

ALLIANZ AKTIENGESELLSCHAFT
Form 6-K
August 11, 2006
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rules 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

for the period ended June 30, 2006

Commission file Number: 1-15154

ALLIANZ AKTIENGESELLSCHAFT

Königinstrasse 28

80802 Munich

Germany

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-13462) OF ALLIANZ AKTIENGESELLSCHAFT AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS

SUBSEQUENTLY FILED OR FURNISHED.

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Interim Report Second Quarter and First Half of 2006

Allianz Group

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Investor Relations

We endeavor to keep our shareholders up-to-date on all company developments. Our Investor Relations Team is pleased to answer any questions you may have.

Allianz AG

Investor Relations

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Other Reports

All Allianz Group published quarterly and annual financial reports are available for download at www.allianz.com/investor-relations. Alternatively, you can order printed copies of our reports.

Moderate share price development despite strong business performance.

Allianz share price vs. DJ EURO STOXX 50 and DJ EURO STOXX Insurance

January 1, 2005 June 30, 2006

in

Source: Thomson Financial Datastream

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Current information on the development of the Allianz share price is available at www.allianz.com/stock.

Allianz Share Information

| | |
|------------------|---|
| Share type: | Registered share with restricted transfer |
| Denomination: | No-par-value share |
| Stock exchanges: | All German stock exchanges, London, New York, Paris, Zurich |
| Security codes: | WKN 840 400 ISIN DE 000 840 400 5 |
| Bloomberg: | ALV GY |
| Reuters: | ALVG.DE |

Financial Calendar 2006/2007

Important dates for shareholders and analysts

| | |
|-------------------|---|
| November 10, 2006 | Interim report first three quarters of 2006 |
| February 22, 2007 | Financial press conference for the 2006 fiscal year |
| February 23, 2007 | Analysts conference for the 2006 fiscal year |
| May 2, 2007 | Annual General Meeting |
| May 11, 2007 | Interim report first quarter of 2007 |
| August 10, 2007 | Interim report first half of 2007 |
| November 14, 2007 | Interim report first three quarters of 2007 |

As we cannot rule out changes to dates, we recommend that you check them at www.allianz.com/financialcalendar.

Table of Contents**Allianz Group Selected Consolidated Financial Data**

| | | June 30, 2006 | December 31, 2005 | Change % |
|---|----|------------------|----------------------|-------------|
| Balance Sheet | | | | |
| Investments | mn | 281,331 | 285,015 | (1.3) |
| Loans and advances to banks and customers | mn | 393,970 | 336,808 | 17.0 |
| Total assets | mn | 1,022,672 | 988,584 | 3.4 |
| Liabilities to banks and customers | mn | 349,485 | 310,316 | 12.6 |
| Reserves for loss and loss adjustment expenses | mn | 65,702 | 67,005 | (1.9) |
| Reserves for insurance and investment contracts | mn | 279,849 | 278,829 | 0.4 |
| Shareholders' equity | mn | 40,323 | 39,487 | 2.1 |
| Minority interests | mn | 7,006 | 7,615 | (8.0) |

| | | Three months ended June 30, | | Change % | Six months ended June 30, | | Change % |
|---|----|--------------------------------|--------|-------------|------------------------------|--------|-------------|
| | | 2006 | 2005 | | 2006 | 2005 | |
| Income Statement | | | | | | | |
| Total revenues ¹⁾ | mn | 24,067 | 23,693 | 1.6 | 53,708 | 51,955 | 3.4 |
| Operating profit | mn | 2,794 | 2,346 | 19.1 | 5,471 | 4,233 | 29.2 |
| Income before income taxes and minority interests in earnings | mn | 2,992 | 2,134 | 40.2 | 6,023 | 4,389 | 37.2 |
| Net income | mn | 2,279 | 1,390 | 64.0 | 4,058 | 2,714 | 49.5 |

Segments**Property-Casualty**

| | | | | | | | |
|------------------|----|-------|-------|----------|-------|-------|----------|
| Operating profit | mn | 1,845 | 1,650 | 11.8 | 3,231 | 2,864 | 12.8 |
| Loss ratio | % | 65.1 | 65.5 | (0.4)pts | 65.6 | 65.8 | (0.2)pts |
| Expense ratio | % | 26.8 | 26.6 | 0.2pts | 27.7 | 27.2 | 0.5pts |
| Combined ratio | % | 91.9 | 92.1 | (0.2)pts | 93.3 | 93.0 | 0.3pts |

Life/Health

| | | | | | | | |
|-------------------------|----|-----|-----|--------|-------|-----|--------|
| Operating profit | mn | 527 | 472 | 11.7 | 1,250 | 989 | 26.4 |
| Statutory expense ratio | % | 9.9 | 8.9 | 1.0pts | 9.0 | 7.9 | 1.1pts |

Banking (Dresdner Bank)

| | | | | | | | |
|---|----|------|------|----------|------|------|----------|
| Operating profit | mn | 319 | 205 | 55.6 | 848 | 414 | 104.8 |
| Cost-income ratio | % | 81.0 | 88.6 | (7.6)pts | 77.2 | 84.4 | (7.2)pts |
| Loan loss provisions | mn | (5) | 54 | | 28 | (46) | |
| Coverage ratio at June 30 ²⁾ | % | 58.5 | 62.1 | (3.6)pts | 58.5 | 62.1 | (3.6)pts |

Asset Management**(Allianz Global Investors)**

| | | | | | | | |
|--|----|------|-------|----------|------|-------------------|----------|
| Operating profit | mn | 295 | 249 | 18.5 | 595 | 478 | 24.5 |
| Cost-income ratio | % | 58.9 | 60.7 | (1.8)pts | 59.0 | 59.8 | (0.8)pts |
| Third-party assets under management at June 30 | bn | 721 | 7433) | (3.0) | 721 | 743 ³⁾ | (3.0) |

Share Information

| | | | | | | | |
|----------------------------------|----|--------|----------------------|-------|--------|----------------------|-------|
| Basic earnings per share | | 5.62 | 3.61 | 55.7 | 10.02 | 7.11 | 40.9 |
| Diluted earnings per share | | 5.51 | 3.59 | 53.5 | 9.83 | 7.06 | 39.2 |
| Share price at June 30 | | 123.52 | 127.94 ³⁾ | (3.5) | 123.52 | 127.94 ³⁾ | (3.5) |
| Market capitalization at June 30 | bn | 50.2 | 51.9 ³⁾ | (3.3) | 50.2 | 51.9 ³⁾ | (3.3) |

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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.

²⁾ Represents total loan loss allowances as a percentage of total non-performing loans and potential problem loans.

³⁾ At December 31, 2005.

Allianz AG Ratings at June 30, 2006¹⁾

| | Standard & Poor's | Moody's | A.M. Best |
|----------------------------------|----------------------------------|----------------|----------------------|
| Insurer financial strength | AA- | Aa3 | A+ |
| Outlook | Positive | Stable | Stable |
| Counterparty credit | AA- | Not | aa ⁻²⁾ |
| Outlook | Positive | rated | Stable |
| Senior unsecured debt | AA- | Aa3 | aa- |
| Outlook | | Stable | Stable |
| Subordinated debt | A/A ⁻³⁾ | A2 | a+/a ³⁾ |
| Outlook | | Stable | Stable |
| Commercial paper (short term) | A-1+ | | |
| Outlook | | P-1 | Not rated |

¹⁾ Includes ratings for securities issued by Allianz Finance B.V., Allianz Finance II B.V. and Allianz Finance Corporation.

²⁾ Issuer credit rating.

³⁾ Ratings vary on the basis of maturity period and terms.

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Executive Summary

Momentum sustained in the second quarter.

Strong operating profit of 2.8 billion (+19.1% from a year ago) with all segments continuing to improve.

Combined ratio of 91.9% in Property-Casualty.

Double-digit growth of Life/Health operating profit, despite dip in sales.

Dresdner Bank grows operating revenues and operating profit dynamically.

Asset Management delivered seventh consecutive quarter of double-digit operating profit growth year-over-year.

Strong net income of 2.3 billion (+64.0%), after restructuring charges for our German insurance operations.

Full year outlook: Operating profit above 9.0 billion, net income between 5.5 billion and 6.0 billion.

Total Revenues²⁾

in bn

Net Income

in mn

Operating Profit

in mn

Shareholders' Equity

in mn

¹⁾ However, as always, natural catastrophes and adverse developments in the capital markets, as well as the factors stated in our Outlook in the cautionary note regarding forward-looking statements, may severely impact our profitability.

²⁾ 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.

Table of Contents**Allianz Group's Consolidated Results of Operations****Total Revenues¹⁾**

Our total revenues were 24.1 billion in 2Q 2006, up 1.6% from a year ago (1H 2006: year-over-year increase of 3.4% to 53.7 billion). In 2Q 2006, we experienced dynamic growth in operating revenues from our Banking and Asset Management segments, compared to the prior year period. Our Property-Casualty segment's gross premiums written grew modestly and our Life/Health segment's statutory premiums showed a slight decline. Internal total revenue growth year-over-year amounted to 1.7% in 2Q 2006 (1H 2006: 2.3%).

Total Revenues Segments

in mn

Property-Casualty We continued our commitment to focus on profitability and remained diligent in our risk selection. In 2Q 2006, this translated into an internal growth in gross premiums written year-over-year of 1.2% (1H 2006: decline of 0.1%), which was accompanied by another quarter of very strong underwriting profitability.

Life/Health Statutory premiums decreased 1.2% in 2Q 2006 compared to the prior year period. This was the net effect of the dynamic growth in statutory premiums in Europe and Asia-Pacific, which could, however, not fully compensate the marked shortfall in the United States. The decline in the United States occurred after several years of substantial rise and as a result of regulatory uncertainty concerning equity-indexed annuity products. On an internal growth basis, statutory premiums were down 1.4% (1H 2006: up 1.7%).

Banking Our Banking segment successfully sustained its operating revenue momentum and experienced dynamic growth to 1.7 billion in 2Q 2006, up 22.4% from a year earlier. Internal growth was comparable at 22.8% (1H 2006: 18.2%). At Dresdner Bank, all revenue categories and operating divisions contributed to this positive development.

¹⁾ 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.

Asset Management In 1H 2006, we experienced net inflows of 15 billion and positive market effects of 3 billion, notwithstanding challenging market conditions. However, net inflows and positive market effects were more than offset by negative currency effects resulting in third-party assets of 721 billion at June 30, 2006. Strong net inflows throughout the previous quarters led to significant operating revenue growth year-over-year of 13.3% to 726 million in 2Q 2006. Internal growth was even higher at 16.0% (1H 2006: 19.3%).

Operating Profit

Operating profit improved significantly across all segments. Overall, growth compared to a year ago was 19.1% to 2.8 billion in 2Q 2006 (1H 2006: 29.2% year-over-year increase to 5.5 billion).

Operating Profit Segments

in mn

Property-Casualty Operating profit grew markedly by 11.8% year-over-year to 1.8 billion in 2Q 2006, mainly as a result of favorable loss development and an increase in interest and similar income. Our combined ratio of 91.9% and 93.3% in 2Q and 1H 2006, respectively, (2Q 2005: 92.1%, 1H 2005: 93.0%) remained at a competitive level, despite claims from natural catastrophes of 109 million and 150 million, respectively, (2Q 2005: 109 million, 1H 2005: 31 million) benefiting from our careful risk selection and the positive developments of claims from prior years.

Life/Health In 2Q 2006, we continued to substantially increase our operating profit by 11.7% compared to the prior year period. A higher investment result was the main driver behind this positive development, stemming from both an increased asset base due to the growth of the segment in recent years and from improved yields. Increased realized gains compensated for the restructuring charges related to our German organization.

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Banking We experienced dynamic operating profit growth in 2Q and 1H 2006 compared to last year. Correspondingly, our Banking segment's and Dresdner Bank's cost-income ratio improved strongly. Non-revenue-linked personnel expenses in 2Q 2006 decreased from a year ago, excluding the positive one-off effect in 2Q 2005 stemming from the release of provisions for employment anniversary payments.

Asset Management We successfully achieved significant year-over-year operating profit growth in 2Q and 1H 2006. Similar to our operating revenue growth, our operating profit also benefited from strong net inflows to third-party assets throughout the previous quarters. As operating expenses increased at a much lower rate than operating revenues, our Asset Management segment's cost-income ratio further improved above its already competitive level to 59.1% and 59.3% in 2Q and 1H 2006, respectively.

Non-Operating Items

In aggregate, non-operating items amounted to an income of 198 million in 2Q 2006, compared to a charge of 212 million a year ago, only contributing approximately 7% to our income before income taxes and minority interests in earnings. The improvement in non-operating items was despite a 404 million negative impact from restructuring charges related primarily to our German insurance operations with another 118 million being part of operating profit, more than compensated by higher realized capital gains.

In 2Q 2006, significant realized gains stemmed from the sale of our shareholdings in Schering AG. Similarly, in 1Q 2006, we leveraged strong equity capital markets and generated already more than our initial capital gains target for 2006. Overall, non-operating income from realized gains/losses (net) and impairments of investments (net) was 1.3 billion in 2Q 2006 and 2.1 billion in 1H 2006.

The impact from restructuring charges on non-operating items rose to 404 million in 2Q 2006 and 408 million in 1H 2006 (from 78 million and 83 million a year ago). This was primarily a result of restructuring charges at Allianz Deutschland AG in 2Q 2006 in connection with the reorganization of our German insurance operations. This reorganization is intended to help us to improve our competitiveness and offer our customers better service, while operating more efficiently. The structural changes at our German insurance operations announced in detail on June 22, 2006, are in line with our repositioning plan as announced in September 2005 and the objectives of our 3+One program.

Interest expense from external debt, acquisition-related expenses from our Asset Management segment, and other non-operating items, in aggregate, were up to 694 million in 2Q 2006 and 1.1 billion in 1H 2006 (2Q 2005: 572 million, 1H 2005: 941 million).

Net Income

We achieved a 64.0% year-over-year growth in our net income, which reached 2.3 billion in 2Q 2006. Similarly, net income for 1H 2006 was 4.1 billion, a 49.5% increase over the prior year period.

Income tax expenses in 2Q 2006 were down slightly by 48 million from a year earlier, albeit on a substantially higher income before income taxes and minority interests in earnings, reflecting a lower effective income tax rate of 11.9% (2Q 2005: 18.9%). Our income taxes and effective income tax rate in 2Q 2006 benefited from the tax-exemption of the significant capital gain in connection with the sale of our shareholdings in Schering previously mentioned. In 1H 2006, income taxes were 1.3 billion, up 266 million from a year ago, with a reduced effective income tax rate of 20.8% (1H 2005: 22.6%). The smaller decrease in our effective income tax rate in 1H 2006 compared to that in 2Q 2006 stemmed principally from the favorable taxation of a large gain in 1Q 2005 from the sale of our shareholdings in Gecina S.A.

Minority interests in earnings remained rather stable at 356 million in 2Q 2006 and at 709 million in 1H 2006.

The following graph sets forth the development of our basic and diluted earnings per share.

Earnings per Share

in

¹⁾ See Note 35 to our consolidated financial statements for further details regarding the dilutive effect.

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The following tables summarize the total revenues and operating profit for each of our segments for the three and six months ended June 30, 2006 and 2005, respectively, as well as IFRS consolidated net income of the Allianz Group.

| Three months ended June 30, | Property- Casualty | | Life/Health | | Banking | | Asset Management | | Corporate | | Consolidation adjustments | | Allianz Group | |
|---|-----------------------|--------------|---------------|---------------|--------------|--------------|---------------------|------------|-------------|--------------|------------------------------|-------------|---------------|---------------|
| | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn |
| Total revenues¹⁾ | 9,682 | 9,597 | 11,931 | 12,072 | 1,706 | 1,394 | 726 | 641 | | | 22 | (11) | 24,067 | 23,693 |
| Operating profit | 1,845 | 1,650 | 527 | 472 | 266 | 215 | 297 | 252 | (74) | (190) | (67) | (53) | 2,794 | 2,346 |
| Non-operating items | 440 | 100 | (17) | 37 | 12 | 217 | (134) | (173) | 184 | (381) | (287) | (12) | 198 | (212) |
| Income before income taxes and minority interests in earnings | 2,285 | 1,750 | 510 | 509 | 278 | 432 | 163 | 79 | 110 | (571) | (354) | (65) | 2,992 | 2,134 |
| Income taxes | (466) | (442) | (90) | (46) | (89) | (155) | (62) | 8 | 80 | 231 | 270 | (1) | (357) | (405) |
| Minority interests in earnings | (237) | (205) | (92) | (106) | (27) | (25) | (11) | (10) | (7) | (6) | 18 | 13 | (356) | (339) |
| Net income | 1,582 | 1,103 | 328 | 357 | 162 | 252 | 90 | 77 | 183 | (346) | (66) | (53) | 2,279 | 1,390 |

| Six months ended June 30, | Property- Casualty | | Life/Health | | Banking | | Asset Management | | Corporate | | Consolidation Adjustments | | Allianz Group | |
|---|-----------------------|---------------|---------------|---------------|--------------|--------------|---------------------|--------------|--------------|--------------|------------------------------|--------------|---------------|---------------|
| | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn |
| Total revenues¹⁾ | 23,831 | 23,740 | 24,753 | 23,952 | 3,654 | 3,083 | 1,477 | 1,208 | | | (7) | (28) | 53,708 | 51,955 |
| Operating profit | 3,231 | 2,864 | 1,250 | 989 | 813 | 444 | 601 | 483 | (254) | (457) | (170) | (90) | 5,471 | 4,233 |
| Non-operating items | 868 | 616 | 141 | 125 | 404 | 667 | (270) | (337) | (27) | (504) | (564) | (411) | 552 | 156 |
| Income before income taxes and minority interests in earnings | 4,099 | 3,480 | 1,391 | 1,114 | 1,217 | 1,111 | 331 | 146 | (281) | (961) | (734) | (501) | 6,023 | 4,389 |
| Income taxes | (990) | (985) | (309) | (150) | (334) | (229) | (127) | (16) | 234 | 384 | 270 | 6 | (1,256) | (990) |
| Minority interests in earnings | (427) | (396) | (220) | (228) | (55) | (51) | (24) | (23) | (9) | (7) | 26 | 20 | (709) | (685) |
| Net income | 2,682 | 2,099 | 862 | 736 | 828 | 831 | 180 | 107 | (56) | (584) | (438) | (475) | 4,058 | 2,714 |

¹⁾ 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.

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Allianz Group's Shareholders' Equity and Invested Assets

Shareholders' Equity

Since December 31, 2005, our shareholders' equity has increased by 2.1% to 40.3 billion at June 30, 2006. Our strong net income more than compensated for significant negative market effects and dividends paid of 811 million. Due to the substantial decreases in market values of our available-for-sale debt securities, following the increase in market interest rates, our unrealized gains and losses (net) declined. Additionally, a weaker U.S. Dollar compared to the Euro at June 30, 2006 resulted in a rise in negative foreign currency translation adjustments from that at December 31, 2005.

The following graph sets forth the development of our shareholders' equity in the first half of 2006.

Shareholders' Equity

in mn

¹⁾ Consists of the following developments (in mn): foreign currency translation adjustments (894); changes in the consolidated subsidiaries of the Allianz Group 21; treasury shares 1,275; net income 4,058; dividends paid (811); miscellaneous (347).

Invested Assets

In the following, we present the breakdown of invested assets owned and managed by our Property-Casualty, Life/Health and Banking segments by category and instruments.

Invested Assets - Property-Casualty: Allocation by Category and Instruments at June 30, 2006

Fair Values¹⁾ in bn (Total: 96.8 bn)

¹⁾ Held-to-maturity investments and real estate held for investment are stated at amortized cost. Investments in associates and joint ventures are stated at either amortized cost or equity, depending upon, among other factors, our ownership percentage.

²⁾ Includes debt securities at 3.3 bn, equity securities at 0.3 bn and derivative financial instruments at 0.7 bn.

³⁾ Includes associates and joint ventures at 0.5 bn, but does not include affiliates at 9.2 bn.

⁴⁾ Includes held-to-maturity investments at 0.6 bn.

Invested Assets - Life/Health: Allocation by Category and Instruments at June 30, 2006

Fair Values¹⁾ in bn (Total: 274.3 bn)

¹⁾ Held-to-maturity investments and real estate held for investment are stated at amortized cost. Investments in associates and joint ventures are stated at either amortized cost or equity, depending upon, among other factors, our ownership percentage.

²⁾ Includes debt securities at 7.1 bn, equity securities at 2.9 bn and derivative financial instruments at 0.7 bn.

³⁾ Includes associates and joint ventures at 1.2 bn, but does not include affiliates at 3.1 bn.

⁴⁾ Includes held-to-maturity investments at 4.0 bn.

Invested Assets - Banking: Trading Portfolio Allocation at June 30, 2006

Fair Values in bn

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Operating profit improved to a loss of 74 million in 2Q 2006 and 254 million in 1H 2006 from a loss of 190 million and 457 million, respectively, in the prior year periods, reflecting substantially higher operating revenues while operating expenses were relatively stable. The increase in operating revenues stemmed primarily from higher interest and similar income, due to higher dividends received from investments.

| | Three months | | Six months | |
|---|----------------|--------------|--------------|----------------|
| | ended June 30, | | ended | |
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Operating revenues | 426 | 331 | 725 | 589 |
| Interest expense, excluding interest expense from external debt ¹⁾ | (142) | (226) | (315) | (399) |
| Acquisition and administrative expenses (net) | (167) | (96) | (323) | (217) |
| Other operating expenses | (191) | (199) | (341) | (430) |
| Operating expenses | (500) | (521) | (979) | (1,046) |
| Operating profit | (74) | (190) | (254) | (457) |
| Income from financial assets and liabilities held for trading (net) | (56) | (149) | (152) | (153) |
| Realized gains/losses (net) | 427 | 2 | 497 | 108 |
| Impairments of investments (net) | 9 | (4) | 22 | (36) |
| Interest expense from external debt ¹⁾ | (196) | (230) | (394) | (423) |
| Non-operating items | 184 | (381) | (27) | (504) |
| Income before income taxes and minority interests in earnings | 110 | (571) | (281) | (961) |

¹⁾ The total of these items equals interest expense in the segment income statement in Note 3 to the consolidated financial statements.

Events After the Balance Sheet Date

See Note 39 to our consolidated financial statements.

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Property-Casualty Insurance Operations

Continued underwriting excellence.

Selective volume growth with a focus on profitability delivers results.

Combined ratio of 91.9% in 2Q 2006 reflects underwriting discipline and favorable loss development.

High interest and dividend income.

Particularly high operating profit growth at our operations in the United States and France.

Earnings Summary

Gross Premiums Written by Region¹⁾

in bn

¹⁾ After elimination of transactions between Allianz Group companies in different geographic regions and different segments. Gross premiums written from our speciality lines have been allocated to the respective geographic regions.

Gross Premiums Written Growth Rates

¹⁾ Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.

²⁾ Comprise Other Europe .

Gross Premiums Written

2006 to 2005 Three Month Comparison

Notwithstanding an environment where price depression was prevalent in some markets, profitability remained our focus. We accept only those risks which we believe will produce adequate returns. As a result of these continued and successful efforts, our gross premiums written grew only modestly from 9,597 million to 9,682 million. Based on internal growth, gross premiums written increased 1.2%.

Positive developments were primarily experienced by our entities in the United States, Spain, South America and New Europe, our growth markets in Central and Eastern Europe, with additional gross premiums written of 51 million (5.1%), 38 million (8.9%), 37 million (23.1%) and 28 million (7.1%), respectively. In 2Q 2006, our growth markets in Asia-Pacific and in New Europe, together with the markets in South America accounted for 11% of our gross premiums written in the segment.

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In the United States, our operations benefited from growth in our crop line, largely as a result of earlier underwriting of a significant book of business. The positive trend in Spain occurred primarily within our industrial lines, where we established sound growth with customers in the engineering and transportation sectors. In South America, growth mainly stemmed from Brazil, driven by a good performance of the fleet business and the increase of new car sales. Additionally, foreign currency effects, in particular the appreciation of the Brazilian Real compared to the Euro, contributed to the growth in gross premiums written in South America. Largely as a result of strong sales performance within the Polish and Romanian motor markets, we continued to expand our presence within New Europe.

These increases were offset by decreased gross premiums written in other countries, where keeping up profitability in more difficult market conditions required concessions to volume growth.

In France, our third largest property-casualty market, AGF's gross premiums written declined by 3.4% to 1,132 million, mainly as a result of price pressure negatively affecting our large client business and, to a lesser degree, lower volume in our individual motor business.

The decline under specialty lines by 294 million (12.9%) was almost exclusively due to lower assumed gross premiums written at Allianz Re. Allianz Re primarily comprises the reinsurance business assumed by Allianz AG, in particular from our property-casualty subsidiaries. Gross premiums written volume at Allianz Re declined 260 million to 648 million, mainly impacted by the change of an intra-Allianz Group reinsurance contract, resulting in increased aggregate loss retention levels of participating entities. This effect, however, is consolidated at the segment level and therefore eliminated.

Within our German property-casualty business, our primary market, gross premiums written were challenged by lower volume within our motor business, compensated by sound development in our casualty line, leaving our gross premiums written relatively stable at 1,698 million.

2006 to 2005 Six Month Comparison

For the first six months of 2006, our gross premiums written remained stable at 23,831 million. However, we were able to achieve growth particularly in the United States, Spain and South America. While maintaining our strategy of selective and profitable growth, our German and United Kingdom operations recorded slight decreases. Based on internal growth, our gross premiums written declined marginally by 0.1%.

Operating Profit

Operating Profit

in mn

2006 to 2005 Three Month Comparison

Our **operating profit** increased markedly by 11.8% to 1,845 million, as a result of a favorable calendar year loss development and an increase in interest and similar income. Our top five contributing entities included Allianz Sach in Germany at 350 million, Fireman's Fund in the United States at 227 million, RAS in Italy at 169 million, AGF in France at 139 million and our credit insurance activities combined within our Euler Hermes brand at 122 million. The strongest improvements, by markets, occurred in our operations within the United States (+61 million), France (+57 million) and at our credit insurance operations (+31 million).

Premiums earned (net) declined slightly to 9,358 million, due to increased reinsurance rates for our industrial and marine & aviation business, following the significant natural catastrophe losses in 2005.

Interest and similar income exhibited a considerable increase of 12.2% to 1,257 million, primarily reflecting growth in income at our operations in Germany and France as a result of higher dividend and bond yields.

