

ALLIANZ SE  
Form 6-K  
November 14, 2006  
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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## Form 6-K

Report of Foreign Private Issuer

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

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for the period ended September 30, 2006

Commission file Number: 1-15154

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## ALLIANZ SE

Königinstrasse 28

80802 Munich

Germany

(Address of principal executive offices)

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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 (EXCEPT FOR ANY NON-GAAP FINANCIAL MEASURE AS SUCH TERM IS DEFINED IN REGULATION G UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED) SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-13462) OF ALLIANZ SE

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AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED. FOR THE AVOIDANCE OF DOUBT, THE DISCLOSURE CONTAINING ANY NON-GAAP FINANCIAL MEASURE CONTAINED IN THE ATTACHED REPORT IS NOT INCORPORATED BY REFERENCE INTO THE ABOVE-MENTIONED REGISTRATION STATEMENT FILED BY ALLIANZ SE.

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**Interim Report Third Quarter and First Nine Months of 2006**

**Allianz Group**

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### **Investor Relations**

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

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Investor Relations  
Koeniginstrasse 28  
80802 Munich  
Germany

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<sup>1)</sup> Effective October 13, 2006, our German holding company Allianz AG converted into Allianz SE. Following this conversion, we only use the new company name Allianz SE in this interim report.

### **Other Reports**

All Allianz Group published quarterly and annual financial reports are available for download at [www.allianz.com/investor-relations](http://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 – September 30, 2006

in

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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](http://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<br>ISIN DE 000 840 400 5                        |
| Bloomberg:       | ALV GY  |
| Reuters:         | ALVG.DE   |

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

|   |    | September 30,<br>2006 | December 31,<br>2005 | Change<br>% |
|---|----|-----------------------|----------------------|-------------|
| <b>Balance Sheet</b>                            |    |                       |                      |             |
| Investments                                     | mn | 293,676               | 285,015              | 3.0         |
| Loans and advances to banks and customers       | mn | 415,055               | 336,808              | 23.2        |
| Total assets                                    | mn | 1,058,948             | 988,584              | 7.1         |
| Liabilities to banks and customers              | mn | 372,134               | 310,316              | 19.9        |
| Reserves for loss and loss adjustment expenses  | mn | 66,278                | 67,005               | (1.1)       |
| Reserves for insurance and investment contracts | mn | 286,184               | 278,829              | 2.6         |
| Shareholders' equity                            | mn | 44,934                | 39,487               | 13.8        |
| Minority interests                              | mn | 7,614                 | 7,615                |             |

|   |    | Three months ended<br>September 30, |        | Change<br>% | Nine months ended<br>September 30, |        | Change<br>% |
|---|----|-------------------------------------|--------|-------------|------------------------------------|--------|-------------|
|   |    | 2006                                | 2005   |             | 2006                               | 2005   |             |
| <b>Income Statement</b>                                       |    |                                     |        |             |                                    |        |             |
| Total revenues <sup>1)</sup>                                  | mn | 22,599                              | 23,823 | (5.1)       | 76,308                             | 75,779 | 0.7         |
| Operating profit  | mn | 2,660                               | 1,864  | 42.7        | 8,131                              | 6,097  | 33.4        |
| Income before income taxes and minority interests in earnings | mn | 2,673                               | 1,646  | 62.4        | 8,696                              | 6,035  | 44.1        |
| Net income  | mn | 1,591                               | 794    | 100.4       | 5,649                              | 3,508  | 61.0        |

**Segments****Property-Casualty**

|                  |    |       |      |          |       |       |          |
|------------------|----|-------|------|----------|-------|-------|----------|
| Operating profit | mn | 1,727 | 992  | 74.1     | 4,958 | 3,856 | 28.6     |
| Loss ratio       | %  | 64.2  | 73.0 | (8.8)pts | 65.1  | 68.2  | (3.1)pts |
| Expense ratio    | %  | 26.0  | 25.6 | 0.4pt    | 27.1  | 26.7  | 0.4pt    |
| Combined ratio   | %  | 90.2  | 98.6 | (8.4)pts | 92.2  | 94.9  | (2.7)pts |

**Life/Health**

|                         |    |      |     |        |       |       |        |
|-------------------------|----|------|-----|--------|-------|-------|--------|
| Operating profit        | mn | 617  | 556 | 11.0   | 1,867 | 1,545 | 20.8   |
| Statutory expense ratio | %  | 11.7 | 8.8 | 2.9pts | 9.8   | 8.2   | 1.6pts |

**Banking**

|  |    |      |      |           |       |      |          |
|--|----|------|------|-----------|-------|------|----------|
| Operating profit                             | mn | 406  | 252  | 61.1      | 1,219 | 696  | 75.1     |
| Cost-income ratio                            | %  | 78.8 | 92.3 | (13.5)pts | 78.6  | 87.0 | (8.4)pts |
| Loan loss provisions                         | mn | 52   | 130  | (60.0)    | 78    | 89   | (12.4)   |
| Coverage ratio at September 30 <sup>2)</sup> | %  | 61.8 | 60.1 | 1.7pts    | 61.8  | 60.1 | 1.7pts   |

**Asset Management**

|   |    |      |                   |        |      |                   |        |
|---|----|------|-------------------|--------|------|-------------------|--------|
| Operating profit                                    | mn | 294  | 300               | (2.0)  | 895  | 783               | 14.3   |
| Cost-income ratio                                   | %  | 59.5 | 57.7              | 1.8pts | 59.4 | 59.2              | 0.2pts |
| Third-party assets under management at September 30 | bn | 755  | 743 <sup>3)</sup> | 1.6    | 755  | 743 <sup>3)</sup> | 1.6    |

**Share Information**

|                                       |    |        |                      |      |        |                      |      |
|---------------------------------------|----|--------|----------------------|------|--------|----------------------|------|
| Basic earnings per share              |    | 3.93   | 2.03                 | 93.6 | 13.94  | 9.11                 | 53.0 |
| Diluted earnings per share            |    | 3.88   | 2.02                 | 92.1 | 13.69  | 9.06                 | 51.1 |
| Share price at September 30           |    | 136.48 | 127.94 <sup>3)</sup> | 6.7  | 136.48 | 127.94 <sup>3)</sup> | 6.7  |
| Market capitalization at September 30 | bn | 55.4   | 51.9 <sup>3)</sup>   | 6.7  | 55.4   | 51.9 <sup>3)</sup>   | 6.7  |

<sup>1)</sup> 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.

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

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<sup>3)</sup> At December 31, 2005.

**Allianz SE Ratings at September 30, 2006<sup>1)</sup>**

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

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

<sup>2)</sup> Issuer credit rating.

<sup>3)</sup> Ratings vary on the basis of maturity period and terms.

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**Executive Summary**

**Strong earnings momentum.**

Strong operating profit of 2.7 billion in 3Q 2006, up 43% from a year ago.

Combined ratio of 90.2% in Property-Casualty.

Double-digit growth in Life/Health operating profit, despite lower revenues in Italy and the United States.

Dresdner Bank operating profit grew by 38%.

Asset Management maintained strong operating profitability.

Net income doubled to 1.6 billion, driven by operating profit improvements.

Full year outlook: We expect operating profit to exceed 9.5 billion and net income to surpass 6 billion.

**Total Revenues<sup>2)</sup>**  
in bn

**Net Income**  
in mn

**Operating Profit**  
in mn

**Shareholders Equity<sup>3)</sup>**  
in mn

<sup>1)</sup> 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.

<sup>2)</sup> 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.

<sup>3)</sup> Does not include minority interests.



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

Our total revenues remained at a strong level of 22.6 billion and 76.3 billion in 3Q and 9M 2006, respectively. This was the net effect of growth in our Property-Casualty, Banking and Asset Management segments and a decline in our Life/Health segment. Total internal revenue growth year-on-year amounted to (4.0)% in 3Q 2006 (9M 2006: year-on-year increase of 0.3%).

**Total Revenues Segments**

in mn

**Property-Casualty** Gross premiums written, at 10.4 billion in 3Q 2006, were 0.4% higher than a year ago, as we continued to exhibit diligent risk selection and focus on profitability. This successful policy translated into marked growth in selected rewarding markets around the world, offset by decreases of, in aggregate, a similar magnitude in markets where maintaining profitability required concessions to volume. Internal growth of gross premiums written year-on-year was 1.8% (9M 2006: 0.5%).

**Life/Health** Statutory premiums remained sound at 9.8 billion in 3Q 2006, albeit down 11.8% from a year ago. We continued to experience solid growth both in emerging markets and in some of our more mature markets. However, this was more than offset by marked shortfalls in the United States and Italy. In the United States, our distribution was faced with regulatory impediments. Similarly, in Italy, the difficult market environment and adverse developments within our bancassurance distribution channel caused revenues to drop. On an internal growth basis, statutory premiums were down 10.9% (9M 2006: year-on-year decrease of 2.3%).

**Banking** In 3Q 2006, operating revenues from our Banking segment increased 5.7% from a year ago to 1.7 billion. Strong growth of net interest income was offset by a decline in trading income (net), following the uncertain and challenging market environment in 3Q 2006. On a nine months comparison, our banking segment's operating revenues experienced dynamic growth to 5.3 billion, up 14.2%, with all revenue categories and operating divisions at Dresdner Bank contributing to this strong development. Internal growth of our Banking segment's operating revenues was 5.9% and 14.1% in 3Q and 9M 2006, respectively.

**Asset Management** During the first nine months of 2006, net inflows to third-party assets and market effects amounted to 25 billion each. Partially offsetting this were negative foreign currency effects, resulting in third-party assets of 755 billion at September 30, 2006. Mainly attributable to our strong and continuously growing third-party asset base, we experienced increases in operating revenues year-on-year of 2.3% in 3Q 2006 and 14.9% in 9M 2006. Internal growth was 6.3% and 14.3%, respectively.

**Operating Profit**

At 2.7 billion, operating profit in 3Q 2006 was 42.7% higher than a year ago. For the first nine months of 2006, we experienced a 33.4% year-on-year increase to 8.1 billion, with all segments exhibiting strong double-digit increases.

**Operating Profit Segments**

in mn

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**Property-Casualty** Operating profit grew markedly by 74.1 % year-on-year to 1.7 billion in 3Q 2006 (9M 2006: growth of 28.6% from a year ago to 5.0 billion). Similarly, our combined ratio improved significantly and remained at a very competitive level of 90.2% and 92.2% in 3Q and 9M 2006, respectively, compared to 98.6% and 94.9% in the same periods last year. The exceptionally heavy damages from major natural catastrophes in the United States, Central Europe and Asia in the prior year period were not repeated in 3Q 2006. However, our loss ratio continued to develop strongly, irrespective of the impact from natural catastrophes.

**Life/Health** In 3Q 2006, we continued to substantially increase our operating profit by 11.0% to 617 million compared to the prior year period. Our strong asset base after the segment's growth in recent years and improved equity markets, as well as our high margins on both our in-force and new business contributed to this development.

**Banking** We experienced double-digit operating profit growth year-on-year for the third consecutive quarter, almost achieving our full year 2006 operating profit target after only nine months. Our cost-income ratio improved significantly to 78.6% for the first nine months of 2006 compared to 87.0% a year earlier.

**Asset Management** Strong operating profitability continued. Our Asset Management's cost-income ratio remained at very competitive levels of 59.5% in 3Q 2006 and 59.4% in 9M 2006 compared to 57.7% and 59.2% in the same periods last year.

**Non-Operating Items**

Overall, non-operating items created an income of 13 million in 3Q 2006, compared to a charge of 218 million a year ago (9M comparison: income of 565 million in 2006 versus a charge of 62 million in 2005).

In 3Q 2006, significant capital gains of 0.3 billion stemmed from the sale of Four Seasons Healthcare Ltd. Similarly, in the first half of 2006, we realized significant gains from the sale of our participations in Schering AG and Eurohypo AG. In aggregate, non-operating income from realized gains/losses (net) and impairments of investments (net) was 465 million in 3Q 2006 and 2.5 billion in 9M 2006, up 60.3% and 72.7%, respectively, from a year ago.

The impact from restructuring charges on non-operating items rose to 50 million in 3Q 2006 from 2 million a year ago, reflecting the first impacts of our ongoing Neue Dresdner Plus program. For the first nine months of 2006, non-operating restructuring charges amounted to 458 million (9M 2005: 85 million). This was primarily a result of 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.

Interest expense from external debt, acquisition-related expenses from our Asset Management segment, and other non-operating items, in aggregate, were down to 402 million in 3Q 2006 from 506 million a year earlier (9M 2006 versus 9M 2005: up from 1.4 billion to 1.5 billion).

**Net Income**

Net income in 3Q 2006 doubled compared to a year ago and reached 1.6 billion. For the first nine months of 2006, net income was 5.6 billion, a 61.0% increase over the prior year period. These strong improvements were primarily driven by our operating profit, reflecting the high quality of our earnings.

Accordingly, income tax expenses in 3Q 2006 were up 280 million from last year to 797 million, representing an effective income tax rate of 29.8% (3Q 2005: 31.4%). Our effective income tax rate benefited from the tax-exemption of the capital gain in connection with the sale of Four Seasons Healthcare Ltd., previously mentioned. Similarly, with income tax expenses up 546 million to 2.1 billion in 9M 2006, our effective income tax rate in 9M 2006 declined to 23.6% compared to 25.0% a year ago mainly due to higher tax-exempted income, such as the realized capital gain from the Schering transaction in June 2006.

Minority interests in earnings, at 285 million in 3Q 2006, were down 50 million, primarily due to the buyout of minorities and decreased earnings after income taxes at RAS in Italy, as well as lower earnings after income taxes at AGF in France. For the first nine months of 2006, minority interests in earnings were flat at 1.0 billion.

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

**Earnings per Share**

in

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<sup>1)</sup> See Note 37 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 nine months ended September 30, 2006 and 2005, respectively, as well as IFRS consolidated net income of the Allianz Group.

| Three months ended<br>September 30,  | Property-<br>Casualty |               | Life/Health  |               | Banking      |              | Asset<br>Management |            | Corporate    |              | Consolidation<br>adjustments |             | Allianz Group |               |
|--|-----------------------|---------------|--------------|---------------|--------------|--------------|---------------------|------------|--------------|--------------|------------------------------|-------------|---------------|---------------|
|  | 2006<br>mn            | 2005<br>mn    | 2006<br>mn   | 2005<br>mn    | 2006<br>mn   | 2005<br>mn   | 2006<br>mn          | 2005<br>mn | 2006<br>mn   | 2005<br>mn   | 2006<br>mn                   | 2005<br>mn  | 2006<br>mn    | 2005<br>mn    |
| <b>Total revenues<sup>1)</sup></b>   | <b>10,412</b>         | <b>10,368</b> | <b>9,847</b> | <b>11,164</b> | <b>1,668</b> | <b>1,578</b> | <b>726</b>          | <b>710</b> |              |              | <b>(54)</b>                  | <b>3</b>    | <b>22,599</b> | <b>23,823</b> |
| <b>Operating profit</b>  | <b>1,727</b>          | <b>992</b>    | <b>617</b>   | <b>556</b>    | <b>406</b>   | <b>252</b>   | <b>294</b>          | <b>300</b> | <b>(331)</b> | <b>(223)</b> | <b>(53)</b>                  | <b>(13)</b> | <b>2,660</b>  | <b>1,864</b>  |
| Non-operating items  | 139                   | 188           | (8)          | 28            | (8)          | (31)         | (133)               | (212)      | 27           | (230)        | (4)                          | 39          | 13            | (218)         |
| <b>Income before income<br/>taxes and minority<br/>interests in earnings</b> | <b>1,866</b>          | <b>1,180</b>  | <b>609</b>   | <b>584</b>    | <b>398</b>   | <b>221</b>   | <b>161</b>          | <b>88</b>  | <b>(304)</b> | <b>(453)</b> | <b>(57)</b>                  | <b>26</b>   | <b>2,673</b>  | <b>1,646</b>  |
| Income taxes   | (600)                 | (513)         | (240)        | (124)         | (96)         | (72)         | (67)                | (33)       | 180          | 224          | 26                           | 1           | (797)         | (517)         |
| Minority interests in<br>earnings  | (177)                 | (161)         | (81)         | (130)         | (19)         | (26)         | (10)                | (13)       |              | (2)          | 2                            | (3)         | (285)         | (335)         |
| <b>Net income</b>  | <b>1,089</b>          | <b>506</b>    | <b>288</b>   | <b>330</b>    | <b>283</b>   | <b>123</b>   | <b>84</b>           | <b>42</b>  | <b>(124)</b> | <b>(231)</b> | <b>(29)</b>                  | <b>24</b>   | <b>1,591</b>  | <b>794</b>    |

| Nine months ended<br>September 30,   | Property-<br>Casualty |               | Life/Health   |               | Banking      |              | Asset<br>Management |              | Corporate    |                | Consolidation<br>adjustments |              | Allianz Group |               |
|--|-----------------------|---------------|---------------|---------------|--------------|--------------|---------------------|--------------|--------------|----------------|------------------------------|--------------|---------------|---------------|
|  | 2006<br>mn            | 2005<br>mn    | 2006<br>mn    | 2005<br>mn    | 2006<br>mn   | 2005<br>mn   | 2006<br>mn          | 2005<br>mn   | 2006<br>mn   | 2005<br>mn     | 2006<br>mn                   | 2005<br>mn   | 2006<br>mn    | 2005<br>mn    |
| <b>Total revenues<sup>1)</sup></b>   | <b>34,243</b>         | <b>34,108</b> | <b>34,600</b> | <b>35,116</b> | <b>5,322</b> | <b>4,661</b> | <b>2,203</b>        | <b>1,918</b> |              |                | <b>(60)</b>                  | <b>(24)</b>  | <b>76,308</b> | <b>75,779</b> |
| <b>Operating profit</b>  | <b>4,958</b>          | <b>3,856</b>  | <b>1,867</b>  | <b>1,545</b>  | <b>1,219</b> | <b>696</b>   | <b>895</b>          | <b>783</b>   | <b>(585)</b> | <b>(680)</b>   | <b>(223)</b>                 | <b>(103)</b> | <b>8,131</b>  | <b>6,097</b>  |
| Non-operating items  | 1,007                 | 804           | 133           | 153           | 396          | 636          | (403)               | (549)        |              | (734)          | (568)                        | (372)        | 565           | (62)          |
| <b>Income before income<br/>taxes and minority<br/>interests in earnings</b> | <b>5,965</b>          | <b>4,660</b>  | <b>2,000</b>  | <b>1,698</b>  | <b>1,615</b> | <b>1,332</b> | <b>492</b>          | <b>234</b>   | <b>(585)</b> | <b>(1,414)</b> | <b>(791)</b>                 | <b>(475)</b> | <b>8,696</b>  | <b>6,035</b>  |
| Income taxes   | (1,590)               | (1,498)       | (549)         | (274)         | (430)        | (301)        | (194)               | (49)         | 414          | 608            | 296                          | 7            | (2,053)       | (1,507)       |
| Minority interests in<br>earnings  | (604)                 | (557)         | (301)         | (358)         | (74)         | (77)         | (34)                | (36)         | (9)          | (9)            | 28                           | 17           | (994)         | (1,020)       |
| <b>Net income</b>  | <b>3,771</b>          | <b>2,605</b>  | <b>1,150</b>  | <b>1,066</b>  | <b>1,111</b> | <b>954</b>   | <b>264</b>          | <b>149</b>   | <b>(180)</b> | <b>(815)</b>   | <b>(467)</b>                 | <b>(451)</b> | <b>5,649</b>  | <b>3,508</b>  |

<sup>1)</sup> 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 13.8% to 44.9 billion at September 30, 2006. Our strong net income more than compensated for a rise in negative foreign currency translation adjustments primarily due to a weaker U.S. Dollar compared to the Euro, and dividends paid of 811 million.

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

**Shareholders' Equity**

in mn

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<sup>1)</sup> Does not include minority interests.

<sup>2)</sup> Consists of the following developments (in mn): foreign currency translation adjustments (797); changes in the consolidated subsidiaries of the Allianz Group 45; treasury shares 1,266; net income 5,649; dividends paid (811); miscellaneous 21.

**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 September 30, 2006**

Fair Values<sup>1)</sup> in bn (Total: 99.9 bn)

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<sup>1)</sup> 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.

<sup>2)</sup> Includes debt securities at 3.6 bn and equity securities at 0.3 bn.

<sup>3)</sup> Includes associates and joint ventures at 0.8 bn, but does not include affiliates at 9.3 bn.

<sup>4)</sup> Includes held-to-maturity investments at 0.7 bn.

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

Fair Values<sup>1)</sup> in bn (Total: 278.8 bn)

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<sup>1)</sup> 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.

<sup>2)</sup> Includes debt securities at 7.4 bn, equity securities at 2.8 bn and derivative financial instruments at (3.6) bn.

<sup>3)</sup> Includes associates and joint ventures at 2.1 bn, but does not include affiliates at 2.7 bn.

<sup>4)</sup> Includes held-to-maturity investments at 4.0 bn.

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

Fair Values in bn

**Table of Contents****Corporate Segment**

In July 2006, a subsidiary of Allianz SE (formerly Allianz AG), which is managed by Allianz Capital Partners and in which Allianz Capital Partners holds an interest of 65%, acquired all shares of MAN Roland Druckmaschinen AG. This acquisition had an impact of a similar magnitude both on our Corporate segment's operating revenues and operating expenses. The increases in realized gains/losses (net) stemmed primarily from the sale of our shareholdings in Schering AG in June 2006 and the disposal of Four Seasons Healthcare Ltd. in August 2006.

|   | Three months ended          |                             | Nine months ended           |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | September 30,<br>2006<br>mn | September 30,<br>2005<br>mn | September 30,<br>2006<br>mn | September 30,<br>2005<br>mn |
| <b>Operating revenues</b>   | <b>529</b>                  | <b>273</b>                  | <b>1,254</b>                | <b>862</b>                  |
| Interest expense, excluding interest expense from external debt <sup>1)</sup> | (109)                       | (54)                        | (374)                       | (414)                       |
| Acquisition and administrative expenses (net)                                 | (215)                       | (141)                       | (496)                       | (358)                       |
| Other operating expenses  | (536)                       | (301)                       | (969)                       | (770)                       |
| <b>Operating expenses</b>   | <b>(860)</b>                | <b>(496)</b>                | <b>(1,839)</b>              | <b>(1,542)</b>              |
| <b>Operating profit</b>   | <b>(331)</b>                | <b>(223)</b>                | <b>(585)</b>                | <b>(680)</b>                |
| Income from financial assets and liabilities held for trading (net)           | (62)                        | (123)                       | (214)                       | (276)                       |
| Realized gains/losses (net)   | 287                         | 41                          | 784                         | 149                         |
| Impairments of investments (net)  | (7)                         | 24                          | 15                          | (12)                        |
| Interest expense from external debt <sup>1)</sup>                             | (191)                       | (172)                       | (585)                       | (595)                       |
| <b>Non-operating items</b>  | <b>27</b>                   | <b>(230)</b>                |                             | <b>(734)</b>                |
| <b>Income before income taxes and minority interests in earnings</b>          | <b>(304)</b>                | <b>(453)</b>                | <b>(585)</b>                | <b>(1,414)</b>              |

<sup>1)</sup> 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 41 to our consolidated financial statements.

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**Property-Casualty Insurance Operations**

**Continued underwriting excellence.**

Effective cycle management.

Excellent combined ratio across all regions.

Combined ratio of 90.2% in 3Q 2006, down 8.4 percentage points from a year ago.

