn
Income		
Current income	147	159
Realized gains from investments in associated enterprises and joint ventures	803	679
Subtotal	**950**	**838**
Expenses		
Impairments	(39)	(21)
Realized losses from investments in associated enterprises and joint ventures	(10)	(173)
Miscellaneous expenses	(4)	(5)
Subtotal	**(53)**	**(199)**
Total	**897**	**639**

22 Other income from investments

Six months ended June 30,	2005 € mn	2004 € mn
Realized gains from investments		
Securities available-for-sale	1,991	2,553
Real estate used by third parties	150	111
Subtotal	**2,141**	**2,664**
Reversals of impairments from investments		
Securities held-to-maturity	2	–
Securities available-for-sale	5	49
Real estate used by third parties	–	10
Subtotal	**7**	**59**
Total	**2,148**	**2,723**

23 Income from financial assets and liabilities carried at fair value through income (net)

Six months ended June 30,	2005 € mn	2004 € mn
Income from financial assets and liabilities held for trading:		
Banking segment*)	584	913
Other segments*)	(502)	(41)
Subtotal	**82**	**872**
Income from financial assets and liabilities designated at fair value through income	405	84
Total	**487**	**956**

Income from financial assets and liabilities held for trading of the Banking segment*) comprises:

Six months ended June 30,	2005 € mn	2004 € mn
Trading in interest products	155	241
Trading in equity products	(5)	391
Foreign exchange/precious metals trading	124	61
Other trading activities	310	220
Total	**584**	**913**

Income from financial assets and liabilities held for trading for the six months ended June 30, 2005, includes expenses of € 562 mn (2004: € 303 mn) from derivative financial instruments used by the property-casualty and Life/Health insurance segments for which hedge accounting is not applied. This includes expenses from derivative financial instruments embedded in exchangeable bonds of € 214 mn (2004: € 43 mn), income from derivative financial instruments which economically hedge the exchangeable bonds, however for which hedge accounting is not applied, of € 89 mn (2004: € 49 mn) and expenses from other derivative financial instruments of € 437 mn (2004: € 304 mn).

24 Fee and commission income, and income from service activities

Six months ended June 30,	2005 € mn	2004 € mn
Banking segment*)	1,492	1,459
Other segments*)	2,423	1,887
Total	**3,915**	**3,346**

Net fee and commission income from the Banking segment*)

Six months ended June 30,	2005 € mn	2004 € mn
Fee and commission income	1,492	1,459
Fee and commission expenses	(248)	(216)
Net fee and commission income	**1,244**	**1,243**

Net fee and commission income from Allianz Group's banking segment*), by type of business comprised the following:

Six months ended June 30,	2005 € mn	2004 € mn
Securities business	557	547
Underwriting business	35	54
Mergers and acquisitions advisory	102	90
Foreign commercial business	30	31
Payment transactions (domestic and foreign)	178	186
Other	342	335
Net fee and commission income	**1,244**	**1,243**

*) After elimination of intra-Allianz Group transactions between segments.

25 Other income

Six months ended June 30,	2005 € mn	2004 € mn
Foreign currency transaction gains	397	249
Fees	213	274
Release of miscellaneous accrued liabilities	183	96
Income from assets held for disposal	10	–
Income from reinsurance business	68	113
Release of allowance for doubtful accounts	43	36
Income from other assets	4	30
Realized gains from sales of loans and advances	79	–
Other	274	315
Total	**1,271**	**1,113**