Claims and insurance benefits incurred (net) decreased slightly by 0.9% to 6,090 million, a consequence of favorable loss development of reserves concerning prior years, especially in the United States at Fireman's Fund and at Allianz Re. In the context of our sustainability program we have reviewed and improved our claims management process in many companies, which has begun to pay off. Our calendar year **loss ratio** declined to 65.1% (2Q 2005: 65.5%). On an accident year basis, claims slightly increased by 2.2% to 6,512 million, producing an accident year loss ratio of 69.6% (2Q 2005: 67.9%), mainly driven by claims from natural catastrophes of 109 million (2Q 2005: 109 million) and single large claims from our industrial business.

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Acquisition and administrative expenses (net) remained relatively stable at 2,511 million, with only a slight rise in administrative expenses at Fireman's Fund in the United States as well as within our German operations. This development, together with a marginal depression in our premiums earned (net) as a result of hardened reinsurance pricing conditions, caused our **expense ratio** to rise slightly by 0.2 percentage points to 26.8% (2Q 2005: 26.6%).

Driven by the improvement of our loss ratio, our **combined ratio** reached 91.9%, 0.2 percentage points lower, further solidifying our competitive position within the property-casualty market.

2006 to 2005 Six Month Comparison

Consistent with our 2Q success, we succeeded in increasing **operating profit** in the first six months of 2006 by 12.8% to 3,231 million. A major driver was the growth in **interest and similar income**, in particular at our German property-casualty business and AGF in France. Conversely, our **combined ratio** in the first six months of 2006 increased marginally to 93.3%, largely due to the increase in our **expense ratio** in 1Q 2006 from higher commission payments.

Non-Operating Items

2006 to 2005 Three Month Comparison

Income from our **non-operating items** increased to 440 million. This development was primarily attributable to significantly increased **realized gains/losses (net) from investments, not shared with policyholders**, largely as the result of gains from the sale of our participation in Schering AG. To a lesser degree, we realized gains in Austria through the sale of our real estate portfolio and at our subsidiary Lloyd Adriatico in Italy, where we disposed of Banca Antonveneta shares. Conversely, **impairments of investments (net), not shared with policyholders** increased from 25 million to 80 million, as stock markets around the world trended lower.

The increased realizations of investments gains were partially offset by overall costs of 354 million recorded as **restructuring charges**. At an amount of 333 million, these charges were incurred in connection with the reorganization of our German insurance operations, which unites our German property-casualty and life/health businesses within the new entity Allianz Deutschland AG (or ADAG). This reorganization is intended to help us to improve our competitiveness and offer better service to our customers, while operating more efficiently. The structural changes, which were announced in detail on June 22, 2006, are in line with our repositioning plan as announced in September 2005 and the objectives of our 3+One program. Additionally, RAS in Italy recorded restructuring costs of 21 million.

2006 to 2005 Six Month Comparison

Income from our **non-operating items** for the first-half of 2006 was driven by similar measures as those previously mentioned for 2Q. In particular, by increased **realized gains/losses (net) from investments, not shared with policyholders**, especially through our sale of our participation in Schering AG in 2Q. Additionally, while **restructuring charges**, primarily in connection with the reorganization of our German operations, resulted in charges of 356 million, net realizations on investments proved a compensating balance, driving our non-operating income up by 40.9% to 868 million.

Net Income

2006 to 2005 Three Month Comparison

Net income increased by 43.4% to 1,582 million, driven both by our marked growth in operating profit and a significantly improved non-operating income.

Income tax expenses amounted to 466 million, rising slightly. However, largely due to higher tax-exempt income, in particular the realized gain from the sale of our participation in Schering AG, our effective tax rate declined to 20.4% (2Q 2005: 25.3%).

Minority interests in earnings rose slightly to 237 million as a result of significantly higher earnings at AGF in France, which more than compensated lower earnings attributable to third-party shareholders at RAS in Italy following the buy-out of minorities in late 2005.

2006 to 2005 Six Month Comparison

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Driven both by our further enhanced operating profitability and significantly improved non-operating income, our **net income** for the first six months of 2006 was up significantly by 27.8% to 2,682 million. Due to the effects of a relatively higher share of tax-exempt income, our effective tax rate decreased to 24.2% (1H 2005: 28.3%).

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The following table sets forth our Property-Casualty insurance segment's income statement, loss ratio, expense ratio and combined ratio for the three and six months ended June 30, 2006 and 2005, respectively.

| | Six months | | | |
|--|----------------|----------------|-----------------|-----------------|
| | Three months | | ended June 30, | |
| | ended June 30, | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Gross premiums written¹⁾ | 9,682 | 9,597 | 23,831 | 23,740 |
| Ceded premiums written | (1,230) | (1,161) | (2,942) | (2,859) |
| Change in unearned premiums | 906 | 950 | (2,190) | (2,355) |
| Premiums earned (net) | 9,358 | 9,386 | 18,699 | 18,526 |
| Interest and similar income | 1,257 | 1,120 | 2,179 | 1,987 |
| Income from financial assets and liabilities designated at fair value through income (net) ²⁾ | 6 | 35 | 42 | 56 |
| Realized gains/losses (net) from investments, shared with policyholders ³⁾ | 11 | 72 | 36 | 86 |
| Fee and commission income | 265 | 270 | 517 | 486 |
| Other income | 24 | 17 | 38 | 21 |
| Operating revenues | 10,921 | 10,900 | 21,511 | 21,162 |
| Claims and insurance benefits incurred (net) | (6,090) | (6,144) | (12,272) | (12,184) |
| Changes in reserves for insurance and investment contracts (net) | (121) | (211) | (193) | (334) |
| Interest expense | (66) | (115) | (129) | (195) |
| Loan loss provisions | (2) | (3) | (3) | (4) |
| Impairments of investments (net), shared with policyholders ⁴⁾ | (13) | (2) | (17) | (4) |
| Investment expenses | (67) | (102) | (115) | (195) |
| Acquisition and administrative expenses (net) | (2,511) | (2,496) | (5,174) | (5,048) |
| Fee and commission expenses | (205) | (175) | (375) | (332) |
| Other expenses | (1) | (5) | (2) | (6) |
| Operating expenses | (9,076) | (9,250) | (18,280) | (18,298) |
| Operating profit | 1,845 | 1,650 | 3,231 | 2,864 |
| Income from financial assets and liabilities held for trading (net) ²⁾ | (1) | (6) | 3 | (1) |
| Realized gains/losses (net) from investments, not shared with policyholders ³⁾ | 878 | 193 | 1,317 | 718 |
| Impairments of investments (net), not shared with policyholders ⁴⁾ | (80) | (25) | (89) | (30) |
| Amortization of intangible assets | (3) | (4) | (7) | (9) |
| Restructuring charges | (354) | (58) | (356) | (62) |
| Non-operating items | 440 | 100 | 868 | 616 |
| Income before income taxes and minority interests in earnings | 2,285 | 1,750 | 4,099 | 3,480 |
| Income taxes | (466) | (442) | (990) | (985) |
| Minority interests in earnings | (237) | (205) | (427) | (396) |
| Net income | 1,582 | 1,103 | 2,682 | 2,099 |
| Loss ratio ⁵⁾ in % | 65.1 | 65.5 | 65.6 | 65.8 |
| Expense ratio ⁶⁾ in % | 26.8 | 26.6 | 27.7 | 27.2 |

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Combined ratio⁷⁾ in % | 91.9 | 92.1 | 93.3 | 93.0 |
|---|-------------|-------------|-------------|-------------|

-
- 1) For the Property-Casualty segment, total revenues are measured based upon gross premiums written.
 - 2) The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement in Note 3 to the consolidated financial statements.
 - 3) The total of these items equals realized gains/losses (net) in the segment income statement in Note 3 to the consolidated financial statements.
 - 4) The total of these items equals impairments of investments (net) in the segment income statement in Note 3 to the consolidated financial statements.
 - 5) Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
 - 6) Represents acquisition and administrative expenses (net) divided by premiums earned (net).
 - 7) Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

Table of Contents**Property-Casualty Operations by Geographic Region**

The following tables set forth our property-casualty gross premiums written, premiums earned (net), combined ratio, loss ratio, expense ratio and operating profit by geographic region for the three and six months ended June 30, 2006 and 2005, respectively. Consistent with our general practice, gross premiums written, premiums earned (net), combined ratio, loss ratio, expense ratio and operating profit by geographic region are presented before consolidation adjustments, representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

| | Gross premiums written mn | | Premiums earned (net) mn | | Combined ratio % | | Loss ratio % | | Expense ratio % | | Operating Profit mn | |
|------------------------------------|------------------------------|-------|-----------------------------|-------|---------------------|-------|-----------------|------|--------------------|------|------------------------|-------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Three months ended June 30, | | | | | | | | | | | | |
| Germany ¹⁾ | 1,698 | 1,681 | 1,866 | 1,763 | 92.8 | 89.4 | 66.8 | 64.3 | 26.0 | 25.1 | 350 | 372 |
| France | 1,132 | 1,172 | 1,092 | 1,092 | 98.6 | 101.9 | 71.1 | 73.3 | 27.5 | 28.6 | 139 | 82 |
| Italy | 1,373 | 1,355 | 1,242 | 1,229 | 93.5 | 96.4 | 70.3 | 71.0 | 23.2 | 25.4 | 250 | 231 |
| United Kingdom | 648 | 658 | 462 | 478 | 94.6 | 94.3 | 65.6 | 63.1 | 29.0 | 31.2 | 71 | 80 |
| Switzerland | 284 | 260 | 432 | 429 | 94.9 | 88.3 | 72.8 | 69.8 | 22.1 | 18.5 | 54 | 62 |
| Spain | 464 | 426 | 417 | 384 | 90.0 | 91.5 | 70.6 | 71.2 | 19.4 | 20.3 | 64 | 53 |
| Other Europe, thereof: | 1,199 | 1,207 | 1,026 | 1,035 | 84.9 | 91.6 | 57.1 | 63.4 | 27.8 | 28.2 | 271 | 195 |
| Netherlands | 227 | 247 | 206 | 210 | 87.3 | 92.3 | 55.1 | 59.4 | 32.2 | 32.9 | 47 | 42 |
| Austria | 200 | 204 | 188 | 195 | 96.9 | 100.5 | 70.1 | 75.7 | 26.8 | 24.8 | 36 | 24 |
| Ireland | 176 | 184 | 153 | 165 | 65.9 | 80.7 | 42.5 | 57.9 | 23.4 | 22.8 | 68 | 44 |
| Belgium | 85 | 84 | 75 | 73 | 98.7 | 103.0 | 63.3 | 63.3 | 35.4 | 39.7 | 14 | 9 |
| Portugal | 68 | 74 | 64 | 69 | 86.5 | 93.5 | 60.9 | 67.4 | 25.6 | 26.1 | 13 | 8 |
| Greece | 19 | 18 | 12 | 11 | 78.0 | 86.7 | 49.1 | 53.0 | 28.9 | 33.7 | 3 | 2 |
| Western and Southern Europe | 775 | 811 | 698 | 723 | 86.0 | 93.0 | 57.6 | 64.5 | 28.4 | 28.5 | 186 ³⁾ | 128 ³⁾ |
| Hungary | 124 | 134 | 123 | 124 | 83.2 | 102.9 | 55.9 | 70.5 | 27.3 | 32.4 | 36 | 18 |
| Slovakia | 59 | 52 | 60 | 60 | 64.3 | 62.0 | 36.9 | 41.9 | 27.4 | 20.1 | 27 | 28 |
| Czech Republic | 57 | 56 | 44 | 40 | 82.1 | 91.0 | 63.0 | 68.1 | 19.1 | 22.9 | 9 | 5 |
| Poland | 71 | 60 | 49 | 37 | 83.8 | 86.9 | 49.8 | 54.7 | 34.0 | 32.2 | 9 | 6 |
| Romania | 67 | 49 | 24 | 29 | 103.8 | 83.3 | 97.9 | 66.2 | 5.9 | 17.1 | 1 | 5 |
| Bulgaria | 23 | 23 | 15 | 9 | 88.9 | 56.4 | 50.7 | 21.4 | 38.2 | 35.0 | 2 | 4 |
| Croatia | 18 | 17 | 13 | 11 | 95.0 | 98.6 | 62.5 | 63.4 | 32.5 | 35.2 | 1 | 1 |
| Russia | 5 | 5 | | 2 | 90.4 | 70.6 | 37.8 | 19.6 | 52.6 | 51.0 | | |
| New Europe | 424 | 396 | 328 | 312 | 82.4 | 88.4 | 55.9 | 60.7 | 26.5 | 27.7 | 85 | 67 |
| NAFTA, thereof: | 1,094 | 1,051 | 862 | 848 | 83.9 | 89.6 | 50.3 | 59.5 | 33.6 | 30.1 | 232 | 168 |
| United States | 1,053 | 1,002 | 838 | 827 | 83.7 | 90.2 | 49.8 | 60.0 | 33.9 | 30.2 | 227 | 166 |
| Mexico | 41 | 49 | 24 | 21 | 93.5 | 65.0 | 69.5 | 39.6 | 24.0 | 25.4 | 5 | 2 |
| Asia-Pacific, thereof: | 447 | 431 | 336 | 321 | 86.7 | 82.4 | 59.5 | 56.1 | 27.2 | 26.3 | 88 | 102 |
| Australia | 368 | 363 | 301 | 291 | 85.9 | 82.1 | 60.1 | 56.9 | 25.8 | 25.2 | 83 | 96 |
| Other | 79 | 68 | 35 | 30 | 93.5 | 87.5 | 54.1 | 50.2 | 39.4 | 37.3 | 5 | 6 |
| South America | 197 | 160 | 148 | 119 | 102.0 | 94.4 | 64.8 | 61.4 | 37.2 | 33.0 | 15 | 15 |
| Other | 30 | 25 | 14 | 8 | 4) | 4) | 4) | 4) | 4) | 4) | 3 | 2 |

Specialty Lines

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| | | | | | | | | | | | | |
|--|---------------|---------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Allianz Re ¹⁾ | 648 | 908 | 564 | 746 | 94.3 | 88.4 | 72.2 | 65.6 | 22.1 | 22.8 | 75 | 70 |
| Credit Insurance | 398 | 425 | 283 | 251 | 77.3 | 81.9 | 50.9 | 50.4 | 26.4 | 31.5 | 122 | 91 |
| Allianz Global Corporate & Specialty ¹⁾ | 687 | 690 | 368 | 432 | 103.1 | 91.0 | 72.0 | 66.2 | 31.1 | 24.8 | 66 | 78 |
| Travel Insurance and Assistance Services | 249 | 253 | 239 | 241 | 98.9 | 93.0 | 58.5 | 56.3 | 40.4 | 36.7 | 25 | 26 |
| Subtotal | 10,548 | 10,702 | 9,351 | 9,376 | | | | | | | 1,825 | 1,627 |
| Consolidation adjustments ²⁾ | (866) | (1,105) | 7 | 10 | | | | | | | 20 | 23 |
| Total | 9,682 | 9,597 | 9,358 | 9,386 | 91.9 | 92.1 | 65.1 | 65.5 | 26.8 | 26.6 | 1,845 | 1,650 |

¹⁾ With effect from 1Q 2006, we have combined the activities of the former Allianz Global Risk Re and Allianz Marine & Aviation, as well as the corporate customer business of Allianz Sach, which was formerly included within Germany. Additionally, with effect from 2Q 2006, we have included Allianz Global Re US, which was formerly presented within NAFTA, within the newly combined entity Allianz Global Corporate & Specialty. Further, with effect from 2Q 2006, we present our property-casualty assumed reinsurance business, primarily attributable to Allianz AG and formerly included within Germany, as Allianz Re within our specialty lines. Prior year balances have been adjusted to reflect this reclassification and allow for comparability across periods.

²⁾ Represents elimination of transactions between Allianz Group companies in different geographic regions.

³⁾ Contains run-off of a former operating entity located in Luxembourg of 5 mn in 2006 and (1) mn in 2005.

⁴⁾ Presentation not meaningful.

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| Six months ended June 30, | Premiums | | | | | | | | | | | |
|--|------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------------|
| | Gross premiums written | | earned (net) | | Combined ratio | | Loss ratio | | Expense ratio | | Operating profit | |
| | mn | mn | mn | mn | % | % | % | % | % | % | mn | mn |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Germany ¹⁾ | 5,896 | 5,987 | 3,558 | 3,477 | 91.9 | 89.4 | 64.2 | 62.2 | 27.7 | 27.2 | 670 | 686 |
| France | 2,845 | 2,867 | 2,206 | 2,195 | 99.8 | 103.3 | 72.7 | 75.3 | 27.1 | 28.0 | 216 | 87 |
| Italy | 2,620 | 2,596 | 2,447 | 2,418 | 95.1 | 97.3 | 71.6 | 71.3 | 23.5 | 26.0 | 358 | 346 |
| United Kingdom | 1,227 | 1,290 | 919 | 958 | 96.7 | 95.1 | 66.7 | 64.1 | 30.0 | 31.0 | 127 | 148 |
| Switzerland | 1,241 | 1,253 | 868 | 854 | 95.6 | 91.7 | 71.5 | 68.9 | 24.1 | 22.8 | 118 | 100 |
| Spain | 1,121 | 1,057 | 812 | 748 | 90.7 | 92.1 | 71.6 | 72.5 | 19.1 | 19.6 | 123 | 102 |
| Other Europe, thereof: | 2,854 | 2,855 | 2,067 | 2,051 | 89.9 | 91.8 | 62.1 | 63.7 | 27.8 | 28.1 | 406 | 359 |
| Netherlands | 545 | 558 | 403 | 410 | 90.3 | 93.0 | 57.3 | 61.2 | 33.0 | 31.8 | 74 | 70 |
| Austria | 557 | 563 | 380 | 383 | 103.3 | 99.3 | 78.3 | 74.5 | 25.0 | 24.8 | 29 | 45 |
| Ireland | 374 | 399 | 306 | 326 | 78.8 | 85.5 | 55.1 | 63.0 | 23.7 | 22.5 | 95 | 73 |
| Belgium | 206 | 202 | 149 | 144 | 100.2 | 103.1 | 64.3 | 64.6 | 35.9 | 38.5 | 23 | 16 |
| Portugal | 152 | 162 | 130 | 139 | 86.9 | 91.2 | 63.2 | 66.5 | 23.7 | 24.7 | 24 | 17 |
| Greece | 38 | 37 | 23 | 22 | 86.4 | 86.2 | 57.2 | 53.7 | 29.2 | 32.5 | 4 | 4 |
| Western and Southern Europe | 1,872 | 1,921 | 1,391 | 1,424 | 92.0 | 93.8 | 63.8 | 66.0 | 28.2 | 27.8 | 259 ³⁾ | 223 ³⁾ |
| Hungary | 316 | 319 | 250 | 256 | 87.6 | 95.7 | 60.3 | 66.1 | 27.3 | 29.6 | 63 | 49 |
| Slovakia | 152 | 175 | 122 | 122 | 72.4 | 68.4 | 42.0 | 38.4 | 30.4 | 30.0 | 44 | 48 |
| Czech Republic | 139 | 130 | 87 | 78 | 86.0 | 91.8 | 65.1 | 70.4 | 20.9 | 21.4 | 14 | 11 |
| Poland | 143 | 120 | 97 | 73 | 90.0 | 88.2 | 57.5 | 55.5 | 32.5 | 32.7 | 12 | 11 |
| Romania | 138 | 103 | 60 | 57 | 95.3 | 86.4 | 82.1 | 65.5 | 13.2 | 20.9 | 4 | 8 |
| Bulgaria | 43 | 43 | 31 | 16 | 81.1 | 64.1 | 47.4 | 25.4 | 33.7 | 38.7 | 7 | 8 |
| Croatia | 40 | 34 | 27 | 22 | 95.8 | 96.7 | 64.1 | 61.7 | 31.7 | 35.0 | 2 | 1 |
| Russia | 11 | 10 | 2 | 3 | 69.0 | 57.0 | 31.0 | 12.0 | 38.0 | 45.0 | 1 | |
| New Europe | 982 | 934 | 676 | 627 | 85.6 | 87.3 | 58.6 | 58.5 | 27.0 | 28.8 | 147 | 136 |
| NAFTA, thereof: | 2,146 | 2,011 | 1,772 | 1,684 | 87.4 | 90.2 | 55.5 | 60.1 | 31.9 | 30.1 | 434 | 318 |
| United States | 2,054 | 1,932 | 1,723 | 1,643 | 87.0 | 90.9 | 54.9 | 60.7 | 32.1 | 30.2 | 426 | 313 |
| Mexico | 92 | 79 | 49 | 41 | 101.3 | 63.5 | 76.9 | 38.1 | 24.4 | 25.4 | 8 | 5 |
| Asia-Pacific, thereof: | 860 | 807 | 670 | 626 | 94.2 | 90.5 | 67.5 | 64.6 | 26.7 | 25.9 | 130 | 151 |
| Australia | 703 | 669 | 601 | 568 | 94.1 | 90.1 | 68.8 | 65.5 | 25.3 | 24.6 | 121 | 143 |
| Other | 157 | 138 | 69 | 58 | 94.3 | 93.8 | 55.9 | 55.4 | 38.4 | 38.4 | 9 | 8 |
| South America | 423 | 312 | 300 | 225 | 102.5 | 97.3 | 65.7 | 62.3 | 36.8 | 35.0 | 27 | 31 |
| Other | 72 | 63 | 26 | 23 | ⁴⁾ | ⁴⁾ | ⁴⁾ | ⁴⁾ | ⁴⁾ | ⁴⁾ | 4 | 3 |
| Specialty Lines | | | | | | | | | | | | |
| Allianz Re ¹⁾ | 2,377 | 2,645 | 1,279 | 1,467 | 94.7 | 89.8 | 63.0 | 63.1 | 31.7 | 26.7 | 145 | 163 |
| Credit Insurance | 866 | 898 | 543 | 492 | 79.1 | 76.4 | 52.3 | 48.4 | 26.8 | 28.0 | 217 | 186 |
| Allianz Global Corporate & Specialty ¹⁾ | 1,557 | 1,594 | 757 | 843 | 92.8 | 93.5 | 67.2 | 69.2 | 25.6 | 24.3 | 211 | 112 |
| Travel Insurance and Assistance Services | 515 | 505 | 470 | 453 | 100.2 | 94.3 | 60.1 | 59.5 | 40.1 | 34.8 | 47 | 46 |
| Subtotal | 26,620 | 26,740 | 18,694 | 18,514 | | | | | | | 3,233 | 2,838 |

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| | | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Consolidation adjustments ²⁾ | (2,789) | (3,000) | 5 | 12 | | | | | | (2) | 26 | |
| Total | 23,831 | 23,740 | 18,699 | 18,526 | 93.3 | 93.0 | 65.6 | 65.8 | 27.7 | 27.2 | 3,231 | 2,864 |

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- ¹⁾ With effect from 1Q 2006, we have combined the activities of the former Allianz Global Risk Re and Allianz Marine & Aviation, as well as the corporate customer business of Allianz Sach, which was formerly included within Germany. Additionally, with effect from 2Q 2006, we have included Allianz Global Re US, which was formerly presented within NAFTA, within the newly combined entity Allianz Global Corporate & Specialty. Further, with effect from 2Q 2006, we present our property-casualty assumed reinsurance business, primarily attributable to Allianz AG and formerly included within Germany, as Allianz Re within our specialty lines. Prior year balances have been adjusted to reflect this reclassification and allow for comparability across periods.
- ²⁾ Represents elimination of transactions between Allianz Group companies in different geographic regions.
- ³⁾ Contains run-off of a former operating entity located in Luxembourg of 10 mn in 2006 and (2) mn in 2005.
- ⁴⁾ Presentation not meaningful.

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Life/Health Insurance Operations

Operating profit up 11.7%.

Dynamic statutory premium growth in Asia-Pacific and Europe could not fully compensate the dip in sales in the United States.

Higher investment result drove operating profit.

Restructuring charges fully funded.

Earnings Summary

Statutory Premiums by Regions¹⁾

in bn

¹⁾ After elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Statutory Premiums Growth Rate²⁾

¹⁾ Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.

²⁾ Comprise Other Europe .

Statutory Premiums

2006 to 2005 Three Month Comparison

Our statutory premiums base remains sound; we experienced a slight decline in 2Q by 1.2% to 11,931 million. This was the net result of a quarter during which most of our major life insurance markets continued to enjoy very dynamic growth, offset by declines particularly in the United States and to a lesser degree in Italy. Based on internal growth, our statutory premiums decreased by 1.4%.

At Germany Life, our operating entities experienced strong production of new business leading to a total statutory premiums growth in 2Q of 20.7% to 3,075 million, after an already excellent 2Q 2005. This success was primarily driven by the sale of single premium products, including the limited offer of an innovative and very successful equity-indexed product on the German market. Additionally, recurring premiums picked up significantly due to the sales success of our government-sponsored pension products and unit linked contracts.

In France, our entities continued to enjoy the sales momentum achieved through our proprietary financial advisors network and through partnerships with independent advisors, driving a 6.9% rise with statutory premiums written reaching 1,474 million. Our Korean entity, Allianz Life Insurance Co. Ltd., furthered its successful marketing efforts, as evidenced by a significant increase in statutory premiums written of 49.1% to 522 million, also driven by the launch of equity-indexed products.

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Within New Europe, our growth markets in Central and Eastern Europe, our Polish operations continued to benefit from a successful sales campaign with a bank partner in 1Q 2006, evidenced by statutory premiums written which tripled to 62 million in 2Q.

Conversely, in the United States, statutory premiums written decreased by 27.4% to 2,204 million compared to a strong 2Q 2005, as the sale of equity-indexed annuity products fell short of their prior year success. This development was largely due to uncertainty in part of our broker-dealer distribution channel following the introduction of new regulation by the National Association of Securities Dealers on the supervision of sales of equity-indexed annuities. However, the statutory premium written volume in the United States continues to maintain a sound base and remains a key market for us. In Italy, the picture was mixed: RAS maintained strong statutory premium volume in a market environment prevalent with lower sales of unit linked life products due to uncertainty among investors in response to the high volatility of capital markets in 2Q 2006. At Lloyd Adriatico, we experienced a slowdown of sales through the bancassurance channel, which ultimately led to a decline in statutory premiums written in Italy of 8.6% to 2,362 million.

2006 to 2005 Six Month Comparison

In contrast to the overall development in 2Q, our statutory premiums written increased by 3.3% to 24,753 million, driven in particular by strong sales within Germany Life, France, South Korea and New Europe. However, the trend in statutory premiums written in the United States and Italy did not vary from that of 2Q. Based on internal growth, our statutory premiums written increased by 1.7 %.

Operating Profit

Operating Profit

in mn

2006 to 2005 Three Month Comparison

Our **operating profit** rose by 11.7% to 527 million in 2Q, despite restructuring charges related to the reorganization of our German insurance business. This development was primarily the result of a significant rise in investment income, which was due to both a higher asset base and increased yields.