**Earnings Summary**

**Gross Premiums Written by Region<sup>1)</sup>**

in bn

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<sup>1)</sup> 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<sup>2)</sup>**

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

**Gross Premiums Written**

**2006 to 2005 Three Month Comparison**

We continued to forego premium growth in softening markets with increasing pricing pressures. As a result of our successful cycle management efforts, the modest rise of gross premiums written from 10,368 million to 10,412 million in 3Q 2006 was accompanied by further improved underwriting profitability. Based on internal growth, gross premiums written increased 1.8%.

Positive developments were primarily experienced by our entities in the United States, Spain and the United Kingdom, with additional gross premiums written of 50 million (+ 3.2%), 43 million (+ 10.7%) and 24 million (+ 4.3%) respectively. We furthermore successfully achieved strong increases within New Europe, our growth markets in Central and Eastern Europe, and South America. In these regions, gross premiums written grew by 43 million (+10.3%) and 26 million (+ 14.4%), respectively. In 3Q 2006, our growth markets in Asia-Pacific and New Europe, together with the markets in South America, accounted for approximately 10% of our Property-Casualty segment's gross premiums written.

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In the United States, our operations benefited primarily from growth in our crop insurance line due to higher prices on major crops and higher rates on nursery coverage. The positive development in Spain was mainly attributable to our motor and industrial lines of business. At Cornhill in the United Kingdom, our commercial lines performed favorably.

Similarly, in Brazil, continued good development of our motor business was a key growth factor. In addition, foreign currency effects, in particular the appreciation of the Brazilian Real compared to the Euro, added to the rise in South America.

Within New Europe, in Romania, the increase in gross premiums written was driven by a new large insurance contract in our aviation business and strong sales performance in our retail business. Our Polish motor business benefited from expanded sales capacity.

These increases were offset by decreased gross premiums written in other countries.

At Allianz Sach within PC Germany, our primary market, gross premiums written were impacted by lower volume within our motor business, partially compensated by sound development in our casualty line. At Allianz Re assumed gross premium volume declined, 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 out at the segment level.

In Australia, gross premiums written were impacted by softening market conditions in our commercial business. Additionally, the depreciation of the Australian Dollar against the Euro contributed to the decline.

The decrease in Switzerland was the net effect of an increase in gross premiums written at Allianz Suisse, whereas at Allianz Risk Transfer (or ART ) premium volume was down. Allianz Suisse continued to benefit from our favorably developing motor business. At ART, the shortfall occurred as premiums in connection with a long-term contract with a major client were recognized in 4Q 2005.

In specialty lines the decline by 113 million, or 8.0%, was due to lower gross premiums written at Allianz Global Corporate & Specialty. Gross premiums written at Allianz Global Corporate & Specialty were down 106 million to 649 million, primarily due to foregone business volume as a result of declining rates.

### **2006 to 2005 Nine Month Comparison**

For the first nine months of 2006, our gross premiums written increased marginally by 0.4% to 34,243 million. We were able to achieve growth particularly in the United States, South America, Spain and New Europe. However, while maintaining our strategy of selective and profitable growth, we recorded slight decreases in some of our other markets. Based on internal growth, our gross premiums written were up slightly by 0.5%.

### **Operating Profit**

#### **Operating Profit**

in mn

### **2006 to 2005 Three Month Comparison**

Our **operating profit** increased markedly to 1,727 million, a rise of 74.1% from a year earlier. The main driver behind this strong development was our significantly enhanced underwriting profitability. The exceptionally high losses from major natural catastrophes in the prior year period were not repeated. Further, our underwriting discipline and the improvements in connection with our Sustainability program are paying off. Top contributing markets to our operating profit included PC Germany at 454 million, Italy at 209 million, the United States at 201 million, as well as our credit insurance activities combined within our Euler Hermes brand at 111 million. The strongest improvements occurred at Allianz Global Corporate & Specialty ( 281 million), as well as in our operations within the United States ( 209 million), Switzerland ( 53 million) and Italy ( 45 million).

**Claims and insurance benefits incurred (net)** decreased considerably by 12.2% to 6,208 million. In the prior year period, major natural catastrophes in the United States, Central Europe and Asia inflicted huge damages, heavily impacting the insurance and reinsurance markets as a whole. These damages were not repeated in 3Q 2006. Our calendar year **loss ratio** declined to 64.2% (3Q 2005: 73.0%). On an accident year



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basis, claims also markedly decreased 13.0% to 6,320 million, producing an accident year loss ratio of 65.3% (3Q 2005: 74.9%), mainly driven by the developments described above. However, even after excluding the impacts from natural catastrophes, we continued to improve our already excellent underwriting profitability.

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**Acquisition and administrative expenses (net)** remained relatively stable at 2,512 million (3Q 2005: 2,481 million), largely in line with our premium development. Together with a marginal decline in our premiums earned (net), our **expense ratio** rose slightly by 0.4 percentage points to 26.0% from 25.6% a year earlier.

Driven by the development of our loss ratio, our **combined ratio** improved significantly by 8.4 percentage points to 90.2%, further solidifying our competitive position within the property-casualty market.

### **2006 to 2005 Nine Month Comparison**

We succeeded in increasing **operating profit** for the first nine months of 2006 by 28.6% compared to the prior year period to 4,958 million. At 92.2%, our **combined ratio** was 2.7 percentage points lower than a year ago. Similar to the developments in 3Q 2006 previously described, these improvements were mainly attributable to significantly lower claims from natural catastrophes, together with our focus on continuous underwriting excellence.

### **Non-Operating Items**

#### **2006 to 2005 Three Month Comparison**

Income from our **non-operating items** decreased 49 million to 139 million. In 3Q 2006, a significant realized gain resulted from the disposal of our wholly-owned subsidiary Four Seasons Healthcare Ltd. However, higher **net realized gains from investments, not shared with policyholders**, were more than offset by increased net **impairments of investments**, stemming in large part from our available-for-sale debt securities.

#### **2006 to 2005 Nine Month Comparison**

Income from our **non-operating items** for the first nine months of 2006 amounted to 1,007 million, up 25.2% from a year ago. This increase was particularly driven by increased **realized gains/losses (net) from investments, not shared with policyholders**, especially through the sale of our participation in Schering AG in 2Q 2006. Net realizations on investments proved a compensating balance for **restructuring charges** of 366 million, primarily in connection with the reorganization of our German insurance operations.

### **Net Income**

#### **2006 to 2005 Three Month Comparison**

**Net income** more than doubled from a year ago to 1,089 million, driven by the significant growth in our operating profit.

**Income tax expenses** amounted to 600 million, rising by 17.0%. This increase resulted mainly from our higher **income before income taxes and minority interests in earnings**. Our effective tax rate declined to 32.2% (3Q 2005: 43.5%) due to the absence of one-off tax charges experienced in the prior year period.

**Minority interests in earnings** rose slightly to 177 million primarily as a result of higher earnings at AGF in France, which more than compensated for lower minority interests at RAS in Italy following the partial buy-out of minorities in 2005.

#### **2006 to 2005 Nine Month Comparison**

Driven both by our significantly improved operating profitability and increased non-operating income, our **net income** for the first nine months of 2006 was up markedly by 44.8% to 3,771 million. Due to the effects of a relatively higher share of tax-exempt income, primarily from the Schering transaction, our effective tax rate decreased to 26.7% (9M 2005: 32.1%).

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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 nine months ended September 30, 2006 and 2005, respectively.

|  | Three months ended<br>September 30, |                | Nine months ended<br>September 30, |                 |
|--|-------------------------------------|----------------|------------------------------------|-----------------|
|  | 2006<br>mn                          | 2005<br>mn     | 2006<br>mn                         | 2005<br>mn      |
| <b>Gross premiums written<sup>1)</sup></b>   | <b>10,412</b>                       | <b>10,368</b>  | <b>34,243</b>                      | <b>34,108</b>   |
| Ceded premiums written   | (1,486)                             | (1,488)        | (4,428)                            | (4,347)         |
| Change in unearned premiums  | 750                                 | 812            | (1,440)                            | (1,543)         |
| Premiums earned (net)  | 9,676                               | 9,692          | 28,375                             | 28,218          |
| Interest and similar income  | 928                                 | 929            | 3,107                              | 2,916           |
| Income from financial assets and liabilities designated at fair value through income (net) <sup>2)</sup> | 39                                  | 42             | 81                                 | 98              |
| Realized gains/losses (net) from investments, shared with policyholders <sup>3)</sup>                    | 8                                   | 14             | 44                                 | 100             |
| Fee and commission income  | 253                                 | 259            | 770                                | 745             |
| Other income   | 13                                  | 24             | 51                                 | 45              |
| <b>Operating revenues</b>  | <b>10,917</b>                       | <b>10,960</b>  | <b>32,428</b>                      | <b>32,122</b>   |
| Claims and insurance benefits incurred (net)   | (6,208)                             | (7,074)        | (18,480)                           | (19,258)        |
| Changes in reserves for insurance and investment contracts (net)   | (151)                               | (113)          | (344)                              | (447)           |
| Interest expense   | (67)                                | (62)           | (196)                              | (257)           |
| Loan loss provisions   |                                     | (3)            | (3)                                | (3)             |
| Impairments of investments (net), shared with policyholders <sup>4)</sup>                                | (5)                                 |                | (22)                               | (4)             |
| Investment expenses  | (63)                                | (49)           | (178)                              | (244)           |
| Acquisition and administrative expenses (net)  | (2,512)                             | (2,481)        | (7,686)                            | (7,529)         |
| Fee and commission expenses  | (184)                               | (186)          | (559)                              | (518)           |
| Other expenses   |                                     |                | (2)                                | (6)             |
| <b>Operating expenses</b>  | <b>(9,190)</b>                      | <b>(9,968)</b> | <b>(27,470)</b>                    | <b>(28,266)</b> |
| <b>Operating profit</b>  | <b>1,727</b>                        | <b>992</b>     | <b>4,958</b>                       | <b>3,856</b>    |
| Income from financial assets and liabilities held for trading (net) <sup>2)</sup>                        | (7)                                 | 5              | (4)                                | 4               |
| Realized gains/losses (net) from investments, not shared with policyholders <sup>3)</sup>                | 223                                 | 193            | 1,540                              | 911             |
| Impairments of investments (net), not shared with policyholders <sup>4)</sup>                            | (64)                                | (12)           | (153)                              | (42)            |
| Amortization of intangible assets  | (3)                                 | (3)            | (10)                               | (12)            |
| Restructuring charges  | (10)                                | 5              | (366)                              | (57)            |
| <b>Non-operating items</b>   | <b>139</b>                          | <b>188</b>     | <b>1,007</b>                       | <b>804</b>      |
| <b>Income before income taxes and minority interests in earnings</b>                                     | <b>1,866</b>                        | <b>1,180</b>   | <b>5,965</b>                       | <b>4,660</b>    |
| Income taxes   | (600)                               | (513)          | (1,590)                            | (1,498)         |
| Minority interests in earnings   | (177)                               | (161)          | (604)                              | (557)           |
| <b>Net income</b>  | <b>1,089</b>                        | <b>506</b>     | <b>3,771</b>                       | <b>2,605</b>    |
| Loss ratio <sup>5)</sup> in%   | 64.2                                | 73.0           | 65.1                               | 68.2            |
| Expense ratio <sup>6)</sup> in %   | 26.0                                | 25.6           | 27.1                               | 26.7            |
| <b>Combined ratio<sup>7)</sup> in %</b>  | <b>90.2</b>                         | <b>98.6</b>    | <b>92.2</b>                        | <b>94.9</b>     |

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- 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 nine months ended September 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 |              | Premiums     |              | Combined ratio |              | Loss ratio  |             | Expense ratio |             | Operating profit        |                         |
|---|----------------|--------------|--------------|--------------|----------------|--------------|-------------|-------------|---------------|-------------|-------------------------|-------------------------|
|   | written        |              | earned (net) |              | %              |              | %           |             | %             |             | mn                      |                         |
|   | 2006           | 2005         | 2006         | 2005         | 2006           | 2005         | 2006        | 2005        | 2006          | 2005        | 2006                    | 2005                    |
| <b>Three months ended September 30,</b> |                |              |              |              |                |              |             |             |               |             |                         |                         |
| PC Germany <sup>1)</sup>                | 2,439          | 2,502        | 2,475        | 2,546        | 87.0           | 93.9         | 62.2        | 70.0        | 24.8          | 23.9        | 454                     | 436                     |
| France                                  | 1,208          | 1,196        | 1,121        | 1,099        | 99.6           | 100.2        | 72.2        | 73.5        | 27.4          | 26.7        | 99                      | 78                      |
| Italy                                   | 1,078          | 1,083        | 1,214        | 1,231        | 89.9           | 95.0         | 68.0        | 71.4        | 21.9          | 23.6        | 209                     | 164                     |
| United Kingdom                          | 585            | 561          | 473          | 477          | 90.7           | 93.9         | 60.7        | 64.3        | 30.0          | 29.6        | 98                      | 75                      |
| Switzerland                             | 369            | 393          | 401          | 434          | 90.7           | 114.6        | 67.5        | 91.9        | 23.2          | 22.7        | 52                      | (1)                     |
| Spain                                   | 446            | 403          | 428          | 398          | 91.1           | 89.6         | 71.1        | 70.2        | 20.0          | 19.4        | 62                      | 66                      |
| Netherlands                             | 207            | 196          | 206          | 206          | 87.3           | 90.3         | 53.1        | 61.0        | 34.2          | 29.3        | 43                      | 30                      |
| Austria                                 | 195            | 200          | 198          | 202          | 91.1           | 99.4         | 65.2        | 74.5        | 25.9          | 24.9        | 35                      | 19                      |
| Ireland                                 | 182            | 182          | 157          | 161          | 56.8           | 77.9         | 34.9        | 56.8        | 21.9          | 21.1        | 85                      | 47                      |
| Belgium                                 | 80             | 79           | 74           | 76           | 100.5          | 93.9         | 61.5        | 62.2        | 39.0          | 31.7        | 10                      | 12                      |
| Portugal                                | 68             | 71           | 64           | 69           | 88.1           | 85.7         | 63.3        | 61.0        | 24.8          | 24.7        | 10                      | 13                      |
| Greece                                  | 17             | 16           | 11           | 11           | 82.1           | 83.7         | 51.2        | 52.0        | 30.9          | 31.7        | 3                       | 2                       |
| <b>Western and Southern Europe</b>      | <b>749</b>     | <b>744</b>   | <b>710</b>   | <b>725</b>   | <b>83.0</b>    | <b>89.8</b>  | <b>54.2</b> | <b>63.7</b> | <b>28.8</b>   | <b>26.1</b> | <b>191<sup>3)</sup></b> | <b>122<sup>3)</sup></b> |
| Hungary                                 | 135            | 145          | 123          | 138          | 89.8           | 92.1         | 65.4        | 62.4        | 24.4          | 29.7        | 22                      | 28                      |
| Slovakia                                | 72             | 67           | 65           | 65           | 65.2           | 82.5         | 35.7        | 51.3        | 29.5          | 31.2        | 27                      | 16                      |
| Czech Republic                          | 56             | 56           | 45           | 41           | 76.5           | 72.4         | 60.1        | 55.9        | 16.4          | 16.5        | 12                      | 12                      |
| Poland                                  | 71             | 58           | 50           | 42           | 88.6           | 86.7         | 54.7        | 55.6        | 33.9          | 31.1        | 7                       | 4                       |
| Romania                                 | 79             | 52           | 37           | 27           | 85.9           | 106.9        | 68.1        | 93.2        | 17.8          | 13.7        | 6                       | (1)                     |
| Bulgaria                                | 24             | 21           | 15           | 9            | 88.7           | 92.3         | 56.0        | 51.6        | 32.7          | 40.7        | 2                       | 1                       |
| Croatia                                 | 15             | 12           | 12           | 12           | 101.8          | 99.1         | 66.1        | 65.4        | 35.7          | 33.7        |                         | 1                       |
| Russia                                  | 8              | 6            | 1            | 2            | 127.0          | 46.5         | 68.8        | 8.6         | 58.2          | 37.9        |                         |                         |
| <b>New Europe</b>                       | <b>460</b>     | <b>417</b>   | <b>348</b>   | <b>336</b>   | <b>83.6</b>    | <b>87.9</b>  | <b>57.7</b> | <b>60.3</b> | <b>25.9</b>   | <b>27.6</b> | <b>76</b>               | <b>61</b>               |
| <b>Other Europe</b>                     | <b>1,209</b>   | <b>1,161</b> | <b>1,058</b> | <b>1,061</b> | <b>83.2</b>    | <b>89.3</b>  | <b>55.4</b> | <b>62.7</b> | <b>27.8</b>   | <b>26.6</b> | <b>267</b>              | <b>183</b>              |
| <b>NAFTA, thereof:</b>                  | <b>1,641</b>   | <b>1,587</b> | <b>1,073</b> | <b>1,059</b> | <b>90.0</b>    | <b>107.8</b> | <b>65.4</b> | <b>82.9</b> | <b>24.6</b>   | <b>24.9</b> | <b>202</b>              | <b>(5)</b>              |
| United States                           | 1,601          | 1,551        | 1,049        | 1,032        | 89.4           | 109.4        | 64.8        | 84.3        | 24.6          | 25.1        | 201                     | (8)                     |
| Mexico                                  | 40             | 36           | 24           | 27           | 114.2          | 54.0         | 89.3        | 33.1        | 24.9          | 20.9        | 1                       | 3                       |
| <b>Asia-Pacific, thereof:</b>           | <b>488</b>     | <b>510</b>   | <b>324</b>   | <b>320</b>   | <b>93.9</b>    | <b>97.3</b>  | <b>67.6</b> | <b>69.7</b> | <b>26.3</b>   | <b>27.6</b> | <b>65</b>               | <b>57</b>               |
| Australia                               | 413            | 445          | 289          | 290          | 93.7           | 97.1         | 68.6        | 70.6        | 25.1          | 26.5        | 60                      | 53                      |
| Other                                   | 75             | 65           | 35           | 30           | 94.7           | 97.3         | 58.8        | 59.8        | 35.9          | 37.5        | 5                       | 4                       |
| <b>South America</b>                    | <b>207</b>     | <b>181</b>   | <b>157</b>   | <b>137</b>   | <b>99.9</b>    | <b>99.6</b>  | <b>66.4</b> | <b>64.1</b> | <b>33.5</b>   | <b>35.5</b> | <b>12</b>               | <b>21</b>               |
| <b>Other</b>                            | <b>22</b>      | <b>21</b>    | <b>14</b>    | <b>12</b>    | <b>4)</b>      | <b>4)</b>    | <b>4)</b>   | <b>4)</b>   | <b>4)</b>     | <b>4)</b>   | <b>1</b>                | <b>1</b>                |

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|  |               |               |              |              |             |             |             |             |             |             |              |            |
|--|---------------|---------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|------------|
| Specialty Lines                                    |               |               |              |              |             |             |             |             |             |             |              |            |
| Credit Insurance                                   | 404           | 404           | 285          | 238          | 74.9        | 62.0        | 48.8        | 36.3        | 26.1        | 25.7        | 111          | 100        |
| Allianz Global Corporate & Specialty <sup>1)</sup> | 649           | 755           | 390          | 427          | 95.3        | 153.1       | 64.4        | 120.5       | 30.9        | 32.6        | 75           | (206)      |
| Travel Insurance and Assistance Services           | 252           | 259           | 267          | 259          | 102.3       | 96.0        | 62.3        | 62.0        | 40.0        | 34.0        | 26           | 20         |
| <b>Subtotal</b>                                    | <b>10,997</b> | <b>11,016</b> | <b>9,680</b> | <b>9,698</b> |             |             |             |             |             |             | <b>1,733</b> | <b>989</b> |
| Consolidation adjustments <sup>2)</sup>            | (585)         | (648)         | (4)          | (6)          |             |             |             |             |             |             | (6)          | 3          |
| <b>Total</b>                                       | <b>10,412</b> | <b>10,368</b> | <b>9,676</b> | <b>9,692</b> | <b>90.2</b> | <b>98.6</b> | <b>64.2</b> | <b>73.0</b> | <b>26.0</b> | <b>25.6</b> | <b>1,727</b> | <b>992</b> |

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- <sup>1)</sup> 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 PC Germany. Additionally, with effect from 2Q 2006, we have included Allianz Global Risks US, which was formerly presented within NAFTA, within the newly combined entity Allianz Global Corporate & Specialty. Prior year balances have been adjusted to reflect this reclassification and allow for comparability across periods.
- <sup>2)</sup> Represents elimination of transactions between Allianz Group companies in different geographic regions.
- <sup>3)</sup> Contains run-off of a former operating entity located in Luxembourg of 5 mn in 2006 and (1) mn in 2005.
- <sup>4)</sup> Presentation not meaningful.