26 Insurance and investment contract benefits (net)

Property-Casualty

Six months ended June 30,	2005			2004		
	Segment	Consolidation adjustments	Group*)	Segment	Consolidation adjustments	Group*)
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
GROSS						
Claims						
Claims paid	(12,849)	119	(12,730)	(13,541)	302	(13,239)
Change in loss reserves	(727)	4	(723)	(1,081)	12	(1,069)
Subtotal	**(13,576)**	**123**	**(13,453)**	**(14,622)**	**314**	**(14,308)**
Change in other reserves						
Aggregate policy reserves	(88)	(35)	(123)	(159)	66	(93)
Other	(14)	(1)	(15)	(88)	1	(87)
Subtotal	**(102)**	**(36)**	**(138)**	**(247)**	**67**	**(180)**
Expenses for premium refunds	(246)	–	(246)	(390)	–	(390)
Total	**(13,924)**	**87**	**(13,837)**	**(15,259)**	**381**	**(14,878)**
CEDED REINSURANCE						
Claims						
Claims paid	1,486	(2)	1,484	1,547	(3)	1,544
Change in loss reserves	(236)	4	(232)	(51)	1	(50)
Subtotal	**1,250**	**2**	**1,252**	**1,496**	**(2)**	**1,494**
Change in other reserves						
Aggregate policy reserves	5	–	5	5	–	5
Other	12	–	12	1	–	1
Subtotal	**17**	**–**	**17**	**6**	**–**	**6**
Expenses for premium refunds	16	–	16	15	–	15
Total	**1,283**	**2**	**1,285**	**1,517**	**(2)**	**1,515**
NET						
Claims						
Claims paid	(11,363)	117	(11,246)	(11,994)	299	(11,695)
Change in loss reserves	(963)	8	(955)	(1,132)	13	(1,119)
Subtotal	**(12,326)**	**125**	**(12,201)**	**(13,126)**	**312**	**(12,814)**
Change in other reserves						
Aggregate policy reserves	(83)	(35)	(118)	(154)	66	(88)
Other	(2)	(1)	(3)	(87)	1	(86)
Subtotal	**(85)**	**(36)**	**(121)**	**(241)**	**67**	**(174)**
Expenses for premium refunds	(230)	–	(230)	(375)	–	(375)
Total	**(12,641)**	**89**	**(12,552)**	**(13,742)**	**379**	**(13,363)**

*) After elimination of intra-Allianz Group transactions between segments.

Life/Health

Six months ended June 30,	2005			2004		
	Segment	Consolidation adjustments	Group*)	Segment	Consolidation adjustments	Group*)
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
GROSS						
Benefits paid	(9,288)	2	(9,286)	(9,107)	2	(9,105)
Change in reserves						
Aggregate policy reserves	(2,173)	–	(2,173)	(1,933)	–	(1,933)
Other	30	(4)	26	(71)	–	(71)
Subtotal	**(11,431)**	**(2)**	**(11,433)**	**(11,111)**	**2**	**(11,109)**
Expenses for premium refunds	(3,097)	(25)	(3,122)	(2,541)	–	(2,541)
Total	**(14,528)**	**(27)**	**(14,555)**	**(13,652)**	**2**	**(13,650)**
CEDED REINSURANCE						
Benefits paid	557	(119)	438	874	(302)	572
Change in reserves						
Aggregate policy reserves	(47)	35	(12)	47	(66)	(19)
Other	58	(3)	55	83	(12)	71
Subtotal	**568**	**(87)**	**481**	**1,004**	**(380)**	**624**
Expenses for premium refunds	10	–	10	7	(1)	6
Total	**578**	**(87)**	**491**	**1,011**	**(381)**	**630**
NET						
Benefits paid	(8,731)	(117)	(8,848)	(8,233)	(300)	(8,533)
Change in reserves						
Aggregate policy reserves	(2,220)	35	(2,185)	(1,886)	(66)	(1,952)
Other	88	(7)	81	12	(12)	–
Subtotal	**(10,863)**	**(89)**	**(10,952)**	**(10,107)**	**(378)**	**(10,485)**
Expenses for premium refunds	(3,087)	(25)	(3,112)	(2,534)	(1)	(2,535)
Total	**(13,950)**	**(114)**	**(14,064)**	**(12,641)**	**(379)**	**(13,020)**

*) After elimination of intra-Allianz Group transactions between segments.