The markets which contributed strongest to operating profit were our German Life subsidiaries at 113 million, Italy at 109 million, France at 101 million and Germany Health at 46 million. The strongest improvements occurred within our primary market of Germany at our life and health operations, with increases of 100 million and 16 million, respectively.

Interest and similar income developed favorably with an increase of 11.8% to 3,698 million, driven by higher dividend distributions from equity investments at Germany Life, as well as higher interest income from bonds at our French and American entities through increased yields and larger investment volumes.

Within **income from financial assets and liabilities carried at fair value through income (net)** especially our French operating entities exhibited negative fair value changes, leading to an overall increase of charges by 189 million to 216 million.

Our **realized gains/losses (net) from investments, shared with policyholders** more-than-tripled to 947 million in 2Q, as we maximized opportunities within the capital markets for the realization of capital gains. The increase was in particular due to the sale of our participation in Schering AG within Germany Life. To a lesser degree, our French entities also benefited from a rise in realized investment gains.

Conversely, **impairments of investments (net), shared with policyholders** rose substantially from 31 million to 210 million, as stock markets around the world trended lower. Similarly, investment expenses increased significantly to 211 million, primarily from disproportionately higher foreign exchange losses than foreign exchange gains on available-for-sale debt securities at Germany Life, driven by the year-on-year decline of the U.S. Dollar to the Euro.

Changes in reserves for insurance and investment contracts (net) rose by 26.2% to 2,950 million. This increase was primarily attributable to the sale of our participation in Schering AG within Germany Life, of which the associated realized gain is allocated largely to our policyholders. Additionally, though to a lesser degree, this movement was driven by new business volume both from traditional and investment-oriented policies, especially within our German operations.

Acquisition and administrative expenses (net) increased markedly by 9.9% to 1,153 million, caused in particular by a rise in acquisition expenses due to new business written at our German Life operations as well as higher amortization of deferred acquisition costs due to the business in force volume growth of recent years. Consequently, our statutory expense ratio increased by 1.0 percentage points to 9.9% (2Q 2005: 8.9%).

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Overall charges of 118 million were recorded for **operating restructuring charges**. These charges were incurred in connection with the reorganization of our German insurance operations, which unites our German property-casualty and life/health businesses within the new entity Allianz Deutschland AG (or ADAG). This reorganization is intended to help us to improve our competitiveness and offer better service to our customers, while operating more efficiently. The structural changes, which were announced in detail on June 22, 2006, are in line with our repositioning plan as announced in September 2005 and the objectives of our 3+One program. Of the total amount, 71 million was recorded within Germany Life and 47 million within Germany Health.

2006 to 2005 Six Month Comparison

Operating profit was up by 26.4% to 1,250 million. Favorable developments were experienced in particular by our German and French life entities. One of the key drivers of this development was **interest and similar income**, which showed a significant increase, primarily through higher dividend payments from equity investments. To a lesser degree, operating profit was up due to higher **realized gains/losses (net) from investments, shared with policyholders**, especially from the sales transaction of Schering AG shares in 2Q 2006.

Non-Operating Items

2006 to 2005 Three Month Comparison

Non-operating items were down by 54 million to a charge of 17 million. This development resulted from charges for **non-operating restructuring charges** of 43 million in connection with the restructuring of our German life and health businesses, as previously indicated. To a lesser degree, the decline in non-operating items was also attributable to lower **realized gains/losses (net) from investments, not shared with policyholders**, which fell 29 million to 27 million as a result of lower gains at our Italian, Dutch and South Korean life entities.

2006 to 2005 Six Month Comparison

In contradiction to the development in 2Q, during the first six months of 2006 we recorded an 16 million increase in non-operating income to 141 million, primarily from **increased realized gains/losses (net) from investments, not shared with policyholders**, as we had recorded gains in 1Q 2006 from the sale of a strategic equity portfolio and a sales company at Allianz Life in the United States. However, **non-operating restructuring charges** in 2Q 2006 within our German life and health businesses were an offsetting measure to this development.

Net Income

2006 to 2005 Three Month Comparison

Despite a stable **income before income taxes and minority interests in earnings**, our **net income** declined by 8.1% to 328 million, impacted primarily by higher income taxes in 2Q 2006 resulting from the absence of a favorable tax settlement which occurred in the prior year period.

Income taxes nearly doubled to 90 million, significantly driving up our effective tax rate to 17.6% (2Q 2005: 9.0%). In 2Q 2005, our income taxes benefited from a favorable tax settlement at Allianz Life in the United States.

Minority interests in earnings were down 13.2% to 92 million, mainly through lower minority interest at RAS in Italy resulting from the buy-out of minority shares at our Italian subsidiary in late 2005.

2006 to 2005 Six Month Comparison

Net income for the first six months of 2006 rose by 17.1%, driven by a strong operating profit development, primarily caused by increased dividend income from equity investments. At the same time, our **non-operating items** were also up over the first six months 2005, as increased **realized gains/losses (net) from investments, not shared with policyholders** more-than-offset higher **non-operating restructuring charges** for our German reorganization.

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The following table sets forth our Life/Health insurance segment's income statement and statutory expense ratio for the three and six months ended June 30, 2006 and 2005, respectively.

| | Six months | | | |
|---|--------------------------------|----------------|-----------------|-----------------|
| | Three months ended June 30, | | ended June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Statutory premiums¹⁾ | 11,931 | 12,072 | 24,753 | 23,952 |
| Ceded premiums written | (213) | (211) | (409) | (442) |
| Change in unearned premiums | (28) | (25) | (86) | (54) |
| Statutory premiums (net) | 11,690 | 11,836 | 24,258 | 23,456 |
| Deposits from SFAS 97 insurance and investment contracts | (6,874) | (7,231) | (14,346) | (13,684) |
| Premiums earned (net) | 4,816 | 4,605 | 9,912 | 9,772 |
| Interest and similar income | 3,698 | 3,309 | 6,745 | 6,121 |
| Income from financial assets and liabilities carried at fair value through income (net) | (216) | (27) | (185) | (4) |
| Realized gains/losses (net) from investments, shared with policyholders ²⁾ | 947 | 277 | 2,050 | 1,644 |
| Fee and commission income | 162 | 114 | 291 | 206 |
| Other income | 7 | 20 | 13 | 29 |
| Operating revenues | 9,414 | 8,298 | 18,826 | 17,768 |
| Claims and insurance benefits incurred (net) | (4,103) | (4,132) | (8,796) | (8,854) |
| Changes in reserves for insurance and investment contracts (net) | (2,950) | (2,337) | (5,598) | (5,480) |
| Interest expense | (73) | (119) | (137) | (223) |
| Loan loss provisions | 1 | (2) | 1 | (3) |
| Impairments of investments (net), shared with policyholders | (210) | (31) | (245) | (53) |
| Investment expenses | (211) | (124) | (368) | (246) |
| Acquisition and administrative expenses (net) | (1,153) | (1,049) | (2,195) | (1,858) |
| Fee and commission expenses | (70) | (32) | (120) | (62) |
| Operating restructuring charges ³⁾ | (118) | | (118) | |
| Operating expenses | (8,887) | (7,826) | (17,576) | (16,779) |
| Operating profit | 527 | 472 | 1,250 | 989 |
| Realized gains/losses (net) from investments, not shared with policyholders ²⁾ | 27 | 56 | 186 | 147 |
| Amortization of intangible assets | (1) | (4) | (2) | (7) |
| Non-operating restructuring charges ³⁾ | (43) | (15) | (43) | (15) |
| Non-operating items | (17) | 37 | 141 | 125 |
| Income before income taxes and minority interests in earnings | 510 | 509 | 1,391 | 1,114 |
| Income taxes | (90) | (46) | (309) | (150) |
| Minority interests in earnings | (92) | (106) | (220) | (228) |
| Net income | 328 | 357 | 862 | 736 |
| Statutory expense ratio⁴⁾ in % | 9.9 | 8.9 | 9.0 | 7.9 |

-
- 1) For the Life/Health segment, total revenues are measured based upon statutory premiums. 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) The total of these items equals realized gains/losses (net) in the segment income statement in Note 3 to the consolidated financial statements.
 - 3) The total of these items equals restructuring charges in the segment income statement in Note 3 to the consolidated financial statements.
 - 4) Represents acquisition and administrative expenses (net) divided by statutory premiums (net).

Table of Contents**Life/Health Operations by Geographic Region**

The following tables set forth our life/health statutory premiums, premiums earned (net), statutory expense ratio and operating profit by geographic region for the three and six months ended June 30, 2006 and 2005, respectively. Consistent with our general practice, statutory premiums, premiums earned (net), statutory expense ratio and operating profit 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, | Statutory premiums ¹⁾ | | Premiums earned (net) | | Statutory expense ratio | | Operating profit | |
|------------------------------|----------------------------------|-------|-----------------------|-------|-------------------------|---------------|------------------|------|
| | mn | | mn | | % | | mn | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Germany Life | 3,075 | 2,547 | 2,317 | 2,043 | 9.5 | 9.2 | 113 | 13 |
| Germany Health ²⁾ | 772 | 762 | 772 | 762 | 7.6 | 8.9 | 46 | 30 |
| Italy | 2,362 | 2,584 | 280 | 233 | 6.9 | 5.6 | 109 | 127 |
| France | 1,474 | 1,379 | 425 | 406 | 15.1 | 14.4 | 101 | 117 |
| Switzerland | 178 | 204 | 80 | 93 | 12.8 | 14.2 | 13 | 6 |
| Spain | 174 | 149 | 122 | 126 | 9.3 | 6.4 | 20 | 17 |
| Other Europe, thereof: | 536 | 480 | 313 | 295 | 16.6 | 16.2 | 60 | 49 |
| Netherlands | 104 | 95 | 35 | 38 | 11.9 | 16.3 | 12 | 7 |
| Austria | 83 | 78 | 64 | 65 | 15.5 | 10.0 | 9 | 9 |
| Belgium | 116 | 144 | 69 | 69 | 14.2 | 10.5 | 16 | 18 |
| Portugal | 25 | 17 | 16 | 13 | 16.2 | 20.2 | 5 | 4 |
| Luxembourg | 12 | 7 | 8 | 6 | 13.4 | 27.6 | 1 | 1 |
| Greece | 24 | 23 | 16 | 14 | 22.1 | 23.4 | | |
| Western and Southern Europe | 364 | 364 | 208 | 205 | 14.4 | 13.3 | 43 | 39 |
| Hungary | 22 | 23 | 18 | 18 | 27.4 | 25.1 | 4 | 4 |
| Slovakia | 45 | 36 | 34 | 32 | 19.2 | 22.6 | 7 | 1 |
| Czech Republic | 19 | 17 | 13 | 13 | 19.3 | 18.9 | 2 | 2 |
| Poland | 62 | 22 | 21 | 13 | 19.8 | 35.7 | 2 | 1 |
| Romania | 5 | 4 | 4 | 2 | 46.8 | 23.2 | | 1 |
| Bulgaria | 6 | 4 | 5 | 4 | 17.2 | 9.4 | 1 | 1 |
| Croatia | 11 | 10 | 8 | 8 | 23.6 | 26.7 | 1 | |
| Russia | 2 | | 2 | | 4.7 | ⁵⁾ | | |
| New Europe | 172 | 116 | 105 | 90 | 21.2 | 25.0 | 17 | 10 |
| United States | 2,204 | 3,037 | 80 | 145 | 7.6 | 4.4 | 32 | 90 |
| Asia-Pacific, thereof: | 1,043 | 798 | 308 | 293 | 11.0 | 13.8 | 20 | 1 |
| South Korea | 522 | 350 | 248 | 242 | 15.8 | 24.3 | 13 | 1 |
| Taiwan | 445 | 393 | 27 | 20 | 3.3 | 3.0 | 5 | (1) |
| Malaysia | 28 | 33 | 22 | 18 | 23.7 | 17.5 | 2 | 1 |
| Indonesia | 19 | 16 | 7 | 8 | 29.3 | 22.7 | 1 | |
| Other | 29 | 6 | 4 | 5 | 18.4 | 30.2 | (1) | |
| South America | 42 | 33 | 12 | 8 | 18.1 | 19.4 | (1) | (1) |
| Other ³⁾ | 129 | 207 | 105 | 200 | ⁵⁾ | ⁵⁾ | 38 | 24 |

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| | | | | | | | | |
|---|---------------|---------------|--------------|--------------|------------|------------|------------|------------|
| Subtotal | 11,989 | 12,180 | 4,814 | 4,604 | | 551 | 473 | |
| Consolidation adjustments ⁴⁾ | (58) | (108) | 2 | 1 | | (24) | (1) | |
| Total | 11,931 | 12,072 | 4,816 | 4,605 | 9.9 | 8.9 | 527 | 472 |

-
- ¹⁾ 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⁾ Loss ratios were 63.7% and 68.5% for the three months ended June 30, 2006 and 2005, respectively.
- ³⁾ Contains, among others, the life/health business assumed by Allianz AG, which was previously reported under Germany in the Property-Casualty segment. Prior year balances have been adjusted to reflect this reclassification and allow for comparability across periods.
- ⁴⁾ Represents elimination of transactions between Allianz Group companies in different geographic regions.
- ⁵⁾ Presentation not meaningful.

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| Six months ended June 30, | Statutory | | Premiums | | Statutory | | Operating | |
|---|------------------------|---------------|--------------|--------------|---------------|---------------|--------------|------------|
| | premiums ¹⁾ | | earned (net) | | expense ratio | | profit | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn | % | % | mn | mn |
| Germany Life | 6,204 | 5,665 | 4,898 | 4,742 | 9.1 | 6.9 | 246 | 169 |
| Germany Health ²⁾ | 1,541 | 1,517 | 1,542 | 1,518 | 7.3 | 9.2 | 99 | 75 |
| Italy | 4,631 | 4,928 | 522 | 489 | 6.4 | 5.3 | 203 | 183 |
| France | 2,934 | 2,587 | 798 | 798 | 14.6 | 14.6 | 275 | 236 |
| Switzerland | 697 | 692 | 289 | 289 | 7.4 | 8.3 | 27 | 18 |
| Spain | 316 | 285 | 222 | 243 | 8.9 | 7.1 | 41 | 33 |
| Other Europe, thereof: | 1,274 | 981 | 636 | 599 | 13.8 | 16.2 | 124 | 91 |
| Netherlands | 228 | 197 | 73 | 72 | 12.2 | 15.0 | 22 | 14 |
| Austria | 184 | 169 | 132 | 129 | 12.5 | 8.4 | 22 | 16 |
| Belgium | 295 | 296 | 145 | 155 | 10.4 | 12.5 | 32 | 32 |
| Portugal | 45 | 37 | 33 | 30 | 15.1 | 21.6 | 12 | 8 |
| Luxembourg | 21 | 16 | 15 | 12 | 15.2 | 23.9 | 3 | 2 |
| Greece | 50 | 46 | 31 | 27 | 23.1 | 23.2 | 2 | |
| Western and Southern Europe | 823 | 761 | 429 | 425 | 12.3 | 13.5 | 93 | 72 |
| Hungary | 44 | 44 | 37 | 35 | 27.1 | 25.6 | 8 | 8 |
| Slovakia | 88 | 71 | 67 | 64 | 19.5 | 20.2 | 14 | 4 |
| Czech Republic | 38 | 30 | 27 | 24 | 20.9 | 21.7 | 4 | 3 |
| Poland | 231 | 40 | 40 | 25 | 10.7 | 38.4 | 3 | 2 |
| Romania | 15 | 7 | 6 | 3 | 39.1 | 32.2 | | |
| Bulgaria | 11 | 8 | 10 | 8 | 15.9 | 10.6 | 1 | 1 |
| Croatia | 20 | 20 | 16 | 15 | 24.7 | 23.9 | 1 | 1 |
| Russia | 4 | | 4 | | 17.4 | ⁵⁾ | | |
| New Europe | 451 | 220 | 207 | 174 | 16.4 | 25.1 | 31 | 19 |
| United States | 4,976 | 5,761 | 168 | 258 | 6.5 | 3.8 | 153 | 126 |
| Asia-Pacific, thereof: | 1,972 | 1,312 | 609 | 584 | 9.9 | 15.1 | 51 | 14 |
| South Korea | 1,094 | 699 | 503 | 486 | 13.3 | 22.4 | 38 | 6 |
| Taiwan | 744 | 519 | 41 | 41 | 2.5 | 3.6 | 9 | 6 |
| Malaysia | 50 | 52 | 41 | 33 | 21.2 | 17.2 | 4 | 1 |
| Indonesia | 34 | 33 | 16 | 15 | 31.9 | 22.2 | 1 | 1 |
| Other | 50 | 9 | 8 | 9 | 18.3 | 41.4 | (1) | |
| South America | 88 | 65 | 25 | 15 | 14.3 | 16.3 | (1) | (1) |
| Other ³⁾ | 242 | 271 | 203 | 237 | ⁵⁾ | ⁵⁾ | 99 | 50 |
| Subtotal | 24,875 | 24,064 | 9,912 | 9,772 | | | 1,317 | 994 |
| Consolidation adjustments ⁴⁾ | (122) | (112) | | | | | (67) | (5) |
| Total | 24,753 | 23,952 | 9,912 | 9,772 | 9.0 | 7.9 | 1,250 | 989 |

¹⁾ 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.

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- 2) Loss ratios were 69.7% and 71.7% for the six months ended June 30, 2006 and 2005, respectively.
- 3) Contains, among others, the life/health business assumed by Allianz AG, which was previously reported under Germany in the Property-Casualty segment. Prior year balances have been adjusted to reflect this reclassification and allow for comparability across periods.
- 4) Represents elimination of transactions between Allianz Group companies in different geographic regions.
- 5) Presentation not meaningful.

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Banking Operations

Another strong quarter.

Operating revenues and operating profit momentum sustained, attaining dynamic growth.

Cost-income ratio strongly improved.

On track to achieve ambitious full year targets.

Earnings Summary

The results of operations of our Banking segment are almost exclusively represented by Dresdner Bank, accounting for 98.3% of our total Banking segment's operating revenues in 1H 2006 (1H 2005: 95.8%). Accordingly, the discussion of our Banking segment's results of operations relates solely to the operations of Dresdner Bank.

Operating Revenues

2006 to 2005 Three Month Comparison

Operating revenues, at 1,709 million, experienced dynamic growth of 28.5%. All revenue categories and both operating divisions, Private & Business Clients (or PBC) and Corporate & Investment Banking (or CIB), contributed to this development.

Net interest income was up 17.9% to 631 million. In 2Q 2006, the impact of accounting for derivative financial instruments which do not qualify for hedge accounting was marginal, whereas 2Q 2005 was negatively affected to a significant extent. Excluding this impact as well as lower income from associated companies as a result of the sale of our shareholdings in Eurohypo AG in the prior two quarters, net interest income was stable.

Net fee and commission income increased 3.3% to 680 million. Despite a challenging market environment our PBC division managed to expand its securities business, especially from equities, investment funds and certificates. Our CIB division exhibited a decline, however, exclusively due to a large client IPO in 2Q 2005.

Trading income (net) was the main contributor to the increase in operating revenues and almost tripled to 381 million amongst a volatile market environment in 2Q 2006. This development resulted from our strong business performance in 2Q 2006, which compares to a weak second quarter a year earlier. In the same quarter, the accounting for derivative financial instruments which do not qualify for hedge accounting had a significant positive impact. Excluding this impact, growth in trading income (net) was even stronger.

2006 to 2005 Six Month Comparison

Operating revenues increased by 21.7% to 3,593 million. The strong growth resulted principally from the developments previously described, with **net fee and commission income** evolving even more favorably for the first six months of 2006.

Operating Profit

2006 to 2005 Three Month Comparison

Operating profit experienced substantial growth to 319 million, up 55.6% from a year ago. Our PBC and CIB divisions both contributed to this positive development, which was primarily due to the strengthening of the divisions' operating revenues.

Operating expenses increased 17.5%, almost entirely influenced by the development of **administrative expenses**, which amounted to 1,386 million, a rise of 20.0%. This increase almost exclusively refers to revenue-linked personnel expenses, which predominantly were incurred from the dynamic operating revenue growth within our CIB division. As a result, personnel expenses were up 45.8% to 892 million, as the weak 2Q 2005 included only marginal bonus accruals for CIB. Further, personnel expenses last year benefited from a one-off effect as a result of the release of provisions for employee anniversary payments. Non-personnel expenses decreased by 9.0% to 494 million in 2Q 2006. This development was mainly attributable to lower expenses for office space and information technology. As a consequence of the dynamic operating revenue growth, our **cost-income ratio** improved significantly by 7.6 percentage points to 81.0%.

Loan loss provisions resulted in a net charge of 5 million, compared to a net release of 54 million a year ago. Adequate reserving for current risks was broadly offset by significant recoveries of loans and releases of provisions of, in aggregate, 101 million. Gross new additions to loan loss provisions amounted to 106 million, in line with our qualitatively improved loan portfolio following the successful completion of the wind-down of our Institutional Restructuring Unit s (or IRU) portfolio in September 2005.

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2006 to 2005 Six Month Comparison

Operating profit doubled to 848 million. This positive development is largely attributable to the dynamic operating revenue growth, which drove our **cost-income ratio** down 7.2 percentage points to 77.2%. Further, **loan loss provisions** resulted in a net release of 28 million in 1H 2006, compared to a net charge of 46 million a year ago. Similar to 2Q 2006, significantly higher recoveries of loans was a key factor in this development. At June 30, 2006, our coverage ratio was 58.5%, down 3.6 percentage points from a year earlier.

Operating Profit - Dresdner Bank

in mn

Non-Operating Items

2006 to 2005 Three Month Comparison

Income from **non-operating items** was 12 million, down 206 million from a year earlier. This development is almost exclusively attributable to the decline in **realized gains/losses (net)**, which, in the prior year period, included significant gains from sales, including our shareholdings in Bilfinger Berger AG.

2006 to 2005 Six Month Comparison

The decrease in **non-operating items** in 1H 2006 was of a similar magnitude compared to that in 2Q 2006. **Realized gains/losses (net)** in 1Q 2006 included a tax-exempt gain of 282 million from the sale of Dresdner Bank's remaining 2.3% shareholdings in Munich Re to Allianz AG as well as a significant gain from the disposal of our remaining participation in Eurohypo AG.

Net Income

2006 to 2005 Three Month Comparison

Net income was down 19.5% to 198 million. This development despite strong operating profit growth reflected the impact of the substantial decrease in non-operating items. **Income taxes** declined to 112 million from 156 million with a relatively stable effective income tax rate of 33.8% (2Q 2005: 36.9%).

2006 to 2005 Six Month Comparison

Net income increased 4.8% to 856 million. Backed by strong operating profit growth, **income taxes** rose by 126 million to 350 million. Our effective income tax rate was 27.9%, considerably higher from 20.6% a year earlier. In 1Q 2005, a tax-exempt gain similar to 1Q 2006 from the sale of Munich Re shares was realized, which had a larger impact on the 1Q 2005 effective income tax rate due to a lower **income before income taxes and minority interests in earnings**.

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The following table sets forth the income statements and cost-income ratios for both our Banking segment as a whole and Dresdner Bank for the three and six months ended June 30, 2006 and 2005, respectively.

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|---|---|------------------------|---|------------------------|---|------------------------|---|------------------------|
| | 2006 | | 2005 | | 2006 | | 2005 | |
| | Banking Segment ⁽¹⁾ mn | Dresdner Bank mn | Banking Segment ⁽¹⁾ mn | Dresdner Bank mn | Banking Segment ⁽¹⁾ mn | Dresdner Bank mn | Banking Segment ⁽¹⁾ mn | Dresdner Bank mn |
| Net interest income ⁽²⁾ | 652 | 631 | 555 | 535 | 1,253 | 1,209 | 1,104 | 1,066 |
| Net fee and commission income ⁽³⁾ | 728 | 680 | 695 | 658 | 1,560 | 1,473 | 1,397 | 1,324 |
| Trading income (net) ⁽⁴⁾ | 308 | 381 | 135 | 128 | 795 | 865 | 582 | 563 |
| Income from financial assets and liabilities designated at fair value through income (net) ⁽⁴⁾ | 18 | 18 | 5 | 5 | 21 | 21 | (4) | (4) |
| Other income | | (1) | 4 | 4 | 25 | 25 | 4 | 4 |
| Operating revenues⁽⁵⁾ | 1,706 | 1,709 | 1,394 | 1,330 | 3,654 | 3,593 | 3,083 | 2,953 |
| Administrative expenses | (1,436) | (1,386) | (1,209) | (1,155) | (2,864) | (2,767) | (2,575) | (2,466) |
| Investment expenses | (10) | (12) | (8) | (9) | (16) | (19) | (15) | (19) |
| Other expenses | 13 | 13 | (14) | (15) | 13 | 13 | (8) | (8) |
| Operating expenses | (1,433) | (1,385) | (1,231) | (1,179) | (2,867) | (2,773) | (2,598) | (2,493) |
| Loan loss provisions | (7) | (5) | 52 | 54 | 26 | 28 | (41) | (46) |
| Operating profit | 266 | 319 | 215 | 205 | 813 | 848 | 444 | 414 |
| Realized gains/losses (net) | 32 | 30 | 237 | 237 | 446 | 444 | 729 | 729 |
| Impairments of investments (net) | (12) | (12) | (15) | (14) | (32) | (32) | (57) | (56) |
| Amortization of intangible assets | (1) | | | | (1) | | | |
| Restructuring charges | (7) | (6) | (5) | (5) | (9) | (8) | (5) | (5) |
| Non-operating items | 12 | 12 | 217 | 218 | 404 | 404 | 667 | 668 |
| Income before income taxes and minority interests in earnings | 278 | 331 | 432 | 423 | 1,217 | 1,252 | 1,111 | 1,082 |
| Income taxes | (89) | (112) | (155) | (156) | (334) | (350) | (229) | (224) |
| Minority interests in earnings | (27) | (21) | (25) | (21) | (55) | (46) | (51) | (41) |
| Net income | 162 | 198 | 252 | 246 | 828 | 856 | 831 | 817 |
| Cost-income ratio⁽⁶⁾ in % | 84.0 | 81.0 | 88.3 | 88.6 | 78.5 | 77.2 | 84.3 | 84.4 |

⁽¹⁾ Consists of Dresdner Bank and non-Dresdner Bank banking operations within our Banking segment, as well as the elimination of trading income (net) of 81 mn at Dresdner Bank resulting from Dresdner Bank's trading activities in Allianz AG shares in 2Q and 1H 2006.

⁽²⁾ Represents interest and similar income less interest expense.

⁽³⁾ Represents fee and commission income less fee and commission expense.

⁽⁴⁾ The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement in Note 3 to the consolidated financial statements.

⁽⁵⁾ For the Banking segment, total revenues are measured based upon operating revenues.

⁶⁾ Represents operating expenses divided by operating revenues.