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|  | Gross premiums |                | Premiums      |               | Combined Ratio |             | Loss ratio  |             | Expense ratio |             | Operating profit        |                         |
|--|----------------|----------------|---------------|---------------|----------------|-------------|-------------|-------------|---------------|-------------|-------------------------|-------------------------|
|  | written        |                | earned (net)  |               | %              |             | %           |             | %             |             | mn                      |                         |
|  | 2006           | 2005           | 2006          | 2005          | 2006           | 2005        | 2006        | 2005        | 2006          | 2005        | 2006                    | 2005                    |
| <b>Nine months ended September 30,</b>             |                |                |               |               |                |             |             |             |               |             |                         |                         |
| PC Germany <sup>1)</sup>                           | 9,390          | 9,620          | 7,328         | 7,508         | 90.8           | 91.0        | 63.3        | 65.1        | 27.5          | 25.9        | 1,272                   | 1,310                   |
| France   | 4,053          | 4,063          | 3,327         | 3,294         | 99.7           | 102.3       | 72.5        | 74.7        | 27.2          | 27.6        | 315                     | 165                     |
| Italy  | 3,698          | 3,679          | 3,661         | 3,649         | 93.4           | 96.5        | 70.4        | 71.3        | 23.0          | 25.2        | 567                     | 510                     |
| United Kingdom                                     | 1,812          | 1,851          | 1,392         | 1,435         | 94.7           | 94.8        | 64.7        | 64.2        | 30.0          | 30.6        | 225                     | 223                     |
| Switzerland  | 1,610          | 1,646          | 1,269         | 1,288         | 94.0           | 99.4        | 70.2        | 76.6        | 23.8          | 22.8        | 170                     | 99                      |
| Spain  | 1,567          | 1,460          | 1,240         | 1,146         | 90.9           | 91.2        | 71.5        | 71.7        | 19.4          | 19.5        | 185                     | 168                     |
| Netherlands  | 752            | 754            | 609           | 616           | 89.3           | 92.0        | 55.9        | 61.1        | 33.4          | 30.9        | 117                     | 100                     |
| Austria  | 752            | 763            | 578           | 585           | 99.1           | 99.3        | 73.8        | 74.5        | 25.3          | 24.8        | 64                      | 64                      |
| Ireland  | 556            | 581            | 463           | 487           | 71.4           | 83.0        | 48.3        | 60.9        | 23.1          | 22.1        | 180                     | 120                     |
| Belgium  | 286            | 281            | 223           | 220           | 100.3          | 100.0       | 63.4        | 63.8        | 36.9          | 36.2        | 33                      | 28                      |
| Portugal   | 220            | 233            | 194           | 208           | 87.2           | 89.4        | 63.2        | 64.7        | 24.0          | 24.7        | 34                      | 30                      |
| Greece   | 55             | 53             | 34            | 33            | 84.9           | 85.3        | 55.2        | 53.1        | 29.7          | 32.2        | 7                       | 6                       |
| <b>Western and Southern Europe</b>                 | <b>2,621</b>   | <b>2,665</b>   | <b>2,101</b>  | <b>2,149</b>  | <b>89.0</b>    | <b>92.4</b> | <b>60.6</b> | <b>65.2</b> | <b>28.4</b>   | <b>27.2</b> | <b>450<sup>3)</sup></b> | <b>345<sup>3)</sup></b> |
| Hungary  | 451            | 464            | 373           | 394           | 88.3           | 94.4        | 62.0        | 64.8        | 26.3          | 29.6        | 85                      | 77                      |
| Slovakia   | 224            | 242            | 187           | 187           | 69.9           | 73.3        | 39.8        | 42.9        | 30.1          | 30.4        | 71                      | 64                      |
| Czech Republic                                     | 195            | 186            | 132           | 119           | 82.8           | 85.1        | 63.4        | 65.4        | 19.4          | 19.7        | 26                      | 23                      |
| Poland   | 214            | 178            | 147           | 115           | 89.5           | 87.6        | 56.5        | 55.5        | 33.0          | 32.1        | 19                      | 15                      |
| Romania  | 217            | 155            | 97            | 84            | 91.7           | 93.0        | 76.7        | 74.4        | 15.0          | 18.6        | 10                      | 7                       |
| Bulgaria   | 67             | 64             | 46            | 25            | 83.6           | 74.3        | 50.2        | 34.9        | 33.4          | 39.4        | 9                       | 9                       |
| Croatia  | 55             | 46             | 39            | 34            | 97.7           | 97.6        | 64.7        | 63.0        | 33.0          | 34.6        | 2                       | 2                       |
| Russia   | 19             | 16             | 3             | 5             | 91.1           | 53.1        | 45.4        | 10.7        | 45.7          | 42.4        | 1                       |                         |
| <b>New Europe</b>                                  | <b>1,442</b>   | <b>1,351</b>   | <b>1,024</b>  | <b>963</b>    | <b>84.8</b>    | <b>87.4</b> | <b>58.2</b> | <b>59.1</b> | <b>26.6</b>   | <b>28.3</b> | <b>223</b>              | <b>197</b>              |
| <b>Other Europe</b>                                | <b>4,063</b>   | <b>4,016</b>   | <b>3,125</b>  | <b>3,112</b>  | <b>87.6</b>    | <b>90.9</b> | <b>59.8</b> | <b>63.3</b> | <b>27.8</b>   | <b>27.6</b> | <b>673</b>              | <b>542</b>              |
| <b>NAFTA, thereof:</b>                             | <b>3,787</b>   | <b>3,598</b>   | <b>2,845</b>  | <b>2,743</b>  | <b>88.5</b>    | <b>97.1</b> | <b>59.3</b> | <b>69.0</b> | <b>29.2</b>   | <b>28.1</b> | <b>636</b>              | <b>313</b>              |
| United States                                      | 3,655          | 3,483          | 2,772         | 2,675         | 88.0           | 98.0        | 58.7        | 69.8        | 29.3          | 28.2        | 627                     | 305                     |
| Mexico   | 132            | 115            | 73            | 68            | 105.5          | 59.8        | 81.0        | 36.2        | 24.5          | 23.6        | 9                       | 8                       |
| <b>Asia-Pacific, thereof:</b>                      | <b>1,348</b>   | <b>1,317</b>   | <b>994</b>    | <b>946</b>    | <b>94.0</b>    | <b>92.8</b> | <b>67.5</b> | <b>66.3</b> | <b>26.5</b>   | <b>26.5</b> | <b>195</b>              | <b>208</b>              |
| Australia  | 1,116          | 1,114          | 890           | 858           | 94.0           | 92.6        | 68.8        | 67.3        | 25.2          | 25.3        | 181                     | 196                     |
| Other  | 232            | 203            | 104           | 88            | 94.5           | 95.0        | 56.9        | 56.9        | 37.6          | 38.1        | 14                      | 12                      |
| <b>South America</b>                               | <b>630</b>     | <b>493</b>     | <b>457</b>    | <b>362</b>    | <b>101.6</b>   | <b>98.2</b> | <b>65.9</b> | <b>63.0</b> | <b>35.7</b>   | <b>35.2</b> | <b>39</b>               | <b>52</b>               |
| <b>Other</b>                                       | <b>94</b>      | <b>84</b>      | <b>40</b>     | <b>35</b>     | <b>4)</b>      | <b>4)</b>   | <b>4)</b>   | <b>4)</b>   | <b>4)</b>     | <b>4)</b>   | <b>5</b>                | <b>4</b>                |
| <b>Specialty Lines</b>                             |                |                |               |               |                |             |             |             |               |             |                         |                         |
| Credit Insurance                                   | 1,270          | 1,302          | 828           | 730           | 77.6           | 71.6        | 51.1        | 44.4        | 26.5          | 27.2        | 328                     | 286                     |
| Allianz Global Corporate & Specialty <sup>1)</sup> | 2,206          | 2,349          | 1,147         | 1,270         | 93.6           | 113.6       | 66.2        | 86.5        | 27.4          | 27.1        | 286                     | (94)                    |
| Travel Insurance and Assistance Services           | 767            | 764            | 737           | 712           | 100.9          | 94.9        | 60.9        | 60.4        | 40.0          | 34.5        | 73                      | 66                      |
| <b>Subtotal</b>                                    | <b>36,295</b>  | <b>36,242</b>  | <b>28,390</b> | <b>28,230</b> |                |             |             |             |               |             | <b>4,969</b>            | <b>3,852</b>            |
| <b>Consolidation adjustments<sup>2)</sup></b>      | <b>(2,052)</b> | <b>(2,134)</b> | <b>(15)</b>   | <b>(12)</b>   |                |             |             |             |               |             | <b>(11)</b>             | <b>4</b>                |
| <b>Total</b>                                       | <b>34,243</b>  | <b>34,108</b>  | <b>28,375</b> | <b>28,218</b> | <b>92.2</b>    | <b>94.9</b> | <b>65.1</b> | <b>68.2</b> | <b>27.1</b>   | <b>26.7</b> | <b>4,958</b>            | <b>3,856</b>            |

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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 PC Germany. Additionally, with effect from 2Q 2006, we have included Allianz Global Risk US, which was formerly presented within NAFTA, within the newly combined entity Allianz Global Corporate & Specialty. 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 15 mn in 2006 and (3) mn in 2005.
  - 4) Presentation not meaningful.



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**Life/Health Insurance Operations**

**Operating profitability further improved.**

**Revenue shortfall in Italy and the United States.**

**Operating profit improvement driven by growth in our asset base.**

**High margins on both our in-force and new business.**

**Earnings Summary**

**Statutory Premiums by Regions<sup>1)</sup>**

in bn

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

**Statutory Premiums Growth Rates**

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

**Statutory Premiums**

**2006 to 2005 Three Month Comparison**

Our statutory premiums at 9,847 million in 3Q 2006 remained sound and we continued to experience solid increases both in some of our more mature and emerging markets. In the context of our Sustainability program the leveraging of our worldwide life insurance product expertise, has begun to contribute to our revenues. However, in aggregate, statutory premiums were down 11.8% from a year earlier. This development was mainly attributable to declines in the United States and Italy. Based on internal growth, our statutory premiums decreased 10.9%.

In France, our entities continued to enjoy strong sales momentum with unit-linked contracts, achieved through our proprietary financial advisors network and through partnerships with independent advisors. This drove a 6.4% rise, with statutory premiums reaching 1,313 million.

Germany Life again experienced strong production of new single premium business leading to total statutory premiums in 3Q 2006 of 2,640 million, an increase of 45 million from 3Q 2005.

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 which more than doubled to 76 million in 3Q 2006.

Conversely, at Allianz Life in the United States, statutory premiums decreased 24.9% to 2,144 million, as the sale of equity-indexed annuity products fell short of their prior year level. We attribute this

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decrease primarily to the impact of the NASD<sup>1)</sup> notice in late 2005 to members regarding the sale of index annuities which has created impediments to sales of equity index annuities. Allianz Life is taking action to regain growth momentum by expanding distribution with the broker-dealers, banks and wire-houses, designing channel-specific products, and at the same time reinforcing core strengths in product development of variable products and fixed indexed products.

As expected, statutory premiums were down in Italy. In aggregate, RAS and Lloyd Adriatico experienced a decline of 36.0% to 1,267 million in 3Q 2006, negatively influenced by the difficult market environment. In addition, adverse developments within our bancassurance distribution channel continued to make an impact. At RAS, our share in the total life production of our joint venture partner reduced as expected, while at Lloyd Adriatico, we remained confronted with challenges due to organizational changes at our joint venture partner.

The decrease in statutory premiums by 7.6% to 835 million from our operations in Asia-Pacific, was the net effect of strong increases in South Korea and China, overcompensated by lower premium volume in Taiwan. At Allianz Life Insurance Co. Ltd. in South Korea, we were able to maintain statutory premium momentum from our continued strong sales performance with equity-indexed and variable annuity products. This led to a significant increase in statutory premiums of 30.1% to 467 million. In China, we started to benefit from our cooperation with Industrial and Commercial Bank of China Ltd. In contrast, in Taiwan, statutory premiums decreased 40.8% to 296 million.

**2006 to 2005 Nine Month Comparison**

Our statutory premiums decreased 1.5% to 34,600 million. Whereas we experienced strong growth in most of our life insurance markets, such as Germany, France, Asia-Pacific and New Europe, the developments in the United States and Italy did not vary from those in 3Q. Based on internal growth, our statutory premiums were down 2.3%.

**Operating Profit**

**Operating Profit**

in mn

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<sup>1)</sup> The National Association of Securities Dealers (or NASD) is a private-sector provider of financial regulatory services in the United States.

**2006 to 2005 Three Month Comparison**

**Operating profit** was 617 million in 3Q 2006, up 11.0% from a year earlier. The most important factors driving this increase were our strong asset base after the segment's growth in recent years and higher trending equity markets, as well as our improved new business margin.

The markets which contributed strongest to operating profit were Germany Life at 208 million, France at 95 million, the United States at 91 million and Italy at 66 million.

**Interest and similar income** rose by 9.2% to 3,093 million. This development was in large part due to higher interest income from bonds in the United States through increased yields and growth in our asset base, as well as higher dividend distributions from equity investments at Germany Life.

**Realized gains/losses (net) from investments, shared with policyholders**, were up 3.5% to 537 million predominantly from the sale of Four Seasons Healthcare Ltd.

**Acquisition and administrative expenses (net)** rose by 17.4% to 1,132 million, reflecting in particular increased acquisition expenses due to higher amortization of deferred acquisition costs. Factors important for this development were increased lapses in Italy, whereas the corresponding surrender gains are not shown in the expense line item, and the change of an intra-Allianz Group reinsurance contract. Consequently, together with the shortfall in statutory premiums (net), our **statutory expense ratio** increased to 11.7% from 8.8% a year ago.

**Income from financial assets and liabilities carried at fair value through income (net)** resulted in an overall expense of 20 million, after an income of 290 million last year. Germany Life exhibited expenses due to the retrospective release of hedging connections. In addition, in the United States, we experienced lower income due to, among other factors, an increase in market interest rates.

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While **claims and insurance benefits incurred (net)** increased, **changes in reserves for insurance and investment contracts (net)** were down by a similar magnitude, resulting in aggregate, in charges of 6,204 million, consistent with a year ago. The increase of claims and insurance benefits incurred (net) from 3,836 million to 3,942 million stemmed in large part from higher lapses and surrender rates in our operations within Italy, as well as the maturity of savings products at Allianz Life Insurance Co. Ltd. in South Korea. Changes in reserves for insurance and investment contracts (net) were down 117 million to 2,262 million in particular due to decreased statutory premium volume in Italy and the United States. Additionally, a change in product mix in South Korea, reflected by higher sales of separate account variable annuity contracts, contributed to decreased net expenses from changes in reserves.

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### 2006 to 2005 Nine Month Comparison

**Operating profit** was up 20.8% to 1,867 million. 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 benefited from higher **realized gains/losses (net) from investments, shared with policyholders**, especially from the Schering transaction in 2Q 2006.

### Non-Operating Items

#### 2006 to 2005 Three Month Comparison

**Non-operating items** were down 36 million to a charge of 8 million. This development resulted from lower **realized gains/losses (net) from investments, not shared with policyholders**, which fell 33 million in large part due to realized gains at RAS from the sale of its remaining interest in Mediobanca in 3Q 2005.

#### 2006 to 2005 Nine Month Comparison

Similar to the development in 3Q, during the first nine months of 2006 we recorded 20 million decline in non-operating income to 133 million, primarily from **non-operating restructuring charges** in 2Q 2006 within our German life and health businesses.

### Net Income

#### 2006 to 2005 Three Month Comparison

Despite an increased **income before income taxes and minority interests in earnings**, our **net income** was down 12.7% to 288 million, impacted by income tax expenses which almost doubled from last year. This drove our effective tax rate to 39.4% from 21.3%.

**Minority interests in earnings** were down 37.7% to 81 million, mainly through lower income after taxes and before minority interests at AGF and RAS. An additional factor in this development was the buy-out of minority shares at our Italian subsidiary RAS.

#### 2006 to 2005 Nine Month Comparison

**Net income** for the first nine months of 2006 rose by 7.9% to 1,150 million, driven by our strong operating profit development.

**Income tax expenses** doubled to 549 million, with an effective tax rate of 27.4% (9M 2005: 16.2%). At a relatively constant income after taxes and before minority interests, **minority interests in earnings** were down 57 million from a year earlier to 301 million primarily as a result of the buy-out at RAS previously mentioned.

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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 nine months ended September 30, 2006 and 2005, respectively.

|   | Three months ended |                | Nine months ended |                 |
|---|--------------------|----------------|-------------------|-----------------|
|   | September 30,      |                | September 30,     |                 |
|   | 2006               | 2005           | 2006              | 2005            |
|   | mn                 | mn             | mn                | mn              |
| <b>Statutory premiums<sup>1)</sup></b>  | <b>9,847</b>       | <b>11,164</b>  | <b>34,600</b>     | <b>35,116</b>   |
| Ceded premiums written  | (163)              | (211)          | (572)             | (653)           |
| Change in unearned premiums   | (4)                | (46)           | (90)              | (100)           |
| Statutory premiums (net)  | 9,680              | 10,907         | 33,938            | 34,363          |
| Deposits from SFAS 97 insurance and investment contracts                                  | (5,169)            | (6,605)        | (19,515)          | (20,289)        |
| Premiums earned (net)   | 4,511              | 4,302          | 14,423            | 14,074          |
| Interest and similar income   | 3,093              | 2,832          | 9,838             | 8,953           |
| Income from financial assets and liabilities carried at fair value through income (net)   | (20)               | 290            | (205)             | 286             |
| Realized gains/losses (net) from investments, shared with policyholders <sup>2)</sup>     | 537                | 519            | 2,587             | 2,163           |
| Fee and commission income   | 144                | 152            | 435               | 358             |
| Other income  | 7                  |                | 20                | 29              |
| <b>Operating revenues</b>   | <b>8,272</b>       | <b>8,095</b>   | <b>27,098</b>     | <b>25,863</b>   |
| Claims and insurance benefits incurred (net)  | (3,942)            | (3,836)        | (12,738)          | (12,690)        |
| Changes in reserves for insurance and investment contracts (net)                          | (2,262)            | (2,379)        | (7,860)           | (7,859)         |
| Interest expense  | (70)               | (98)           | (207)             | (321)           |
| Loan loss provisions  |                    | 5              | 1                 | 2               |
| Impairments of investments (net), shared with policyholders                               | (63)               | (45)           | (308)             | (98)            |
| Investment expenses   | (129)              | (135)          | (497)             | (381)           |
| Acquisition and administrative expenses (net)   | (1,132)            | (964)          | (3,327)           | (2,822)         |
| Fee and commission expenses   | (57)               | (87)           | (177)             | (149)           |
| Operating restructuring charges <sup>3)</sup>   |                    |                | (118)             |                 |
| <b>Operating expenses</b>   | <b>(7,655)</b>     | <b>(7,539)</b> | <b>(25,231)</b>   | <b>(24,318)</b> |
| <b>Operating profit</b>   | <b>617</b>         | <b>556</b>     | <b>1,867</b>      | <b>1,545</b>    |
| Realized gains/losses (net) from investments, not shared with policyholders <sup>2)</sup> |                    | 33             | 186               | 180             |
| Amortization of intangible assets   |                    | (3)            | (2)               | (10)            |
| Non-operating restructuring charges <sup>3)</sup>   | (8)                | (2)            | (51)              | (17)            |
| <b>Non-operating items</b>  | <b>(8)</b>         | <b>28</b>      | <b>133</b>        | <b>153</b>      |
| <b>Income before income taxes and minority interests in earnings</b>                      | <b>609</b>         | <b>584</b>     | <b>2,000</b>      | <b>1,698</b>    |
| Income taxes  | (240)              | (124)          | (549)             | (274)           |
| Minority interests in earnings  | (81)               | (130)          | (301)             | (358)           |
| <b>Net income</b>   | <b>288</b>         | <b>330</b>     | <b>1,150</b>      | <b>1,066</b>    |
| <b>Statutory expense ratio<sup>4)</sup> in %</b>  | <b>11.7</b>        | <b>8.8</b>     | <b>9.8</b>        | <b>8.2</b>      |

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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 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 nine months ended September 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.

|                                  | Statutory premiums <sup>1)</sup> |       | Premiums earned (net) |       | Statutory expense ratio |               | Operating profit |      |
|----------------------------------|----------------------------------|-------|-----------------------|-------|-------------------------|---------------|------------------|------|
|                                  | mn                               |       | mn                    |       | %                       |               | mn               |      |
| Three months ended September 30, | 2006                             | 2005  | 2006                  | 2005  | 2006                    | 2005          | 2006             | 2005 |
| Germany Life                     | 2,640                            | 2,595 | 2,205                 | 2,125 | 9.9                     | 9.3           | 208              | 63   |
| Germany Health <sup>2)</sup>     | 776                              | 765   | 773                   | 762   | 10.5                    | 8.5           | 33               | 42   |
| Italy                            | 1,267                            | 1,980 | 198                   | 184   | 10.2                    | 4.4           | 66               | 71   |
| France                           | 1,313                            | 1,234 | 376                   | 247   | 15.3                    | 16.9          | 95               | 242  |
| Switzerland                      | 143                              | 170   | 76                    | 81    | 16.9                    | 14.0          | 14               | 20   |
| Spain                            | 111                              | 94    | 72                    | 74    | 15.6                    | 9.6           | 24               | 18   |
| Netherlands                      | 96                               | 91    | 38                    | 37    | 36.8                    | 16.4          | 11               | 15   |
| Austria                          | 86                               | 80    | 69                    | 63    | 14.8                    | 13.4          | 6                | 9    |
| Belgium                          | 120                              | 141   | 64                    | 78    | 13.4                    | 10.9          | 35               | 9    |
| Portugal                         | 19                               | 19    | 16                    | 15    | 13.2                    | 23.6          | 5                | 2    |
| Luxembourg                       | 14                               | 9     | 7                     | 5     | 12.3                    | 16.3          |                  | 2    |
| Greece                           | 21                               | 20    | 14                    | 13    | 25.6                    | 24.7          | 1                | 4    |
| Western and Southern Europe      | 356                              | 360   | 208                   | 211   | 20.7                    | 14.3          | 58               | 41   |
| Hungary                          | 24                               | 22    | 18                    | 19    | 23.9                    | 28.5          | 3                | 3    |
| Slovakia                         | 43                               | 37    | 33                    | 34    | 11.6                    | 21.7          | 1                | 3    |
| Czech Republic                   | 17                               | 16    | 13                    | 12    | 8.6                     | 19.3          | 3                | 1    |
| Poland                           | 76                               | 31    | 29                    | 14    | 26.8                    | 27.7          | 2                | 1    |
| Romania                          | 5                                | 5     | 3                     | 1     | 38.6                    | 36.0          |                  |      |
| Bulgaria                         | 6                                | 4     | 5                     | 4     | 15.4                    | 13.6          | 1                | 1    |
| Croatia                          | 11                               | 9     | 9                     | 8     | 16.8                    | 22.9          | 1                |      |
| Russia                           | 2                                |       | 2                     |       | 14.1                    | <sup>5)</sup> |                  |      |
| New Europe                       | 184                              | 124   | 112                   | 92    | 20.5                    | 24.4          | 11               | 9    |
| Other Europe                     | 540                              | 484   | 320                   | 303   | 20.6                    | 16.9          | 69               | 50   |
| United States                    | 2,144                            | 2,853 | 95                    | 127   | 7.6                     | 5.7           | 91               | 77   |
| Asia-Pacific, thereof:           | 835                              | 904   | 301                   | 280   | 11.3                    | 8.2           | 19               | 12   |
| South Korea                      | 467                              | 359   | 243                   | 245   | 13.1                    | 16.9          | 17               | 14   |
| Taiwan                           | 296                              | 500   | 24                    | 13    | 6.2                     | 0.3           | 2                | 2    |
| Malaysia                         | 26                               | 21    | 21                    | 18    | 12.8                    | 11.2          | 2                | (1)  |
| Indonesia                        | 21                               | 15    | 9                     | 7     | 30.4                    | 27.0          |                  |      |
| Other                            | 25                               | 9     | 4                     | (3)   | 19.4                    | 56.2          | (2)              | (3)  |
| South America                    | 28                               | 28    | 8                     | 9     | 21.3                    | 24.7          | (1)              | 5    |
| Other <sup>3)</sup>              | 96                               | 113   | 88                    | 108   | <sup>5)</sup>           | <sup>5)</sup> | 24               | (46) |

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|   |              |               |              |              |             |            |            |            |
|---|--------------|---------------|--------------|--------------|-------------|------------|------------|------------|
| <b>Subtotal</b>                         | <b>9,893</b> | <b>11,220</b> | <b>4,512</b> | <b>4,300</b> |             | <b>642</b> | <b>554</b> |            |
| Consolidation adjustments <sup>4)</sup> | (46)         | (56)          | (1)          | 2            |             | (25)       | 2          |            |
| <b>Total</b>                            | <b>9,847</b> | <b>11,164</b> | <b>4,511</b> | <b>4,302</b> | <b>11.7</b> | <b>8.8</b> | <b>617</b> | <b>556</b> |