27 Interest and similar expenses

Six months ended June 30,	2005 € mn	2004 € mn
Deposits	(1,185)	(1,086)
Certificated liabilities	(1,080)	(590)
Subtotal	**(2,265)**	**(1,676)**
Other interest expenses	(1,081)	(1,121)
Total	**(3,346)**	**(2,797)**

28 Other expenses from investments

Six months ended June 30,	2005 € mn	2004 € mn
Realized losses from investments		
Securities held-to-maturity	–	(1)
Securities available-for-sale	(405)	(671)
Real estate used by third parties	(10)	(29)
Subtotal	**(415)**	**(701)**
Impairments from investments		
Securities held-to-maturity	(1)	(2)
Securities available-for-sale	(67)	(182)
Real estate used by third parties	(45)	(413)
Subtotal	**(113)**	**(597)**
Depreciation of real estate used by third parties	(132)	(111)
Total	**(660)**	**(1,409)**

29 Loan loss provisions

Six months ended June 30,	2005 € mn	2004 € mn
Additions to allowances including direct impairments	(569)	(790)
Amounts released	492	494
Recoveries on loans previously impaired	33	74
Total	**(44)**	**(222)**

30 Acquisition costs and administrative expenses (net)

Six months ended June 30,	2005			2004		
	Segment	Consolidation adjustments	Group*)	Segment	Consolidation adjustments	Group*)
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
PROPERTY–CASUALTY						
Acquisition costs						
Payments	(3,527)	–	(3,527)	(3,484)	–	(3,484)
Less commissions and profit received on reinsurance business ceded	438	(1)	437	433	(1)	432
Change in deferred acquisition costs	238	–	238	172	4	176
Total acquisition costs (net)	**(2,851)**	**(1)**	**(2,852)**	**(2,879)**	**3**	**(2,876)**
Administrative expenses	(1,862)	28	(1,834)	(1,908)	44	(1,864)
Underwriting costs (net)	**(4,713)**	**27**	**(4,686)**	**(4,787)**	**47**	**(4,740)**
Expenses for management of investments	(200)	14	(186)	(195)	9	(186)
Expenses from service agreements	(593)	7	(586)	(292)	2	(290)
Total acquisition costs and administrative expenses (net)	**(5,506)**	**48**	**(5,458)**	**(5,274)**	**58**	**(5,216)**
LIFE/HEALTH						
Acquisition costs						
Payments	(1,850)	–	(1,850)	(1,848)	–	(1,848)
Less commissions and profit received on reinsurance business ceded	84	(28)	56	165	(48)	117
Change in deferred acquisition costs	747	–	747	436	–	436
Total acquisition costs (net)	**(1,019)**	**(28)**	**(1,047)**	**(1,247)**	**(48)**	**(1,295)**
Administrative expenses	(670)	1	(669)	(599)	1	(598)
Underwriting costs (net)	**(1,689)**	**(27)**	**(1,716)**	**(1,846)**	**(47)**	**(1,893)**
Expenses for management of investments	(227)	74	(153)	(227)	56	(171)
Expenses from service agreements	(62)	15	(47)	(59)	27	(32)
Total acquisition costs and administrative expenses (net)	**(1,978)**	**62**	**(1,916)**	**(2,132)**	**36**	**(2,096)**
BANKING						
Personnel expenses	(1,449)	–	(1,449)	(1,686)	–	(1,686)
Operating expenses	(1,070)	42	(1,028)	(1,086)	23	(1,063)
Fee and commission expenses	(259)	11	(248)	(234)	18	(216)
Total acquisition costs and administrative expenses	**(2,778)**	**53**	**(2,725)**	**(3,006)**	**41**	**(2,965)**
ASSET MANAGEMENT						
Personnel expenses	(778)	–	(778)	(721)	–	(721)
Operating expenses	(251)	13	(238)	(183)	8	(175)
Fee and commission expenses	(507)	165	(342)	(449)	142	(307)
Total acquisition costs and administrative expenses	**(1,536)**	**178**	**(1,358)**	**(1,353)**	**150**	**(1,203)**

*) After elimination of intra-Allianz Group transactions between segments.