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The following tables set forth our banking operating revenues, operating profit and cost-income ratio by division for the three and six months ended June 30, 2006 and 2005, respectively. Consistent with our general practice, operating revenues, operating profit and cost-income ratio by division are presented before consolidation adjustments, representing the elimination of transactions between Allianz Group companies in different segments.

| Three months ended June 30, | 2006 | | | 2005 | | |
|--|--------------------------|------------------------|------------------------|--------------------------|------------------------|------------------------|
| | Operating revenues mn | Operating profit mn | Cost-income ratio % | Operating revenues mn | Operating profit mn | Cost-income ratio % |
| Private & Business Clients ¹⁾ | 774 | 160 | 77.3 | 730 | 146 | 75.8 |
| Corporate & Investment Banking ¹⁾ | 979 | 220 | 76.6 | 558 | 91 | 85.5 |
| Corporate Other ²⁾ | (44) | (61) | ³⁾ | 42 | (32) | ³⁾ |
| Dresdner Bank | 1,709 | 319 | 81.0 | 1,330 | 205 | 88.6 |
| Other Banks ⁴⁾ | (3) | (53) | ³⁾ | 64 | 10 | 84.3 |
| Total | 1,706 | 266 | 84.0 | 1,394 | 215 | 88.3 |

| Six months ended June 30, | 2006 | | | 2005 | | |
|--|--------------------------|------------------------|------------------------|--------------------------|------------------------|------------------------|
| | Operating revenues mn | Operating profit mn | Cost-income ratio % | Operating revenues mn | Operating profit mn | Cost-income ratio % |
| Private & Business Clients ¹⁾ | 1,666 | 430 | 72.6 | 1,529 | 288 | 76.1 |
| Corporate & Investment Banking ¹⁾ | 1,946 | 483 | 76.4 | 1,309 | 198 | 82.5 |
| Corporate Other ²⁾ | (19) | (65) | ³⁾ | 115 | (72) | ³⁾ |
| Dresdner Bank | 3,593 | 848 | 77.2 | 2,953 | 414 | 84.4 |
| Other Banks ⁴⁾ | 61 | (35) | ³⁾ | 130 | 30 | 80.8 |
| Total | 3,654 | 813 | 78.5 | 3,083 | 444 | 84.3 |

¹⁾ Our reporting by divisions reflects the organizational changes within Dresdner Bank in 1H 2006 resulting in two operating divisions. Private & Business Clients combines all banking activities for private and corporate customers formerly provided by the Personal Banking and Private & Business Banking divisions. Furthermore, Corporate & Investment Banking combines the former Corporate Banking and Dresdner Kleinwort Wasserstein divisions. Following a decision taken in late June 2006, we will integrate our business activities with medium-sized business clients into that with private and corporate customers. In the table above, our medium-sized business clients are still included in Corporate & Investment Banking. The final new business model with two new organizational units Private & Corporate Clients and Investment Banking is not reflected in the table above.

²⁾ The Corporate Other division contains income and expense items that are not assigned to Dresdner Bank's operating divisions. These items include, in particular, impacts from the accounting for derivative financial instruments which do not qualify for hedge accounting, provisioning requirements for country and general risks, as well as realized gains and losses from Dresdner Bank's non-strategic investment portfolio. For the three and six months ended June 30, 2006, the impact from the accounting for derivative financial instruments which do not qualify for hedge accounting on Corporate Other's operating revenues amounted to a gain of 9 mn and a charge of 14 mn, respectively (2005: gain of 93 mn and 73 mn, respectively). With effect from 1Q 2006, the majority of expenses for support functions and central projects previously included within Corporate Other have been allocated to the operating divisions. Additionally, the non-strategic

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Institutional Restructuring Unit (or IRU) was closed down effective September 30, 2005 having successfully completed its mandate to free-up risk capital through the reduction of risk-weighted assets. Furthermore, effective in 1Q 2006, and as a result of Dresdner Bank restructuring its divisions, the IRU s 2005 results of operations were reclassified into Corporate Other. Prior year balances have been adjusted to reflect these reclassifications and allow for comparability across periods.

3) Presentation not meaningful.

4) Consists of non-Dresdner Bank banking operations within our Banking segment, as well as the elimination of trading income (net) of 81 mn at Dresdner Bank resulting from Dresdner Bank s trading activities in Allianz AG shares in 2Q and 1H 2006.

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Asset Management Operations

Strong operating profit development continues.

Double-digit operating profit growth year-over-year for the seventh consecutive quarter.

Net inflows of 15 billion in the first half of 2006 despite a challenging market environment.

Net inflows and positive market effects more than offset by negative currency effects resulting in third-party assets under management of 721 billion.

Third-Party Assets Under Management

Overall, in the first half of 2006, we were faced with a challenging market environment. Whereas in 1Q 2006, capital markets worldwide developed favorably, 2Q 2006 showed substantial declines in market values, particularly within the equity capital markets. Additionally, net flows in the fixed income mutual fund market in the United States and Germany turned negative in 2Q 2006.

Despite this challenging market environment in the first six months of the year, we achieved net inflows to third-party assets of 15 billion. Both fixed income and equity products contributed to the positive development, which affirms our strong position as one of the world's largest asset managers, based on total assets under management.¹⁾ A key success factor continues to be our competitive investment performance. The overwhelming majority of the third-party assets we manage again outperformed their respective benchmarks. Market-related appreciation was 3 billion. Net inflows and positive market effects were more than offset by negative effects of 40 billion from exchange rate movements, resulting primarily from a weaker U.S. Dollar versus the Euro. As a consequence, on a Euro-basis, our third-party assets decreased 22 billion to 721 billion at June 30, 2006, compared to December 31, 2005.

Our major achievements in the first half of 2006 included:

United States

Allianz/PIMCO Funds were named Best Mutual Fund Family of 2005 in the annual Lipper/Barron's Fund Families Survey.

Particularly strong net inflows of approximately 4 billion at our equity fund manager NFJ Investment Group.

PIMCO was named Investor of the Year 2005 by Securitization News.

Germany

Allianz Global Investors (or AGI) ranked first among German asset management companies, based on net inflows in retail equity products.²⁾

Germany's equity management platform ranked first among Best German Asset Managers and achieved twelve individual top 3 rankings.³⁾

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- 1) Source: Own internal analysis and estimates.
- 2) Source: Bundesverband Investment und Asset Management (or BVI), an association representing the German investment fund industry.
- 3) Source: Handelsblatt and Thomson Extel Surveys, June 22, 2006.

We operate our third-party asset management business primarily through AGI. At June 30, 2006, AGI managed approximately 94.6% (December 31, 2005: 95.2%) of our third-party assets. The remaining assets are managed by Dresdner Bank (approximately 2.8% and 2.3% at June 30, 2006 and December 31, 2005, respectively) and other Allianz Group companies (approximately 2.6% and 2.5% at June 30, 2006 and December 31, 2005, respectively).

The following graphs present the third-party assets managed by the Allianz Group by geographic region, investment category and investor class at June 30, 2006 and December 31, 2005, respectively.

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Third-party Assets Under Management Fair Values by Geographic Region

in bn

¹⁾ Based on the origination of the assets.

²⁾ Consists of third-party assets managed by Dresdner Bank (approximately 20 bn and 17 bn at June 30, 2006 and December 31, 2005, respectively) and by other Allianz Group companies (approximately 19 bn and 19 bn at June 30, 2006 and December 31, 2005, respectively).

Third-party Assets Under Management Fair Values by Investment Category

in bn

¹⁾ Includes primarily investments in real estate.

Third-party Assets Under Management Fair Values by Investor Class

in bn

Earnings Summary

The results of operations of our Asset Management segment are almost exclusively represented by AGI, accounting for 98.8% and 99.3% of our total Asset Management segment's operating revenues and operating profit, respectively, for 2Q 2006 (2Q 2005: 98.9% and 98.8%). Accordingly, the discussion of our Asset Management segment's results of operations relates solely to the operations of AGI.

Operating Revenues

2006 to 2005 Three Month Comparison

Our **operating revenues** rose by 13.1% to 717 million. Internal growth was even stronger at 15.9%. Higher asset-based management fees, reflecting both net inflows, particularly in the United States, and rising financial markets throughout the previous quarters, contributed largely to this performance. In addition, we experienced positive impacts from our strengthened equity business.

2006 to 2005 Six Month Comparison

Operating revenues reached 1,452 million, up 263 million (22.1%) from a year ago. On an internal growth basis, operating revenues rose by 19.1%. The increase resulted principally from the factors previously described. Further, **income from financial assets and liabilities carried at fair value through income (net)** increased by 14 million to 12 million, predominantly due to the mark-to-market valuation of seed money in the United States.

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The following table sets forth the composition of AGI's net fee and commission income.

| | Three months ended June 30, | | Six months ended June 30, | |
|---------------------------------------|-----------------------------|------------|---------------------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Fee and commission income, thereof: | 1,015 | 868 | 2,030 | 1,660 |
| Management fees | 823 | 707 | 1,652 | 1,354 |
| Loading and exit fees | 86 | 80 | 177 | 157 |
| Performance fees | 9 | 13 | 25 | 22 |
| Other | 97 | 68 | 176 | 127 |
| Fee and commission expenses, thereof: | (314) | (253) | (625) | (498) |
| Commissions | (223) | (190) | (449) | (377) |
| Other | (91) | (63) | (176) | (121) |
| Net fee and commission income | 701 | 615 | 1,405 | 1,162 |

Operating Profit**2006 to 2005 Three Month Comparison**

We experienced an **operating profit** growth of 18.5% to 295 million, primarily resulting from the increase in our operating revenues. In addition, exchange rate movements also proved beneficial, predominantly stemming from a stronger U.S. Dollar compared to the Euro. Excluding the effects related to currencies, operating profit would have improved by 44 million, or 17.7%. In line with our continued positive business performance in the United States, our U.S.-based operations contributed substantially to our operating profit growth. On a Euro-basis, operating profit in the United States rose by 12.9% to 223 million.

Operating expenses were 422 million, up 9.6% from a year earlier. Thereof, personnel expenses reached 265 million, up 12.9%. This increase resulted largely from higher performance-linked compensation, rising in line with operating profit. In addition, increased headcount following our business growth over the previous quarters also contributed to the rise in operating expenses. Non-personnel expenses increased 4.2% to 157 million, coupled with, among other factors, the impact of a higher asset base on our administrative expenses.

As a result, our **cost-income ratio** improved by 1.8 percentage points to 58.9%.

2006 to 2005 Six Month Comparison

Operating profit improved by 24.5% to 595 million. Effects from exchange rate movements contributed 25 million, or 5.2%. **Operating expenses** at 857 million were 20.5% higher compared to a year ago. The developments in the six months comparison resulted principally from the factors previously described in the three months comparison. Consequently, our **cost-income ratio** improved by 0.8 percentage points to 59.0%.

Operating Profit Allianz Global Investors

in mn

Non-Operating Items**2006 to 2005 Three Month Comparison**

Acquisition-related expenses and **amortization of intangible assets**, in aggregate, decreased 24.6% to 132 million. This decline was mainly driven by a lower number of outstanding PIMCO LLC Class B Units (or Class B Units). As of June 30, 2006, the Allianz Group has acquired 11,721 of the 150,000 units originally outstanding.

Going forward, we expect acquisition-related expenses to be mainly driven by our operating profit development.

2006 to 2005 Six Month Comparison

Acquisition-related expenses and **amortization of intangible assets**, in aggregate, decreased 20.8% to 270 million. In addition to a lower number of outstanding Class B Units previously mentioned, the expiration of amortization charges relating to capitalized loyalty bonuses for PIMCO management in 2Q 2005 also contributed to this development.

Table of Contents**Net Income****2006 to 2005 Three Month Comparison**

Net income reached 90 million, up 18.4% from a year earlier. Currency-related effects contributed 2.6%, or 2 million, to this increase. **Income taxes** amounted to an expense of 62 million after a tax benefit of 8 million in 2Q 2005. This tax benefit stemmed predominantly from a one-off deferred tax credit of 37 million in the United States related to tax deductible goodwill amortization.

2006 to 2005 Six Month Comparison

Net income grew significantly by 71.8% to 177 million. Excluding the effects related to exchange rate movements, net income would have improved by 65 million, or 63.1%. **Income taxes** rose to 126 million from 17 million a year earlier due to significantly increased taxable income in the United States and the one-off deferred tax credit in 2Q 2005, previously mentioned.

The following table sets forth the income statements and cost-income ratios for both our Asset Management segment as a whole and AGI for the three and six months ended June 30, 2006 and 2005, respectively.

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2006 | | 2005 | | 2006 | | 2005 | |
| | 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 |
| Net fee and commission income ¹⁾ | 712 | 701 | 624 | 615 | 1,429 | 1,405 | 1,180 | 1,162 |
| Net interest income ²⁾ | 13 | 15 | 14 | 19 | 30 | 29 | 17 | 23 |
| Income from financial assets and liabilities carried at fair value through income (net) | (2) | (2) | | (3) | 12 | 12 | 5 | (2) |
| Other income | 3 | 3 | 3 | 3 | 6 | 6 | 6 | 6 |
| Operating revenues³⁾ | 726 | 717 | 641 | 634 | 1,477 | 1,452 | 1,208 | 1,189 |
| Administrative expenses, excluding acquisition-related expenses ⁴⁾ | (429) | (422) | (389) | (385) | (876) | (857) | (725) | (711) |
| Operating expenses | (429) | (422) | (389) | (385) | (876) | (857) | (725) | (711) |
| Operating profit | 297 | 295 | 252 | 249 | 601 | 595 | 483 | 478 |
| Realized gains/losses (net) | (1) | (1) | 3 | 3 | 1 | | 5 | 3 |
| Impairments of investments (net) | (1) | | | | (1) | | | |
| Acquisition-related expenses, thereof: ⁴⁾ | | | | | | | | |
| Deferred purchases of interests in PIMCO | (130) | (130) | (179) | (179) | (266) | (266) | (306) | (306) |
| Other acquisition-related expenses ⁵⁾ | (2) | (2) | (1) | (1) | (4) | (4) | (10) | (10) |
| Subtotal | (132) | (132) | (180) | (180) | (270) | (270) | (316) | (316) |
| Amortization of intangible assets ⁶⁾ | | | 5 | 5 | | | (25) | (25) |
| Restructuring charges | | | (1) | | | | (1) | |

| | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Non-operating items | (134) | (133) | (173) | (172) | (270) | (270) | (337) | (338) |
| Income before income taxes and minority interests in earnings | 163 | 162 | 79 | 77 | 331 | 325 | 146 | 140 |
| Income taxes | (62) | (62) | 8 | 8 | (127) | (126) | (16) | (17) |
| Minority interests in earnings | (11) | (10) | (10) | (9) | (24) | (22) | (23) | (20) |
| Net income | 90 | 90 | 77 | 76 | 180 | 177 | 107 | 103 |
| Cost-income ratio⁷⁾ in % | 59.1 | 58.9 | 60.7 | 60.7 | 59.3 | 59.0 | 60.0 | 59.8 |

1) Represents fee and commission income less fee and commission expense.

2) Represents interest and similar income less interest expense and investment expenses.

3) For the Asset Management segment, total revenues are measured based upon operating revenues.

4) The total of these items equals acquisition and administrative expenses (net) in the segment income statement in Note 3 to the consolidated financial statements.

5) Consists of retention payments for the management and employees of PIMCO and Nicholas Applegate. These retention payments largely expired in 2005.

6) Consists of amortization charges relating to capitalized bonuses for PIMCO management. These amortization charges expired in 2005. Until December 31, 2005, these amortization charges were classified as acquisition-related expenses. Prior year balances have been reclassified to allow for comparability across periods.

7) Represents operating expenses divided by operating revenues.

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Outlook

We expect operating profit to exceed 9.0 billion in 2006.

Due to the strong business performance in the second quarter and the first half of this year, we expect to surpass our operating profit and net income target for 2006. We now expect to exceed our 2006 target of 8.7 billion and to achieve an operating profit of greater than 9.0 billion. We are also confident that our net income will grow to between 5.5 billion and 6.0 billion. However, as always, natural catastrophes and adverse developments in the capital markets, as well as the factors stated below in the cautionary note regarding forward-looking statements, may severely impact our profitability.

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" 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.

Table of Contents**Operating Profit Methodology and Reconciliation of Total Revenue Growth**

The previous analysis 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, Banking, Asset Management and Corporate segments using a financial performance measure we refer to herein as "operating profit". We define our segment operating profit as income before income taxes and minority interests in earnings, excluding, as applicable for each respective segment, all or some of the following items: income from financial assets and liabilities held for trading (net), realized gains/losses (net), impairments of investments (net), amortization of intangible assets, acquisition-related expenses and restructuring charges.

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 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 gains/losses or impairments of investments, 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 income before income taxes and minority interests in earnings or net income as determined in accordance with International Financial Reporting Standards (or "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 our consolidated financial statements.

In the previous analysis, we analyze the Allianz Group's consolidated results of operations for the three months ended June 30, 2006 as compared to the three months ended June 30, 2005, as well as for the six months ended June 30, 2006 as compared to the six months ended June 30, 2005, using operating profit and net income as the relevant performance measures, as permitted under IFRS.

We further believe that an understanding of our total revenue performance is enhanced when the effects from foreign currency translation as well as acquisitions and disposals (or "changes in scope of consolidation") are excluded. Accordingly, in addition to presenting "nominal growth", "internal growth", which excludes the effects from foreign currency translation and changes in scope of consolidation, is also provided. The following tables set forth the reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

Composition of Total Revenue¹⁾ Growth for the Three Months Ended June 30, 2006

| Segment ²⁾ | Nominal growth % | Changes in scope of consolidation % | Foreign currency translation % | Internal growth % |
|-----------------------------------|---------------------|--|-----------------------------------|----------------------|
| Property-Casualty | 0.9 | (0.2) | (0.1) | 1.2 |
| Life/Health | (1.2) | | 0.2 | (1.4) |
| Banking | 22.4 | | (0.4) | 22.8 |
| thereof: Dresdner Bank | 28.5 | | (0.4) | 28.9 |
| Asset Management | 13.3 | (3.0) | 0.3 | 16.0 |
| thereof: Allianz Global Investors | 13.1 | (3.1) | 0.3 | 15.9 |
| Allianz Group | 1.6 | (0.2) | 0.1 | 1.7 |

Composition of Total Revenue¹⁾ Growth for the Six Months Ended June 30, 2006

| Segment ²⁾ | Nominal growth % | Changes in scope of consolidation % | Foreign currency translation % | Internal growth % |
|--------------------------|---------------------|--|-----------------------------------|----------------------|
| Property-Casualty | 0.4 | (0.2) | 0.7 | (0.1) |

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| | | | | |
|-----------------------------------|------------|--------------|------------|------------|
| Life/Health | 3.3 | | 1.6 | 1.7 |
| Banking | 18.5 | | 0.3 | 18.2 |
| thereof: Dresdner Bank | 21.7 | | 0.3 | 21.4 |
| Asset Management | 22.3 | (1.2) | 4.2 | 19.3 |
| thereof: Allianz Global Investors | 22.1 | (1.2) | 4.2 | 19.1 |
| Allianz Group | 3.4 | (0.1) | 1.2 | 2.3 |

-
- 1) 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.
- 2) Before the elimination of transactions between Allianz Group companies in different segments.

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Table of Contents**Consolidated Balance Sheets**

As of June 30, 2006 and as of December 31, 2005

| ASSETS | Note | As of June 30, 2006 mn | As of December 31, 2005 mn |
|--|-------------|---|---|
| Cash and cash equivalents | | 30,016 | 31,647 |
| Financial assets carried at fair value through income | 4 | 162,635 | 180,346 |
| Investments | 5 | 281,331 | 285,015 |
| Loans and advances to banks and customers | 6 | 393,970 | 336,808 |
| Financial assets for unit linked contracts | | 56,511 | 54,661 |
| Reinsurance assets | 7 | 20,371 | 22,120 |
| Deferred acquisition costs | 8 | 18,829 | 17,437 |
| Deferred tax assets | | 5,628 | 5,299 |
| Other assets | 9 | 40,638 | 42,293 |
| Intangible assets | 10 | 12,743 | 12,958 |
| Total assets | | 1,022,672 | 988,584 |
| | | | |
| LIABILITIES AND EQUITY | Note | As of June 30, 2006 mn | As of December 31, 2005 mn |
| Financial liabilities carried at fair value through income | 11 | 82,797 | 86,842 |
| Liabilities to banks and customers | 12 | 349,485 | 310,316 |
| Unearned premiums | | 15,709 | 13,303 |
| Reserves for loss and loss adjustment expenses | 13 | 65,702 | 67,005 |
| Reserves for insurance and investment contracts | 14 | 279,849 | 278,829 |
| Financial liabilities for unit linked contracts | | 56,511 | 54,661 |
| Deferred tax liabilities | | 4,643 | 5,324 |
| Other liabilities | 15 | 49,840 | 51,315 |
| Certificated liabilities | 16 | 55,895 | 59,203 |
| Participation certificates and subordinated liabilities | 17 | 14,912 | 14,684 |
| Total liabilities | | 975,343 | 941,482 |
| Shareholders' equity | | 40,323 | 39,487 |
| Minority interests | | 7,006 | 7,615 |
| Total equity | 18 | 47,329 | 47,102 |
| Total liabilities and equity | | 1,022,672 | 988,584 |

Table of Contents**Consolidated Income Statements**

For the three months and six months ended June 30, 2006 and 2005

| | Note | Three months ended June 30, | | Six months ended June 30, | |
|---|------|--------------------------------|-----------------|------------------------------|-----------------|
| | | 2006 mn | 2005 mn | 2006 mn | 2005 mn |
| Premiums earned (net) | 19 | 14,174 | 13,991 | 28,611 | 28,298 |
| Interest and similar income | 20 | 6,576 | 6,338 | 12,267 | 11,462 |
| Income from financial assets and liabilities carried at fair value through income (net) | 21 | 63 | (7) | 563 | 480 |
| Realized gains/losses (net) | 22 | 2,337 | 842 | 4,232 | 3,061 |
| Fee and commission income | 23 | 2,314 | 2,145 | 4,717 | 4,083 |
| Other income | 24 | 17 | 35 | 56 | 48 |
| Total income | | 25,481 | 23,344 | 50,446 | 47,432 |
| Claims and insurance benefits incurred (net) | 25 | (10,193) | (10,276) | (21,068) | (21,038) |
| Change in reserves for insurance and investment contracts (net) | 26 | (3,358) | (2,558) | (6,070) | (5,839) |
| Interest expense | 27 | (1,299) | (1,927) | (2,899) | (3,319) |
| Loan loss provisions | 28 | (8) | 50 | 24 | (44) |
| Impairments of investments (net) | 29 | (307) | (77) | (362) | (180) |
| Investment expenses | 30 | (299) | (219) | (482) | (518) |
| Acquisition and administrative expenses (net) | 31 | (5,791) | (5,407) | (11,634) | (10,697) |
| Fee and commission expenses | 32 | (719) | (691) | (1,407) | (1,258) |
| Amortization of intangible assets | | (5) | (3) | (10) | (41) |
| Restructuring charges | | (522) | (78) | (526) | (83) |
| Other expenses | 33 | 12 | (24) | 11 | (26) |
| Total expenses | | (22,489) | (21,210) | (44,423) | (43,043) |
| Income before income taxes and minority interests in earnings | | 2,992 | 2,134 | 6,023 | 4,389 |
| Income taxes | 34 | (357) | (405) | (1,256) | (990) |
| Minority interests in earnings | | (356) | (339) | (709) | (685) |
| Net income | | 2,279 | 1,390 | 4,058 | 2,714 |
| Basic earnings per share | 35 | 5.62 | 3.61 | 10.02 | 7.11 |
| Diluted earnings per share | 35 | 5.51 | 3.59 | 9.83 | 7.06 |

Table of Contents**Consolidated Statements of Changes in Equity**

For the six months ended June 30, 2006 and 2005

| | Paid-in capital mn | Revenue reserves mn | Foreign currency translation adjustments mn | Unrealized gains and losses (net) mn | Shareholders equity mn | Minority interests mn | Total equity mn |
|---|--------------------------|---------------------------|---|---|------------------------------|-----------------------------|-----------------------|
| Balance as of December 31, 2004 | 19,433 | 5,893 | (2,634) | 7,303 | 29,995 | 7,696 | 37,691 |
| Foreign currency translation adjustments | | | 1,395 | 45 | 1,440 | 30 | 1,470 |
| Changes in the consolidated subsidiaries of the Allianz Group | | (181) | | (9) | (190) | 73 | (117) |
| Capital paid in | 174 | | | | 174 | | 174 |
| Treasury shares | | 1,640 | | | 1,640 | | 1,640 |
| Unrealized gains and losses (net) | | | | 1,409 | 1,409 | 298 | 1,707 |
| Net income | | 2,714 | | | 2,714 | 685 | 3,399 |
| Dividends paid | | (674) | | | (674) | (570) | (1,244) |
| Miscellaneous | | (12) | | | (12) | 53 | 41 |
| Balance as of June 30, 2005 | 19,607 | 9,380 | (1,239) | 8,748 | 36,496 | 8,265 | 44,761 |
| Balance as of December 31, 2005 | 21,616 | 8,579 | (1,032) | 10,324 | 39,487 | 7,615 | 47,102 |
| Foreign currency translation adjustments | | | (894) | (7) | (901) | (215) | (1,116) |
| Changes in the consolidated subsidiaries of the Allianz Group | | 25 | (4) | (4) | 17 | 9 | 26 |
| Treasury shares | | 1,275 | | | 1,275 | | 1,275 |
| Unrealized gains and losses (net) | | | | (2,455) | (2,455) | (530) | (2,985) |
| Net income | | 4,058 | | | 4,058 | 709 | 4,767 |
| Dividends paid | | (811) | | | (811) | (596) | (1,407) |
| Miscellaneous | | (347) | | | (347) | 14 | (333) |
| Balance as of June 30, 2006 | 21,616 | 12,779 | (1,930) | 7,858 | 40,323 | 7,006 | 47,329 |

Table of Contents**Consolidated Statements of Cash Flows****For the six months ended June 30, 2006 and 2005**

| Six months ended June 30, | 2006 mn | 2005 mn |
|---|-----------------|-----------------|
| Operating activities | | |
| Net income | 4,058 | 2,714 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Minority interests in earnings | 709 | 685 |
| Share of earnings from investments in associates and joint ventures | (122) | (147) |
| Realized gains/losses (net) and impairments of investments (net) | (3,898) | (3,593) |
| Depreciation and amortization | 290 | 384 |
| Loan loss provisions | (24) | 44 |
| Net change in: | | |
| Financial assets and liabilities held for trading | 14,418 | (1,212) |
| Reverse repurchase agreements and collateral paid for securities borrowing transactions | (44,047) | 38,402 |
| Repurchase agreements and collateral received for securities lending transactions | 28,483 | (29,245) |
| Reinsurance assets | (117) | 44 |
| Deferred acquisition costs | (929) | (1,209) |
| Unearned premiums | 2,587 | 2,897 |
| Reserves for loss and loss adjustment expenses | (156) | 1,123 |
| Reserves for insurance and investment contracts | 4,269 | 3,267 |
| Deferred tax assets and liabilities | 71 | 150 |
| Other (net) | 473 | 907 |
| Net cash flow provided by operating activities | 6,065 | 15,211 |
| Investing activities | | |
| Net change in: | | |
| Financial assets designated at fair value through income | (1,397) | (4,855) |
| Available-for-sale investments | (7,486) | (9,160) |
| Held-to-maturity investments | 30 | 117 |
| Investments in associates and joint ventures | (72) | 3,510 |
| Assets held for sale | 1,397 | (397) |
| Real estate held for investment | 653 | (488) |
| Loans and advances to banks and customers | (13,410) | (17,352) |
| Other (net) | (525) | (638) |
| Net cash flow used in investing activities | (20,810) | (29,263) |
| Financing activities | | |
| Net change in: | | |
| Liabilities to banks and customers | 10,861 | 13,477 |
| Aggregate policy reserves for universal-life type insurance and investment contracts | 4,868 | 5,277 |
| Participation certificates and subordinated liabilities | 240 | 2,299 |
| Certificated liabilities | (2,115) | 3,978 |
| Capital paid in | | 174 |
| Dividends paid | (1,407) | (1,244) |
| Other (net) | 728 | 1,110 |
| Net cash flow provided by financing activities | 13,175 | 25,071 |
| Effect of exchange rate changes on cash and cash equivalents | (61) | 64 |

| | | |
|---|----------------|---------------|
| Change in cash and cash equivalents | (1,631) | 11,083 |
| Cash and cash equivalents at beginning of period | 31,647 | 15,628 |
| Cash and cash equivalents at end of period | 30,016 | 26,711 |

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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 regulations in accordance with clause 315a of the German Commercial Code (HGB). 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. 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 have been applied. The financial statements are presented in million Euros (mn).