- 
- 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 67.4% and 67.0% for the three months ended September 30, 2006 and 2005, respectively.
- 3) Contains, among others, the life/health business assumed by Allianz SE, which was previously reported under PC 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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| Nine months ended September 30,         | Statutory premiums <sup>1)</sup> |               | Premiums earned (net) |               | Statutory expense ratio |               | Operating profit |              |
|---|----------------------------------|---------------|-----------------------|---------------|-------------------------|---------------|------------------|--------------|
|   | mn                               |               | mn                    |               | %                       |               | mn               |              |
|   | 2006                             | 2005          | 2006                  | 2005          | 2006                    | 2005          | 2006             | 2005         |
| Germany Life                            | 8,844                            | 8,260         | 7,103                 | 6,867         | 9.4                     | 7.6           | 454              | 232          |
| Germany Health <sup>2)</sup>            | 2,317                            | 2,282         | 2,315                 | 2,280         | 8.4                     | 9.0           | 132              | 117          |
| Italy                                   | 5,898                            | 6,908         | 720                   | 673           | 7.2                     | 5.0           | 269              | 254          |
| France                                  | 4,247                            | 3,821         | 1,174                 | 1,045         | 14.8                    | 15.4          | 370              | 478          |
| Switzerland                             | 840                              | 862           | 365                   | 370           | 9.0                     | 9.4           | 41               | 38           |
| Spain                                   | 427                              | 379           | 294                   | 317           | 10.7                    | 7.7           | 65               | 51           |
| Netherlands                             | 324                              | 288           | 111                   | 109           | 19.5                    | 15.4          | 33               | 29           |
| Austria                                 | 270                              | 249           | 201                   | 192           | 13.3                    | 10.2          | 28               | 25           |
| Belgium                                 | 415                              | 437           | 209                   | 233           | 11.3                    | 12.0          | 67               | 41           |
| Portugal                                | 64                               | 56            | 49                    | 45            | 14.6                    | 22.3          | 17               | 10           |
| Luxembourg                              | 35                               | 25            | 22                    | 17            | 14.1                    | 21.1          | 3                | 4            |
| Greece                                  | 71                               | 66            | 45                    | 40            | 23.9                    | 23.7          | 3                | 4            |
| <b>Western and Southern Europe</b>      | <b>1,179</b>                     | <b>1,121</b>  | <b>637</b>            | <b>636</b>    | <b>14.9</b>             | <b>13.8</b>   | <b>151</b>       | <b>113</b>   |
| Hungary                                 | 68                               | 66            | 55                    | 54            | 25.9                    | 26.6          | 11               | 11           |
| Slovakia                                | 131                              | 108           | 100                   | 98            | 16.8                    | 20.7          | 15               | 7            |
| Czech Republic                          | 55                               | 46            | 40                    | 36            | 17.0                    | 20.9          | 7                | 4            |
| Poland                                  | 307                              | 71            | 69                    | 39            | 14.7                    | 33.7          | 5                | 3            |
| Romania                                 | 20                               | 12            | 9                     | 4             | 39.0                    | 33.6          |                  |              |
| Bulgaria                                | 17                               | 12            | 15                    | 12            | 15.7                    | 11.7          | 2                | 2            |
| Croatia                                 | 31                               | 29            | 25                    | 23            | 21.9                    | 23.6          | 2                | 1            |
| Russia                                  | 6                                |               | 6                     |               | 16.4                    | <sup>5)</sup> |                  |              |
| New Europe                              | 635                              | 344           | 319                   | 266           | 17.6                    | 24.9          | 42               | 28           |
| <b>Other Europe</b>                     | <b>1,814</b>                     | <b>1,465</b>  | <b>956</b>            | <b>902</b>    | <b>15.9</b>             | <b>16.4</b>   | <b>193</b>       | <b>141</b>   |
| United States                           | 7,120                            | 8,614         | 263                   | 385           | 6.9                     | 4.4           | 244              | 203          |
| Asia-Pacific, thereof:                  | 2,807                            | 2,216         | 910                   | 864           | 10.3                    | 12.3          | 70               | 26           |
| South Korea                             | 1,561                            | 1,058         | 746                   | 731           | 13.2                    | 20.5          | 55               | 20           |
| Taiwan                                  | 1,040                            | 1,019         | 65                    | 54            | 3.6                     | 2.0           | 11               | 8            |
| Malaysia                                | 76                               | 73            | 62                    | 51            | 18.3                    | 15.5          | 6                |              |
| Indonesia                               | 55                               | 48            | 25                    | 22            | 31.3                    | 23.7          | 1                | 1            |
| Other                                   | 75                               | 18            | 12                    | 6             | 18.6                    | 97.7          | (3)              | (3)          |
| South America                           | 116                              | 93            | 33                    | 24            | 16.0                    | 18.8          | (2)              | 4            |
| Other <sup>3)</sup>                     | 338                              | 384           | 291                   | 345           | <sup>5)</sup>           | <sup>5)</sup> | 123              | 4            |
| <b>Subtotal</b>                         | <b>34,768</b>                    | <b>35,284</b> | <b>14,424</b>         | <b>14,072</b> |                         |               | <b>1,959</b>     | <b>1,548</b> |
| Consolidation adjustments <sup>4)</sup> | (168)                            | (168)         | (1)                   | 2             |                         |               | (92)             | (3)          |
| <b>Total</b>                            | <b>34,600</b>                    | <b>35,116</b> | <b>14,423</b>         | <b>14,074</b> | <b>9.8</b>              | <b>8.2</b>    | <b>1,867</b>     | <b>1,545</b> |

1)

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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 68.9% and 70.1% for the nine months ended September 30, 2006 and 2005, respectively.
- 3) Contains, among others, the life/health business assumed by Allianz SE, which was previously reported under PC 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

On track to achieve ambitious full year targets.

Operating revenues stable.

Sustainable operating profit improvement continued.

Significantly improved cost-income ratio.

#### Earnings Summary

The results of operations of our Banking segment are almost exclusively represented by Dresdner Bank, accounting for 96.1% of our total Banking segment's operating revenues for the first nine months of 2006 (9M 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 1,521 million in 3Q 2006, were on a par with a year earlier despite lower trading income in a challenging market environment. Overall, significantly higher net interest income made up for decreased trading income (net), while net fee and commission income was flat.

**Net interest income** amounted to 695 million, up 35.2% from a year ago. Excluding the impact of accounting for derivative financial instruments which do not qualify for hedge accounting, net interest income increased 5.2%. In our operating divisions, Private & Business Clients (or PBC) and Corporate & Investment Banking (or CIB), net interest income was relatively stable. In PBC, our favorably developing deposit business more than compensated for lower net interest income from our loan business.

At 631 million, **net fee and commission income** was rather unchanged. Our operating divisions developed favorably with PBC experiencing increased income from closed-end funds, compensating for lower income from the securities business, and CIB generating higher fee income from its investment banking activities.

**Trading income (net)** was down 48.5% to 188 million primarily in our derivative business due to low activities stemming from an uncertain market environment and unfavorable conditions in July and August. In September, trading income (net) recovered.

##### 2006 to 2005 Nine Month Comparison

**Operating revenues** increased considerably by 14.6% to 5,114 million. This strong growth resulted from positive developments in all revenue categories and both operating divisions.

#### Operating Profit

##### 2006 to 2005 Three Month Comparison

**Operating profit** grew to 311 million, up 38.2% from a year earlier. While slightly increased revenues also helped in this development, decreases of both bonus-related and non-bonus-related personnel expenses were the key drivers.

**Operating expenses** declined 11.0% to 1,259 million, of which **administrative expenses** amounted to 1,237 million, down 10.9%. Administrative expenses declined due to a reduction in revenue-linked bonuses and related social security expenses, reflecting the revenue development in our CIB division. Additionally, administrative expenses benefited from further efficiency gains, resulting from, among other

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factors, a reduction in headcount after the closure of our Institutional Restructuring Unit (or IRU ). As a result of the stable development of our operating revenues and declining operating expenses, our **cost-income ratio** improved significantly by 10.9 percentage points to 82.8%.

**Loan loss provisions** experienced a net release of 49 million. Adequate reserving for current risks with gross additions of 103 million was in line with the improved quality of our loan portfolio following the successful completion of the wind-down of our IRU portfolio in 2005. Gross additions were more than offset by recoveries from loans previously written off and releases of provisions of, in aggregate, 152 million.

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**2006 to 2005 Nine Month Comparison**

**Operating profit** increased significantly to 1,159 million, up 81.4%. This strong development was largely attributable to the dynamic growth in **operating revenues**, whereas **operating expenses** were only 3.2% higher. We successfully drove down our **cost-income ratio** by 8.8 percentage points to 78.8%. **Loan loss provisions** resulted in a net release of 77 million, compared to an 84 million net release in the prior year period. Similar to a year ago, high recoveries of loans and releases of provisions were key factors in this development. At September 30, 2006, our **coverage ratio** was 59.8%, up 1.0 percentage point from September 30, 2005.

**Operating Profit – Dresdner Bank**

in mn

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

In aggregate, net expenses from **non-operating items** were 8 million, down 21 million from a year ago. **Realized gains/losses (net)** of 73 million were, in large part, connected to the sale of a subsidiary. **Restructuring charges** amounted to 33 million (3Q 2005: 5 million) and **impairments of investments (net)** to (48) million (3Q 2005: (24) million). Restructuring charges reflected the initial impact from our Neue Dresdner Plus program .

**2006 to 2005 Nine Month Comparison**

The significant decline in income from **non-operating items** by 38.0% was mainly attributable to reduced **realized gains/losses (net)**. In addition, higher **restructuring charges** were incurred, resulting primarily from the Neue Dresdner Plus program .

**Net Income****2006 to 2005 Three Month Comparison**

**Net income** more-than-doubled to 230 million. This development reflected, in particular, our strong operating profit growth. Conversely, **income tax expenses** decreased from 64 million to 56 million, reflecting an effective tax rate of 18.5% (3Q 2005: 32.6%). Income taxes benefited from tax-exempt realized gains in 3Q 2006.

**2006 to 2005 Nine Month Comparison**

**Net income** increased 16.8% to 1,086 million. Driven by strong **operating profit** growth, **income tax expenses** rose by 118 million to 406 million. Our effective income tax rate was 26.1%, compared to 22.5% a year earlier. In 1Q 2005 and 2006, similar significant tax-exempt gains from the sale of Munich Re shares were realized, which had a larger impact on the 9M 2005 effective tax rate due to a lower **income before income taxes and minority interests in earnings** compared to that for the first nine months of 2006.

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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 nine months ended September 30, 2006 and 2005, respectively.

|   | Three months ended September 30,     |                     |                                      |                     | Nine months ended September 30,      |                     |                                      |                     |
|---|--------------------------------------|---------------------|--------------------------------------|---------------------|--------------------------------------|---------------------|--------------------------------------|---------------------|
|   | 2006                                 |                     | 2005                                 |                     | 2006                                 |                     | 2005                                 |                     |
|   | Banking Segment <sup>(1)</sup><br>mn | Dresdner Bank<br>mn | Banking Segment <sup>(1)</sup><br>mn | Dresdner Bank<br>mn | Banking Segment <sup>(1)</sup><br>mn | Dresdner Bank<br>mn | Banking Segment <sup>(1)</sup><br>mn | Dresdner Bank<br>mn |
| Net interest income <sup>(2)</sup>  | 709                                  | 695                 | 529                                  | 514                 | 1,962                                | 1,904               | 1,633                                | 1,580               |
| Net fee and commission income <sup>(3)</sup>  | 668                                  | 631                 | 676                                  | 640                 | 2,228                                | 2,104               | 2,073                                | 1,964               |
| Trading income (net) <sup>(4)</sup>   | 285                                  | 188                 | 382                                  | 365                 | 1,080                                | 1,053               | 964                                  | 928                 |
| Income from financial assets and liabilities designated at fair value through income (net) <sup>(4)</sup> | 6                                    | 6                   | (7)                                  | (7)                 | 27                                   | 27                  | (11)                                 | (11)                |
| Other income  |                                      | 1                   | (2)                                  | (2)                 | 25                                   | 26                  | 2                                    | 2                   |
| <b>Operating revenues<sup>(5)</sup></b>   | <b>1,668</b>                         | <b>1,521</b>        | <b>1,578</b>                         | <b>1,510</b>        | <b>5,322</b>                         | <b>5,114</b>        | <b>4,661</b>                         | <b>4,463</b>        |
| Administrative expenses   | (1,294)                              | (1,237)             | (1,430)                              | (1,388)             | (4,158)                              | (4,004)             | (4,005)                              | (3,854)             |
| Investment expenses   | (19)                                 | (21)                | (8)                                  | (9)                 | (35)                                 | (40)                | (23)                                 | (28)                |
| Other expenses  | (1)                                  | (1)                 | (18)                                 | (18)                | 12                                   | 12                  | (26)                                 | (26)                |
| <b>Operating expenses</b>   | <b>(1,314)</b>                       | <b>(1,259)</b>      | <b>(1,456)</b>                       | <b>(1,415)</b>      | <b>(4,181)</b>                       | <b>(4,032)</b>      | <b>(4,054)</b>                       | <b>(3,908)</b>      |
| Loan loss provisions  | 52                                   | 49                  | 130                                  | 130                 | 78                                   | 77                  | 89                                   | 84                  |
| <b>Operating profit</b>   | <b>406</b>                           | <b>311</b>          | <b>252</b>                           | <b>225</b>          | <b>1,219</b>                         | <b>1,159</b>        | <b>696</b>                           | <b>639</b>          |
| Realized gains/losses (net)   | 71                                   | 73                  |                                      |                     | 517                                  | 517                 | 729                                  | 729                 |
| Impairments of investments (net)  | (48)                                 | (48)                | (25)                                 | (24)                | (80)                                 | (80)                | (82)                                 | (80)                |
| Amortization of intangible assets   | 1                                    |                     | (1)                                  |                     |                                      |                     | (1)                                  |                     |
| Restructuring charges   | (32)                                 | (33)                | (5)                                  | (5)                 | (41)                                 | (41)                | (10)                                 | (10)                |
| <b>Non-operating items</b>  | <b>(8)</b>                           | <b>(8)</b>          | <b>(31)</b>                          | <b>(29)</b>         | <b>396</b>                           | <b>396</b>          | <b>636</b>                           | <b>639</b>          |
| <b>Income before income taxes and minority interests in earnings</b>                                      | <b>398</b>                           | <b>303</b>          | <b>221</b>                           | <b>196</b>          | <b>1,615</b>                         | <b>1,555</b>        | <b>1,332</b>                         | <b>1,278</b>        |
| Income taxes  | (96)                                 | (56)                | (72)                                 | (64)                | (430)                                | (406)               | (301)                                | (288)               |
| Minority interests in earnings  | (19)                                 | (17)                | (26)                                 | (19)                | (74)                                 | (63)                | (77)                                 | (60)                |
| <b>Net income</b>   | <b>283</b>                           | <b>230</b>          | <b>123</b>                           | <b>113</b>          | <b>1,111</b>                         | <b>1,086</b>        | <b>954</b>                           | <b>930</b>          |
| <b>Cost-income ratio<sup>(6)</sup> in %</b>   | <b>78.8</b>                          | <b>82.8</b>         | <b>92.3</b>                          | <b>93.7</b>         | <b>78.6</b>                          | <b>78.8</b>         | <b>87.0</b>                          | <b>87.6</b>         |

<sup>(1)</sup> 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 and mn at Dresdner Bank resulting from Dresdner Bank's trading activities in Allianz SE shares in 3Q and 9M 2006, respectively.

<sup>(2)</sup> Represents interest and similar income less interest expense.

<sup>(3)</sup> Represents fee and commission income less fee and commission expense.

<sup>(4)</sup> 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.

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- 5) For the Banking segment, total revenues are measured based upon operating revenues.
- 6) Represents operating expenses divided by operating revenues.

**Table of Contents****Banking Operations by Division**

The following tables set forth our banking operating revenues, operating profit and cost-income ratio by division for the three and nine months ended September 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 September 30,**

|  | Operating<br>revenues<br>mn | 2006<br>Operating<br>profit<br>mn | Cost-income<br>ratio<br>% | Operating<br>revenues<br>mn | 2005<br>Operating<br>profit<br>mn | Cost-income<br>ratio<br>% |
|--|-----------------------------|-----------------------------------|---------------------------|-----------------------------|-----------------------------------|---------------------------|
| Private & Business Clients <sup>1)</sup>     | 754                         | 145                               | 78.0                      | 744                         | 109                               | 82.7                      |
| Corporate & Investment Banking <sup>1)</sup> | 748                         | 134                               | 83.0                      | 851                         | 171                               | 84.3                      |
| Corporate Other <sup>2)</sup>                | 19                          | 32                                | <sup>3)</sup>             | (85)                        | (55)                              | <sup>3)</sup>             |
| <b>Dresdner Bank</b>                         | <b>1,521</b>                | <b>311</b>                        | <b>82.8</b>               | <b>1,510</b>                | <b>225</b>                        | <b>93.7</b>               |
| Other Banks <sup>4)</sup>                    | 147                         | 95                                | 83.3 <sup>5)</sup>        | 68                          | 27                                | 60.3                      |
| <b>Total</b>                                 | <b>1,668</b>                | <b>406</b>                        | <b>78.8</b>               | <b>1,578</b>                | <b>252</b>                        | <b>92.3</b>               |

**Nine months ended September 30,**

|  | Operating<br>revenues<br>mn | 2006<br>Operating<br>profit<br>mn | Cost-income<br>ratio<br>% | Operating<br>revenues<br>mn | 2005<br>Operating<br>profit<br>mn | Cost-income<br>ratio<br>% |
|--|-----------------------------|-----------------------------------|---------------------------|-----------------------------|-----------------------------------|---------------------------|
| Private & Business Clients <sup>1)</sup>     | 2,420                       | 573                               | 74.3                      | 2,273                       | 398                               | 78.2                      |
| Corporate & Investment Banking <sup>1)</sup> | 2,694                       | 617                               | 78.3                      | 2,160                       | 368                               | 83.2                      |
| Corporate Other <sup>2)</sup>                |                             | (31)                              | <sup>3)</sup>             | 30                          | (127)                             | <sup>3)</sup>             |
| <b>Dresdner Bank</b>                         | <b>5,114</b>                | <b>1,159</b>                      | <b>78.8</b>               | <b>4,463</b>                | <b>639</b>                        | <b>87.6</b>               |
| Other Banks <sup>4)</sup>                    | 208                         | 60                                | 71.6 <sup>5)</sup>        | 198                         | 57                                | 73.7                      |
| <b>Total</b>                                 | <b>5,322</b>                | <b>1,219</b>                      | <b>78.6</b>               | <b>4,661</b>                | <b>696</b>                        | <b>87.0</b>               |

<sup>1)</sup> Our reporting by divisions reflects the organizational changes within Dresdner Bank in 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 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.

<sup>2)</sup> 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 nine months ended September 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 (35) mn and (49) mn, respectively (2005: (154) mn and (81) 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 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



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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 and      mn at Dresdner Bank resulting from Dresdner Bank s trading activities in Allianz SE shares in 3Q and 9M 2006, respectively.
- 5) Excludes the impact from the elimination of trading income (net) at Dresdner Bank resulting from Dresdner Bank s trading activities in Allianz SE shares.

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### **Asset Management Operations**

**Strong operating profitability maintained.**

**Net inflows, at 25 billion in the first nine months of 2006, strengthened again.**

**Strong operating profit in 3Q 2006, as in the prior year.**

**Cost-income ratio remains at a very competitive level.**

### **Third-Party Assets Under Management**

Overall, in the first nine months of 2006, we were faced with a volatile and challenging market environment. Whereas in the first and third quarter, equity capital markets developed favorably worldwide, the second quarter showed substantial declines in market values. In the fixed income capital markets, substantial decreases in market values occurred throughout the first half of the year, following the increases in market interest rates, only recovering during the last quarter. Additionally, net flows in the fixed income mutual fund market in the United States and Germany turned negative during 2Q 2006, a development which persisted in Germany during the third quarter.

Despite this challenging market environment, net inflows to third-party assets strengthened again in 3Q 2006, reaching 25 billion in the first nine months of the year. Both fixed income and equity products contributed to the positive development, which bolstered our strong position as one of the largest asset managers, based on total assets under management.<sup>1)</sup>

A key success factor continued 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 25 billion. Net inflows and positive market effects were partly offset by negative effects of 38 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 increased by a net 12 billion to 755 billion at September 30, 2006, compared to 743 billion at December 31, 2005.

Our major achievements in the first nine months of 2006 included the following:

#### **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 5 billion at our equity fund manager NFJ Investment Group.

PIMCO Commodity Real Return Funds began trading on June 29, 2006 and already successfully raised USD 425 million in assets.

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

#### **Germany**

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Allianz Global Investors Germany in market-leading positions concerning net inflows in special funds (as of June 2006) and in equity mutual funds (as of September 2006).<sup>2)</sup>

Deutscher Investment Trust (or dit ) ranked first in the Most Improved Group of Standard & Poor's German Fund Awards 2006.

dit was awarded five stars by German financial magazine Capital , the highest possible score.

We operate our third-party asset management business primarily through Allianz Global Investors (or AGI ). At September 30, 2006, AGI managed approximately 94.7% (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 September 30, 2006 and December 31, 2005, respectively) and other Allianz Group companies (approximately 2.5% both at September 30, 2006 and December 31, 2005).

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<sup>1)</sup> Source: Own internal analysis and estimates.

<sup>2)</sup> Source: Bundesverband Investment and Asset Management (or BVI ), an association representing the German investment fund industry.

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

### **Third-party Assets Under Management Fair Values by Geographic Region**

in bn

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<sup>1)</sup> Based on the origination of the assets.

<sup>2)</sup> Consists of third-party assets managed by Dresdner Bank (approximately 21 bn and 17 bn at September 30, 2006 and December 31, 2005, respectively) and by other Allianz Group companies (approximately 19 bn both at September 30, 2006 and December 31, 2005).

### **Third-party Assets Under Management Fair Values by Investment Category**

in bn

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<sup>1)</sup> 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 98.3% and 99.3% of our total Asset Management segment's operating revenues and operating profit, respectively, in 3Q 2006 (3Q 2005: 98.2% and 98.0%). 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**

**Operating revenues** increased 2.4% from a year ago to 714 million in 3Q 2006, of which **net fee and commission income** amounted to 689 million, up 3.0%. Higher asset-based management fees, primarily reflecting our third-party asset growth, was the key factor in this development. Partially offsetting were negative foreign currency effects from the depreciation of the U.S. Dollar compared to the Euro. Internal operating revenue growth was 6.4%.

### **2006 to 2005 Nine Month Comparison**

At 2,166 million for the first nine months of 2006, **operating revenues** showed a solid rise of 14.8% from a year earlier. In addition to our increased third-party asset base previously mentioned, this growth reflected higher management fees, in particular from our further strengthened equity business. Internal growth of operating revenues at 14.3% was slightly less, mainly attributable to the appreciation of the U.S. Dollar compared to the Euro in the nine month comparison.

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

|                                       | Three months ended September 30, |            | Nine months ended September 30, |              |
|---------------------------------------|----------------------------------|------------|---------------------------------|--------------|
|                                       | 2006                             | 2005       | 2006                            | 2005         |
|                                       | mn                               | mn         | mn                              | mn           |
| Fee and commission income, thereof:   | 984                              | 952        | 3,013                           | 2,612        |
| Management fees                       | 818                              | 775        | 2,469                           | 2,130        |
| Loading and exit fees                 | 75                               | 87         | 253                             | 244          |
| Performance fees                      | 5                                | 21         | 30                              | 42           |
| Other                                 | 86                               | 69         | 261                             | 196          |
| Fee and commission expenses, thereof: | (295)                            | (283)      | (919)                           | (781)        |
| Commissions                           | (214)                            | (211)      | (663)                           | (588)        |
| Other                                 | (81)                             | (72)       | (256)                           | (193)        |
| <b>Net fee and commission income</b>  | <b>689</b>                       | <b>669</b> | <b>2,094</b>                    | <b>1,831</b> |

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

We generated **operating profit** of 292 million, a slight decline by 0.7% compared to the prior year period. Excluding effects related to foreign currency translation and changes in scope of consolidation, operating profit would have improved by 1.8%. Our operations in the United States contributed most, with operating profit reaching 237 million, up 8.0%, despite the challenging market environment in 3Q 2006.

**Operating expenses** increased 4.7% to 422 million, comprising personnel related expenses of 278 million and non-personnel related expenses of 144 million. This development was in line with our business expansion and higher headcount. Additionally, key strategic future growth investments in Germany, Europe and Asia contributed to increased operating expenses. Consequently our **cost-income ratio** reached 59.1%, 1.3 percentage points higher than a year ago.

**2006 to 2005 Nine Month Comparison**

Our **operating profit** rose by 115 million to 887 million. Internal growth was 113 million or 14.8%. **Operating expenses** increased 14.8% to 1,279 million. Thereof, personnel-related expenses amounted to 829 million, up 17.1%, and non-personnel-related expenses amounted to 450 million, up 10.8%. In addition to the developments previously mentioned in the three month comparison, personnel-related expenses increased due to higher performance-linked compensation primarily in the United States, in line with the positive business development and higher headcount. At 59.0%, our **cost-income ratio** remained stable and at a very competitive level.