Acquisition costs and administrative expenses in the Property-Casualty and Life/Health insurance segments include the personnel and operating expenses of the Property-Casualty and Life/Health insurance segments allocated to the functional areas acquisition of insurance policies, administration of insurance policies and management of investments. Other personnel and operating expenses of the Property-Casualty and Life/Health insurance segments are included in insurance and investment contract benefits (net) (claims settlement expenses) and other expenses.

All personnel and operating expenses of the Banking segment are reported under acquisition costs and administrative expenses.

31 Other expenses

Six months ended June 30,	2005 € mn	2004 € mn
Corporate expenses	(362)	(509)
Restructuring charges	(83)	(127)
Foreign currency transaction losses	(487)	(276)
Expense of transferring or increasing miscellaneous or accrued liabilities	(273)	(181)
Bad debt expense	(89)	(84)
Fees	(98)	(91)
Expenses resulting from reinsurance business	(12)	(37)
Amortization of intangible assets	(48)	(63)
Direct charge to policy reserve	(41)	(38)
Amortization of capitalized loyalty bonuses to senior management of PIMCO Group	(25)	(63)
Fire protection tax	(60)	(72)
Interest on accumulated policyholder dividends	(51)	(53)
Expenses for assistance to victims under joint and several liability and road casualties	(54)	(52)
Other	(300)	(394)
Total	**(1,983)**	**(2,040)**

32 Taxes

Six months ended June 30,	2005 € mn	2004 € mn
Current taxes	(941)	(655)
Deferred taxes	(29)	(13)
Total income taxes	**(970)**	**(668)**
Other taxes	(21)	(22)
Total	**(991)**	**(690)**

Other Information

33 Other information

Number of employees

The Allianz Group had a total of 178,434 (176,501*)) employees as of June 30, 2005. 73,382 (75,667) of these were employed in Germany and 105,052 (100,834*)) in other countries. The number of employees undergoing training decreased by 630 to 4,276.

*) increase of 14,321 reflects changes in scope of consolidation in 2004

Personnel expenses

Six months ended June 30,	2005 € mn	2004 € mn
Salaries and wages	4 363	4,300
Social security contributions and employee assistance	705	721
Expenses for pensions and other post-retirement benefits	342	321
Total	**5 410**	**5,342**

Earnings per share

Basic earnings per share is computed by dividing the Allianz Group's consolidated net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the effect of potentially dilutive securities. As of June 30, 2005, 1,175,554 (2004: 1,175,554) participation certificates issued by Allianz AG were outstanding which can potentially be converted to 1,469,443 (2004: 1,469,443) Allianz shares and therefore have a dilutive effect.

The Allianz Group's share-based compensation plans and warrants issued by Allianz AG with potentially dilutive securities of 802,152 are included in the calculation of diluted earnings per share for the six months ended June 30, 2005.

	Three months ended June 30, 2005 € mn	Three months ended June 30, 2004 € mn	Six months ended June 30, 2005 € mn	Six months ended June 30, 2004 € mn
Numerator for basic earnings per share (net income)	**1,395**	**572**	**2,579**	**1,189**
Effect of dilutive securities	–	1	–	1
Numerator for diluted earnings per share (net income after assumed conversion)	**1,395**	**573**	**2,579**	**1,190**
Denominator for basic earnings per share (weighted-average shares excluding treasury shares held by the Allianz Group)	**385,219,969**	**366,725,524**	**381,821,420**	**366,769,550**
Potential dilutive securities	2,307,075	1,469,443	2,271,595	1,469,443
Denominator for diluted earnings per share (weighted-average shares after assumed conversion)	**387,527,044**	**368,194,967**	**384,093,015**	**368,238,993**
Basic earnings per share	3.62	1.56	6.75	3.24
Diluted earnings per share	3.60	1.55	6.71	3.23

The weighted average number of shares does not include 3,953,580 (2004: 17,949,200) treasury shares held by the Allianz Group for the six months ended June 30, 2005.

Munich, August 11, 2005

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