2 Changes in the presentation of the consolidated financial statements

The Allianz Group comprehensively reviewed its financial reporting methodology to improve the transparency of its financial results and ensure consistency with its peers. As a result of this review, the Allianz Group implemented numerous revisions to its financial reporting that are effective on January 1, 2006. The Allianz Group s financial reporting reflects reclassifications in the consolidated balance sheet and consolidated income statement, changes to segment reporting, changes to operating profit methodology and changes to the cash flow statement that reflect the continuous review of our evolving business.

Reclassifications

A significant portion of these revisions to financial reporting resulted from the implementation of changes to the presentation of certain financial information of the Allianz Group s consolidated balance sheet and consolidated income statement. These revisions were implemented to improve transparency and result in the following:

- The line items in the consolidated income statement include aggregations of items which are similarly aggregated as the line items utilized for determining operating profit.

 - The line items in the consolidated income statement include aggregations of items that allow the Allianz Group s key performance indicators to be directly derived from the Allianz Group s external financial results.

 - The line items in the consolidated income statement include aggregations of items which are based more on the nature rather than the function.

 - The line items in the consolidated balance sheet include aggregations of items which are consistently presented within the line items in the consolidated income statement.

 - The line items in the consolidated balance sheet are relatively displayed in a liquidity format as required by IAS 1.
- As a result, the Allianz Group s previously reported consolidated balance sheets and consolidated income statements were reclassified to ensure consistency and comparableness with the presentation as implemented on January 1, 2006. These reclassifications did not have an impact on the Allianz Group s net income or shareholders equity for any previously reported period.

The key changes to the previous presentation in the Allianz Group s consolidated balance sheets are:

- Financial assets and liabilities for unit linked contracts are presented as separate line items.

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- Investments in associates and joint ventures have been reclassified to investments.
 - Deferred acquisition costs, including present value of future profits and deferred sales inducements, are presented as a separate line item.
 - Unearned premiums and reserves for loss and loss adjustment expenses are presented as separate line items.
 - Financial liabilities for puttable equity instruments have been reclassified to other liabilities.
 - Deferred tax assets and deferred tax liabilities are presented on a net basis to the extent the requirements of IAS 12 for offset are met.
- The key changes to the previous presentation in the Allianz Group's consolidated income statements are:

- Interest and similar income includes share of earnings from investments in associates and joint ventures.
- Realized gains and realized losses are presented net as a separate line item. Realized gains/losses (net) include realized gains and losses from disposals of associates and subsidiaries and loans and advances to banks and customers.
- Impairments and reversals of impairments are presented net as a separate line item. Impairments of investments (net) include impairments and reversals of impairments of investments in associates and joint ventures.
- Changes in reserves for insurance and investment contracts (net) are presented as a separate line item.
- Fee and commission expenses and investment expenses are presented as separate line items.
- Foreign currency gains and losses and depreciation of real estate held for investment are included in investment expenses.
- Amortization of intangible assets includes amortization of intangible assets previously included in other expenses.
- Restructuring charges are presented as a separate line item. Restructuring charges were previously presented in other expenses.
- Acquisition and administrative expenses (net) includes a significant portion of the amounts previously reported in other income and other expense. Acquisition and administrative expenses (net) includes other taxes previously included in taxes.

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Summary of the impact of the reclassifications on the consolidated balance sheet as of December 31, 2005:

| | Balance as of December 31, 2005 as previously reported mn | Reclassifications mn | Balance as of December 31, 2005 mn |
|--|--|-------------------------|--|
| Cash and cash equivalents | 31,647 | | 31,647 |
| Financial assets carried at fair value through income | 235,007 | (54,661) | 180,346 |
| Investments ¹⁾ | 285,015 | | 285,015 |
| Loans and advances to banks and customers ²⁾ | 336,808 | | 336,808 |
| Financial assets for unit linked contracts | | 54,661 | 54,661 |
| Reinsurance assets ³⁾ | 22,120 | | 22,120 |
| Deferred acquisition costs | | 17,437 | 17,437 |
| Deferred tax assets | 14,596 | (9,297) | 5,299 |
| Other assets | 57,303 | (15,010) | 42,293 |
| Intangible assets | 15,385 | (2,427) | 12,958 |
| Total assets | 997,881 | (9,297) | 988,584 |
| Financial liabilities carried at fair value through income | 144,640 | (57,798) | 86,842 |
| Liabilities to banks and customers ⁴⁾ | 310,316 | | 310,316 |
| Unearned premiums | | 13,303 | 13,303 |
| Reserves for loss and loss adjustment expenses | | 67,005 | 67,005 |
| Reserves for insurance and investment contracts | 359,137 | (80,308) | 278,829 |
| Financial liabilities for unit linked contracts | | 54,661 | 54,661 |
| Deferred tax liabilities | 14,621 | (9,297) | 5,324 |
| Other liabilities ⁵⁾ | 48,178 | 3,137 | 51,315 |
| Certificated liabilities | 59,203 | | 59,203 |
| Participation certificates and subordinated liabilities | 14,684 | | 14,684 |
| Total liabilities | 950,779 | (9,297) | 941,482 |
| Shareholders equity | 39,487 | | 39,487 |
| Minority interests | 7,615 | | 7,615 |
| Total equity | 47,102 | | 47,102 |
| Total liabilities and equity | 997,881 | (9,297) | 988,584 |

¹⁾ Includes investments in associated enterprises and joint ventures previously reported as a separate balance sheet line item.

²⁾ Includes loans and advances to banks and loans and advances to customers previously reported as two separate balance sheet line items.

³⁾ Formerly Amounts ceded to reinsurers from reserves for insurance and investment contracts .

⁴⁾ Includes liabilities to banks and liabilities to customers previously reported as two separate balance sheet line items.

⁵⁾ Includes other accrued liabilities, other liabilities and deferred income previously reported as three separate balance sheet line items.

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Summary of the impact of the reclassifications on the consolidated income statement for the three and six months ended June 30, 2005:

| | Three months ended June 30, as previously reported 2005 mn | Reclassifications mn | Three months ended June 30, 2005 mn | Six months ended June 30, as previously reported 2005 mn | Reclassifications mn | Six months ended June 30, 2005 mn |
|---|--|-------------------------|--|--|-------------------------|--|
| Premiums earned (net) | 13,991 | | 13,991 | 28,298 | | 28,298 |
| Interest and similar income | 6,267 | 71 | 6,338 | 11,315 | 147 | 11,462 |
| Income from investments in associated enterprises and joint ventures (net) | 169 | (169) | | 882 | (882) | |
| Income from financial assets and liabilities carried at fair value through income (net) | (5) | (2) | (7) | 482 | (2) | 480 |
| Realized gains/losses (net) ¹⁾ | 881 | (39) | 842 | 2,479 | 582 | 3,061 |
| Fee and commission income ²⁾ | 2,051 | 94 | 2,145 | 3,915 | 168 | 4,083 |
| Other income | 642 | (607) | 35 | 1,271 | (1,223) | 48 |
| Total income | 23,996 | (652) | 23,344 | 48,642 | (1,210) | 47,432 |
| Claims and insurance benefits incurred (net) ³⁾ | (12,804) | 2,528 | (10,276) | (26,819) | 5,781 | (21,038) |
| Change in reserves for insurance and investment contracts (net) | | (2,558) | (2,558) | | (5,839) | (5,839) |
| Interest expense ⁴⁾ | (1,923) | (4) | (1,927) | (3,313) | (6) | (3,319) |
| Loan loss provisions | 50 | | 50 | (44) | | (44) |
| Impairments of investments (net) ⁵⁾ | (357) | 280 | (77) | (615) | 435 | (180) |
| Investment expenses | | (219) | (219) | | (518) | (518) |
| Acquisition costs and administrative expenses (net) | (5,815) | 408 | (5,407) | (11,457) | 760 | (10,697) |
| Fee and commission expenses | | (691) | (691) | | (1,258) | (1,258) |
| Amortization of intangible assets ⁶⁾ | | (3) | (3) | | (41) | (41) |
| Restructuring charges | | (78) | (78) | | (83) | (83) |
| Other expenses | (1,002) | 978 | (24) | (1,983) | 1,957 | (26) |
| Total expenses | (21,851) | 641 | (21,210) | (44,231) | 1,188 | (43,043) |
| Income before income taxes and minority interests in earnings | 2,145 | (11) | 2,134 | 4,411 | (22) | 4,389 |
| Income taxes ⁷⁾ | (415) | 10 | (405) | (1,011) | 21 | (990) |
| Minority interests in earnings | (340) | 1 | (339) | (686) | 1 | (685) |
| Net income | 1,390 | | 1,390 | 2,714 | | 2,714 |

1) Formerly Other income from investments .

2) Formerly Fee and commission income, and income from service activities .

3) Formerly Insurance and investments contract benefits (net) .

4) Formerly Interest and similar expenses .

5) Formerly Other expenses from investments .

- 6) Formerly Amortization of goodwill .
- 7) Formerly Taxes .

Table of Contents**Segment Reporting**

Effective January 1, 2006, the Allianz Group introduced a Corporate segment. The Corporate segment includes all group activities which are not allocated to a specific subsidiary. Further, the Corporate segment includes group funding and risk management activities, such as the senior bonds, subordinated bonds and money market securities issued or guaranteed by Allianz AG and the related derivative financial instruments held by Allianz AG or one of its subsidiaries. The activities included in the Corporate segment were previously reported in the Property-Casualty segment.

In addition, the Allianz Group reclassified its life and health reinsurance assumed business to the Life/Health segment. This business was previously reported in the Property-Casualty segment.

Finally, the Allianz Group revised the presentation of elimination for intra-Allianz Group dividends. Intra-Allianz Group dividends are now eliminated by the subsidiary receiving the dividend. Intra-Allianz Group dividends were previously eliminated within the segment if the dividend involved subsidiaries within the same segment or eliminated in the consolidation adjustments if the dividend involved subsidiaries in different segments.

The effects of all of these changes to segment reporting were implemented retrospectively; therefore, all previously reported segment balance sheets and segment income statements were reclassified to ensure consistency and comparableness with the presentation as implemented on January 1, 2006.

Operating Profit Methodology

As a result of the reclassifications and changes in segment reporting, as well as improving the consistency of external financial reporting with internal financial reporting, the methodology for defining operating profit was changed effective January 1, 2006. A summary of the key changes is as follows:

- Amortization of intangible assets and restructuring charges, except of the operating restructuring charges for the Life/Health segment, are nonoperating items for all segments.
- Realized gains/losses (net) from investments, shared with policyholders and impairments of investments (net), shared with policyholders are included in operating profit for the Property-Casualty and Life/Health segment.
- The policyholder participation in tax income/tax expenses on premium refunds arisen in connection with tax exempted income/expenses is, analogously to the recognition of premium refunds, presented in Life/Health segment as operating profit.

Summary of the impact of the changes to operating profit by segment for the three and six months ended June 30, 2005:

| Three months ended June 30, 2005 | Operating profit as previously reported mn | Changes mn | Operating profit mn |
|----------------------------------|---|---------------|---------------------------|
| Property-Casualty | 1,390 | 260 | 1,650 |
| Life/Health | 448 | 24 | 472 |
| Banking | 278 | (63) | 215 |
| Asset Management | 255 | (3) | 252 |
| Corporate | | (190) | (190) |
| Consolidation adjustments | | (53) | (53) |
| Allianz Group | 2,371 | (25) | 2,346 |

| Six months ended June 30, 2005 | Operating profit as previously reported mn | Changes mn | Operating profit mn |
|--------------------------------|---|---------------|---------------------------|
| Property-Casualty | 2,394 | 470 | 2,864 |
| Life/Health | 805 | 184 | 989 |
| Banking | 516 | (72) | 444 |
| Asset Management | 486 | (3) | 483 |
| Corporate | | (457) | (457) |
| Consolidation adjustments | | (90) | (90) |
| Allianz Group | 4,201 | 32 | 4,233 |

Cash Flow Statement

As a result of the reclassifications to the consolidated balance sheet and consolidated income statement discussed above, the Allianz Group made corresponding reclassifications to the consolidated statements of cash flows. In addition, the Allianz Group reclassified the following line items from operating activities to investing or financing activities in order to consistently present changes in interest bearing assets and liabilities:

- Loans and advances to banks and customers are reclassified to investing activities.
- Liabilities to banks and customers are reclassified to financing activities.
- Aggregate policy reserves for universal-life type insurance and investment contracts are reclassified to financing activities.
- Certificated liabilities are reclassified to financing activities.

Table of Contents**3 Segment reporting****Segment Information Consolidated Balance Sheets**

As of June 30, 2006 and as of December 31, 2005

| ASSETS | Property-Casualty | | Life/Health | | Banking | |
|---|------------------------|----------------------------|------------------------|----------------------------|------------------------|----------------------------|
| | As of | As of | As of | As of | As of | As of |
| | June 30, 2006 mn | December 31, 2005 mn | June 30, 2006 mn | December 31, 2005 mn | June 30, 2006 mn | December 31, 2005 mn |
| Cash and cash equivalents | 4,603 | 3,793 | 5,269 | 5,874 | 20,042 | 21,848 |
| Financial assets carried at fair value through income | 4,343 | 2,243 | 10,682 | 10,564 | 146,537 | 165,928 |
| Investments | 85,415 | 87,587 | 181,346 | 183,350 | 18,552 | 17,323 |
| Loans and advances to banks and customers | 16,347 | 15,873 | 85,376 | 84,072 | 301,687 | 249,212 |
| Financial assets for unit linked contracts | | | 56,511 | 54,661 | | |
| Reinsurance assets | 12,461 | 12,728 | 8,031 | 9,494 | | |
| Deferred acquisition costs | 3,707 | 3,563 | 15,087 | 13,847 | | |
| Deferred tax assets | 2,007 | 1,775 | 1,063 | 567 | 1,704 | 2,016 |
| Other assets | 17,538 | 16,607 | 14,751 | 12,505 | 8,493 | 12,273 |
| Intangible assets | 1,603 | 1,595 | 2,396 | 2,390 | 2,283 | 2,283 |
| Total segment assets | 148,024 | 145,764 | 380,512 | 377,324 | 499,298 | 470,883 |

| LIABILITIES AND EQUITY | Property-Casualty | | Life/Health | | Banking | |
|--|------------------------|----------------------------|------------------------|----------------------------|------------------------|----------------------------|
| | As of | As of | As of | As of | As of | As of |
| | June 30, 2006 mn | December 31, 2005 mn | June 30, 2006 mn | December 31, 2005 mn | June 30, 2006 mn | December 31, 2005 mn |
| Financial liabilities carried at fair value through income | 686 | 132 | 3,715 | 3,517 | 77,542 | 82,080 |
| Liabilities to banks and customers | 4,772 | 4,383 | 6,564 | 5,479 | 340,050 | 301,586 |
| Unearned premiums | 15,276 | 12,945 | 435 | 360 | | |
| Reserves for loss and loss adjustment expenses | 58,952 | 60,259 | 6,830 | 6,806 | | |
| Reserves for insurance and investment contracts | 8,548 | 9,161 | 271,558 | 269,950 | | 2 |
| Financial liabilities for unit linked contracts | | | 56,511 | 54,661 | | |
| Deferred tax liabilities | 4,003 | 4,155 | 1,402 | 1,800 | 111 | 405 |
| Other liabilities | 16,320 | 16,491 | 18,441 | 18,454 | 10,094 | 12,557 |
| Certificated liabilities | 408 | 412 | 4 | 4 | 48,134 | 50,719 |
| Participation certificates and subordinated liabilities | 1,605 | 1,634 | 71 | 141 | 6,995 | 7,428 |
| Total segment liabilities | 110,570 | 109,572 | 365,531 | 361,172 | 482,926 | 454,777 |

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| ASSETS | Asset Management | | Corporate | | Consolidation Adjustments As of | | Allianz Group | |
|--|---|---|---|---|--|---|---------------------------------|---|
| | As of June 30, 2006 mn | As of December 31, 2005 mn | As of June 30, 2006 mn | As of December 31, 2005 mn | June 30, 2006 mn | As of December 31, 2005 mn | As of June 30, 2006 mn | As of December 31, 2005 mn |
| Cash and cash equivalents | 687 | 476 | 207 | 166 | (792) | (510) | 30,016 | 31,647 |
| Financial assets carried at fair value through income | 1,064 | 1,031 | 504 | 956 | (495) | (376) | 162,635 | 180,346 |
| Investments | 717 | 832 | 83,761 | 88,130 | (88,460) | (92,207) | 281,331 | 285,015 |
| Loans and advances to banks and customers | 295 | 477 | 2,343 | 2,180 | (12,078) | (15,006) | 393,970 | 336,808 |
| Financial assets for unit linked contracts | | | | | | | 56,511 | 54,661 |
| Reinsurance assets | | | | | (121) | (102) | 20,371 | 22,120 |
| Deferred acquisition costs | 35 | 27 | | | | | 18,829 | 17,437 |
| Deferred tax assets | 198 | 213 | 1,645 | 1,840 | (989) | (1,112) | 5,628 | 5,299 |
| Other assets | 3,422 | 3,567 | 4,898 | 5,331 | (8,464) | (7,990) | 40,638 | 42,293 |
| Intangible assets | 6,462 | 6,690 | | | (1) | | 12,743 | 12,958 |
| Total segment assets | 12,880 | 13,313 | 93,358 | 98,603 | (111,400) | (117,303) | 1,022,672 | 988,584 |
| LIABILITIES AND EQUITY | Asset Management | | Corporate | | Consolidation Adjustments As of | | Allianz Group As of | |
| | As of June 30, 2006 mn | As of December 31, 2005 mn | As of June 30, 2006 mn | As of December 31, 2005 mn | June 30, 2006 mn | As of December 31, 2005 mn | June 30, 2006 mn | As of December 31, 2005 mn |
| Financial liabilities carried at fair value through income | | | 1,178 | 1,492 | (324) | (379) | 82,797 | 86,842 |
| Liabilities to banks and customers | 594 | 667 | 6,893 | 9,985 | (9,388) | (11,784) | 349,485 | 310,316 |
| Unearned premiums | | | | | (2) | (2) | 15,709 | 13,303 |
| Reserves for loss and loss adjustment expenses | | | | | (80) | (60) | 65,702 | 67,005 |
| Reserves for insurance and investment contracts | | | (39) | (78) | (218) | (206) | 279,849 | 278,829 |
| Financial liabilities for unit linked contracts | | | | | | | 56,511 | 54,661 |
| Deferred tax liabilities | 51 | 54 | 50 | 22 | (974) | (1,112) | 4,643 | 5,324 |
| Other liabilities | 3,808 | 3,876 | 13,623 | 11,931 | (12,446) | (11,994) | 49,840 | 51,315 |
| Certificated liabilities | 4 | 4 | 8,359 | 8,956 | (1,014) | (892) | 55,895 | 59,203 |
| Participation certificates and subordinated liabilities | | | 7,108 | 6,428 | (867) | (947) | 14,912 | 14,684 |
| Total segment liabilities | 4,457 | 4,601 | 37,172 | 38,736 | (25,313) | (27,376) | 975,343 | 941,482 |
| Total equity | | | | | | | 47,329 | 47,102 |
| Total liabilities and equity | | | | | | | 1,022,672 | 988,584 |

Table of Contents**Segment Information Consolidated Income Statements**

For the three months ended June 30, 2006 and 2005

| Three months ended June 30, | Property-Casualty | | Life/Health | | Banking | |
|---|-------------------|----------------|----------------|----------------|----------------|----------------|
| | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn |
| Premiums earned (net) | 9,358 | 9,386 | 4,816 | 4,605 | | |
| Interest and similar income | 1,257 | 1,120 | 3,698 | 3,309 | 1,630 | 1,958 |
| Income from financial assets and liabilities carried at fair value through income (net) | 5 | 29 | (216) | (27) | 326 | 140 |
| Realized gains/losses (net) | 889 | 265 | 974 | 333 | 32 | 237 |
| Fee and commission income | 265 | 270 | 162 | 114 | 868 | 866 |
| Other income | 24 | 17 | 7 | 20 | | 4 |
| Total income | 11,798 | 11,087 | 9,441 | 8,354 | 2,856 | 3,205 |
| Claims and insurance benefits incurred (net) | (6,090) | (6,144) | (4,103) | (4,132) | | |
| Change in reserves for insurance and investment contracts (net) | (121) | (211) | (2,950) | (2,337) | | |
| Interest expense | (66) | (115) | (73) | (119) | (978) | (1,403) |
| Loan loss provisions | (2) | | 1 | (2) | (7) | 52 |
| Impairments of investments (net) | (93) | (27) | (210) | (31) | (12) | (15) |
| Investment expenses | (67) | (102) | (211) | (124) | (10) | (8) |
| Acquisition and administrative expenses (net) | (2,511) | (2,496) | (1,153) | (1,049) | (1,436) | (1,209) |
| Fee and commission expenses | (205) | (175) | (70) | (32) | (140) | (171) |
| Amortization of intangible assets | (3) | (4) | (1) | (4) | (1) | |
| Restructuring charges | (354) | (58) | (161) | (15) | (7) | (5) |
| Other expenses | (1) | (5) | | | 13 | (14) |
| Total expenses | (9,513) | (9,337) | (8,931) | (7,845) | (2,578) | (2,773) |
| Income before income taxes and minority interests in earnings | 2,285 | 1,750 | 510 | 509 | 278 | 432 |
| Income taxes | (466) | (442) | (90) | (46) | (89) | (155) |
| Minority interests in earnings | (237) | (205) | (92) | (106) | (27) | (25) |
| Net income | 1,582 | 1,103 | 328 | 357 | 162 | 252 |

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| Three months ended June 30, | Asset Management | | Corporate | | Consolidation Adjustments | | Allianz Group | |
|---|------------------|--------------|--------------|--------------|---------------------------|--------------|-----------------|-----------------|
| | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn |
| Premiums earned (net) | | | | | | | 14,174 | 13,991 |
| Interest and similar income | 25 | 27 | 232 | 157 | (266) | (233) | 6,576 | 6,338 |
| Income from financial assets and liabilities carried at fair value through income (net) | (2) | | (56) | (149) | 6 | | 63 | (7) |
| Realized gains/losses (net) | (1) | 3 | 427 | 2 | 16 | 2 | 2,337 | 842 |
| Fee and commission income | 1,030 | 882 | 190 | 174 | (201) | (161) | 2,314 | 2,145 |
| Other income | 3 | 3 | 4 | | (21) | (9) | 17 | 35 |
| Total income | 1,055 | 915 | 797 | 184 | (466) | (401) | 25,481 | 23,344 |
| Claims and insurance benefits incurred (net) | | | | | | | (10,193) | (10,276) |
| Change in reserves for insurance and investment contracts (net) | | | | | (287) | (10) | (3,358) | (2,558) |
| Interest expense | (12) | (19) | (338) | (456) | 168 | 185 | (1,299) | (1,927) |
| Loan loss provisions | | | | | | | (8) | 50 |
| Impairments of investments (net) | (1) | | 9 | (4) | | | (307) | (77) |
| Investment expenses | | 6 | (60) | (39) | 49 | 48 | (299) | (219) |
| Acquisition and administrative expenses (net) | (561) | (569) | (167) | (96) | 37 | 12 | (5,791) | (5,407) |
| Fee and commission expenses | (318) | (258) | (131) | (155) | 145 | 100 | (719) | (691) |
| Amortization of intangible assets | | 5 | | | | | (5) | (3) |
| Restructuring charges | | (1) | | | | 1 | (522) | (78) |
| Other expenses | | | | (5) | | | 12 | (24) |
| Total expenses | (892) | (836) | (687) | (755) | 112 | 336 | (22,489) | (21,210) |
| Income before income taxes and minority interests in earnings | 163 | 79 | 110 | (571) | (354) | (65) | 2,992 | 2,134 |
| Income taxes | (62) | 8 | 80 | 231 | 270 | (1) | (357) | (405) |
| Minority interests in earnings | (11) | (10) | (7) | (6) | 18 | 13 | (356) | (339) |
| Net income | 90 | 77 | 183 | (346) | (66) | (53) | 2,279 | 1,390 |