**Operating Profit Allianz Global Investors**

in mn

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

**Acquisition-related expenses** dropped from 214 million in the prior year period to 134 million in 3Q 2006, a decline of 37.4%. This development was mainly driven by a lower number of outstanding PIMCO LLC Class B Units (or Class B Units). As of September 30, 2006, the Allianz Group had acquired 21,762 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 Nine Month Comparison**

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**Acquisition-related expenses and amortization of intangible assets**, in aggregate, decreased 27.2% to 404 million. In addition to the lower number of outstanding Class B Units just mentioned, the expiration of amortization charges relating to capitalized loyalty bonuses for PIMCO management in 2Q 2005 also contributed to this development.

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**Net Income**

**2006 to 2005 Three Month Comparison**

At 82 million, **net income** more than doubled from 38 million a year ago. Excluding effects from foreign currency translation, net income would have improved by 47 million. **Income tax expenses** reached 67 million (3Q 2005: 32 million), mainly driven by significantly increased taxable income in the United States.

**2006 to 2005 Nine Month Comparison**

**Net income** grew dynamically by 83.7% to 259 million, including positive effects from exchange rate movements of 2 million. **Income tax expenses** were up to 193 million from 49 million a year ago, mainly resulting from the significantly increased taxable income in the United States previously mentioned and a one-off deferred tax credit of 37 million in the United States related to tax deductible goodwill amortization in 2Q 2005.

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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 nine months ended September 30, 2006 and 2005, respectively.

|   | Three months ended September 30, |                          |                          |                          | Nine months ended September 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 <sup>1)</sup>   | 699                              | 689                      | 679                      | 669                      | 2,128                           | 2,094                    | 1,859                    | 1,831                    |
| Net interest income <sup>2)</sup>   | 19                               | 17                       | 12                       | 13                       | 49                              | 46                       | 29                       | 36                       |
| Income from financial assets and liabilities carried at fair value through income (net) | 5                                | 5                        | 16                       | 13                       | 17                              | 17                       | 21                       | 11                       |
| Other income  | 3                                | 3                        | 3                        | 2                        | 9                               | 9                        | 9                        | 8                        |
| <b>Operating revenues<sup>3)</sup></b>  | <b>726</b>                       | <b>714</b>               | <b>710</b>               | <b>697</b>               | <b>2,203</b>                    | <b>2,166</b>             | <b>1,918</b>             | <b>1,886</b>             |
| Administrative expenses, excluding acquisition-related expenses <sup>4)</sup>           | (432)                            | (422)                    | (410)                    | (403)                    | (1,308)                         | (1,279)                  | (1,135)                  | (1,114)                  |
| <b>Operating expenses</b>   | <b>(432)</b>                     | <b>(422)</b>             | <b>(410)</b>             | <b>(403)</b>             | <b>(1,308)</b>                  | <b>(1,279)</b>           | <b>(1,135)</b>           | <b>(1,114)</b>           |
| <b>Operating profit</b>   | <b>294</b>                       | <b>292</b>               | <b>300</b>               | <b>294</b>               | <b>895</b>                      | <b>887</b>               | <b>783</b>               | <b>772</b>               |
| Realized gains/losses (net)   | 1                                | 1                        | 1                        | 2                        | 2                               | 1                        | 6                        | 5                        |
| Impairments of investments (net)  | 1                                |                          |                          |                          |                                 |                          |                          |                          |
| Acquisition-related expenses, thereof: <sup>4)</sup>                                    |                                  |                          |                          |                          |                                 |                          |                          |                          |
| Deferred purchases of interests in PIMCO  | (131)                            | (131)                    | (213)                    | (213)                    | (397)                           | (397)                    | (519)                    | (519)                    |
| Other acquisition-related expenses <sup>5)</sup>  | (3)                              | (3)                      |                          | (1)                      | (7)                             | (7)                      | (10)                     | (11)                     |
| <b>Subtotal</b>   | <b>(134)</b>                     | <b>(134)</b>             | <b>(213)</b>             | <b>(214)</b>             | <b>(404)</b>                    | <b>(404)</b>             | <b>(529)</b>             | <b>(530)</b>             |
| Amortization of intangible assets <sup>6)</sup>   | (1)                              |                          |                          |                          | (1)                             |                          | (25)                     | (25)                     |
| Restructuring charges   |                                  |                          |                          |                          |                                 |                          | (1)                      |                          |
| <b>Non-operating items</b>  | <b>(133)</b>                     | <b>(133)</b>             | <b>(212)</b>             | <b>(212)</b>             | <b>(403)</b>                    | <b>(403)</b>             | <b>(549)</b>             | <b>(550)</b>             |
| <b>Income before income taxes and minority interests in earnings</b>                    | <b>161</b>                       | <b>159</b>               | <b>88</b>                | <b>82</b>                | <b>492</b>                      | <b>484</b>               | <b>234</b>               | <b>222</b>               |
| Income taxes  | (67)                             | (67)                     | (33)                     | (32)                     | (194)                           | (193)                    | (49)                     | (49)                     |
| Minority interests in earnings  | (10)                             | (10)                     | (13)                     | (12)                     | (34)                            | (32)                     | (36)                     | (32)                     |
| <b>Net income</b>   | <b>84</b>                        | <b>82</b>                | <b>42</b>                | <b>38</b>                | <b>264</b>                      | <b>259</b>               | <b>149</b>               | <b>141</b>               |



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|  |             |             |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Cost-income ratio<sup>7)</sup> in %</b> | <b>59.5</b> | <b>59.1</b> | <b>57.7</b> | <b>57.8</b> | <b>59.4</b> | <b>59.0</b> | <b>59.2</b> | <b>59.1</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

- 
- 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 9.5 billion in 2006**

Due to the strong business performance in the third quarter and the first nine months of this year, we are now confident of achieving an operating profit of greater than 9.5 billion in 2006. We further expect that our net income will grow above 6 billion, after restructuring charges of up to 350 million in the fourth quarter of this year at Dresdner Bank for its Neue Dresdner Plus program. 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**

The statements contained herein may include 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, continue and similar expressions identify forward-looking statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro/US dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

The matters discussed herein may also be affected by risks and uncertainties described from time to time in Allianz SE's filings with the U.S. Securities and Exchange Commission. The company assumes no obligation to update any forward-looking statement.

**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 September 30, 2006 as compared to the three months ended September 30, 2005, as well as for the nine months ended September 30, 2006 as compared to the nine months ended September 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 of 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 of 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 Revenue<sup>1)</sup> Growth for the Three Months Ended September 30, 2006**

| Segment <sup>2)</sup>             | Nominal growth<br>% | Changes in scope of consolidation<br>% | Foreign currency translation<br>% | Internal growth<br>% |
|-----------------------------------|---------------------|--|-----------------------------------|----------------------|
| <b>Property-Casualty</b>          | 0.4                 | (0.2)                                  | (1.2)                             | 1.8                  |
| <b>Life/Health</b>                | (11.8)              |  | (0.9)                             | (10.9)               |
| <b>Banking</b>                    | 5.7                 |  | (0.2)                             | 5.9                  |
| thereof: Dresdner Bank            | 0.7                 |  | (0.2)                             | 0.9                  |
| <b>Asset Management</b>           | 2.3                 | (0.6)                                  | (3.4)                             | 6.3                  |
| thereof: Allianz Global Investors | 2.4                 | (0.6)                                  | (3.4)                             | 6.4                  |
| <b>Allianz Group</b>              | <b>(5.1)</b>        |  | <b>(1.1)</b>                      | <b>(4.0)</b>         |

**Composition of Total Revenue<sup>1)</sup> Growth for the Nine Months Ended September 30, 2006**

| Segment <sup>2)</sup>    | Nominal growth<br>% | Changes in scope of consolidation<br>% | Foreign currency translation<br>% | Internal growth<br>% |
|--------------------------|---------------------|--|-----------------------------------|----------------------|
| <b>Property-Casualty</b> | 0.4                 | (0.2)                                  | 0.1                               | 0.5                  |

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|                                   |            |       |            |            |
|-----------------------------------|------------|-------|------------|------------|
| <b>Life/Health</b>                | (1.5)      |       | 0.8        | (2.3)      |
| <b>Banking</b>                    | 14.2       |       | 0.1        | 14.1       |
| thereof: Dresdner Bank            | 14.6       |       | 0.1        | 14.5       |
| <b>Asset Management</b>           | 14.9       | (0.6) | 1.2        | 14.3       |
| thereof: Allianz Global Investors | 14.8       | (0.7) | 1.2        | 14.3       |
| <b>Allianz Group</b>              | <b>0.7</b> |       | <b>0.4</b> | <b>0.3</b> |

- 
- 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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As of September 30, 2006 and as of December 31, 2005

| ASSETS   | Note | As of<br>September 30,<br>2006<br>mn | As of<br>December 31,<br>2005<br>mn |
|--|------|--------------------------------------|-------------------------------------|
| Cash and cash equivalents                                  |      | 31,632                               | 31,647                              |
| Financial assets carried at fair value through income      | 4    | 162,967                              | 180,346                             |
| Investments  | 5    | 293,676                              | 285,015                             |
| Loans and advances to banks and customers                  | 6    | 415,055                              | 336,808                             |
| Financial assets for unit linked contracts                 |      | 59,091                               | 54,661                              |
| Reinsurance assets   | 7    | 20,121                               | 22,120                              |
| Deferred acquisition costs                                 | 8    | 18,195                               | 17,437                              |
| Deferred tax assets  |      | 4,643                                | 5,299                               |
| Other assets   | 9    | 40,505                               | 42,293                              |
| Intangible assets  | 10   | 13,063                               | 12,958                              |
| <b>Total assets</b>  |      | <b>1,058,948</b>                     | <b>988,584</b>                      |
|  |      |                                      |                                     |
| LIABILITIES AND EQUITY                                     | Note | As of<br>September 30,<br>2006<br>mn | As of<br>December 31,<br>2005<br>mn |
| Financial liabilities carried at fair value through income | 11   | 83,302                               | 86,842                              |
| Liabilities to banks and customers                         | 12   | 372,134                              | 310,316                             |
| Unearned premiums  |      | 14,881                               | 13,303                              |
| Reserves for loss and loss adjustment expenses             | 13   | 66,278                               | 67,005                              |
| Reserves for insurance and investment contracts            | 14   | 286,184                              | 278,829                             |
| Financial liabilities for unit linked contracts            |      | 59,091                               | 54,661                              |
| Deferred tax liabilities                                   |      | 4,822                                | 5,324                               |
| Other liabilities  | 15   | 47,792                               | 51,315                              |
| Certificated liabilities                                   | 16   | 55,057                               | 59,203                              |
| Participation certificates and subordinated liabilities    | 17   | 16,859                               | 14,684                              |
| <b>Total liabilities</b>                                   |      | <b>1,006,400</b>                     | <b>941,482</b>                      |
| Shareholders' equity                                       | 18   | 44,934                               | 39,487                              |
| Minority interests   | 18   | 7,614                                | 7,615                               |
| <b>Total equity</b>  |      | <b>52,548</b>                        | <b>47,102</b>                       |
| <b>Total liabilities and equity</b>                        |      | <b>1,058,948</b>                     | <b>988,584</b>                      |

**Table of Contents****Consolidated Income Statements**

For the three months and nine months ended September 30, 2006 and 2005

|   | Note | Three months ended<br>September 30, |                 | Nine months ended<br>September 30, |                 |
|---|------|-------------------------------------|-----------------|------------------------------------|-----------------|
|   |      | 2006                                | 2005            | 2006                               | 2005            |
|   |      | mn                                  | mn              | mn                                 | mn              |
| Premiums earned (net)   | 19   | 14,187                              | 13,994          | 42,798                             | 42,292          |
| Interest and similar income   | 20   | 5,765                               | 5,395           | 18,007                             | 16,842          |
| Income from financial assets and liabilities carried at fair value through income (net) | 21   | 210                                 | 602             | 773                                | 1,082           |
| Realized gains/losses (net)   | 22   | 1,128                               | 837             | 5,360                              | 3,898           |
| Fee and commission income   | 23   | 2,072                               | 2,059           | 6,486                              | 5,874           |
| Other income  | 24   | 2                                   | 12              | 58                                 | 60              |
| Income from industrial holdings   | 25   | 436                                 | 157             | 764                                | 440             |
| <b>Total income</b>   |      | <b>23,800</b>                       | <b>23,056</b>   | <b>74,246</b>                      | <b>70,488</b>   |
| Claims and insurance benefits incurred (net)  | 26   | (10,150)                            | (10,910)        | (31,218)                           | (31,948)        |
| Change in reserves for insurance and investment contracts (net)                         | 27   | (2,438)                             | (2,492)         | (8,508)                            | (8,331)         |
| Interest expense  | 28   | (1,432)                             | (1,420)         | (4,281)                            | (4,700)         |
| Loan loss provisions  | 29   | 52                                  | 132             | 76                                 | 88              |
| Impairments of investments (net)  | 30   | (186)                               | (58)            | (548)                              | (238)           |
| Investment expenses   | 31   | (212)                               | (275)           | (694)                              | (793)           |
| Acquisition and administrative expenses (net)   | 32   | (5,689)                             | (5,626)         | (17,281)                           | (16,323)        |
| Fee and commission expenses   | 33   | (570)                               | (585)           | (1,755)                            | (1,620)         |
| Amortization of intangible assets   |      | (3)                                 | (7)             | (13)                               | (48)            |
| Restructuring charges   |      | (50)                                | (2)             | (576)                              | (85)            |
| Other expenses  | 34   | (2)                                 | (18)            | 9                                  | (32)            |
| Expenses from industrial holdings   | 35   | (447)                               | (149)           | (761)                              | (423)           |
| <b>Total expenses</b>   |      | <b>(21,127)</b>                     | <b>(21,410)</b> | <b>(65,550)</b>                    | <b>(64,453)</b> |
| Income before income taxes and minority interests in earnings                           |      | 2,673                               | 1,646           | 8,696                              | 6,035           |
| Income taxes  | 36   | (797)                               | (517)           | (2,053)                            | (1,507)         |
| Minority interests in earnings  |      | (285)                               | (335)           | (994)                              | (1,020)         |
| <b>Net income</b>   |      | <b>1,591</b>                        | <b>794</b>      | <b>5,649</b>                       | <b>3,508</b>    |
| Basic earnings per share  | 37   | 3.93                                | 2.03            | 13.94                              | 9.11            |
| Diluted earnings per share  | 37   | 3.88                                | 2.02            | 13.69                              | 9.06            |



**Table of Contents****Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2006 and 2005**

|   | Paid-in<br>capital<br>mn | Revenue<br>reserves<br>mn | Foreign<br>currency<br>translation<br>adjustments<br>mn | Unrealized<br>gains and<br>losses (net)<br>mn | Shareholders<br>equity<br>mn | Minority<br>interests<br>mn | Total<br>equity<br>mn |
|---|--------------------------|---------------------------|---|---|------------------------------|-----------------------------|-----------------------|
| <b>Balance as of December 31, 2004</b>                        | <b>19,433</b>            | <b>5,893</b>              | <b>(2,634)</b>  | <b>7,303</b>                                  | <b>29,995</b>                | <b>7,696</b>                | <b>37,691</b>         |
| Foreign currency translation adjustments                      |                          |                           | 1,428   | 44  | 1,472                        | 34                          | 1,506                 |
| Changes in the consolidated subsidiaries of the Allianz Group |                          | (195)                     | 2   | (13)  | (206)                        | 106                         | (100)                 |
| Capital paid in   | 2,064                    |                           |   |   | 2,064                        |                             | 2,064                 |
| Treasury shares   |                          | 1,640                     |   |   | 1,640                        |                             | 1,640                 |
| Unrealized gains and losses (net)                             |                          |                           |   | 2,191   | 2,191                        | 466                         | 2,657                 |
| Net income  |                          | 3,508                     |   |   | 3,508                        | 1,020                       | 4,528                 |
| Dividends paid  |                          | (674)                     |   |   | (674)                        | (594)                       | (1,268)               |
| Miscellaneous   |                          | (172)                     |   |   | (172)                        | 42                          | (130)                 |
| <b>Balance as of September 30, 2005</b>                       | <b>21,497</b>            | <b>10,000</b>             | <b>(1,204)</b>  | <b>9,525</b>                                  | <b>39,818</b>                | <b>8,770</b>                | <b>48,588</b>         |
| <b>Balance as of December 31, 2005</b>                        | <b>21,616</b>            | <b>8,579</b>              | <b>(1,032)</b>  | <b>10,324</b>                                 | <b>39,487</b>                | <b>7,615</b>                | <b>47,102</b>         |
| Foreign currency translation adjustments                      |                          |                           | (797)   | (5)   | (802)                        | (207)                       | (1,009)               |
| Changes in the consolidated subsidiaries of the Allianz Group |                          | 48                        | (3)   | (9)   | 36                           | 81                          | 117                   |
| Treasury shares   |                          | 1,266                     |   |   | 1,266                        |                             | 1,266                 |
| Unrealized gains and losses (net)                             |                          |                           |   | 88  | 88                           | (203)                       | (115)                 |
| Net income  |                          | 5,649                     |   |   | 5,649                        | 994                         | 6,643                 |
| Dividends paid  |                          | (811)                     |   |   | (811)                        | (636)                       | (1,447)               |
| Miscellaneous   |                          | 21                        |   |   | 21                           | (30)                        | (9)                   |
| <b>Balance as of September 30, 2006</b>                       | <b>21,616</b>            | <b>14,752</b>             | <b>(1,832)</b>  | <b>10,398</b>                                 | <b>44,934</b>                | <b>7,614</b>                | <b>52,548</b>         |

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

| Nine months ended September 30,   | 2006<br>mn      | 2005<br>mn      |
|---|-----------------|-----------------|
| <b>Operating activities</b>   |                 |                 |
| Net income  | 5,649           | 3,508           |
| Adjustments to reconcile net income to net cash provided by operating activities:       |                 |                 |
| Minority interests in earnings  | 994             | 1,020           |
| Share of earnings from investments in associates and joint ventures                     | (180)           | (213)           |
| Realized gains/losses (net) and impairments of investments (net)                        | (4,817)         | (4,542)         |
| Depreciation and amortization   | 429             | 532             |
| Loan loss provisions  | (76)            | (88)            |
| Net change in:  |                 |                 |
| Financial assets and liabilities held for trading                                       | 17,149          | 8,805           |
| Reverse repurchase agreements and collateral paid for securities borrowing transactions | (59,897)        | 46,107          |
| Repurchase agreements and collateral received for securities lending transactions       | 57,398          | (32,810)        |
| Reinsurance assets  | 213             | (1,187)         |
| Deferred acquisition costs  | (994)           | (1,457)         |
| Unearned premiums   | 1,789           | 2,000           |
| Reserves for loss and loss adjustment expenses  | 304             | 4,015           |
| Reserves for insurance and investment contracts   | 5,655           | 4,968           |
| Deferred tax assets and liabilities   | 330             | (74)            |
| Other (net)   | (1,775)         | 1,989           |
| <b>Net cash flow provided by operating activities</b>                                   | <b>22,171</b>   | <b>32,573</b>   |
| <b>Investing activities</b>   |                 |                 |
| Net change in:  |                 |                 |
| Financial assets designated at fair value through income                                | (4,116)         | (4,978)         |
| Available-for-sale investments  | (11,848)        | (14,031)        |
| Held-to-maturity investments  | 50              | 200             |
| Investments in associates and joint ventures  | 130             | 3,535           |
| Assets held for sale  | 2,193           | (773)           |
| Real estate held for investment   | 617             | (53)            |
| Loans and advances to banks and customers   | (18,094)        | (11,287)        |
| Acquisition of subsidiary, net of cash acquired   | 31              |                 |
| Other (net)   | (710)           | (853)           |
| <b>Net cash flow used in investing activities</b>                                       | <b>(31,747)</b> | <b>(28,240)</b> |
| <b>Financing activities</b>   |                 |                 |
| Net change in:  |                 |                 |
| Liabilities to banks and customers  | 3,807           | (8,059)         |
| Aggregate policy reserves for universal-life type insurance and investment contracts    | 6,427           | 8,615           |
| Participation certificates and subordinated liabilities                                 | 2,187           | 1,311           |
| Certificated liabilities  | (2,779)         | 795             |
| Capital paid in   |                 | 2,064           |
| Dividends paid  | (1,447)         | (1,268)         |
| Other (net)   | 1,422           | 612             |
| <b>Net cash flow provided by financing activities</b>                                   | <b>9,617</b>    | <b>4,070</b>    |

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|  |               |               |
|--|---------------|---------------|
| Effect of exchange rate changes on cash and cash equivalents | (56)          | 62            |
| <b>Change in cash and cash equivalents</b>                   | (15)          | 8,465         |
| Cash and cash equivalents at beginning of period             | 31,647        | 15,628        |
| <b>Cash and cash equivalents at end of period</b>            | <b>31,632</b> | <b>24,093</b> |

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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 were effective on January 1, 2006 with the exception of the reclassification of income from industrial holdings and expenses from industrial holdings that have been implemented during the third quarter of 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 reflects 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 comparability 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.

For a summary of key changes to the previous presentation in the Allianz Group s consolidated balance sheets and the impact of these reclassifications on the consolidated balance sheet as of December 31, 2005, see the interim report for the first or second quarter of 2006.

The key changes to the previous presentation in the Allianz Group s consolidated income statements are:

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- 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.
- Income from industrial holdings and expenses from industrial holdings are presented as separate line items in the consolidated income statements. Industrial holdings include the Four Seasons Health Care Ltd., Wilmslow and MAN Roland Druckmaschinen AG, Offenbach.
- 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) include a significant portion of the amounts previously reported in other income and other expense. Acquisition and administrative expenses (net) include other taxes previously included in taxes.