Table of Contents**Segment Information Consolidated Income Statements**

For the six months ended June 30, 2006 and 2005

| Six months ended June 30, | Property-Casualty | | Life/Health | | Banking | |
|---|-------------------|-----------------|-----------------|-----------------|----------------|----------------|
| | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn |
| Premiums earned (net) | 18,699 | 18,526 | 9,912 | 9,772 | | |
| Interest and similar income | 2,179 | 1,987 | 6,745 | 6,121 | 3,510 | 3,559 |
| Income from financial assets and liabilities carried at fair value through income (net) | 45 | 55 | (185) | (4) | 816 | 578 |
| Realized gains/losses (net) | 1,353 | 804 | 2,236 | 1,791 | 446 | 729 |
| Fee and commission income | 517 | 486 | 291 | 206 | 1,860 | 1,689 |
| Other income | 38 | 21 | 13 | 29 | 25 | 4 |
| Total income | 22,831 | 21,879 | 19,012 | 17,915 | 6,657 | 6,559 |
| Claims and insurance benefits incurred (net) | (12,272) | (12,184) | (8,796) | (8,854) | | |
| Change in reserves for insurance and investment contracts (net) | (193) | (334) | (5,598) | (5,480) | | |
| Interest expense | (129) | (195) | (137) | (223) | (2,257) | (2,455) |
| Loan loss provisions | (3) | | 1 | (3) | 26 | (41) |
| Impairments of investments (net) | (106) | (34) | (245) | (53) | (32) | (57) |
| Investment expenses | (115) | (195) | (368) | (246) | (16) | (15) |
| Acquisition and administrative expenses (net) | (5,174) | (5,048) | (2,195) | (1,858) | (2,864) | (2,575) |
| Fee and commission expenses | (375) | (332) | (120) | (62) | (300) | (292) |
| Amortization of intangible assets | (7) | (9) | (2) | (7) | (1) | |
| Restructuring charges | (356) | (62) | (161) | (15) | (9) | (5) |
| Other expenses | (2) | (6) | | | 13 | (8) |
| Total expenses | (18,732) | (18,399) | (17,621) | (16,801) | (5,440) | (5,448) |
| Income before income taxes and minority interests in earnings | 4,099 | 3,480 | 1,391 | 1,114 | 1,217 | 1,111 |
| Income taxes | (990) | (985) | (309) | (150) | (334) | (229) |
| Minority interests in earnings | (427) | (396) | (220) | (228) | (55) | (51) |
| Net income | 2,682 | 2,099 | 862 | 736 | 828 | 831 |

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| Six months ended June 30, | Asset Management | | Corporate | | Consolidation Adjustments | | Allianz Group | |
|---|------------------|----------------|----------------|----------------|---------------------------|----------------|-----------------|-----------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn | mn | mn | mn | mn |
| Premiums earned (net) | | | | | | | 28,611 | 28,298 |
| Interest and similar income | 50 | 44 | 326 | 255 | (543) | (504) | 12,267 | 11,462 |
| Income from financial assets and liabilities carried at fair value through income (net) | 12 | 5 | (152) | (153) | 27 | (1) | 563 | 480 |
| Realized gains/losses (net) | 1 | 5 | 497 | 108 | (301) | (376) | 4,232 | 3,061 |
| Fee and commission income | 2,061 | 1,687 | 382 | 334 | (394) | (319) | 4,717 | 4,083 |
| Other income | 6 | 6 | 17 | | (43) | (12) | 56 | 48 |
| Total income | 2,130 | 1,747 | 1,070 | 544 | (1,254) | (1,212) | 50,446 | 47,432 |
| Claims and insurance benefits incurred (net) | | | | | | | (21,068) | (21,038) |
| Change in reserves for insurance and investment contracts (net) | | | | | (279) | (25) | (6,070) | (5,839) |
| Interest expense | (20) | (26) | (709) | (822) | 353 | 402 | (2,899) | (3,319) |
| Loan loss provisions | | | | | | | 24 | (44) |
| Impairments of investments (net) | (1) | | 22 | (36) | | | (362) | (180) |
| Investment expenses | | (1) | (77) | (153) | 94 | 92 | (482) | (518) |
| Acquisition and administrative expenses (net) | (1,146) | (1,041) | (323) | (217) | 68 | 42 | (11,634) | (10,697) |
| Fee and commission expenses | (632) | (507) | (264) | (265) | 284 | 200 | (1,407) | (1,258) |
| Amortization of intangible assets | | (25) | | | | | (10) | (41) |
| Restructuring charges | | (1) | | | | | (526) | (83) |
| Other expenses | | | | (12) | | | 11 | (26) |
| Total expenses | (1,799) | (1,601) | (1,351) | (1,505) | 520 | 711 | (44,423) | (43,043) |
| Income before income taxes and minority interests in earnings | 331 | 146 | (281) | (961) | (734) | (501) | 6,023 | 4,389 |
| Income taxes | (127) | (16) | 234 | 384 | 270 | 6 | (1,256) | (990) |
| Minority interests in earnings | (24) | (23) | (9) | (7) | 26 | 20 | (709) | (685) |
| Net income | 180 | 107 | (56) | (584) | (438) | (475) | 4,058 | 2,714 |

Table of Contents**Segment Information Total Revenues and Operating Profit****For the three months and six months ended June 30, 2006 and 2005**

The following table summarizes the total revenues and operating profit for each of the segments for the three months and six months ended June 30, 2006 and 2005, as well as IFRS consolidated net income of the Allianz Group.

| Three months ended June 30, | Property-Casualty | | Life/Health | | Banking | | Asset Management | | Corporate | | Consolidation adjustments | | Allianz Group | |
|--|-------------------|---------------|---------------|---------------|--------------|--------------|------------------|--------------|--------------|--------------|---------------------------|--------------|---------------|---------------|
| | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn | 2006 mn | 2005 mn |
| Total revenues¹⁾ | 9,682 | 9,597 | 11,931 | 12,072 | 1,706 | 1,394 | 726 | 641 | | | 22 | (11) | 24,067 | 23,693 |
| Operating profit | 1,845 | 1,650 | 527 | 472 | 266 | 215 | 297 | 252 | (74) | (190) | (67) | (53) | 2,794 | 2,346 |
| Non-operating items | 440 | 100 | (17) | 37 | 12 | 217 | (134) | (173) | 184 | (381) | (287) | (12) | 198 | (212) |
| Income before income taxes and minority interests in earnings | 2,285 | 1,750 | 510 | 509 | 278 | 432 | 163 | 79 | 110 | (571) | (354) | (65) | 2,992 | 2,134 |
| Income taxes | (466) | (442) | (90) | (46) | (89) | (155) | (62) | 8 | 80 | 231 | 270 | (1) | (357) | (405) |
| Minority interests in earnings | (237) | (205) | (92) | (106) | (27) | (25) | (11) | (10) | (7) | (6) | 18 | 13 | (356) | (339) |
| Net income | 1,582 | 1,103 | 328 | 357 | 162 | 252 | 90 | 77 | 183 | (346) | (66) | (53) | 2,279 | 1,390 |
| Six months ended June 30, | | | | | | | | | | | | | | |
| Total revenues¹⁾ | 23,831 | 23,740 | 24,753 | 23,952 | 3,654 | 3,083 | 1,477 | 1,208 | | | (7) | (28) | 53,708 | 51,955 |
| Operating profit | 3,231 | 2,864 | 1,250 | 989 | 813 | 444 | 601 | 483 | (254) | (457) | (170) | (90) | 5,471 | 4,233 |
| Non-operating items | 868 | 616 | 141 | 125 | 404 | 667 | (270) | (337) | (27) | (504) | (564) | (411) | 552 | 156 |
| Income before income taxes and minority interests in earnings | 4,099 | 3,480 | 1,391 | 1,114 | 1,217 | 1,111 | 331 | 146 | (281) | (961) | (734) | (501) | 6,023 | 4,389 |
| Income taxes | (990) | (985) | (309) | (150) | (334) | (229) | (127) | (16) | 234 | 384 | 270 | 6 | (1,256) | (990) |
| Minority interests in earnings | (427) | (396) | (220) | (228) | (55) | (51) | (24) | (23) | (9) | (7) | 26 | 20 | (709) | (685) |
| Net income | 2,682 | 2,099 | 862 | 736 | 828 | 831 | 180 | 107 | (56) | (584) | (438) | (475) | 4,058 | 2,714 |

¹⁾ 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.

Table of Contents**Property-Casualty Segment**

| | Six months | | | |
|--|--------------------------------|----------------|-----------------|-----------------|
| | Three months ended June 30, | | ended June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Gross premiums written¹⁾ | 9,682 | 9,597 | 23,831 | 23,740 |
| Ceded premiums written | (1,230) | (1,161) | (2,942) | (2,859) |
| Change in unearned premiums | 906 | 950 | (2,190) | (2,355) |
| Premiums earned (net) | 9,358 | 9,386 | 18,699 | 18,526 |
| Interest and similar income | 1,257 | 1,120 | 2,179 | 1,987 |
| Income from financial assets and liabilities designated at fair value through income (net) ²⁾ | 6 | 35 | 42 | 56 |
| Realized gains/losses (net) from investments, shared with policyholders ³⁾ | 11 | 72 | 36 | 86 |
| Fee and commission income | 265 | 270 | 517 | 486 |
| Other income | 24 | 17 | 38 | 21 |
| Operating revenues | 10,921 | 10,900 | 21,511 | 21,162 |
| Claims and insurance benefits incurred (net) | (6,090) | (6,144) | (12,272) | (12,184) |
| Changes in reserves for insurance and investment contracts (net) | (121) | (211) | (193) | (334) |
| Interest expense | (66) | (115) | (129) | (195) |
| Loan loss provisions | (2) | | (3) | |
| Impairments of investments (net), shared with policyholders ⁴⁾ | (13) | (2) | (17) | (4) |
| Investment expenses | (67) | (102) | (115) | (195) |
| Acquisition and administrative expenses (net) | (2,511) | (2,496) | (5,174) | (5,048) |
| Fee and commission expenses | (205) | (175) | (375) | (332) |
| Other expenses | (1) | (5) | (2) | (6) |
| Operating expenses | (9,076) | (9,250) | (18,280) | (18,298) |
| Operating profit | 1,845 | 1,650 | 3,231 | 2,864 |
| Income from financial assets and liabilities held for trading (net) ²⁾ | (1) | (6) | 3 | (1) |
| Realized gains/losses (net) from investments, not shared with policyholders ³⁾ | 878 | 193 | 1,317 | 718 |
| Impairments of investments (net), not shared with policyholders ⁴⁾ | (80) | (25) | (89) | (30) |
| Amortization of intangible assets | (3) | (4) | (7) | (9) |
| Restructuring charges | (354) | (58) | (356) | (62) |
| Non-operating items | 440 | 100 | 868 | 616 |
| Income before income taxes and minority interests in earnings | 2,285 | 1,750 | 4,099 | 3,480 |
| Income taxes | (466) | (442) | (990) | (985) |
| Minority interests in earnings | (237) | (205) | (427) | (396) |
| Net income | 1,582 | 1,103 | 2,682 | 2,099 |
| Loss ratio ⁵⁾ in % | 65.1 | 65.5 | 65.6 | 65.8 |
| Expense ratio ⁶⁾ in % | 26.8 | 26.6 | 27.7 | 27.2 |
| Combined ratio⁷⁾ in % | 91.9 | 92.1 | 93.3 | 93.0 |

-
- 1) For the Property-Casualty segment, total revenues are measured based upon gross premiums written.
 - 2) The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement.
 - 3) The total of these items equals realized gains/losses (net) in the segment income statement.
 - 4) The total of these items equals impairments of investments (net) in the segment income statement.
 - 5) Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
 - 6) Represents acquisition and administrative expenses (net) divided by premiums earned (net).
 - 7) Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

Table of Contents**Life/Health Segment**

| | Three months | | Six months | |
|---|----------------|----------------|-----------------|-----------------|
| | ended June 30, | | ended June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Statutory premiums¹⁾ | 11,931 | 12,072 | 24,753 | 23,952 |
| Ceded premiums written | (213) | (211) | (409) | (442) |
| Change in unearned premiums | (28) | (25) | (86) | (54) |
| Statutory premiums (net) | 11,690 | 11,836 | 24,258 | 23,456 |
| Deposits from SFAS 97 insurance and investment contracts | (6,874) | (7,231) | (14,346) | (13,684) |
| Premiums earned (net) | 4,816 | 4,605 | 9,912 | 9,772 |
| Interest and similar income | 3,698 | 3,309 | 6,745 | 6,121 |
| Income from financial assets and liabilities carried at fair value through income (net) | (216) | (27) | (185) | (4) |
| Realized gains/losses (net) from investments, shared with policyholders ²⁾ | 947 | 277 | 2,050 | 1,644 |
| Fee and commission income | 162 | 114 | 291 | 206 |
| Other income | 7 | 20 | 13 | 29 |
| Operating revenues | 9,414 | 8,298 | 18,826 | 17,768 |
| Claims and insurance benefits incurred (net) | (4,103) | (4,132) | (8,796) | (8,854) |
| Changes in reserves for insurance and investment contracts (net) | (2,950) | (2,337) | (5,598) | (5,480) |
| Interest expense | (73) | (119) | (137) | (223) |
| Loan loss provisions | 1 | (2) | 1 | (3) |
| Impairments of investments (net), shared with policyholders | (210) | (31) | (245) | (53) |
| Investment expenses | (211) | (124) | (368) | (246) |
| Acquisition and administrative expenses (net) | (1,153) | (1,049) | (2,195) | (1,858) |
| Fee and commission expenses | (70) | (32) | (120) | (62) |
| Operating restructuring charges ³⁾ | (118) | | (118) | |
| Operating expenses | (8,887) | (7,826) | (17,576) | (16,779) |
| Operating profit | 527 | 472 | 1,250 | 989 |
| Realized gains/losses (net) from investments, not shared with policyholders ²⁾ | 27 | 56 | 186 | 147 |
| Amortization of intangible assets | (1) | (4) | (2) | (7) |
| Non-operating restructuring charges ³⁾ | (43) | (15) | (43) | (15) |
| Non-operating items | (17) | 37 | 141 | 125 |
| Income before income taxes and minority interests in earnings | 510 | 509 | 1,391 | 1,114 |
| Income taxes | (90) | (46) | (309) | (150) |
| Minority interests in earnings | (92) | (106) | (220) | (228) |
| Net income | 328 | 357 | 862 | 736 |
| Statutory expense ratio⁴⁾ in % | 9.9 | 8.9 | 9.0 | 7.9 |

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- 1) For the Life/Health segment, total revenues are measured based upon statutory premiums. 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) The total of these items equals realized gains/losses (net) in the segment income statement.
- 3) The total of these items equals restructuring charges in the segment income statement.
- 4) Represents acquisition and administrative expenses (net) divided by statutory premiums (net).

Table of Contents**Banking Segment**

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|--|--|------------------------|--|------------------------|--|------------------------|--|------------------------|
| | 2006 | | 2005 | | 2006 | | 2005 | |
| | Banking Segment ¹⁾ mn | Dresdner Bank mn | Banking Segment ¹⁾ mn | Dresdner Bank mn | Banking Segment ¹⁾ mn | Dresdner Bank mn | Banking Segment ¹⁾ mn | Dresdner Bank mn |
| Net interest income ²⁾ | 652 | 631 | 555 | 535 | 1,253 | 1,209 | 1,104 | 1,066 |
| Net fee and commission income ³⁾ | 728 | 680 | 695 | 658 | 1,560 | 1,473 | 1,397 | 1,324 |
| Trading income (net) ⁴⁾ | 308 | 381 | 135 | 128 | 795 | 865 | 582 | 563 |
| Income from financial assets and liabilities designated at fair value through income (net) ⁴⁾ | 18 | 18 | 5 | 5 | 21 | 21 | (4) | (4) |
| Other income | | (1) | 4 | 4 | 25 | 25 | 4 | 4 |
| Operating revenues⁵⁾ | 1,706 | 1,709 | 1,394 | 1,330 | 3,654 | 3,593 | 3,083 | 2,953 |
| Administrative expenses | (1,436) | (1,386) | (1,209) | (1,155) | (2,864) | (2,767) | (2,575) | (2,466) |
| Investment expenses | (10) | (12) | (8) | (9) | (16) | (19) | (15) | (19) |
| Other expenses | 13 | 13 | (14) | (15) | 13 | 13 | (8) | (8) |
| Operating expenses | (1,433) | (1,385) | (1,231) | (1,179) | (2,867) | (2,773) | (2,598) | (2,493) |
| Loan loss provisions | (7) | (5) | 52 | 54 | 26 | 28 | (41) | (46) |
| Operating profit | 266 | 319 | 215 | 205 | 813 | 848 | 444 | 414 |
| Realized gains/losses (net) | 32 | 30 | 237 | 237 | 446 | 444 | 729 | 729 |
| Impairments of investments (net) | (12) | (12) | (15) | (14) | (32) | (32) | (57) | (56) |
| Amortization of intangible assets | (1) | | | | (1) | | | |
| Restructuring charges | (7) | (6) | (5) | (5) | (9) | (8) | (5) | (5) |
| Non-operating items | 12 | 12 | 217 | 218 | 404 | 404 | 667 | 668 |
| Income before income taxes and minority interests in earnings | 278 | 331 | 432 | 423 | 1,217 | 1,252 | 1,111 | 1,082 |
| Income taxes | (89) | (112) | (155) | (156) | (334) | (350) | (229) | (224) |
| Minority interests in earnings | (27) | (21) | (25) | (21) | (55) | (46) | (51) | (41) |
| Net income | 162 | 198 | 252 | 246 | 828 | 856 | 831 | 817 |
| Cost-income ratio⁶⁾ in % | 84.0 | 81.0 | 88.3 | 88.6 | 78.5 | 77.2 | 84.3 | 84.4 |

¹⁾ Consists of Dresdner Bank and non-Dresdner Bank banking operations within our Banking segment, as well as the elimination of trading income (net) of 81 mn at Dresdner Bank resulting from Dresdner Bank's trading activities in Allianz AG shares in 2Q and 1H 2006.

²⁾ Represents interest and similar income less interest expense.

³⁾ Represents fee and commission income less fee and commission expense.

⁴⁾ The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement.

⁵⁾ For the Banking segment, total revenues are measured based upon operating revenues.

⁶⁾ Represents operating expenses divided by operating revenues.

Table of Contents**Asset Management Segment**

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|---|-----------------------------|--------------------------|--------------------------|--------------------------|---------------------------|--------------------------|--------------------------|--------------------------|
| | 2006 | | 2005 | | 2006 | | 2005 | |
| | Asset Management Segment | Allianz Global Investors | Asset Management Segment | Allianz Global Investors | Asset Management Segment | Allianz Global Investors | Asset Management Segment | Allianz Global Investors |
| | mn | mn | mn | mn | mn | mn | mn | mn |
| Net fee and commission income ¹⁾ | 712 | 701 | 624 | 615 | 1,429 | 1,405 | 1,180 | 1,162 |
| Net interest income ²⁾ | 13 | 15 | 14 | 19 | 30 | 29 | 17 | 23 |
| Income from financial assets and liabilities carried at fair value through income (net) | (2) | (2) | | (3) | 12 | 12 | 5 | (2) |
| Other income | 3 | 3 | 3 | 3 | 6 | 6 | 6 | 6 |
| Operating revenues³⁾ | 726 | 717 | 641 | 634 | 1,477 | 1,452 | 1,208 | 1,189 |
| Administrative expenses, excluding acquisition-related expenses ⁴⁾ | (429) | (422) | (389) | (385) | (876) | (857) | (725) | (711) |
| Operating expenses | (429) | (422) | (389) | (385) | (876) | (857) | (725) | (711) |
| Operating profit | 297 | 295 | 252 | 249 | 601 | 595 | 483 | 478 |
| Realized gains/losses (net) | (1) | (1) | 3 | 3 | 1 | | 5 | 3 |
| Impairments of investments (net) | (1) | | | | (1) | | | |
| Acquisition-related expenses, thereof: ⁴⁾ | | | | | | | | |
| Deferred purchases of interests in PIMCO | (130) | (130) | (179) | (179) | (266) | (266) | (306) | (306) |
| Other acquisition-related expenses ⁵⁾ | (2) | (2) | (1) | (1) | (4) | (4) | (10) | (10) |
| Subtotal | (132) | (132) | (180) | (180) | (270) | (270) | (316) | (316) |
| Amortization of intangible assets ⁶⁾ | | | 5 | 5 | | | (25) | (25) |
| Restructuring charges | | | (1) | | | | (1) | |
| Non-operating items | (134) | (133) | (173) | (172) | (270) | (270) | (337) | (338) |
| Income before income taxes and minority interests in earnings | 163 | 162 | 79 | 77 | 331 | 325 | 146 | 140 |
| Income taxes | (62) | (62) | 8 | 8 | (127) | (126) | (16) | (17) |
| Minority interests in earnings | (11) | (10) | (10) | (9) | (24) | (22) | (23) | (20) |
| Net income | 90 | 90 | 77 | 76 | 180 | 177 | 107 | 103 |
| Cost-income ratio⁷⁾ in % | 59.1 | 58.9 | 60.7 | 60.7 | 59.3 | 59.0 | 60.0 | 59.8 |

¹⁾ Represents fee and commission income less fee and commission expense.

²⁾ Represents interest and similar income less interest expense and investment expenses.

³⁾ For the Asset Management segment, total revenues are measured based upon operating revenues.

⁴⁾ The total of these items equals acquisition and administration expenses (net) in the segment income statement.

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- 5) Consists of retention payments for the management and employees of PIMCO and Nicholas Applegate. These retention payments largely expired in 2005.
- 6) Consists of amortization charges relating to capitalized bonuses for PIMCO management. These amortization charges expired in 2005. Until December 31, 2005, these amortization charges were classified as acquisition-related expenses. Prior year balances have been reclassified to allow for comparability across periods.
- 7) Represents operating expenses divided by operating revenues.

Table of Contents**Corporate Segment**

| | Three months | | Six months | |
|---|----------------|--------------|--------------|----------------|
| | ended June 30, | | ended | |
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Interest and similar income | 232 | 157 | 326 | 255 |
| Fee and commission income | 190 | 174 | 382 | 334 |
| Other income | 4 | | 17 | |
| Operating revenues | 426 | 331 | 725 | 589 |
| Interest expense, excluding interest expense from external debt ¹⁾ | (142) | (226) | (315) | (399) |
| Investment expenses | (60) | (39) | (77) | (153) |
| Acquisition and administrative expenses (net) | (167) | (96) | (323) | (217) |
| Fee and commission expenses | (131) | (155) | (264) | (265) |
| Other expenses | | (5) | | (12) |
| Operating expenses | (500) | (521) | (979) | (1,046) |
| Operating profit | (74) | (190) | (254) | (457) |
| Income from financial assets and liabilities held for trading (net) | (56) | (149) | (152) | (153) |
| Realized gains/losses (net) | 427 | 2 | 497 | 108 |
| Impairments of investments (net) | 9 | (4) | 22 | (36) |
| Interest expense from external debt ¹⁾ | (196) | (230) | (394) | (423) |
| Non-operating items | 184 | (381) | (27) | (504) |
| Income before income taxes and minority interests in earnings | 110 | (571) | (281) | (961) |
| Income taxes | 80 | 231 | 234 | 384 |
| Minority interests in earnings | (7) | (6) | (9) | (7) |
| Net income | 183 | (346) | (56) | (584) |

¹⁾ The total of these items equals interest expense in the segment income statement.

Table of Contents**Supplementary Information to the Consolidated Balance Sheets****4 Financial assets carried at fair value through income**

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|--|------------------------------|----------------------------------|
| Financial assets held for trading | | |
| Debt securities | 91,514 | 109,384 |
| Equity securities | 28,033 | 30,788 |
| Derivative financial instruments | 28,290 | 26,012 |
| Subtotal | 147,837 | 166,184 |
| Financial assets designated at fair value through income | | |
| Debt securities | 10,660 | 10,686 |
| Equity securities | 4,010 | 3,476 |
| Loans to banks and customers | 128 | |
| Subtotal | 14,798 | 14,162 |
| Total | 162,635 | 180,346 |

5 Investments

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|--|------------------------------|----------------------------------|
| Available-for-sale investments | 263,415 | 266,953 |
| Held-to-maturity investments | 4,762 | 4,826 |
| Funds held by others under reinsurance contracts assumed | 1,194 | 1,572 |
| Investments in associates and joint ventures | 2,758 | 2,095 |
| Real estate held for investment | 9,202 | 9,569 |
| Total | 281,331 | 285,015 |

Available-for-sale investments

| | Amortized cost | | Unrealized gains | | Unrealized losses | | Fair value | |
|----------------------------|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
| | As of June 30, 2006 mn | As of December 31, 2005 mn | As of June 30, 2006 mn | As of December 31, 2005 mn | As of June 30, 2006 mn | As of December 31, 2005 mn | As of June 30, 2006 mn | As of December 31, 2005 mn |
| Equity securities | 41,190 | 38,157 | 18,048 | 19,161 | (393) | (188) | 58,845 | 57,130 |
| Government debt securities | 118,907 | 119,308 | 2,542 | 6,463 | (2,092) | (542) | 119,357 | 125,229 |
| Corporate debt securities | 83,222 | 79,733 | 1,304 | 3,420 | (1,666) | (267) | 82,860 | 82,886 |
| Other debt securities | 2,189 | 1,556 | 191 | 154 | (27) | (2) | 2,353 | 1,708 |
| Total | 245,508 | 238,754 | 22,085 | 29,198 | (4,178) | (999) | 263,415 | 266,953 |

Table of Contents**6 Loans and advances to banks and customers**

| | As of June 30, 2006 | | | As of December 31, 2005 | | |
|---|---------------------|-----------------|----------------|-------------------------|-----------------|----------------|
| | Banks mn | Customers mn | Total mn | Banks mn | Customers mn | Total mn |
| Short-term investments and certificates of deposit | 9,054 | | 9,054 | 5,292 | | 5,292 |
| Reverse repurchase agreements | 87,282 | 45,389 | 132,671 | 63,009 | 42,322 | 105,331 |
| Collateral paid for securities borrowing transactions | 15,037 | 26,691 | 41,728 | 6,369 | 18,659 | 25,028 |
| Loans | 66,264 | 123,777 | 190,041 | 65,488 | 114,933 | 180,421 |
| Other advances | 7,467 | 14,345 | 21,812 | 11,427 | 10,956 | 22,383 |
| Subtotal | 185,104 | 210,202 | 395,306 | 151,585 | 186,870 | 338,455 |
| Loan loss allowance | (155) | (1,181) | (1,336) | (201) | (1,446) | (1,647) |
| Total | 184,949 | 209,021 | 393,970 | 151,384 | 185,424 | 336,808 |

Loans and advances to customers net of loan loss allowance, by type of customer

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|---------------------|------------------------------|----------------------------------|
| Corporate customers | 147,074 | 123,015 |
| Private customers | 58,841 | 59,316 |
| Public authorities | 4,287 | 4,539 |
| Subtotal | 210,202 | 186,870 |
| Loan loss allowance | (1,181) | (1,446) |
| Total | 209,021 | 185,424 |

7 Reinsurance assets

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|---|------------------------------|----------------------------------|
| Unearned premiums | 1,745 | 1,448 |
| Reserves for loss and loss adjustment expenses | 10,179 | 10,874 |
| Reserves for insurance and investment contracts | 8,447 | 9,798 |
| Total | 20,371 | 22,120 |

8 Deferred acquisition costs

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|----------------------------|------------------------------|----------------------------------|
| Deferred acquisition costs | | |

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| | | |
|---------------------------------|---------------|---------------|
| Property-Casualty | 3,696 | 3,550 |
| Life/Health | 13,195 | 12,013 |
| Asset Management | 35 | 23 |
| Subtotal | 16,926 | 15,586 |
| Present value of future profits | 1,317 | 1,336 |
| Deferred sales inducements | 586 | 515 |
| Total | 18,829 | 17,437 |

Table of Contents**9 Other assets**

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|--|------------------------------|----------------------------------|
| Receivables arising from insurance and reinsurance contracts due from | | |
| Policyholders | 4,178 | 4,105 |
| Agents | 3,994 | 3,852 |
| Reinsurers | 2,085 | 2,489 |
| Other receivables | 6,407 | 6,772 |
| Less allowance for doubtful accounts | (278) | (317) |
| Subtotal | 16,386 | 16,901 |
| Tax receivables | | |
| Income tax | 1,295 | 1,523 |
| Other tax | 653 | 600 |
| Subtotal | 1,948 | 2,123 |
| Dividends, interest and rent receivable | 5,437 | 5,474 |
| Prepaid expenses | | |
| Interest and rent | 3,091 | 2,518 |
| Other prepaid expenses | 122 | 139 |
| Subtotal | 3,213 | 2,657 |
| Derivative financial instruments used for hedging that meet the criteria of hedge accounting | 843 | 849 |
| Property and equipment | | |
| Real estate held for use | 4,818 | 4,391 |
| Equipment | 1,300 | 1,385 |
| Software | 1,102 | 1,091 |
| Subtotal | 7,220 | 6,867 |
| Non-current assets and disposal groups held for sale | 1,725 | 3,292 |
| Other assets | 3,866 | 4,130 |
| Total | 40,638 | 42,293 |

10 Intangible assets

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|--------------|------------------------------|----------------------------------|
| Goodwill | 11,800 | 12,023 |
| Brand names | 740 | 740 |
| Other | 203 | 195 |
| Total | 12,743 | 12,958 |

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Changes in goodwill for the six months ended June 30, 2006, were as follows:

| | mn |
|--|---------------|
| Cost as of 12/31/2005 | 12,247 |
| Accumulated impairments as of 12/31/2005 | (224) |
| Carrying amount as of 12/31/2005 | 12,023 |
| | |
| Additions | 32 |
| Foreign currency translation adjustments | (255) |
| Carrying amount as of 6/30/2006 | 11,800 |
| | |
| Accumulated impairments as of 6/30/2006 | 224 |
| Cost as of 6/30/2006 | 12,024 |

Additions include goodwill from

- the acquisition of 100.0% interest in 1. Pensionssparkasse a.s., Bratislava,

- increasing the interest in Ann Arbor Annuity Exchange Inc., Ann Arbor, from 40.0% to 100.0%.