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

|   | Three months<br>ended<br>September 30,<br>as previously<br>reported 2005<br>mn | Reclassifications<br>mn | Three months<br>ended<br>September 30, 2005<br>mn | Nine months<br>ended<br>September 30,<br>as previously<br>reported 2005<br>mn | Reclassifications<br>mn | Nine months<br>ended<br>September 30,<br>2005<br>mn |
|---|--|-------------------------|---|---|-------------------------|---|
| Premiums earned (net)   | 13,994   |                         | 13,994  | 42,292  |                         | 42,292  |
| Interest and similar income   | 5,282  | 113                     | 5,395   | 16,597  | 245                     | 16,842  |
| Income from investments in associated enterprises and joint ventures (net)              | 80   | (80)                    |   | 962   | (962)                   |   |
| Income from financial assets and liabilities carried at fair value through income (net) | 617  | (15)                    | 602   | 1,099   | (17)                    | 1,082   |
| Realized gains/losses (net) <sup>1)</sup>   | 1,008  | (171)                   | 837   | 3,487   | 411                     | 3,898   |
| Fee and commission income <sup>2)</sup>   | 2,074  | (15)                    | 2,059   | 5,989   | (115)                   | 5,874   |
| Other income  | 408  | (396)                   | 12  | 1,679   | (1,619)                 | 60  |
| Income from industrial holdings   |  | 157                     | 157   |   | 440                     | 440   |
| <b>Total income</b>   | <b>23,463</b>  | <b>(407)</b>            | <b>23,056</b>                                     | <b>72,105</b>   | <b>(1,617)</b>          | <b>70,488</b>                                       |
| Claims and insurance benefits incurred (net) <sup>3)</sup>                              | (13,375)   | 2,465                   | (10,910)  | (40,194)  | 8,246                   | (31,948)  |
| Change in reserves for insurance and investment contracts (net)                         |  | (2,492)                 | (2,492)   |   | (8,331)                 | (8,331)   |
| Interest expense <sup>4)</sup>  | (1,387)  | (33)                    | (1,420)   | (4,700)   |                         | (4,700)   |
| Loan loss provisions  | 132  |                         | 132   | 88  |                         | 88  |
| Impairments of investments (net) <sup>5)</sup>  | (310)  | 252                     | (58)  | (925)   | 687                     | (238)   |
| Investment expenses   |  | (275)                   | (275)   |   | (793)                   | (793)   |
| Acquisition costs and administrative expenses (net)                                     | (6,141)  | 515                     | (5,626)   | (17,598)  | 1,275                   | (16,323)  |
| Fee and commission expenses   |  | (585)                   | (585)   |   | (1,620)                 | (1,620)   |
| Amortization of intangible assets <sup>6)</sup>   |  | (7)                     | (7)   |   | (48)                    | (48)  |
| Restructuring charges   |  | (2)                     | (2)   |   | (85)                    | (85)  |
| Other expenses  | (724)  | 706                     | (18)  | (2,707)   | 2,675                   | (32)  |
| Expenses from industrial holdings   |  | (149)                   | (149)   |   | (423)                   | (423)   |
| <b>Total expenses</b>   | <b>(21,805)</b>  | <b>395</b>              | <b>(21,410)</b>                                   | <b>(66,036)</b>   | <b>1,583</b>            | <b>(64,453)</b>                                     |
| Income before income taxes and minority interests in earnings                           | 1,658  | (12)                    | 1,646   | 6,069   | (34)                    | 6,035   |
| Income taxes <sup>7)</sup>  | (530)  | 13                      | (517)   | (1,541)   | 34                      | (1,507)   |
| Minority interests in earnings  | (334)  | (1)                     | (335)   | (1,020)   |                         | (1,020)   |
| <b>Net income</b>   | <b>794</b>   |                         | <b>794</b>  | <b>3,508</b>  |                         | <b>3,508</b>  |

<sup>1)</sup> Formerly Other income from investments .

<sup>2)</sup> Formerly Fee and commission income, and income from service activities .

<sup>3)</sup> Formerly Insurance and investments contract benefits (net) .

<sup>4)</sup> Formerly Interest and similar expenses .

<sup>5)</sup> Formerly Other expenses from investments .

<sup>6)</sup> Formerly Amortization of goodwill .

<sup>7)</sup> 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 SE and the related derivative financial instruments held by Allianz SE 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 comparability 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 for the operating restructuring charges for the Life/Health segment, are non operating 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 arising in connection with tax exempted income/expenses is, similar 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 nine months ended September 30, 2005:

| Three months ended September 30, 2005 | Operating profit<br>as previously<br>reported<br>mn | Changes<br>mn | Operating<br>profit<br>mn |
|---------------------------------------|---|---------------|---------------------------|
| Property-Casualty                     | 696   | 296           | 992                       |
| Life/Health                           | 478   | 78            | 556                       |
| Banking                               | 250   | 2             | 252                       |
| Asset Management                      | 299   | 1             | 300                       |
| Corporate                             |   | (223)         | (223)                     |
| Consolidation adjustments             |   | (13)          | (13)                      |
| <b>Allianz Group</b>                  | <b>1,723</b>  | <b>141</b>    | <b>1,864</b>              |



| Nine months ended September 30, 2005 | Operating profit<br>as previously<br>reported<br>mn | Changes<br>mn | Operating<br>profit<br>mn |
|--------------------------------------|---|---------------|---------------------------|
| Property-Casualty                    | 3,090   | 766           | 3,856                     |
| Life/Health                          | 1,283   | 262           | 1,545                     |
| Banking                              | 759   | (63)          | 696                       |
| Asset Management                     | 785   | (2)           | 783                       |
| Corporate                            |   | (680)         | (680)                     |
| Consolidation adjustments            |   | (103)         | (103)                     |
| <b>Allianz Group</b>                 | <b>5,917</b>  | <b>180</b>    | <b>6,097</b>              |

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

**Table of Contents****Industrial holdings**

As described in note 2 previously, during the third quarter of 2006, income from industrial holdings and expenses from industrial holdings were included as separate line items in the consolidated income statements. This change has been implemented retrospectively for comparability. A summary of the impact of these changes on previously released consolidated income statements is as follows:

|   | Three months<br>ended | Three months<br>ended | Six months<br>ended | Three months<br>ended | Three months<br>ended | Six months<br>ended |
|---|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|
|   | March 31, 2006<br>mn  | June 30, 2006<br>mn   | June 30, 2006<br>mn | March 31, 2005<br>mn  | June 30, 2005<br>mn   | June 30, 2005<br>mn |
| Interest and similar income                   | (8)                   | (17)                  | (25)                | (11)                  | (4)                   | (15)                |
| Fee and commission income                     | (151)                 | (152)                 | (303)               | (124)                 | (144)                 | (268)               |
| Income from industrial holdings               | 159                   | 169                   | 328                 | 135                   | 148                   | 283                 |
| Interest expense                              | 34                    | 16                    | 50                  | 20                    | 19                    | 39                  |
| Acquisition and administrative expenses (net) | 17                    | 25                    | 42                  | 15                    | (15)                  |                     |
| Fee and commission expenses                   | 110                   | 112                   | 222                 | 91                    | 132                   | 223                 |
| Other expenses                                |                       |                       |                     | 7                     | 5                     | 12                  |
| Expenses from industrial holdings             | (161)                 | (153)                 | (314)               | (133)                 | (141)                 | (274)               |

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

As of September 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                      |
|   | September 30,<br>2006<br>mn | December 31,<br>2005<br>mn | September 30,<br>2006<br>mn | December 31,<br>2005<br>mn | September 30,<br>2006<br>mn | December 31,<br>2005<br>mn |
| Cash and cash equivalents                             | 4,139                       | 3,793                      | 6,912                       | 5,874                      | 20,107                      | 21,848                     |
| Financial assets carried at fair value through income | 4,904                       | 2,243                      | 11,013                      | 10,564                     | 145,480                     | 165,928                    |
| Investments   | 87,845                      | 87,587                     | 188,927                     | 183,350                    | 20,166                      | 17,323                     |
| Loans and advances to banks and customers             | 17,409                      | 15,873                     | 85,970                      | 84,072                     | 321,852                     | 249,212                    |
| Financial assets for unit linked contracts            |                             |                            | 59,091                      | 54,661                     |                             |                            |
| Reinsurance assets                                    | 12,183                      | 12,728                     | 8,034                       | 9,494                      |                             |                            |
| Deferred acquisition costs                            | 3,657                       | 3,563                      | 14,498                      | 13,847                     |                             |                            |
| Deferred tax assets                                   | 1,659                       | 1,775                      | 457                         | 567                        | 1,672                       | 2,016                      |
| Other assets  | 17,144                      | 16,607                     | 15,249                      | 12,505                     | 8,992                       | 12,273                     |
| Intangible assets                                     | 1,671                       | 1,595                      | 2,431                       | 2,390                      | 2,283                       | 2,283                      |
| <b>Total segment assets</b>                           | <b>150,611</b>              | <b>145,764</b>             | <b>392,582</b>              | <b>377,324</b>             | <b>520,552</b>              | <b>470,883</b>             |

| LIABILITIES AND EQUITY                                     | Property-Casualty           |                            | Life/Health                 |                            | Banking                     |                            |
|--|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
|  | As of                       | As of                      | As of                       | As of                      | As of                       | As of                      |
|  | September 30,<br>2006<br>mn | December 31,<br>2005<br>mn | September 30,<br>2006<br>mn | December 31,<br>2005<br>mn | September 30,<br>2006<br>mn | December 31,<br>2005<br>mn |
| Financial liabilities carried at fair value through income | 999                         | 132                        | 4,376                       | 3,517                      | 76,941                      | 82,080                     |
| Liabilities to banks and customers                         | 4,758                       | 4,383                      | 10,093                      | 5,479                      | 359,843                     | 301,586                    |
| Unearned premiums  | 14,442                      | 12,945                     | 440                         | 360                        |                             |                            |
| Reserves for loss and loss adjustment expenses             | 59,532                      | 60,259                     | 6,802                       | 6,806                      |                             |                            |
| Reserves for insurance and investment contracts            | 8,855                       | 9,161                      | 277,623                     | 269,950                    |                             | 2                          |
| Financial liabilities for unit linked contracts            |                             |                            | 59,091                      | 54,661                     |                             |                            |
| Deferred tax liabilities                                   | 3,985                       | 4,155                      | 1,390                       | 1,800                      | 132                         | 405                        |
| Other liabilities  | 16,491                      | 16,491                     | 16,738                      | 18,454                     | 10,555                      | 12,557                     |
| Certificated liabilities                                   | 407                         | 412                        | 4                           | 4                          | 47,240                      | 50,719                     |
| Participation certificates and subordinated liabilities    | 1,605                       | 1,634                      | 66                          | 141                        | 8,939                       | 7,428                      |
| <b>Total segment liabilities</b>                           | <b>111,074</b>              | <b>109,572</b>             | <b>376,623</b>              | <b>361,172</b>             | <b>503,650</b>              | <b>454,777</b>             |

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| ASSETS   | Asset Management                     |                                     | Corporate                            |                                     | Consolidation Adjustments            |                                     | Allianz Group                        |                                     |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|  | As of<br>September 30,<br>2006<br>mn | As of<br>December 31,<br>2005<br>mn | As of<br>September 30,<br>2006<br>mn | As of<br>December 31,<br>2005<br>mn | As of<br>September 30,<br>2006<br>mn | As of<br>December 31,<br>2005<br>mn | As of<br>September 30,<br>2006<br>mn | As of<br>December 31,<br>2005<br>mn |
| Cash and cash equivalents                                  | 643                                  | 476                                 | 883                                  | 166                                 | (1,052)                              | (510)                               | 31,632                               | 31,647                              |
| Financial assets carried at fair value through income      | 1,181                                | 1,031                               | 776                                  | 956                                 | (387)                                | (376)                               | 162,967                              | 180,346                             |
| Investments  | 778                                  | 832                                 | 84,334                               | 88,130                              | (88,374)                             | (92,207)                            | 293,676                              | 285,015                             |
| Loans and advances to banks and customers                  | 468                                  | 477                                 | 3,244                                | 2,180                               | (13,888)                             | (15,006)                            | 415,055                              | 336,808                             |
| Financial assets for unit linked contracts                 |                                      |                                     |                                      |                                     |                                      |                                     | 59,091                               | 54,661                              |
| Reinsurance assets   |                                      |                                     |                                      |                                     | (96)                                 | (102)                               | 20,121                               | 22,120                              |
| Deferred acquisition costs                                 | 40                                   | 27                                  |                                      |                                     |                                      |                                     | 18,195                               | 17,437                              |
| Deferred tax assets  | 199                                  | 213                                 | 1,576                                | 1,840                               | (920)                                | (1,112)                             | 4,643                                | 5,299                               |
| Other assets   | 3,367                                | 3,567                               | 5,009                                | 5,331                               | (9,256)                              | (7,990)                             | 40,505                               | 42,293                              |
| Intangible assets  | 6,475                                | 6,690                               | 202                                  |                                     | 1                                    |                                     | 13,063                               | 12,958                              |
| <b>Total segment assets</b>                                | <b>13,151</b>                        | <b>13,313</b>                       | <b>96,024</b>                        | <b>98,603</b>                       | <b>(113,972)</b>                     | <b>(117,303)</b>                    | <b>1,058,948</b>                     | <b>988,584</b>                      |
| <b>LIABILITIES AND EQUITY</b>                              |                                      |                                     |                                      |                                     |                                      |                                     |                                      |                                     |
|  |                                      |                                     |                                      |                                     |                                      |                                     |                                      |                                     |
| Financial liabilities carried at fair value through income |                                      |                                     | 1,428                                | 1,492                               | (442)                                | (379)                               | 83,302                               | 86,842                              |
| Liabilities to banks and customers                         | 708                                  | 667                                 | 8,288                                | 9,985                               | (11,556)                             | (11,784)                            | 372,134                              | 310,316                             |
| Unearned premiums  |                                      |                                     |                                      |                                     | (1)                                  | (2)                                 | 14,881                               | 13,303                              |
| Reserves for loss and loss adjustment expenses             |                                      |                                     |                                      |                                     | (56)                                 | (60)                                | 66,278                               | 67,005                              |
| Reserves for insurance and investment contracts            |                                      |                                     | (38)                                 | (78)                                | (256)                                | (206)                               | 286,184                              | 278,829                             |
| Financial liabilities for unit linked contracts            |                                      |                                     |                                      |                                     |                                      |                                     | 59,091                               | 54,661                              |
| Deferred tax liabilities                                   | 52                                   | 54                                  | 168                                  | 22                                  | (905)                                | (1,112)                             | 4,822                                | 5,324                               |
| Other liabilities  | 3,866                                | 3,876                               | 13,007                               | 11,931                              | (12,865)                             | (11,994)                            | 47,792                               | 51,315                              |
| Certificated liabilities                                   | 4                                    | 4                                   | 8,194                                | 8,956                               | (792)                                | (892)                               | 55,057                               | 59,203                              |
| Participation certificates and subordinated liabilities    |                                      |                                     | 7,112                                | 6,428                               | (863)                                | (947)                               | 16,859                               | 14,684                              |
|  | <b>4,630</b>                         | <b>4,601</b>                        | <b>38,159</b>                        | <b>38,736</b>                       | <b>(27,736)</b>                      | <b>(27,376)</b>                     | <b>1,006,400</b>                     | <b>941,482</b>                      |

|                                     |                  |                |
|-------------------------------------|------------------|----------------|
| <b>Total segment liabilities</b>    |                  |                |
| <b>Total equity</b>                 | <b>52,548</b>    | <b>47,102</b>  |
| <b>Total liabilities and equity</b> | <b>1,058,948</b> | <b>988,584</b> |

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

For the three months ended September 30, 2006 and 2005

| Three months ended September 30,  | Property-Casualty |                | Life/Health    |                | Banking        |                |
|---|-------------------|----------------|----------------|----------------|----------------|----------------|
|   | 2006              | 2005           | 2006           | 2005           | 2006           | 2005           |
|   | mn                | mn             | mn             | mn             | mn             | mn             |
| Premiums earned (net)   | 9,676             | 9,692          | 4,511          | 4,302          |                |                |
| Interest and similar income   | 928               | 929            | 3,093          | 2,832          | 1,856          | 1,749          |
| Income from financial assets and liabilities carried at fair value through income (net) | 32                | 47             | (20)           | 290            | 291            | 375            |
| Realized gains/losses (net)   | 231               | 207            | 537            | 552            | 71             |                |
| Fee and commission income   | 253               | 259            | 144            | 152            | 851            | 807            |
| Other income  | 13                | 24             | 7              |                |                | (2)            |
| Income from industrial holdings   |                   |                |                |                |                |                |
| <b>Total income</b>   | <b>11,133</b>     | <b>11,158</b>  | <b>8,272</b>   | <b>8,128</b>   | <b>3,069</b>   | <b>2,929</b>   |
| Claims and insurance benefits incurred (net)  | (6,208)           | (7,074)        | (3,942)        | (3,836)        |                |                |
| Change in reserves for insurance and investment contracts (net)                         | (151)             | (113)          | (2,262)        | (2,379)        |                |                |
| Interest expense  | (67)              | (62)           | (70)           | (98)           | (1,147)        | (1,220)        |
| Loan loss provisions  |                   | (3)            |                | 5              | 52             | 130            |
| Impairments of investments (net)  | (69)              | (12)           | (63)           | (45)           | (48)           | (25)           |
| Investment expenses   | (63)              | (49)           | (129)          | (135)          | (19)           | (8)            |
| Acquisition and administrative expenses (net)   | (2,512)           | (2,481)        | (1,132)        | (964)          | (1,294)        | (1,430)        |
| Fee and commission expenses   | (184)             | (186)          | (57)           | (87)           | (183)          | (131)          |
| Amortization of intangible assets   | (3)               | (3)            |                | (3)            | 1              | (1)            |
| Restructuring charges   | (10)              | 5              | (8)            | (2)            | (32)           | (5)            |
| Other expenses  |                   |                |                |                | (1)            | (18)           |
| Expenses from industrial holdings   |                   |                |                |                |                |                |
| <b>Total expenses</b>   | <b>(9,267)</b>    | <b>(9,978)</b> | <b>(7,663)</b> | <b>(7,544)</b> | <b>(2,671)</b> | <b>(2,708)</b> |
| Income before income taxes and minority interests in earnings                           | 1,866             | 1,180          | 609            | 584            | 398            | 221            |
| Income taxes  | (600)             | (513)          | (240)          | (124)          | (96)           | (72)           |
| Minority interests in earnings  | (177)             | (161)          | (81)           | (130)          | (19)           | (26)           |
| <b>Net income</b>   | <b>1,089</b>      | <b>506</b>     | <b>288</b>     | <b>330</b>     | <b>283</b>     | <b>123</b>     |

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| Three months ended September 30,  | Asset Management |              | Corporate      |              | Consolidation Adjustments |              | Allianz Group   |                 |
|---|------------------|--------------|----------------|--------------|---------------------------|--------------|-----------------|-----------------|
|   | 2006<br>mn       | 2005<br>mn   | 2006<br>mn     | 2005<br>mn   | 2006<br>mn                | 2005<br>mn   | 2006<br>mn      | 2005<br>mn      |
| Premiums earned (net)   |                  |              |                |              |                           |              | 14,187          | 13,994          |
| Interest and similar income   | 29               | 23           | 102            | 70           | (243)                     | (208)        | 5,765           | 5,395           |
| Income from financial assets and liabilities carried at fair value through income (net) | 5                | 16           | (118)          | (123)        | 20                        | (3)          | 210             | 602             |
| Realized gains/losses (net)   | 1                | 1            | 287            | 41           | 1                         | 36           | 1,128           | 837             |
| Fee and commission income   | 999              | 966          | 41             | 46           | (216)                     | (171)        | 2,072           | 2,059           |
| Other income  | 3                | 3            | 6              |              | (27)                      | (13)         | 2               | 12              |
| Income from industrial holdings   |                  |              | 436            | 157          |                           |              | 436             | 157             |
| <b>Total income</b>   | <b>1,037</b>     | <b>1,009</b> | <b>754</b>     | <b>191</b>   | <b>(465)</b>              | <b>(359)</b> | <b>23,800</b>   | <b>23,056</b>   |
| Claims and insurance benefits incurred (net)  |                  |              |                |              |                           |              | (10,150)        | (10,910)        |
| Change in reserves for insurance and investment contracts (net)                         |                  |              |                |              | (25)                      |              | (2,438)         | (2,492)         |
| Interest expense  | (10)             | (11)         | (300)          | (226)        | 162                       | 197          | (1,432)         | (1,420)         |
| Loan loss provisions  |                  |              |                |              |                           |              | 52              | 132             |
| Impairments of investments (net)  | 1                |              | (7)            | 24           |                           |              | (186)           | (58)            |
| Investment expenses   |                  |              | (63)           | (128)        | 62                        | 45           | (212)           | (275)           |
| Acquisition and administrative expenses (net)   | (566)            | (623)        | (215)          | (141)        | 30                        | 13           | (5,689)         | (5,626)         |
| Fee and commission expenses   | (300)            | (287)        | (25)           | (24)         | 179                       | 130          | (570)           | (585)           |
| Amortization of intangible assets   | (1)              |              |                |              |                           |              | (3)             | (7)             |
| Restructuring charges   |                  |              |                |              |                           |              | (50)            | (2)             |
| Other expenses  |                  |              | (1)            |              |                           |              | (2)             | (18)            |
| Expenses from industrial holdings   |                  |              | (447)          | (149)        |                           |              | (447)           | (149)           |
| <b>Total expenses</b>   | <b>(876)</b>     | <b>(921)</b> | <b>(1,058)</b> | <b>(644)</b> | <b>408</b>                | <b>385</b>   | <b>(21,127)</b> | <b>(21,410)</b> |
| Income before income taxes and minority interests in earnings                           | 161              | 88           | (304)          | (453)        | (57)                      | 26           | 2,673           | 1,646           |
| Income taxes  | (67)             | (33)         | 180            | 224          | 26                        | 1            | (797)           | (517)           |
| Minority interests in earnings  | (10)             | (13)         |                | (2)          | 2                         | (3)          | (285)           | (335)           |
| <b>Net income</b>   | <b>84</b>        | <b>42</b>    | <b>(124)</b>   | <b>(231)</b> | <b>(29)</b>               | <b>24</b>    | <b>1,591</b>    | <b>794</b>      |

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

For the nine months ended September 30, 2006 and 2005

| Nine months ended September 30,   | Property-Casualty |                 | Life/Health     |                 | Banking        |                |
|---|-------------------|-----------------|-----------------|-----------------|----------------|----------------|
|   | 2006<br>mn        | 2005<br>mn      | 2006<br>mn      | 2005<br>mn      | 2006<br>mn     | 2005<br>mn     |
| Premiums earned (net)   | 28,375            | 28,218          | 14,423          | 14,074          |                |                |
| Interest and similar income   | 3,107             | 2,916           | 9,838           | 8,953           | 5,366          | 5,308          |
| Income from financial assets and liabilities carried at fair value through income (net) | 77                | 102             | (205)           | 286             | 1,107          | 953            |
| Realized gains/losses (net)   | 1,584             | 1,011           | 2,773           | 2,343           | 517            | 729            |
| Fee and commission income   | 770               | 745             | 435             | 358             | 2,711          | 2,496          |
| Other income  | 51                | 45              | 20              | 29              | 25             | 2              |
| Income from industrial holdings   |                   |                 |                 |                 |                |                |
| <b>Total income</b>   | <b>33,964</b>     | <b>33,037</b>   | <b>27,284</b>   | <b>26,043</b>   | <b>9,726</b>   | <b>9,488</b>   |
| Claims and insurance benefits incurred (net)  | (18,480)          | (19,258)        | (12,738)        | (12,690)        |                |                |
| Change in reserves for insurance and investment contracts (net)                         | (344)             | (447)           | (7,860)         | (7,859)         |                |                |
| Interest expense  | (196)             | (257)           | (207)           | (321)           | (3,404)        | (3,675)        |
| Loan loss provisions  | (3)               | (3)             | 1               | 2               | 78             | 89             |
| Impairments of investments (net)  | (175)             | (46)            | (308)           | (98)            | (80)           | (82)           |
| Investment expenses   | (178)             | (244)           | (497)           | (381)           | (35)           | (23)           |
| Acquisition and administrative expenses (net)   | (7,686)           | (7,529)         | (3,327)         | (2,822)         | (4,158)        | (4,005)        |
| Fee and commission expenses   | (559)             | (518)           | (177)           | (149)           | (483)          | (423)          |
| Amortization of intangible assets   | (10)              | (12)            | (2)             | (10)            |                | (1)            |
| Restructuring charges   | (366)             | (57)            | (169)           | (17)            | (41)           | (10)           |
| Other expenses  | (2)               | (6)             |                 |                 | 12             | (26)           |
| Expenses from industrial holdings   |                   |                 |                 |                 |                |                |
| <b>Total expenses</b>   | <b>(27,999)</b>   | <b>(28,377)</b> | <b>(25,284)</b> | <b>(24,345)</b> | <b>(8,111)</b> | <b>(8,156)</b> |
| Income before income taxes and minority interests in earnings                           | 5,965             | 4,660           | 2,000           | 1,698           | 1,615          | 1,332          |
| Income taxes  | (1,590)           | (1,498)         | (549)           | (274)           | (430)          | (301)          |
| Minority interests in earnings  | (604)             | (557)           | (301)           | (358)           | (74)           | (77)           |
| <b>Net income</b>   | <b>3,771</b>      | <b>2,605</b>    | <b>1,150</b>    | <b>1,066</b>    | <b>1,111</b>   | <b>954</b>     |