11 Financial liabilities carried at fair value through income

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|---|---------------------------------------|---|
| Financial liabilities held for trading | | |
| Obligations to deliver securities | 40,768 | 49,029 |
| Derivative financial instruments | 31,345 | 28,543 |
| Other trading liabilities | 9,917 | 8,820 |
| Subtotal | 82,030 | 86,392 |
| Financial liabilities designated at fair value through income | 767 | 450 |
| Total | 82,797 | 86,842 |

Table of Contents**12 Liabilities to banks and customers**

| | As of June 30, 2006 | | | As of December 31, 2005 | | |
|--|---------------------|-----------------|----------------|-------------------------|-----------------|----------------|
| | Banks mn | Customers mn | Total mn | Banks mn | Customers mn | Total mn |
| Payable on demand | 18,788 | 66,244 | 85,032 | 14,534 | 57,624 | 72,158 |
| Savings deposits | | 5,519 | 5,519 | | 5,608 | 5,608 |
| Term deposits and certificates of deposit | 71,873 | 46,315 | 118,188 | 73,189 | 45,968 | 119,157 |
| Repurchase agreements | 53,649 | 56,437 | 110,086 | 50,850 | 39,156 | 90,006 |
| Collateral received from securities lending transactions | 16,910 | 10,725 | 27,635 | 11,369 | 7,908 | 19,277 |
| Other | 725 | 2,300 | 3,025 | 2,015 | 2,095 | 4,110 |
| Total | 161,945 | 187,540 | 349,485 | 151,957 | 158,359 | 310,316 |

13 Reserves for loss and loss adjustment expenses

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|---------------------------|------------------------------|----------------------------------|
| Property-Casualty | 58,952 | 60,259 |
| Life/Health | 6,830 | 6,806 |
| Consolidation adjustments | (80) | (60) |
| Total | 65,702 | 67,005 |

Changes in the reserves for loss and loss adjustment expenses for the Property-Casualty segment for the six months ended June 30, 2006 and 2005, are as follows:

| | Gross mn | 2006 Ceded mn | Net mn | Gross mn | 2005 Ceded mn | Net mn |
|---|-----------------|---------------------|-----------------|-----------------|---------------------|-----------------|
| Reserves for loss and loss adjustment expenses as of 1/1/ | 60,259 | (10,604) | 49,655 | 55,693 | (10,192) | 45,501 |
| Loss and loss adjustment expenses incurred | | | | | | |
| Current year | 14,362 | (1,487) | 12,875 | 14,045 | (1,449) | 12,596 |
| Prior years | (840) | 237 | (603) | (634) | 222 | (412) |
| Subtotal | 13,522 | (1,250) | 12,272 | 13,411 | (1,227) | 12,184 |
| Loss and loss adjustment expenses paid | | | | | | |
| Current year | (4,464) | 170 | (4,294) | (4,360) | 237 | (4,123) |
| Prior years | (9,066) | 1,338 | (7,728) | (8,296) | 1,222 | (7,074) |
| Subtotal | (13,530) | 1,508 | (12,022) | (12,656) | 1,459 | (11,197) |
| Foreign currency translation adjustments and other | (1,299) | 398 | (901) | 1,783 | (512) | 1,271 |
| Reserves for loss and loss adjustment expenses as of 6/30/ | 58,952 | (9,948) | 49,004 | 58,231 | (10,472) | 47,759 |

Table of Contents**14 Reserves for insurance and investment contracts**

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|------------------------------|------------------------------|----------------------------------|
| Aggregate policy reserves | 253,089 | 249,530 |
| Reserves for premium refunds | 26,048 | 28,510 |
| Other insurance reserves | 712 | 789 |
| Total | 279,849 | 278,829 |

15 Other liabilities

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|--|------------------------------|----------------------------------|
| Payables arising from insurance and reinsurance contracts to | | |
| Policyholders | 5,581 | 6,295 |
| Agents | 1,521 | 1,764 |
| Reinsurers | 1,768 | 1,648 |
| Payables for social security | 239 | 176 |
| Subtotal | 9,109 | 9,883 |
| Tax payables | | |
| Income tax | 2,763 | 2,150 |
| Other | 1,130 | 1,004 |
| Subtotal | 3,893 | 3,154 |
| Interest and rent payable | 699 | 513 |
| Unearned income | | |
| Interest and rent | 2,417 | 2,257 |
| Other | 245 | 236 |
| Subtotal | 2,662 | 2,493 |
| Provisions | | |
| Pensions and similar obligations | 3,925 | 5,594 |
| Employee related | 2,359 | 2,737 |
| Share based compensation | 1,730 | 1,703 |
| Restructuring | 698 | 186 |
| Loan commitments | 117 | 117 |
| Other | 1,897 | 1,947 |
| Subtotal | 10,726 | 12,284 |
| Deposits retained for reinsurance ceded | 5,771 | 7,105 |
| Derivative financial instruments used for hedging purposes that meet the criteria for hedge accounting | 1,122 | 1,019 |
| Financial liabilities for puttable equity instruments | 3,666 | 3,137 |

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| | | |
|-------------------------------|---------------|---------------|
| Disposal groups held for sale | 1,263 | 1,389 |
| Other liabilities | 10,929 | 10,338 |
| Total | 49,840 | 51,315 |

Table of Contents**16 Certificated liabilities**

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|--------------------------|------------------------------|----------------------------------|
| Allianz AG ¹⁾ | | |
| Senior bonds | 4,709 | 4,781 |
| Exchangeable bonds | 1,484 | 2,326 |
| Money market securities | 1,450 | 1,131 |
| Subtotal | 7,643 | 8,238 |
| Banking subsidiaries | | |
| Senior bonds | 25,971 | 26,262 |
| Money market securities | 21,866 | 24,287 |
| Subtotal | 47,837 | 50,549 |
| All other subsidiaries | | |
| Certificated liabilities | 15 | 16 |
| Money market securities | 400 | 400 |
| Subtotal | 415 | 416 |
| Total | 55,895 | 59,203 |

¹⁾ Includes senior bonds, exchangeable bonds and money market securities issued by Allianz Finance B. V., Allianz Finance II B. V. guaranteed by Allianz AG and money market securities issued by Allianz Finance Corporation, a wholly-owned subsidiary of Allianz AG, which are fully and unconditionally guaranteed by Allianz AG.

17 Participation certificates and subordinated liabilities

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|----------------------------|------------------------------|----------------------------------|
| Allianz AG ¹⁾ | | |
| Subordinated bonds | 6,892 | 6,220 |
| Participation certificates | 85 | 85 |
| Subtotal | 6,977 | 6,305 |
| Banking subsidiaries | | |
| Subordinated liabilities | 3,931 | 4,273 |
| Hybrid equity | 1,548 | 1,614 |
| Participation certificates | 1,506 | 1,517 |
| Subtotal | 6,985 | 7,404 |
| All other subsidiaries | | |
| Subordinated liabilities | 905 | 930 |
| Hybrid equity | 45 | 45 |

| | | |
|-----------------|---------------|---------------|
| Subtotal | 950 | 975 |
| Total | 14,912 | 14,684 |

¹⁾ Includes subordinated bonds issued by Allianz Finance B.V. and Allianz Finance II B.V. and guaranteed by Allianz AG.

18 Equity

| | As of June 30, 2006 mn | As of December 31, 2005 mn |
|--|------------------------------|----------------------------------|
| Shareholders' equity | | |
| Issued capital | 1,039 | 1,039 |
| Capital reserve | 20,577 | 20,577 |
| Revenue reserves | 12,855 | 9,930 |
| Treasury shares | (76) | (1,351) |
| Foreign currency translation adjustments | (1,930) | (1,032) |
| Unrealized gains and losses (net) | 7,858 | 10,324 |
| Subtotal | 40,323 | 39,487 |
| Minority interests | 7,006 | 7,615 |
| Total | 47,329 | 47,102 |

Table of Contents**Supplementary Information to the Consolidated Income Statements****19 Premiums earned (net)**

| Three months ended June 30, | 2006 | | | 2005 | | | | |
|------------------------------------|-------------------------|-------------------|------------------------------------|------------------------|-------------------------|-------------------|------------------------------------|------------------------|
| | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Allianz Group mn | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Allianz Group mn |
| Premiums written | | | | | | | | |
| Direct | 9,036 | 4,932 | | 13,968 | 8,983 | 4,689 | | 13,672 |
| Assumed | 646 | 121 | 1 | 768 | 614 | 149 | (5) | 758 |
| Subtotal | 9,682 | 5,053 | 1 | 14,736 | 9,597 | 4,838 | (5) | 14,430 |
| Ceded | (1,230) | (208) | (1) | (1,439) | (1,161) | (208) | 5 | (1,364) |
| Net | 8,452 | 4,845 | | 13,297 | 8,436 | 4,630 | | 13,066 |
| Change in unearned premiums | | | | | | | | |
| Direct | 1,000 | (16) | | 984 | 979 | (22) | | 957 |
| Assumed | 67 | (14) | | 53 | 15 | (2) | 1 | 14 |
| Subtotal | 1,067 | (30) | | 1,037 | 994 | (24) | 1 | 971 |
| Ceded | (161) | 1 | | (160) | (44) | (1) | (1) | (46) |
| Net | 906 | (29) | | 877 | 950 | (25) | | 925 |
| Premiums earned | | | | | | | | |
| Direct | 10,036 | 4,916 | | 14,952 | 9,962 | 4,667 | | 14,629 |
| Assumed | 713 | 107 | 1 | 821 | 629 | 147 | (4) | 772 |
| Subtotal | 10,749 | 5,023 | 1 | 15,773 | 10,591 | 4,814 | (4) | 15,401 |
| Ceded | (1,391) | (207) | (1) | (1,599) | (1,205) | (209) | 4 | (1,410) |
| Net | 9,358 | 4,816 | | 14,174 | 9,386 | 4,605 | | 13,991 |

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| Six months ended June 30, | 2006 | | | | 2005 | | | |
|------------------------------------|-------------------------|-------------------|------------------------------------|------------------------|-------------------------|-------------------|------------------------------------|------------------------|
| | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Allianz Group mn | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Allianz Group mn |
| Premiums written | | | | | | | | |
| Direct | 22,507 | 10,204 | | 32,711 | 22,299 | 10,020 | | 32,319 |
| Assumed | 1,324 | 193 | (4) | 1,513 | 1,441 | 241 | (12) | 1,670 |
| Subtotal | 23,831 | 10,397 | (4) | 34,224 | 23,740 | 10,261 | (12) | 33,989 |
| Ceded | (2,942) | (398) | 4 | (3,336) | (2,859) | (435) | 12 | (3,282) |
| Net | 20,889 | 9,999 | | 30,888 | 20,881 | 9,826 | | 30,707 |
| Change in unearned premiums | | | | | | | | |
| Direct | (2,532) | (77) | | (2,609) | (2,630) | (51) | | (2,681) |
| Assumed | 4 | (11) | | (7) | (141) | (3) | 1 | (143) |
| Subtotal | (2,528) | (88) | | (2,616) | (2,771) | (54) | 1 | (2,824) |
| Ceded | 338 | 1 | | 339 | 416 | | (1) | 415 |
| Net | (2,190) | (87) | | (2,277) | (2,355) | (54) | | (2,409) |
| Premiums earned | | | | | | | | |
| Direct | 19,975 | 10,127 | | 30,102 | 19,669 | 9,969 | | 29,638 |
| Assumed | 1,328 | 182 | (4) | 1,506 | 1,300 | 238 | (11) | 1,527 |
| Subtotal | 21,303 | 10,309 | (4) | 31,608 | 20,969 | 10,207 | (11) | 31,165 |
| Ceded | (2,604) | (397) | 4 | (2,997) | (2,443) | (435) | 11 | (2,867) |
| Net | 18,699 | 9,912 | | 28,611 | 18,526 | 9,772 | | 28,298 |

Table of Contents**20 Interest and similar income**

| | Three months ended | | Six months ended | |
|---|--------------------|--------------|------------------|---------------|
| | June 30, | | June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Interest from held-to-maturity investments | 57 | 57 | 117 | 126 |
| Dividends from available-for-sale investments | 1,258 | 881 | 1,531 | 1,074 |
| Interest from available-for-sale investments | 2,336 | 2,102 | 4,553 | 4,140 |
| Share of earnings from investments in associates and joint ventures | 48 | 71 | 122 | 147 |
| Rent from real estate held for investment | 260 | 306 | 487 | 545 |
| Interest from loans to banks and customers | 2,570 | 2,877 | 5,377 | 5,349 |
| Other | 47 | 44 | 80 | 81 |
| Total | 6,576 | 6,338 | 12,267 | 11,462 |

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

| Three months ended June 30, | Property- Casualty | | Life/ Health | | Banking | | Asset Management | | Corporate | | Consolidation adjustments | | Allianz Group | |
|---|--------------------|-----------|--------------|-------------|------------|------------|------------------|------|-------------|--------------|---------------------------|------|---------------|------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn | mn | mn | mn | mn | mn | mn | mn | mn | mn | mn |
| Income from financial assets and liabilities held for trading | (1) | (6) | (110) | (299) | 308 | 135 | | | (56) | (149) | 5 | | 146 | (319) |
| Income from financial assets designated at fair value through income | 6 | 92 | (198) | 500 | 25 | 30 | (188) | 56 | | | | | (355) | 678 |
| Expense from financial liabilities designated at fair value through income | | 1 | (1) | | (7) | (25) | | | | | 1 | | (7) | (24) |
| Income (expense) from financial liabilities for puttable equity instruments (net) | | (58) | 93 | (228) | | | 186 | (56) | | | | | 279 | (342) |
| Total | 5 | 29 | (216) | (27) | 326 | 140 | (2) | | (56) | (149) | 6 | | 63 | (7) |

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| Six months ended June 30, | Property- Casualty | | Life/ Health | | Banking | | Asset Management | | Corporate | | Consolidation adjustments | | Allianz Group | |
|---|--------------------|-----------|--------------|------------|------------|------------|------------------|----------|--------------|--------------|---------------------------|------------|---------------|------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn | mn | mn | mn | mn | mn | mn | mn | mn | mn | mn |
| Income from financial assets and liabilities held for trading | 3 | (2) | (128) | (352) | 795 | 582 | 3 | 4 | (152) | (153) | 26 | (1) | 547 | 78 |
| Income from financial assets designated at fair value through income | 50 | 104 | (44) | 536 | 46 | 43 | (152) | 57 | | | | | (100) | 740 |
| Expense from financial liabilities designated at fair value through income | (1) | | (1) | | (25) | (47) | | | | | 1 | | (26) | (47) |
| Income (expense) from financial liabilities for puttable equity instruments (net) | (7) | (47) | (12) | (188) | | | 161 | (56) | | | | | 142 | (291) |
| Total | 45 | 55 | (185) | (4) | 816 | 578 | 12 | 5 | (152) | (153) | 27 | (1) | 563 | 480 |

Income from financial assets and liabilities held for trading (net)**Life/Health Segment**

Income from financial assets and liabilities held for trading for the six months ended June 30, 2006, includes expenses of 128 mn (2005: 352 mn) from derivative financial instruments used by the Life/Health insurance segment. This includes expenses from derivative financial instruments related to equity indexed annuity contracts and guaranteed benefits under unit-linked contracts of 100 mn (2005: 290 mn) and expenses from other derivative financial instruments of 28 mn (2005: 62 mn).

Banking Segment

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

| | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|------------|---------------------------|------------|
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Trading in interest products | 65 | (56) | 307 | 155 |
| Trading in equity products | 107 | (77) | 243 | (5) |
| Foreign exchange/precious metals trading | 137 | 65 | 247 | 124 |
| Other trading activities | (1) | 203 | (2) | 308 |
| Total | 308 | 135 | 795 | 582 |

Corporate Segment

Income from financial assets and liabilities held for trading for the six months ended June 30, 2006, includes expenses of 152 mn (2005: 153 mn) from derivative financial instruments used by the Corporate segment for which hedge accounting is not applied. This includes expenses from derivative financial instruments embedded in exchangeable bonds of 215 mn (2005: 214 mn), income from derivative financial instruments which economically hedge the exchangeable bonds, however which do not qualify for hedge accounting, of 195 mn (2005: 89 mn), and expenses from other derivative financial instruments of 132 mn (2005: 28 mn).

Table of Contents**22 Realized gains/losses (net)**

| | Three months ended | | Six months ended | |
|--|--------------------|--------------|------------------|--------------|
| | June 30, | | June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Realized gains | | | | |
| Available-for-sale investments | | | | |
| Equity securities | 2,285 | 549 | 3,803 | 1,736 |
| Debt securities | 147 | 269 | 371 | 585 |
| Subtotal | 2,432 | 818 | 4,174 | 2,321 |
| Investments in associates and joint ventures ¹⁾ | 126 | 174 | 267 | 863 |
| Loans to banks and customers | 3 | 17 | 30 | 88 |
| Real estate held for investment | 309 | 72 | 483 | 150 |
| Subtotal | 2,870 | 1,081 | 4,954 | 3,422 |
| Realized losses | | | | |
| Available-for-sale investments | | | | |
| Equity securities | (132) | (101) | (204) | (143) |
| Debt securities | (376) | (116) | (466) | (179) |
| Subtotal | (508) | (217) | (670) | (322) |
| Investments in associates and joint ventures ²⁾ | (5) | (4) | (8) | (10) |
| Loans to banks and customers | (11) | (14) | (17) | (19) |
| Real estate held for investment | (9) | (4) | (27) | (10) |
| Subtotal | (533) | (239) | (722) | (361) |
| Total | 2,337 | 842 | 4,232 | 3,061 |

¹⁾ During the three and six months ended June 30, 2006, includes realized gains from the disposal of subsidiaries and businesses of 5 mn (2005: 72 mn) and 50 mn (2005: 77 mn) respectively.

²⁾ During the three and six months ended June 30, 2006, includes realized losses from the disposal of subsidiaries of 1 mn (2005: 2 mn) and 1 mn (2005: 6 mn) respectively.

Table of Contents**23 Fee and commission income**

Three months ended June 30,

| | Segment mn | 2006 Consolidation adjustments mn | Allianz Group mn | Segment mn | 2005 Consolidation adjustments mn | Allianz Group mn |
|--|---------------|--|------------------------|---------------|--|------------------------|
| Property-Casualty | | | | | | |
| Fees from credit and assistance business | 159 | | 159 | 139 | | 139 |
| Service agreements | 102 | (12) | 90 | 128 | (17) | 111 |
| Investment advisory | 4 | | 4 | 3 | | 3 |
| Subtotal | 265 | (12) | 253 | 270 | (17) | 253 |
| Life/Health | | | | | | |
| Service agreements | 52 | (27) | 25 | 37 | (15) | 22 |
| Investment advisory | 97 | | 97 | 72 | | 72 |
| Other | 13 | (3) | 10 | 5 | (3) | 2 |
| Subtotal | 162 | (30) | 132 | 114 | (18) | 96 |
| Banking | | | | | | |
| Securities business | 347 | (49) | 298 | 336 | (36) | 300 |
| Investment advisory | 156 | (40) | 116 | 133 | (35) | 98 |
| Payment transactions | 92 | (1) | 91 | 96 | (1) | 95 |
| Mergers and acquisitions advisory | 59 | | 59 | 97 | | 97 |
| Underwriting business (new issues) | 40 | | 40 | 14 | | 14 |
| Other | 174 | (12) | 162 | 190 | (5) | 185 |
| Subtotal | 868 | (102) | 766 | 866 | (77) | 789 |
| Asset Management | | | | | | |
| Management fees | 836 | (32) | 804 | 719 | (27) | 692 |
| Loading and exit fees | 88 | | 88 | 82 | | 82 |
| Performance fees | 9 | | 9 | 12 | | 12 |
| Other | 97 | | 97 | 69 | | 69 |
| Subtotal | 1,030 | (32) | 998 | 882 | (27) | 855 |
| Corporate | | | | | | |
| Service agreements ¹⁾ | 190 | (25) | 165 | 174 | (22) | 152 |
| Subtotal | 190 | (25) | 165 | 174 | (22) | 152 |
| Total | 2,515 | (201) | 2,314 | 2,306 | (161) | 2,145 |

¹⁾ Includes fee revenue from Four Seasons Health Care Ltd., Wilmslow and Bettercare Group Limited, Kingston upon Thames of 152 mn and 143 mn for the three months ended June 30, 2006 and 2005, respectively.

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Six months ended June 30,

| | Segment mn | 2006 Consolidation adjustments mn | Allianz Group mn | Segment mn | 2005 Consolidation adjustments mn | Allianz Group mn |
|--|---------------|--|------------------------|---------------|--|------------------------|
| Property-Casualty | | | | | | |
| Fees from credit and assistance business | 333 | | 333 | 271 | | 271 |
| Service agreements | 177 | (22) | 155 | 210 | (35) | 175 |
| Investment advisory | 7 | | 7 | 5 | | 5 |
| Subtotal | 517 | (22) | 495 | 486 | (35) | 451 |
| Life/Health | | | | | | |
| Service agreements | 89 | (48) | 41 | 76 | (35) | 41 |
| Investment advisory | 184 | | 184 | 121 | | 121 |
| Other | 18 | (6) | 12 | 9 | (5) | 4 |
| Subtotal | 291 | (54) | 237 | 206 | (40) | 166 |
| Banking | | | | | | |
| Securities business | 812 | (96) | 716 | 732 | (76) | 656 |
| Investment advisory | 308 | (80) | 228 | 259 | (63) | 196 |
| Payment transactions | 183 | (1) | 182 | 189 | (1) | 188 |
| Mergers and acquisitions advisory | 124 | | 124 | 127 | | 127 |
| Underwriting business (new issues) | 75 | | 75 | 35 | | 35 |
| Other | 358 | (38) | 320 | 347 | (8) | 339 |
| Subtotal | 1,860 | (215) | 1,645 | 1,689 | (148) | 1,541 |
| Asset Management | | | | | | |
| Management fees | 1,677 | (53) | 1,624 | 1,377 | (49) | 1,328 |
| Loading and exit fees | 181 | | 181 | 160 | | 160 |
| Performance fees | 25 | | 25 | 21 | | 21 |
| Other | 178 | (3) | 175 | 129 | (1) | 128 |
| Subtotal | 2,061 | (56) | 2,005 | 1,687 | (50) | 1,637 |
| Corporate | | | | | | |
| Service agreements ¹⁾ | 382 | (47) | 335 | 334 | (46) | 288 |
| Subtotal | 382 | (47) | 335 | 334 | (46) | 288 |
| Total | 5,111 | (394) | 4,717 | 4,402 | (319) | 4,083 |

¹⁾ Includes fee revenue from Four Seasons Health Care Ltd., Wilmslow and Bettercare Group Limited, Kingston upon Thames of 303 mn and 267 mn for the six months ended June 30, 2006 and 2005, respectively.