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| Nine months ended September 30,   | Asset Management |                | Corporate      |                | Consolidation Adjustments |                | Allianz Group   |                 |
|---|------------------|----------------|----------------|----------------|---------------------------|----------------|-----------------|-----------------|
|   | 2006<br>mn       | 2005<br>mn     | 2006<br>mn     | 2005<br>mn     | 2006<br>mn                | 2005<br>mn     | 2006<br>mn      | 2005<br>mn      |
| Premiums earned (net)   |                  |                |                |                |                           |                | 42,798          | 42,292          |
| Interest and similar income   | 79               | 67             | 403            | 310            | (786)                     | (712)          | 18,007          | 16,842          |
| Income from financial assets and liabilities carried at fair value through income (net) | 17               | 21             | (270)          | (276)          | 47                        | (4)            | 773             | 1,082           |
| Realized gains/losses (net)   | 2                | 6              | 784            | 149            | (300)                     | (340)          | 5,360           | 3,898           |
| Fee and commission income   | 3,060            | 2,653          | 120            | 112            | (610)                     | (490)          | 6,486           | 5,874           |
| Other income  | 9                | 9              | 23             |                | (70)                      | (25)           | 58              | 60              |
| Income from industrial holdings   |                  |                | 764            | 440            |                           |                | 764             | 440             |
| <b>Total income</b>   | <b>3,167</b>     | <b>2,756</b>   | <b>1,824</b>   | <b>735</b>     | <b>(1,719)</b>            | <b>(1,571)</b> | <b>74,246</b>   | <b>70,488</b>   |
| Claims and insurance benefits incurred (net)  |                  |                |                |                |                           |                | (31,218)        | (31,948)        |
| Change in reserves for insurance and investment contracts (net)                         |                  |                |                |                | (304)                     | (25)           | (8,508)         | (8,331)         |
| Interest expense  | (30)             | (37)           | (959)          | (1,009)        | 515                       | 599            | (4,281)         | (4,700)         |
| Loan loss provisions  |                  |                |                |                |                           |                | 76              | 88              |
| Impairments of investments (net)  |                  |                | 15             | (12)           |                           |                | (548)           | (238)           |
| Investment expenses   |                  | (1)            | (140)          | (281)          | 156                       | 137            | (694)           | (793)           |
| Acquisition and administrative expenses (net)   | (1,712)          | (1,664)        | (496)          | (358)          | 98                        | 55             | (17,281)        | (16,323)        |
| Fee and commission expenses   | (932)            | (794)          | (67)           | (66)           | 463                       | 330            | (1,755)         | (1,620)         |
| Amortization of intangible assets   | (1)              | (25)           |                |                |                           |                | (13)            | (48)            |
| Restructuring charges   |                  | (1)            |                |                |                           |                | (576)           | (85)            |
| Other expenses  |                  |                | (1)            |                |                           |                | 9               | (32)            |
| Expenses from industrial holdings   |                  |                | (761)          | (423)          |                           |                | (761)           | (423)           |
| <b>Total expenses</b>   | <b>(2,675)</b>   | <b>(2,522)</b> | <b>(2,409)</b> | <b>(2,149)</b> | <b>928</b>                | <b>1,096</b>   | <b>(65,550)</b> | <b>(64,453)</b> |
| Income before income taxes and minority interests in earnings                           | 492              | 234            | (585)          | (1,414)        | (791)                     | (475)          | 8,696           | 6,035           |
| Income taxes  | (194)            | (49)           | 414            | 608            | 296                       | 7              | (2,053)         | (1,507)         |
| Minority interests in earnings  | (34)             | (36)           | (9)            | (9)            | 28                        | 17             | (994)           | (1,020)         |
| <b>Net income</b>   | <b>264</b>       | <b>149</b>     | <b>(180)</b>   | <b>(815)</b>   | <b>(467)</b>              | <b>(451)</b>   | <b>5,649</b>    | <b>3,508</b>    |

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

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

| Three months ended September 30,                                     | Property-Casualty |               | Life/Health   |               | Banking      |              | Asset Management |              | Corporate    |                | Consolidation adjustments |              | Allianz Group |               |
|--|-------------------|---------------|---------------|---------------|--------------|--------------|------------------|--------------|--------------|----------------|---------------------------|--------------|---------------|---------------|
|  | 2006<br>mn        | 2005<br>mn    | 2006<br>mn    | 2005<br>mn    | 2006<br>mn   | 2005<br>mn   | 2006<br>mn       | 2005<br>mn   | 2006<br>mn   | 2005<br>mn     | 2006<br>mn                | 2005<br>mn   | 2006<br>mn    | 2005<br>mn    |
| <b>Total revenues<sup>1)</sup></b>                                   | <b>10,412</b>     | <b>10,368</b> | <b>9,847</b>  | <b>11,164</b> | <b>1,668</b> | <b>1,578</b> | <b>726</b>       | <b>710</b>   |              |                | <b>(54)</b>               | <b>3</b>     | <b>22,599</b> | <b>23,823</b> |
| <b>Operating profit</b>  | <b>1,727</b>      | <b>992</b>    | <b>617</b>    | <b>556</b>    | <b>406</b>   | <b>252</b>   | <b>294</b>       | <b>300</b>   | <b>(331)</b> | <b>(223)</b>   | <b>(53)</b>               | <b>(13)</b>  | <b>2,660</b>  | <b>1,864</b>  |
| Non-operating items  | 139               | 188           | (8)           | 28            | (8)          | (31)         | (133)            | (212)        | 27           | (230)          | (4)                       | 39           | 13            | (218)         |
| <b>Income before income taxes and minority interests in earnings</b> | <b>1,866</b>      | <b>1,180</b>  | <b>609</b>    | <b>584</b>    | <b>398</b>   | <b>221</b>   | <b>161</b>       | <b>88</b>    | <b>(304)</b> | <b>(453)</b>   | <b>(57)</b>               | <b>26</b>    | <b>2,673</b>  | <b>1,646</b>  |
| Income taxes   | (600)             | (513)         | (240)         | (124)         | (96)         | (72)         | (67)             | (33)         | 180          | 224            | 26                        | 1            | (797)         | (517)         |
| Minority interests in earnings                                       | (177)             | (161)         | (81)          | (130)         | (19)         | (26)         | (10)             | (13)         |              | (2)            | 2                         | (3)          | (285)         | (335)         |
| <b>Net income</b>  | <b>1,089</b>      | <b>506</b>    | <b>288</b>    | <b>330</b>    | <b>283</b>   | <b>123</b>   | <b>84</b>        | <b>42</b>    | <b>(124)</b> | <b>(231)</b>   | <b>(29)</b>               | <b>24</b>    | <b>1,591</b>  | <b>794</b>    |
| <b>Nine months ended September 30,</b>                               |                   |               |               |               |              |              |                  |              |              |                |                           |              |               |               |
| <b>Total revenues<sup>1)</sup></b>                                   | <b>34,243</b>     | <b>34,108</b> | <b>34,600</b> | <b>35,116</b> | <b>5,322</b> | <b>4,661</b> | <b>2,203</b>     | <b>1,918</b> |              |                | <b>(60)</b>               | <b>(24)</b>  | <b>76,308</b> | <b>75,779</b> |
| <b>Operating profit</b>  | <b>4,958</b>      | <b>3,856</b>  | <b>1,867</b>  | <b>1,545</b>  | <b>1,219</b> | <b>696</b>   | <b>895</b>       | <b>783</b>   | <b>(585)</b> | <b>(680)</b>   | <b>(223)</b>              | <b>(103)</b> | <b>8,131</b>  | <b>6,097</b>  |
| Non-operating items  | 1,007             | 804           | 133           | 153           | 396          | 636          | (403)            | (549)        |              | (734)          | (568)                     | (372)        | 565           | (62)          |
| <b>Income before income taxes and minority interests in earnings</b> | <b>5,965</b>      | <b>4,660</b>  | <b>2,000</b>  | <b>1,698</b>  | <b>1,615</b> | <b>1,332</b> | <b>492</b>       | <b>234</b>   | <b>(585)</b> | <b>(1,414)</b> | <b>(791)</b>              | <b>(475)</b> | <b>8,696</b>  | <b>6,035</b>  |
| Income taxes   | (1,590)           | (1,498)       | (549)         | (274)         | (430)        | (301)        | (194)            | (49)         | 414          | 608            | 296                       | 7            | (2,053)       | (1,507)       |
| Minority interests in earnings                                       | (604)             | (557)         | (301)         | (358)         | (74)         | (77)         | (34)             | (36)         | (9)          | (9)            | 28                        | 17           | (994)         | (1,020)       |
| <b>Net income</b>  | <b>3,771</b>      | <b>2,605</b>  | <b>1,150</b>  | <b>1,066</b>  | <b>1,111</b> | <b>954</b>   | <b>264</b>       | <b>149</b>   | <b>(180)</b> | <b>(815)</b>   | <b>(467)</b>              | <b>(451)</b> | <b>5,649</b>  | <b>3,508</b>  |

<sup>1)</sup> 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**

|  | Three months<br>ended September 30, |                | Nine months<br>ended September 30, |                 |
|--|-------------------------------------|----------------|------------------------------------|-----------------|
|  | 2006<br>mn                          | 2005<br>mn     | 2006<br>mn                         | 2005<br>mn      |
| <b>Gross premiums written<sup>1)</sup></b>   | <b>10,412</b>                       | <b>10,368</b>  | <b>34,243</b>                      | <b>34,108</b>   |
| Ceded premiums written   | (1,486)                             | (1,488)        | (4,428)                            | (4,347)         |
| Change in unearned premiums  | 750                                 | 812            | (1,440)                            | (1,543)         |
| Premiums earned (net)  | 9,676                               | 9,692          | 28,375                             | 28,218          |
| Interest and similar income  | 928                                 | 929            | 3,107                              | 2,916           |
| Income from financial assets and liabilities designated at fair value through income (net) <sup>2)</sup> | 39                                  | 42             | 81                                 | 98              |
| Realized gains/losses (net) from investments, shared with policyholders <sup>3)</sup>                    | 8                                   | 14             | 44                                 | 100             |
| Fee and commission income  | 253                                 | 259            | 770                                | 745             |
| Other income   | 13                                  | 24             | 51                                 | 45              |
| <b>Operating revenues</b>  | <b>10,917</b>                       | <b>10,960</b>  | <b>32,428</b>                      | <b>32,122</b>   |
| Claims and insurance benefits incurred (net)   | (6,208)                             | (7,074)        | (18,480)                           | (19,258)        |
| Changes in reserves for insurance and investment contracts (net)   | (151)                               | (113)          | (344)                              | (447)           |
| Interest expense   | (67)                                | (62)           | (196)                              | (257)           |
| Loan loss provisions   |                                     | (3)            | (3)                                | (3)             |
| Impairments of investments (net), shared with policyholders <sup>4)</sup>                                | (5)                                 |                | (22)                               | (4)             |
| Investment expenses  | (63)                                | (49)           | (178)                              | (244)           |
| Acquisition and administrative expenses (net)  | (2,512)                             | (2,481)        | (7,686)                            | (7,529)         |
| Fee and commission expenses  | (184)                               | (186)          | (559)                              | (518)           |
| Other expenses   |                                     |                | (2)                                | (6)             |
| <b>Operating expenses</b>  | <b>(9,190)</b>                      | <b>(9,968)</b> | <b>(27,470)</b>                    | <b>(28,266)</b> |
| <b>Operating profit</b>  | <b>1,727</b>                        | <b>992</b>     | <b>4,958</b>                       | <b>3,856</b>    |
| Income from financial assets and liabilities held for trading (net) <sup>2)</sup>                        | (7)                                 | 5              | (4)                                | 4               |
| Realized gains/losses (net) from investments, not shared with policyholders <sup>3)</sup>                | 223                                 | 193            | 1,540                              | 911             |
| Impairments of investments (net), not shared with policyholders <sup>4)</sup>                            | (64)                                | (12)           | (153)                              | (42)            |
| Amortization of intangible assets  | (3)                                 | (3)            | (10)                               | (12)            |
| Restructuring charges  | (10)                                | 5              | (366)                              | (57)            |
| <b>Non-operating items</b>   | <b>139</b>                          | <b>188</b>     | <b>1,007</b>                       | <b>804</b>      |
| <b>Income before income taxes and minority interests in earnings</b>                                     | <b>1,866</b>                        | <b>1,180</b>   | <b>5,965</b>                       | <b>4,660</b>    |
| Income taxes   | (600)                               | (513)          | (1,590)                            | (1,498)         |
| Minority interests in earnings   | (177)                               | (161)          | (604)                              | (557)           |
| <b>Net income</b>  | <b>1,089</b>                        | <b>506</b>     | <b>3,771</b>                       | <b>2,605</b>    |
| Loss ratio <sup>5)</sup> in %  | 64.2                                | 73.0           | 65.1                               | 68.2            |
| Expense ratio <sup>6)</sup> in %   | 26.0                                | 25.6           | 27.1                               | 26.7            |
| <b>Combined ratio<sup>7)</sup> in %</b>  | <b>90.2</b>                         | <b>98.6</b>    | <b>92.2</b>                        | <b>94.9</b>     |

- 
- 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<br>ended September 30, |                | Nine months<br>ended September 30, |                 |
|---|-------------------------------------|----------------|------------------------------------|-----------------|
|   | 2006<br>mn                          | 2005<br>mn     | 2006<br>mn                         | 2005<br>mn      |
| <b>Statutory premiums<sup>1)</sup></b>  | <b>9,847</b>                        | <b>11,164</b>  | <b>34,600</b>                      | <b>35,116</b>   |
| Ceded premiums written  | (163)                               | (211)          | (572)                              | (653)           |
| Change in unearned premiums   | (4)                                 | (46)           | (90)                               | (100)           |
| Statutory premiums (net)  | 9,680                               | 10,907         | 33,938                             | 34,363          |
| Deposits from SFAS 97 insurance and investment contracts                                  | (5,169)                             | (6,605)        | (19,515)                           | (20,289)        |
| Premiums earned (net)   | 4,511                               | 4,302          | 14,423                             | 14,074          |
| Interest and similar income   | 3,093                               | 2,832          | 9,838                              | 8,953           |
| Income from financial assets and liabilities carried at fair value through income (net)   | (20)                                | 290            | (205)                              | 286             |
| Realized gains/losses (net) from investments, shared with policyholders <sup>2)</sup>     | 537                                 | 519            | 2,587                              | 2,163           |
| Fee and commission income   | 144                                 | 152            | 435                                | 358             |
| Other income  | 7                                   |                | 20                                 | 29              |
| <b>Operating revenues</b>   | <b>8,272</b>                        | <b>8,095</b>   | <b>27,098</b>                      | <b>25,863</b>   |
| Claims and insurance benefits incurred (net)  | (3,942)                             | (3,836)        | (12,738)                           | (12,690)        |
| Changes in reserves for insurance and investment contracts (net)                          | (2,262)                             | (2,379)        | (7,860)                            | (7,859)         |
| Interest expense  | (70)                                | (98)           | (207)                              | (321)           |
| Loan loss provisions  |                                     | 5              | 1                                  | 2               |
| Impairments of investments (net), shared with policyholders                               | (63)                                | (45)           | (308)                              | (98)            |
| Investment expenses   | (129)                               | (135)          | (497)                              | (381)           |
| Acquisition and administrative expenses (net)   | (1,132)                             | (964)          | (3,327)                            | (2,822)         |
| Fee and commission expenses   | (57)                                | (87)           | (177)                              | (149)           |
| Operating restructuring charges <sup>3)</sup>   |                                     |                | (118)                              |                 |
| <b>Operating expenses</b>   | <b>(7,655)</b>                      | <b>(7,539)</b> | <b>(25,231)</b>                    | <b>(24,318)</b> |
| <b>Operating profit</b>   | <b>617</b>                          | <b>556</b>     | <b>1,867</b>                       | <b>1,545</b>    |
| Realized gains/losses (net) from investments, not shared with policyholders <sup>2)</sup> |                                     | 33             | 186                                | 180             |
| Amortization of intangible assets   |                                     | (3)            | (2)                                | (10)            |
| Non-operating restructuring charges <sup>3)</sup>   | (8)                                 | (2)            | (51)                               | (17)            |
| <b>Non-operating items</b>  | <b>(8)</b>                          | <b>28</b>      | <b>133</b>                         | <b>153</b>      |
| <b>Income before income taxes and minority interests in earnings</b>                      | <b>609</b>                          | <b>584</b>     | <b>2,000</b>                       | <b>1,698</b>    |
| Income taxes  | (240)                               | (124)          | (549)                              | (274)           |
| Minority interests in earnings  | (81)                                | (130)          | (301)                              | (358)           |
| <b>Net income</b>   | <b>288</b>                          | <b>330</b>     | <b>1,150</b>                       | <b>1,066</b>    |
| <b>Statutory expense ratio<sup>4)</sup> in %</b>  | <b>11.7</b>                         | <b>8.8</b>     | <b>9.8</b>                         | <b>8.2</b>      |

1)

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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 September 30, |                  |                                  |                  | Nine months ended September 30,  |                  |                                  |                  |
|--|----------------------------------|------------------|----------------------------------|------------------|----------------------------------|------------------|----------------------------------|------------------|
|  | 2006                             |                  | 2005                             |                  | 2006                             |                  | 2005                             |                  |
|  | Banking<br>Segment <sup>1)</sup> | Dresdner<br>Bank | Banking<br>Segment <sup>1)</sup> | Dresdner<br>Bank | Banking<br>Segment <sup>1)</sup> | Dresdner<br>Bank | Banking<br>Segment <sup>1)</sup> | Dresdner<br>Bank |
|  | mn                               | mn               | mn                               | mn               | mn                               | mn               | mn                               | mn               |
| Net interest income <sup>2)</sup>  | 709                              | 695              | 529                              | 514              | 1,962                            | 1,904            | 1,633                            | 1,580            |
| Net fee and commission income <sup>3)</sup>  | 668                              | 631              | 676                              | 640              | 2,228                            | 2,104            | 2,073                            | 1,964            |
| Trading income (net) <sup>4)</sup>   | 285                              | 188              | 382                              | 365              | 1,080                            | 1,053            | 964                              | 928              |
| Income from financial assets and liabilities<br>designated at fair value through income<br>(net) <sup>4)</sup> | 6                                | 6                | (7)                              | (7)              | 27                               | 27               | (11)                             | (11)             |
| Other income   |                                  | 1                | (2)                              | (2)              | 25                               | 26               | 2                                | 2                |
| <b>Operating revenues<sup>5)</sup></b>   | <b>11,668</b>                    | <b>1,521</b>     | <b>1,578</b>                     | <b>1,510</b>     | <b>5,322</b>                     | <b>5,114</b>     | <b>4,661</b>                     | <b>4,463</b>     |
| Administrative expenses  | (1,294)                          | (1,237)          | (1,430)                          | (1,388)          | (4,158)                          | (4,004)          | (4,005)                          | (3,854)          |
| Investment expenses  | (19)                             | (21)             | (8)                              | (9)              | (35)                             | (40)             | (23)                             | (28)             |
| Other expenses   | (1)                              | (1)              | (18)                             | (18)             | 12                               | 12               | (26)                             | (26)             |
| <b>Operating expenses</b>  | <b>(1,314)</b>                   | <b>(1,259)</b>   | <b>(1,456)</b>                   | <b>(1,415)</b>   | <b>(4,181)</b>                   | <b>(4,032)</b>   | <b>(4,054)</b>                   | <b>(3,908)</b>   |
| Loan loss provisions   | 52                               | 49               | 130                              | 130              | 78                               | 77               | 89                               | 84               |
| <b>Operating profit</b>  | <b>406</b>                       | <b>311</b>       | <b>252</b>                       | <b>225</b>       | <b>1,219</b>                     | <b>1,159</b>     | <b>696</b>                       | <b>639</b>       |
| Realized gains/losses (net)  | 71                               | 73               |                                  |                  | 517                              | 517              | 729                              | 729              |
| Impairments of investments (net)   | (48)                             | (48)             | (25)                             | (24)             | (80)                             | (80)             | (82)                             | (80)             |
| Amortization of intangible assets  | 1                                |                  | (1)                              |                  |                                  |                  | (1)                              |                  |
| Restructuring charges  | (32)                             | (33)             | (5)                              | (5)              | (41)                             | (41)             | (10)                             | (10)             |
| <b>Non-operating items</b>   | <b>(8)</b>                       | <b>(8)</b>       | <b>(31)</b>                      | <b>(29)</b>      | <b>396</b>                       | <b>396</b>       | <b>636</b>                       | <b>639</b>       |
| <b>Income before income taxes and<br/>minority interests in earnings</b>                                       | <b>398</b>                       | <b>303</b>       | <b>221</b>                       | <b>196</b>       | <b>1,615</b>                     | <b>1,555</b>     | <b>1,332</b>                     | <b>1,278</b>     |
| Income taxes   | (96)                             | (56)             | (72)                             | (64)             | (430)                            | (406)            | (301)                            | (288)            |
| Minority interests in earnings   | (19)                             | (17)             | (26)                             | (19)             | (74)                             | (63)             | (77)                             | (60)             |
| <b>Net income</b>  | <b>283</b>                       | <b>230</b>       | <b>123</b>                       | <b>113</b>       | <b>1,111</b>                     | <b>1,086</b>     | <b>954</b>                       | <b>930</b>       |
| <b>Cost-income ratio<sup>6)</sup> in %</b>   | <b>78.8</b>                      | <b>82.8</b>      | <b>92.3</b>                      | <b>93.7</b>      | <b>78.6</b>                      | <b>78.8</b>      | <b>87.0</b>                      | <b>87.6</b>      |

<sup>1)</sup> 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 and mn at Dresdner Bank resulting from Dresdner Bank's trading activities in Allianz SE shares in three months and nine months ended September 30, 2006.

<sup>2)</sup> Represents interest and similar income less interest expense.

<sup>3)</sup> Represents fee and commission income less fee and commission expense.