Table of Contents**24 Other income**

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|-----------|------------------------------|-----------|
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Income from real estate held for use | | | | |
| Realized gains from disposals of real estate held for use | 16 | 14 | 51 | 16 |
| Other income from real estate held for use | (2) | 6 | 2 | 13 |
| Subtotal | 14 | 20 | 53 | 29 |
| Income from non-current assets and disposal groups held for sale | 1 | 7 | 1 | 10 |
| Other | 2 | 8 | 2 | 9 |
| Total | 17 | 35 | 56 | 48 |

25 Claims and insurance benefits incurred (net)

| Three months ended June 30, | 2006 | | | | 2005 | | | |
|---|-----------------------------|-----------------------|------------------------------------|------------------------|-----------------------------|-----------------------|------------------------------------|------------------------|
| | Property- Casualty mn | Life/ Health mn | Consolidation adjustments mn | Allianz Group mn | Property- Casualty mn | Life/ Health mn | Consolidation adjustments mn | Allianz Group mn |
| Gross | | | | | | | | |
| Claims and insurance benefits paid | (6,270) | (4,220) | 9 | (10,481) | (6,427) | (4,326) | (3) | (10,756) |
| Change in reserves for loss and loss adjustment expenses | (284) | (73) | (1) | (358) | (272) | (66) | (3) | (341) |
| Subtotal | (6,554) | (4,293) | 8 | (10,839) | (6,699) | (4,392) | (6) | (11,097) |
| Ceded | | | | | | | | |
| Claims and insurance benefits paid | 512 | 180 | (9) | 683 | 639 | 230 | 3 | 872 |
| Change in reserves for loss and loss adjustment expenses | (48) | 10 | 1 | (37) | (84) | 30 | 3 | (51) |
| Subtotal | 464 | 190 | (8) | 646 | 555 | 260 | 6 | 821 |
| Net | | | | | | | | |
| Claims and insurance benefits paid | (5,758) | (4,040) | | (9,798) | (5,788) | (4,096) | | (9,884) |
| Change in reserves for loss and loss adjustment expenses | (332) | (63) | | (395) | (356) | (36) | | (392) |
| Total | (6,090) | (4,103) | | (10,193) | (6,144) | (4,132) | | (10,276) |

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| Six months ended June 30, | 2006 | | | | 2005 | | | |
|--|-------------------------|-------------------|------------------------------------|------------------------|-------------------------|-------------------|------------------------------------|------------------------|
| | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Allianz Group mn | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Allianz Group mn |
| Gross | | | | | | | | |
| Claims and insurance benefits paid | (13,530) | (9,176) | 13 | (22,693) | (12,656) | (9,410) | (3) | (22,069) |
| Change in reserves for loss and loss adjustment expenses | 8 | 13 | (2) | 19 | (755) | 49 | (3) | (709) |
| Subtotal | (13,522) | (9,163) | 11 | (22,674) | (13,411) | (9,361) | (6) | (22,778) |
| Ceded | | | | | | | | |
| Claims and insurance benefits paid | 1,508 | 356 | (13) | 1,851 | 1,459 | 459 | 3 | 1,921 |
| Change in reserves for loss and loss adjustment expenses | (258) | 11 | 2 | (245) | (232) | 48 | 3 | (181) |
| Subtotal | 1,250 | 367 | (11) | 1,606 | 1,227 | 507 | 6 | 1,740 |
| Net | | | | | | | | |
| Claims and insurance benefits paid | (12,022) | (8,820) | | (20,842) | (11,197) | (8,951) | | (20,148) |
| Change in reserves for loss and loss adjustment expenses | (250) | 24 | | (226) | (987) | 97 | | (890) |
| Total | (12,272) | (8,796) | | (21,068) | (12,184) | (8,854) | | (21,038) |

26 Changes in reserves for insurance and investment contracts (net)

| Three months ended June 30, | 2006 | | | | 2005 | | | |
|------------------------------|-------------------------|-------------------|------------------------------------|------------------------|-------------------------|-------------------|------------------------------------|------------------------|
| | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Allianz Group mn | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Allianz Group mn |
| Gross | | | | | | | | |
| Aggregate policy reserves | (109) | (948) | | (1,057) | (62) | (934) | | (996) |
| Other insurance reserves | 7 | (23) | | (16) | (11) | 4 | | (7) |
| Expenses for premium refunds | (38) | (1,950) | (287) | (2,275) | (170) | (1,396) | (10) | (1,576) |
| Subtotal | (140) | (2,921) | (287) | (3,348) | (243) | (2,326) | (10) | (2,579) |
| Ceded | | | | | | | | |
| Aggregate policy reserves | 11 | (33) | | (22) | 8 | (15) | | (7) |
| Other insurance reserves | 4 | | | 4 | 13 | (1) | | 12 |
| Expenses for premium refunds | 4 | 4 | | 8 | 11 | 5 | | 16 |
| Subtotal | 19 | (29) | | (10) | 32 | (11) | | 21 |
| Net | | | | | | | | |
| Aggregate policy reserves | (98) | (981) | | (1,079) | (54) | (949) | | (1,003) |
| Other insurance reserves | 11 | (23) | | (12) | 2 | 3 | | 5 |
| Expenses for premium refunds | (34) | (1,946) | (287) | (2,267) | (159) | (1,391) | (10) | (1,560) |
| Total | (121) | (2,950) | (287) | (3,358) | (211) | (2,337) | (10) | (2,558) |

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| Six months ended June 30, | 2006 | | | | 2005 | | | |
|------------------------------|-------------------------|-------------------|------------------------------------|------------------------|-------------------------|-------------------|------------------------------------|------------------------|
| | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Allianz Group mn | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Allianz Group mn |
| Gross | | | | | | | | |
| Aggregate policy reserves | (168) | (1,531) | | (1,699) | (121) | (2,180) | | (2,301) |
| Other insurance reserves | 15 | (40) | | (25) | (11) | 8 | | (3) |
| Expenses for premium refunds | (66) | (4,051) | (279) | (4,396) | (242) | (3,303) | (25) | (3,570) |
| Subtotal | (219) | (5,622) | (279) | (6,120) | (374) | (5,475) | (25) | (5,874) |
| Ceded | | | | | | | | |
| Aggregate policy reserves | 17 | 10 | | 27 | 13 | (19) | | (6) |
| Other insurance reserves | 3 | 5 | | 8 | 11 | 4 | | 15 |
| Expenses for premium refunds | 6 | 9 | | 15 | 16 | 10 | | 26 |
| Subtotal | 26 | 24 | | 50 | 40 | (5) | | 35 |
| Net | | | | | | | | |
| Aggregate policy reserves | (151) | (1,521) | | (1,672) | (108) | (2,199) | | (2,307) |
| Other insurance reserves | 18 | (35) | | (17) | | 12 | | 12 |
| Expenses for premium refunds | (60) | (4,042) | (279) | (4,381) | (226) | (3,293) | (25) | (3,544) |
| Total | (193) | (5,598) | (279) | (6,070) | (334) | (5,480) | (25) | (5,839) |

27 Interest expense

| | Six months | | | |
|---|--------------------------------|----------------|----------------|----------------|
| | Three months ended June 30, | | ended June 30, | |
| | 2006 mn | 2005 mn | 2006 mn | 2005 mn |
| Liabilities to banks and customers | (478) | (685) | (1,224) | (1,190) |
| Deposits retained on reinsurance ceded | (32) | (67) | (65) | (140) |
| Certificated liabilities | (370) | (534) | (817) | (1,080) |
| Participating certificates and subordinated liabilities | (184) | (201) | (361) | (401) |
| Other | (235) | (440) | (432) | (508) |
| Total | (1,299) | (1,927) | (2,899) | (3,319) |

28 Loan loss provisions

| | Six months | | | |
|--|--------------------------------|------------|----------------|-------------|
| | Three months ended June 30, | | ended June 30, | |
| | 2006 mn | 2005 mn | 2006 mn | 2005 mn |
| Additions to allowances including direct impairments | (115) | (246) | (235) | (569) |
| Amounts released | 54 | 275 | 154 | 492 |
| Recoveries on loans previously impaired | 53 | 21 | 105 | 33 |
| Total | (8) | 50 | 24 | (44) |

Table of Contents**29 Impairments of investments (net)**

| | Three months ended | | Six months ended | |
|--|--------------------|-------------|------------------|--------------|
| | June 30, | | June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Impairments | | | | |
| Available-for-sale investments | | | | |
| Equity securities | (265) | (58) | (312) | (92) |
| Debt securities | (24) | (6) | (26) | (6) |
| Subtotal | (289) | (64) | (338) | (98) |
| Held-to-maturity investments | | | | (1) |
| Investments in associates and joint ventures | | (1) | (6) | (39) |
| Real estate held for investment | (96) | (12) | (97) | (45) |
| Subtotal | (385) | (77) | (441) | (183) |
| Reversals of impairments | | | | |
| Available-for-sale investments | | | | |
| Debt securities | | (2) | 1 | 1 |
| Subtotal | | (2) | 1 | 1 |
| Held-to-maturity investments | 1 | 2 | 1 | 2 |
| Real estate held for investment | 77 | | 77 | |
| Subtotal | 78 | | 79 | 3 |
| Total | (307) | (77) | (362) | (180) |

30 Investment expenses

| | Three months ended | | Six months ended | |
|---|--------------------|--------------|------------------|--------------|
| | June 30, | | June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Investment management expenses | (132) | (87) | (215) | (176) |
| Depreciation from real estate held for investment | (54) | (68) | (112) | (132) |
| Other expenses from real estate held for investment | (54) | (76) | (107) | (120) |
| Foreign currency gains and losses (net) | | | | |
| Foreign currency gains | 209 | 245 | 351 | 397 |
| Foreign currency losses | (268) | (233) | (399) | (487) |
| Subtotal | (59) | 12 | (48) | (90) |
| Total | (299) | (219) | (482) | (518) |

Table of Contents**31 Acquisition and administrative expenses (net)**

Three months ended June 30,

| | Segment mn | 2006 Consolidation adjustments mn | Allianz Group mn | Segment mn | 2005 Consolidation adjustments mn | Allianz Group mn |
|---|----------------|--|------------------------|----------------|--|------------------------|
| Property-Casualty | | | | | | |
| Acquisition costs | | | | | | |
| Incurred | (1,564) | | (1,564) | (1,619) | | (1,619) |
| Commissions and profit received on reinsurance business ceded | 211 | | 211 | 238 | | 238 |
| Deferrals of acquisition costs | 786 | | 786 | 389 | | 389 |
| Amortization of deferred acquisition costs | (825) | | (825) | (433) | | (433) |
| Subtotal | (1,392) | | (1,392) | (1,425) | | (1,425) |
| Administrative expenses | (1,119) | 5 | (1,114) | (1,071) | (45) | (1,116) |
| Subtotal | (2,511) | 5 | (2,506) | (2,496) | (45) | (2,541) |
| Life/Health | | | | | | |
| Acquisition costs | | | | | | |
| Incurred | (1,004) | | (1,004) | (930) | | (930) |
| Commissions and profit received on reinsurance business ceded | 29 | | 29 | 36 | | 36 |
| Deferrals of acquisition costs | 621 | | 621 | 595 | | 595 |
| Amortization of deferred acquisition costs | (418) | | (418) | (304) | | (304) |
| Subtotal | (772) | | (772) | (603) | | (603) |
| Administrative expenses | (381) | (1) | (382) | (446) | 41 | (405) |
| Subtotal | (1,153) | (1) | (1,154) | (1,049) | 41 | (1,008) |
| Banking | | | | | | |
| Personnel expenses | (912) | | (912) | (632) | | (632) |
| Non-personnel expenses | (524) | 20 | (504) | (577) | 15 | (562) |
| Subtotal | (1,436) | 20 | (1,416) | (1,209) | 15 | (1,194) |
| Asset Management | | | | | | |
| Personnel expenses | (400) | | (400) | (418) | | (418) |
| Non-personnel expenses | (161) | 1 | (160) | (151) | 9 | (142) |
| Subtotal | (561) | 1 | (560) | (569) | 9 | (560) |
| Corporate | | | | | | |
| Administrative expenses | (167) | 12 | (155) | (96) | (8) | (104) |
| Subtotal | (167) | 12 | (155) | (96) | (8) | (104) |
| Total | (5,828) | 37 | (5,791) | (5,419) | 12 | (5,407) |

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Six months ended June 30,

| | Segment mn | 2006 Consolidation adjustments mn | Allianz Group mn | Segment mn | 2005 Consolidation adjustments mn | Allianz Group mn |
|---|-----------------|--|------------------------|-----------------|--|------------------------|
| Property-Casualty | | | | | | |
| Acquisition costs | | | | | | |
| Incurring | (3,465) | | (3,465) | (3,527) | | (3,527) |
| Commissions and profit received on reinsurance business ceded | 379 | | 379 | 467 | | 467 |
| Deferrals of acquisition costs | 1,964 | | 1,964 | 1,386 | | 1,386 |
| Amortization of deferred acquisition costs | (1,777) | | (1,777) | (1,158) | | (1,158) |
| Subtotal | (2,899) | | (2,899) | (2,832) | | (2,832) |
| Administrative expenses | (2,275) | 26 | (2,249) | (2,216) | (42) | (2,258) |
| Subtotal | (5,174) | 26 | (5,148) | (5,048) | (42) | (5,090) |
| Life/Health | | | | | | |
| Acquisition costs | | | | | | |
| Incurring | (1,984) | | (1,984) | (1,850) | | (1,850) |
| Commissions and profit received on reinsurance business ceded | 55 | | 55 | 59 | | 59 |
| Deferrals of acquisition costs | 1,429 | | 1,429 | 1,299 | | 1,299 |
| Amortization of deferred acquisition costs | (942) | | (942) | (541) | | (541) |
| Subtotal | (1,442) | | (1,442) | (1,033) | | (1,033) |
| Administrative expenses | (753) | 9 | (744) | (825) | 43 | (782) |
| Subtotal | (2,195) | 9 | (2,186) | (1,858) | 43 | (1,815) |
| Banking | | | | | | |
| Personnel expenses | | | | | | |
| Personnel expenses | (1,822) | | (1,822) | (1,461) | | (1,461) |
| Non-personnel expenses | (1,042) | 30 | (1,012) | (1,114) | 31 | (1,083) |
| Subtotal | (2,864) | 30 | (2,834) | (2,575) | 31 | (2,544) |
| Asset Management | | | | | | |
| Personnel expenses | | | | | | |
| Personnel expenses | (827) | | (827) | (778) | | (778) |
| Non-personnel expenses | (319) | 1 | (318) | (263) | 9 | (254) |
| Subtotal | (1,146) | 1 | (1,145) | (1,041) | 9 | (1,032) |
| Corporate | | | | | | |
| Administrative expenses | | | | | | |
| Administrative expenses | (323) | 2 | (321) | (217) | 1 | (216) |
| Subtotal | (323) | 2 | (321) | (217) | 1 | (216) |
| Total | (11,702) | 68 | (11,634) | (10,739) | 42 | (10,697) |

Table of Contents**32 Fee and commission expenses**

Three months ended June 30,

| | Segment mn | 2006 Consolidation adjustments mn | Allianz Group mn | Segment mn | 2005 Consolidation adjustments mn | Allianz Group mn |
|--|---------------|--|------------------------|---------------|--|------------------------|
| Property-Casualty | | | | | | |
| Fees from credit and assistance business | (115) | 2 | (113) | (125) | 2 | (123) |
| Service agreements | (89) | 6 | (83) | (48) | | (48) |
| Investment advisory | (1) | 1 | | (2) | 1 | (1) |
| Subtotal | (205) | 9 | (196) | (175) | 3 | (172) |
| Life/Health | | | | | | |
| Service agreements | (42) | 15 | (27) | (32) | 7 | (25) |
| Investment advisory | (28) | | (28) | | | |
| Subtotal | (70) | 15 | (55) | (32) | 7 | (25) |
| Banking | | | | | | |
| Securities business | (33) | | (33) | (24) | | (24) |
| Investment advisory | (46) | 2 | (44) | (45) | 1 | (44) |
| Payment transactions | (6) | | (6) | (5) | | (5) |
| Mergers and acquisitions advisory | (8) | | (8) | (17) | | (17) |
| Underwriting business (new issues) | (1) | | (1) | | | |
| Other | (46) | 17 | (29) | (80) | 5 | (75) |
| Subtotal | (140) | 19 | (121) | (171) | 6 | (165) |
| Asset Management | | | | | | |
| Commissions | (225) | 100 | (125) | (192) | 80 | (112) |
| Other | (93) | | (93) | (66) | | (66) |
| Subtotal | (318) | 100 | (218) | (258) | 80 | (178) |
| Corporate | | | | | | |
| Service agreements ¹⁾ | (131) | 2 | (129) | (155) | 4 | (151) |
| Subtotal | (131) | 2 | (129) | (155) | 4 | (151) |
| Total | (864) | 145 | (719) | (791) | 100 | (691) |

¹⁾ Includes fee expenses from Four Seasons Health Care Ltd., Wilmslow and Bettercare Group Limited, Kingston upon Thames of 112 mn and 132 mn for the three months ended June 30, 2006 and 2005, respectively.

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Six months ended June 30,

| | Segment mn | 2006 Consolidation adjustments mn | Allianz Group mn | Segment mn | 2005 Consolidation adjustments mn | Allianz Group mn |
|--|----------------|--|------------------------|----------------|--|------------------------|
| Property-Casualty | | | | | | |
| Fees from credit and assistance business | (244) | | (244) | (240) | | (240) |
| Service agreements | (128) | 11 | (117) | (89) | 5 | (84) |
| Investment advisory | (3) | 2 | (1) | (3) | 1 | (2) |
| Subtotal | (375) | 13 | (362) | (332) | 6 | (326) |
| Life/Health | | | | | | |
| Service agreements | (67) | 21 | (46) | (62) | 15 | (47) |
| Investment advisory | (53) | | (53) | | | |
| Subtotal | (120) | 21 | (99) | (62) | 15 | (47) |
| Banking | | | | | | |
| Securities business | (66) | | (66) | (53) | | (53) |
| Investment advisory | (96) | 4 | (92) | (81) | 2 | (79) |
| Payment transactions | (11) | | (11) | (10) | | (10) |
| Mergers and acquisitions advisory | (17) | | (17) | (25) | | (25) |
| Underwriting business (new issues) | (2) | | (2) | | | |
| Other | (108) | 34 | (74) | (123) | 8 | (115) |
| Subtotal | (300) | 38 | (262) | (292) | 10 | (282) |
| Asset Management | | | | | | |
| Commissions | (451) | 207 | (244) | (381) | 162 | (219) |
| Other | (181) | 1 | (180) | (126) | 2 | (124) |
| Subtotal | (632) | 208 | (424) | (507) | 164 | (343) |
| Corporate | | | | | | |
| Service agreements ¹⁾ | (264) | 4 | (260) | (265) | 5 | (260) |
| Subtotal | (264) | 4 | (260) | (265) | 5 | (260) |
| Total | (1,691) | 284 | (1,407) | (1,458) | 200 | (1,258) |

¹⁾ Includes fee expenses from Four Seasons Health Care Ltd., Wilmslow and Bettercare Group Limited, Kingston upon Thames of 222 mn and 223 mn for the six months ended June 30, 2006 and 2005, respectively.

Table of Contents**33 Other expenses**

| | Three months | | Six months | |
|--|------------------------|-------------|------------------------|-------------|
| | ended June 30, 2006 | 2005 | ended June 30, 2006 | 2005 |
| | mn | mn | mn | mn |
| Expenses from real estate held for use | | | | |
| Realized losses from disposals of real estate held for use | (2) | (1) | (2) | (1) |
| Depreciation of real estate held for use | | (5) | (1) | (7) |
| Subtotal | (2) | (6) | (3) | (8) |
| Other | 14 | (18) | 14 | (18) |
| Total | 12 | (24) | 11 | (26) |

34 Income taxes

| | Three months | | Six months ended | |
|--------------------------------------|------------------------|--------------|------------------|--------------|
| | ended June 30, 2006 | 2005 | June 30, 2006 | 2005 |
| | mn | mn | mn | mn |
| Current income tax expense | (451) | (439) | (1,109) | (941) |
| Deferred income tax income/(expense) | 94 | 34 | (147) | (49) |
| Total | (357) | (405) | (1,256) | (990) |

35 Earnings per share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the effect of dilutive securities. Dilutive securities include participation certificates issued by Allianz AG which can potentially be converted to Allianz shares, warrants issued by Allianz AG, share-based compensation plans, and derivatives on own shares.

| | Three months | | Six months | |
|---|------------------------|--------------------|------------------------|--------------------|
| | ended June 30, 2006 | 2005 | ended June 30, 2006 | 2005 |
| | mn | mn | mn | mn |
| Numerator for basic earnings per share (net income) | 2,279 | 1,390 | 4,058 | 2,714 |
| Effect of dilutive securities | (7) | | (3) | |
| Numerator for diluted earnings per share (net income after assumed conversion) | 2,272 | 1,390 | 4,055 | 2,714 |
| Denominator for basic earnings per share (weighted-average shares) | 405,326,745 | 385,219,969 | 405,096,498 | 381,821,420 |
| Dilutive securities: | | | | |

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| | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Participation certificates | 1,469,443 | 1,469,443 | 1,469,443 | 1,469,443 |
| Warrants | 596,450 | 397,978 | 637,669 | 260,561 |
| Share-based compensation plans | 794,767 | 439,654 | 799,490 | 541,591 |
| Derivatives on own shares | 4,321,217 | | 4,617,832 | |
| Subtotal | 7,181,877 | 2,307,075 | 7,524,434 | 2,271,595 |
| Denominator for diluted earnings per share (weighted-average shares after assumed conversion) | 412,508,622 | 387,527,044 | 412,620,932 | 384,093,015 |
| Basic earnings per share | 5.62 | 3.61 | 10.02 | 7.11 |
| Diluted earnings per share | 5.51 | 3.59 | 9.83 | 7.06 |

For the six months ended June 30, 2006, the weighted average number of shares excludes 943,502 (2005: 3,953,580) treasury shares.

Table of Contents**Other Information****36 Supplemental information on the Banking Segment****Net interest income from the Banking Segment**

| Three months ended June 30, | Segment mn | 2006 Consolidation adjustments mn | Allianz Group mn | Segment mn | 2005 Consolidation adjustments mn | Allianz Group mn |
|-----------------------------|---------------|--|------------------------|---------------|--|------------------------|
| Interest and similar income | 1,630 | 14 | 1,644 | 1,958 | (1) | 1,957 |
| Interest expense | (978) | 13 | (965) | (1,403) | 19 | (1,384) |
| Net interest income | 652 | 27 | 679 | 555 | 18 | 573 |
| | | | | | | |
| Six months ended June 30, | Segment mn | 2006 Consolidation adjustments mn | Allianz Group mn | Segment mn | 2005 Consolidation adjustments mn | Allianz Group mn |
| Interest and similar income | 3,510 | (9) | 3,501 | 3,559 | (16) | 3,543 |
| Interest expense | (2,257) | 32 | (2,225) | (2,455) | 39 | (2,416) |
| Net interest income | 1,253 | 23 | 1,276 | 1,104 | 23 | 1,127 |

Net fee and commission income from the Banking Segment

| Three months ended June 30, | Segment mn | 2006 Consolidation adjustments mn | Allianz Group mn | Segment mn | 2005 Consolidation adjustments mn | Allianz Group mn |
|--------------------------------------|---------------|--|------------------------|---------------|--|------------------------|
| Fee and commission income | 868 | (102) | 766 | 866 | (77) | 789 |
| Fee and commission expense | (140) | 19 | (121) | (171) | 6 | (165) |
| Net fee and commission income | 728 | (83) | 645 | 695 | (71) | 624 |
| | | | | | | |
| Six months ended June 30, | Segment mn | 2006 Consolidation adjustments mn | Allianz Group mn | Segment mn | 2005 Consolidation adjustments mn | Allianz Group mn |
| Fee and commission income | 1,860 | (215) | 1,645 | 1,689 | (148) | 1,541 |
| Fee and commission expense | (300) | 38 | (262) | (292) | 10 | (282) |
| Net fee and commission income | 1,560 | (177) | 1,383 | 1,397 | (138) | 1,259 |

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The net fee and commission income of the Allianz Group's Banking segment includes the following:

| | Three months ended June 30, | | Six months ended June 30, | |
|------------------------------------|--------------------------------|------------|------------------------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Securities business | 314 | 312 | 746 | 679 |
| Investment advisory | 110 | 88 | 212 | 178 |
| Payment transactions | 86 | 91 | 172 | 179 |
| Mergers and acquisitions advisory | 51 | 80 | 107 | 102 |
| Underwriting business (new issues) | 39 | 14 | 73 | 35 |
| Other | 128 | 110 | 250 | 224 |
| Total | 728 | 695 | 1,560 | 1,397 |

37 Supplemental information on the consolidated statements of cash flows

| Six months ended June 30, | 2006 | 2005 |
|--|---------|---------|
| | mn | mn |
| Income taxes paid | (265) | (430) |
| Dividends received | 1,507 | 1,055 |
| Interest received | 10,151 | 9,562 |
| Interest paid | (2,712) | (3,307) |
| Significant non-cash transactions | | |
| Settlement of exchangeable bonds issued by Allianz Finance B.V. II for shares of RWE AG: | | |
| Available-for-sale investments | (842) | |
| Certificated liabilities | (842) | |
| Novation of quota share reinsurance agreement | | |
| Reinsurance assets | (1,115) | (1,147) |
| Deferred acquisition costs | 71 | 76 |
| Payables from reinsurance contracts | (1,044) | (1,071) |

38 Other information**Number of employees**

The Allianz Group had a total of 176,133 (2005: 177,625) employees as of June 30, 2006. 69,670 (2005: 72,195) of these were employed in Germany and 106,463 (2005: 105,430) in other countries. The number of employees undergoing training decreased by 620 to 3,403.

Personnel expenses

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|--------------|------------------------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| | mn | mn | mn | mn |
| Salaries and wages | 2,255 | 2,172 | 4,586 | 4,363 |
| Social security contributions and employee assistance | 385 | 335 | 787 | 705 |
| Expenses for pensions and other post-retirement benefits | 241 | 187 | 463 | 342 |
| Total | 2,881 | 2,694 | 5,836 | 5,410 |

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39 Subsequent events

On July 19, 2006, Allianz AG reached a court settlement with 13 shareholders who had filed contestation suits against the resolution approving the merger of Riunione Adriatica di Sicurtà S.p.A. (RAS) with and into Allianz AG that was passed by Allianz AG's extraordinary shareholders meeting on February 8, 2006. The settlement calls for the withdrawal of all contestation suits by the plaintiffs in return for reimbursement of the court costs and their attorney fees pursuant to the German Attorney Remuneration Act (amounting to around EUR 72,000 per plaintiff) by Allianz AG. Therewith, all contestation suits as well as the release procedure initiated by Allianz AG are settled. The merger will become effective upon its registration in the commercial register at the registered office of Allianz AG which is planned for October 2006. Upon the registration of the merger, Allianz AG will adopt the legal form of a European Company (Societas Europaea, or SE).

In July 2006, Dresdner Bank issued a silent partnership in an amount of 1 bn and issued profit participation certificates in an amount of 750 mn qualifying for regulatory purposes as core capital and supplemental capital, respectively. Both amounts were indirectly placed to the capital markets.

Munich, August 10, 2006

Allianz Aktiengesellschaft

The Board of Management

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Allianz AG

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 11, 2006

ALLIANZ AKTIENGESELLSCHAFT

By /s/ Dr. Joerg Weber
Name: Dr. Joerg Weber
Title: Head of Group Management Reporting