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

<sup>5)</sup> 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 September 30, |                          |                          |                          | Nine months ended September 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 <sup>1)</sup>   | 699                              | 689                      | 679                      | 669                      | 2,128                           | 2,094                    | 1,859                    | 1,831                    |
| Net interest income <sup>2)</sup>   | 19                               | 17                       | 12                       | 13                       | 49                              | 46                       | 29                       | 36                       |
| Income from financial assets and liabilities carried at fair value through income (net) | 5                                | 5                        | 16                       | 13                       | 17                              | 17                       | 21                       | 11                       |
| Other income  | 3                                | 3                        | 3                        | 2                        | 9                               | 9                        | 9                        | 8                        |
| <b>Operating revenues<sup>3)</sup></b>  | <b>726</b>                       | <b>714</b>               | <b>710</b>               | <b>697</b>               | <b>2,203</b>                    | <b>2,166</b>             | <b>1,918</b>             | <b>1,886</b>             |
| Administrative expenses, excluding acquisition-related expenses <sup>4)</sup>           | (432)                            | (422)                    | (410)                    | (403)                    | (1,308)                         | (1,279)                  | (1,135)                  | (1,114)                  |
| <b>Operating expenses</b>   | <b>(432)</b>                     | <b>(422)</b>             | <b>(410)</b>             | <b>(403)</b>             | <b>1,308</b>                    | <b>(1,279)</b>           | <b>(1,135)</b>           | <b>(1,114)</b>           |
| <b>Operating profit</b>   | <b>294</b>                       | <b>292</b>               | <b>300</b>               | <b>294</b>               | <b>895</b>                      | <b>887</b>               | <b>783</b>               | <b>772</b>               |
| Realized gains/losses (net)   | 1                                | 1                        | 1                        | 2                        | 2                               | 1                        | 6                        | 5                        |
| Impairments of investments (net)  | 1                                |                          |                          |                          |                                 |                          |                          |                          |
| Acquisition-related expenses, thereof: <sup>4)</sup>                                    |                                  |                          |                          |                          |                                 |                          |                          |                          |
| Deferred purchases of interests in PIMCO  | (131)                            | (131)                    | (213)                    | (213)                    | (397)                           | (397)                    | (519)                    | (519)                    |
| Other acquisition-related expenses <sup>5)</sup>  | (3)                              | (3)                      |                          | (1)                      | (7)                             | (7)                      | (10)                     | (11)                     |
| <b>Subtotal</b>   | <b>(134)</b>                     | <b>(134)</b>             | <b>(213)</b>             | <b>(214)</b>             | <b>(404)</b>                    | <b>(404)</b>             | <b>(529)</b>             | <b>(530)</b>             |
| Amortization of intangible assets <sup>6)</sup>   | (1)                              |                          |                          |                          | (1)                             |                          | (25)                     | (25)                     |
| Restructuring charges   |                                  |                          |                          |                          |                                 |                          | (1)                      |                          |
| <b>Non-operating items</b>  | <b>(133)</b>                     | <b>(133)</b>             | <b>(212)</b>             | <b>(212)</b>             | <b>(403)</b>                    | <b>(403)</b>             | <b>(549)</b>             | <b>(550)</b>             |
| <b>Income before income taxes and minority interests in earnings</b>                    | <b>161</b>                       | <b>159</b>               | <b>88</b>                | <b>82</b>                | <b>492</b>                      | <b>484</b>               | <b>234</b>               | <b>222</b>               |
| Income taxes  | (67)                             | (67)                     | (33)                     | (32)                     | (194)                           | (193)                    | (49)                     | (49)                     |
| Minority interests in earnings  | (10)                             | (10)                     | (13)                     | (12)                     | (34)                            | (32)                     | (36)                     | (32)                     |
| <b>Net income</b>   | <b>84</b>                        | <b>82</b>                | <b>42</b>                | <b>38</b>                | <b>264</b>                      | <b>259</b>               | <b>149</b>               | <b>141</b>               |
| <b>Cost-income ratio<sup>7)</sup> in %</b>  | <b>59.5</b>                      | <b>59.1</b>              | <b>57.7</b>              | <b>57.8</b>              | <b>59.4</b>                     | <b>59.0</b>              | <b>59.2</b>              | <b>59.1</b>              |

<sup>1)</sup> Represents fee and commission income less fee and commission expense.

<sup>2)</sup> Represents interest and similar income less interest expense and investment expenses.

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

<sup>4)</sup> 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<br>ended September 30, |              | Nine months<br>ended September 30, |                |
|--|-------------------------------------|--------------|------------------------------------|----------------|
|  | 2006                                | 2005         | 2006                               | 2005           |
|  | mn                                  | mn           | mn                                 | mn             |
| Interest and similar income  | 102                                 | 70           | 403                                | 310            |
| Income from financial assets and liabilities designated at fair value through income (net) <sup>1)</sup> | (56)                                |              | (56)                               |                |
| Fee and commission income  | 41                                  | 46           | 120                                | 112            |
| Other income   | 6                                   |              | 23                                 |                |
| Income from industrial holdings  | 436                                 | 157          | 764                                | 440            |
| <b>Operating revenues</b>  | <b>529</b>                          | <b>273</b>   | <b>1,254</b>                       | <b>862</b>     |
| Interest expense, excluding interest expense from external debt <sup>2)</sup>                            | (109)                               | (54)         | (374)                              | (414)          |
| Investment expenses  | (63)                                | (128)        | (140)                              | (281)          |
| Acquisition and administrative expenses (net)  | (215)                               | (141)        | (496)                              | (358)          |
| Fee and commission expenses  | (25)                                | (24)         | (67)                               | (66)           |
| Other expenses   | (1)                                 |              | (1)                                |                |
| Expenses from industrial holdings  | (447)                               | (149)        | (761)                              | (423)          |
| <b>Operating expenses</b>  | <b>(860)</b>                        | <b>(496)</b> | <b>(1,839)</b>                     | <b>(1,542)</b> |
| <b>Operating profit</b>  | <b>(331)</b>                        | <b>(223)</b> | <b>(585)</b>                       | <b>(680)</b>   |
| Income from financial assets and liabilities held for trading (net) <sup>1)</sup>                        | (62)                                | (123)        | (214)                              | (276)          |
| Realized gains/losses (net)  | 287                                 | 41           | 784                                | 149            |
| Impairments of investments (net)   | (7)                                 | 24           | 15                                 | (12)           |
| Interest expense from external debt <sup>2)</sup>  | (191)                               | (172)        | (585)                              | (595)          |
| <b>Non-operating items</b>   | <b>27</b>                           | <b>(230)</b> |                                    | <b>(734)</b>   |
| <b>Income before income taxes and minority interests in earnings</b>                                     | <b>(304)</b>                        | <b>(453)</b> | <b>(585)</b>                       | <b>(1,414)</b> |
| Income taxes   | 180                                 | 224          | 414                                | 608            |
| Minority interests in earnings   |                                     | (2)          | (9)                                | (9)            |
| <b>Net income</b>  | <b>(124)</b>                        | <b>(231)</b> | <b>(180)</b>                       | <b>(815)</b>   |

<sup>1)</sup> The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement.

<sup>2)</sup> 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 Sept. 30, | As of December 31, |
|--|-----------------|--------------------|
|  | 2006<br>mn      | 2005<br>mn         |
| Financial assets held for trading                        |                 |                    |
| Debt securities  | 86,411          | 109,384            |
| Equity securities  | 32,277          | 30,788             |
| Derivative financial instruments                         | 26,388          | 26,012             |
| <b>Subtotal</b>  | <b>145,076</b>  | <b>166,184</b>     |
| Financial assets designated at fair value through income |                 |                    |
| Debt securities  | 13,711          | 10,686             |
| Equity securities  | 3,914           | 3,476              |
| Loans to banks and customers                             | 266             |                    |
| <b>Subtotal</b>  | <b>17,891</b>   | <b>14,162</b>      |
| <b>Total</b>   | <b>162,967</b>  | <b>180,346</b>     |

**5 Investments**

|  | As of Sept. 30, | As of December 31, |
|--|-----------------|--------------------|
|  | 2006<br>mn      | 2005<br>mn         |
| Available-for-sale investments                           | 274,609         | 266,953            |
| Held-to-maturity investments                             | 4,734           | 4,826              |
| Funds held by others under reinsurance contracts assumed | 1,181           | 1,572              |
| Investments in associates and joint ventures             | 3,926           | 2,095              |
| Real estate held for investment                          | 9,226           | 9,569              |
| <b>Total</b>   | <b>293,676</b>  | <b>285,015</b>     |

**Available-for-sale investments**

|                            | Amortized cost |              | Unrealized gains |              | Unrealized losses |              | Fair value |              |
|----------------------------|----------------|--------------|------------------|--------------|-------------------|--------------|------------|--------------|
|                            | As of          | As of        | As of            | As of        | As of             | As of        | As of      |              |
|                            | Sept. 30,      | December 31, | Sept. 30,        | December 31, | Sept. 30,         | December 31, | Sept. 30,  | December 31, |
|                            | 2006<br>mn     | 2005<br>mn   | 2006<br>mn       | 2005<br>mn   | 2006<br>mn        | 2005<br>mn   | 2006<br>mn | 2005<br>mn   |
| Equity securities          | 42,788         | 38,157       | 20,925           | 19,161       | (236)             | (188)        | 63,477     | 57,130       |
| Government debt securities | 117,031        | 119,308      | 4,007            | 6,463        | (839)             | (542)        | 120,199    | 125,229      |

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|                           |                |                |               |               |                |              |                |                |
|---------------------------|----------------|----------------|---------------|---------------|----------------|--------------|----------------|----------------|
| Corporate debt securities | 86,970         | 79,733         | 2,049         | 3,420         | (658)          | (267)        | 88,361         | 82,886         |
| Other debt securities     | 2,332          | 1,556          | 252           | 154           | (12)           | (2)          | 2,572          | 1,708          |
| <b>Total</b>              | <b>249,121</b> | <b>238,754</b> | <b>27,233</b> | <b>29,198</b> | <b>(1,745)</b> | <b>(999)</b> | <b>274,609</b> | <b>266,953</b> |

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

|   | As of September 30, 2006 |                 |                | As of December 31, 2005 |                 |                |
|---|--------------------------|-----------------|----------------|-------------------------|-----------------|----------------|
|   | Banks<br>mn              | Customers<br>mn | Total<br>mn    | Banks<br>mn             | Customers<br>mn | Total<br>mn    |
| Short-term investments and certificates of deposit    | 7,686                    |                 | 7,686          | 5,292                   |                 | 5,292          |
| Reverse repurchase agreements                         | 90,158                   | 58,798          | 148,956        | 63,009                  | 42,322          | 105,331        |
| Collateral paid for securities borrowing transactions | 15,812                   | 25,480          | 41,292         | 6,369                   | 18,659          | 25,028         |
| Loans   | 68,334                   | 126,297         | 194,631        | 65,488                  | 114,933         | 180,421        |
| Other advances  | 10,869                   | 12,792          | 23,661         | 11,427                  | 10,956          | 22,383         |
| <b>Subtotal</b>                                       | <b>192,859</b>           | <b>223,367</b>  | <b>416,226</b> | <b>151,585</b>          | <b>186,870</b>  | <b>338,455</b> |
| Loan loss allowance                                   | (133)                    | (1,038)         | (1,171)        | (201)                   | (1,446)         | (1,647)        |
| <b>Total</b>  | <b>192,726</b>           | <b>222,329</b>  | <b>415,055</b> | <b>151,384</b>          | <b>185,424</b>  | <b>336,808</b> |

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

|                     | As of Sept. 30, |                                  |
|---------------------|-----------------|----------------------------------|
|                     | 2006<br>mn      | As of December 31,<br>2005<br>mn |
| Corporate customers | 158,608         | 123,015                          |
| Private customers   | 59,400          | 59,316                           |
| Public authorities  | 5,359           | 4,539                            |
| <b>Subtotal</b>     | <b>223,367</b>  | <b>186,870</b>                   |
| Loan loss allowance | (1,038)         | (1,446)                          |
| <b>Total</b>        | <b>222,329</b>  | <b>185,424</b>                   |

**7 Reinsurance assets**

|   | As of Sept. 30, |                                  |
|---|-----------------|----------------------------------|
|   | 2006<br>mn      | As of December 31,<br>2005<br>mn |
| Unearned premiums                               | 1,604           | 1,448                            |
| Reserves for loss and loss adjustment expenses  | 10,032          | 10,874                           |
| Reserves for insurance and investment contracts | 8,485           | 9,798                            |
| <b>Total</b>                                    | <b>20,121</b>   | <b>22,120</b>                    |

**8 Deferred acquisition costs**

|  | As of Sept. 30, | As of December 31, |
|--|-----------------|--------------------|
|--|-----------------|--------------------|

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|                                 | 2006<br>mn    | 2005<br>mn    |
|---------------------------------|---------------|---------------|
| Deferred acquisition costs      |               |               |
| Property-Casualty               | 3,645         | 3,550         |
| Life/Health                     | 12,690        | 12,013        |
| Asset Management                | 40            | 23            |
| <b>Subtotal</b>                 | <b>16,375</b> | <b>15,586</b> |
| Present value of future profits | 1,269         | 1,336         |
| Deferred sales inducements      | 551           | 515           |
| <b>Total</b>                    | <b>18,195</b> | <b>17,437</b> |

**Table of Contents****9 Other assets**

|  | As of Sept. 30,<br>2006<br>mn | As of December 31,<br>2005<br>mn |
|--|-------------------------------|----------------------------------|
| Receivables arising from insurance and reinsurance contracts due from                        |                               |                                  |
| Policyholders  | 3,776                         | 4,105                            |
| Agents   | 3,738                         | 3,852                            |
| Reinsurers   | 2,063                         | 2,489                            |
| Other receivables  | 7,071                         | 6,772                            |
| Less allowance for doubtful accounts   | (304)                         | (317)                            |
| <b>Subtotal</b>  | <b>16,344</b>                 | <b>16,901</b>                    |
| Tax receivables  |                               |                                  |
| Income tax   | 1,255                         | 1,523                            |
| Other tax  | 622                           | 600                              |
| <b>Subtotal</b>  | <b>1,877</b>                  | <b>2,123</b>                     |
| Dividends, interest and rent receivable  | 5,380                         | 5,474                            |
| Prepaid expenses   |                               |                                  |
| Interest and rent  | 3,318                         | 2,518                            |
| Other prepaid expenses   | 142                           | 139                              |
| <b>Subtotal</b>  | <b>3,460</b>                  | <b>2,657</b>                     |
| Derivative financial instruments used for hedging that meet the criteria of hedge accounting | 541                           | 849                              |
| Property and equipment   |                               |                                  |
| Real estate held for use   | 4,994                         | 4,391                            |
| Equipment  | 1,574                         | 1,385                            |
| Software   | 1,204                         | 1,091                            |
| <b>Subtotal</b>  | <b>7,772</b>                  | <b>6,867</b>                     |
| Non-current assets and disposal groups held for sale   | 101                           | 3,292                            |
| Other assets   | 5,030                         | 4,130                            |
| <b>Total</b>   | <b>40,505</b>                 | <b>42,293</b>                    |

**10 Intangible assets**

|              | As of Sept. 30,<br>2006<br>mn | As of December 31,<br>2005<br>mn |
|--------------|-------------------------------|----------------------------------|
| Goodwill     | 12,003                        | 12,023                           |
| Brand names  | 740                           | 740                              |
| Other        | 320                           | 195                              |
| <b>Total</b> | <b>13,063</b>                 | <b>12,958</b>                    |



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Changes in goodwill for the nine months ended September 30, 2006, were as follows:

|  | <b>mn</b>     |
|--|---------------|
| Cost as of 12/31/2005                    | 12,247        |
| Accumulated impairments as of 12/31/2005 | (224)         |
| <b>Carrying amount as of 12/31/2005</b>  | <b>12,023</b> |
| Additions                                | 221           |
| Foreign currency translation adjustments | (241)         |
| <b>Carrying amount as of 9/30/2006</b>   | <b>12,003</b> |
| Accumulated impairments as of 9/30/2006  | 224           |
| Cost as of 9/30/2006                     | 12,227        |

Additions include goodwill from

- the acquisition of 100.0% participation in Home & Legacy Ltd., London
- the acquisition of 100.0% participation in MAN Roland Druckmaschinen AG, Offenbach, through a subsidiary in which the Allianz Group holds an interest of 65.0%
- 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%
- increasing the interest in Roster Financial LLC, Quincy, from 49.0% to 100.0%

### **11 Financial liabilities carried at fair value through income**

|   | <b>As of Sept. 30,<br/>2006<br/>mn</b> | <b>As of December 31,<br/>2005<br/>mn</b> |
|---|--|---|
| <b>Financial liabilities held for trading</b>                 |  |   |
| Obligations to deliver securities                             | 42,739                                 | 49,029                                    |
| Derivative financial instruments                              | 29,376                                 | 28,543                                    |
| Other trading liabilities                                     | 10,289                                 | 8,820                                     |
| <b>Subtotal</b>   | <b>82,404</b>                          | <b>86,392</b>                             |
| Financial liabilities designated at fair value through income | 898                                    | 450                                       |
| <b>Total</b>  | <b>83,302</b>                          | <b>86,842</b>                             |

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

|  | As of September 30, 2006 |                 |                | As of December 31, 2005 |                 |                |
|--|--------------------------|-----------------|----------------|-------------------------|-----------------|----------------|
|  | Banks<br>mn              | Customers<br>mn | Total<br>mn    | Banks<br>mn             | Customers<br>mn | Total<br>mn    |
| Payable on demand  | 21,564                   | 65,778          | 87,342         | 14,534                  | 57,624          | 72,158         |
| Savings deposits   |                          | 5,468           | 5,468          |                         | 5,608           | 5,608          |
| Term deposits and certificates of deposit                | 63,966                   | 44,546          | 108,512        | 73,189                  | 45,968          | 119,157        |
| Repurchase agreements                                    | 69,583                   | 65,043          | 134,626        | 50,850                  | 39,156          | 90,006         |
| Collateral received from securities lending transactions | 22,671                   | 9,342           | 32,013         | 11,369                  | 7,908           | 19,277         |
| Other  | 921                      | 3,252           | 4,173          | 2,015                   | 2,095           | 4,110          |
| <b>Total</b>   | <b>178,705</b>           | <b>193,429</b>  | <b>372,134</b> | <b>151,957</b>          | <b>158,359</b>  | <b>310,316</b> |

**13 Reserves for loss and loss adjustment expenses**

|                           | As of Sept. 30,<br>2006<br>mn | As of December 31,<br>2005<br>mn |
|---------------------------|-------------------------------|----------------------------------|
| Property-Casualty         | 59,532                        | 60,259                           |
| Life/Health               | 6,802                         | 6,806                            |
| Consolidation adjustments | (56)                          | (60)                             |
| <b>Total</b>              | <b>66,278</b>                 | <b>67,005</b>                    |

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

|   | Gross<br>mn     | 2006<br>Ceded<br>mn | Net<br>mn       | Gross<br>mn     | 2005<br>Ceded<br>mn | Net<br>mn       |
|---|-----------------|---------------------|-----------------|-----------------|---------------------|-----------------|
| <b>Reserves for loss and loss adjustment expenses as of 1/1/</b>  | <b>60,259</b>   | <b>(10,604)</b>     | <b>49,655</b>   | <b>55,693</b>   | <b>(10,192)</b>     | <b>45,501</b>   |
| Loss and loss adjustment expenses incurred                        |                 |                     |                 |                 |                     |                 |
| Current year  | 21,251          | (2,056)             | 19,195          | 23,147          | (3,286)             | 19,861          |
| Prior years   | (940)           | 225                 | (715)           | (594)           | (9)                 | (603)           |
| <b>Subtotal</b>   | <b>20,311</b>   | <b>(1,831)</b>      | <b>18,480</b>   | <b>22,553</b>   | <b>(3,295)</b>      | <b>19,258</b>   |
| Loss and loss adjustment expenses paid                            |                 |                     |                 |                 |                     |                 |
| Current year  | (8,137)         | 416                 | (7,721)         | (8,073)         | 443                 | (7,630)         |
| Prior years   | (11,848)        | 1,950               | (9,898)         | (10,929)        | 1,712               | (9,217)         |
| <b>Subtotal</b>   | <b>(19,985)</b> | <b>2,366</b>        | <b>(17,619)</b> | <b>(19,002)</b> | <b>2,155</b>        | <b>(16,847)</b> |
| Foreign currency translation adjustments and other                | (1,053)         | 271                 | (782)           | 1,865           | (574)               | 1,291           |
| <b>Reserves for loss and loss adjustment expenses as of 30/9/</b> | <b>59,532</b>   | <b>(9,798)</b>      | <b>49,734</b>   | <b>61,109</b>   | <b>(11,906)</b>     | <b>49,203</b>   |



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

|                              | As of Sept. 30,<br>2006<br>mn | As of December 31,<br>2005<br>mn |
|------------------------------|-------------------------------|----------------------------------|
| Aggregate policy reserves    | 255,762                       | 249,530                          |
| Reserves for premium refunds | 29,716                        | 28,510                           |
| Other insurance reserves     | 706                           | 789                              |
| <b>Total</b>                 | <b>286,184</b>                | <b>278,829</b>                   |

**15 Other liabilities**

|  | As of Sept. 30,<br>2006<br>mn | As of December 31,<br>2005<br>mn |
|--|-------------------------------|----------------------------------|
| Payables arising from insurance and reinsurance contracts to   |                               |                                  |
| Policyholders  | 5,117                         | 6,295                            |
| Agents   | 1,556                         | 1,764                            |
| Reinsurers   | 1,676                         | 1,648                            |
| Payables for social security   | 245                           | 176                              |
| <b>Subtotal</b>  | <b>8,594</b>                  | <b>9,883</b>                     |
| Tax payables   |                               |                                  |
| Income tax   | 2,407                         | 2,150                            |
| Other  | 995                           | 1,004                            |
| <b>Subtotal</b>  | <b>3,402</b>                  | <b>3,154</b>                     |
| Interest and rent payable  | 656                           | 513                              |
| Unearned income  |                               |                                  |
| Interest and rent  | 2,894                         | 2,257                            |
| Other  | 240                           | 236                              |
| <b>Subtotal</b>  | <b>3,134</b>                  | <b>2,493</b>                     |
| Provisions   |                               |                                  |
| Pensions and similar obligations   | 4,130                         | 5,594                            |
| Employee related   | 2,673                         | 2,737                            |
| Share based compensation   | 1,763                         | 1,703                            |
| Restructuring  | 670                           | 186                              |
| Loan commitments   | 117                           | 117                              |
| Other  | 2,116                         | 1,947                            |
| <b>Subtotal</b>  | <b>11,469</b>                 | <b>12,284</b>                    |
| Deposits retained for reinsurance ceded  | 5,788                         | 7,105                            |
| Derivative financial instruments used for hedging purposes that meet the criteria for hedge accounting | 965                           | 1,019                            |

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|   |               |               |
|---|---------------|---------------|
| Financial liabilities for puttable equity instruments | 3,503         | 3,137         |
| Disposal groups held for sale                         |               | 1,389         |
| Other liabilities                                     | 10,281        | 10,338        |
| <b>Total</b>  | <b>47,792</b> | <b>51,315</b> |

**Table of Contents****16 Certificated liabilities**

|                          | As of Sept. 30,<br>2006<br>mn | As of December 31,<br>2005<br>mn |
|--------------------------|-------------------------------|----------------------------------|
| Allianz SE <sup>1)</sup> |                               |                                  |
| Senior bonds             | 4,712                         | 4,781                            |
| Exchangeable bonds       | 1,439                         | 2,326                            |
| Money market securities  | 1,322                         | 1,131                            |
| <b>Subtotal</b>          | <b>7,473</b>                  | <b>8,238</b>                     |
| Banking subsidiaries     |                               |                                  |
| Senior bonds             | 24,338                        | 26,262                           |
| Money market securities  | 22,831                        | 24,287                           |
| <b>Subtotal</b>          | <b>47,169</b>                 | <b>50,549</b>                    |
| All other subsidiaries   |                               |                                  |
| Certificated liabilities | 15                            | 16                               |
| Money market securities  | 400                           | 400                              |
| <b>Subtotal</b>          | <b>415</b>                    | <b>416</b>                       |
| <b>Total</b>             | <b>55,057</b>                 | <b>59,203</b>                    |

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

**17 Participation certificates and subordinated liabilities**

|                            | As of Sept. 30,<br>2006<br>mn | As of December 31,<br>2005<br>mn |
|----------------------------|-------------------------------|----------------------------------|
| Allianz SE <sup>1)</sup>   |                               |                                  |
| Subordinated bonds         | 6,896                         | 6,220                            |
| Participation certificates | 85                            | 85                               |
| <b>Subtotal</b>            | <b>6,981</b>                  | <b>6,305</b>                     |
| Banking subsidiaries       |                               |                                  |
| Subordinated liabilities   | 4,101                         | 4,273                            |
| Hybrid equity              | 2,549                         | 1,614                            |
| Participation certificates | 2,278                         | 1,517                            |
| <b>Subtotal</b>            | <b>8,928</b>                  | <b>7,404</b>                     |
| All other subsidiaries     |                               |                                  |
| Subordinated liabilities   | 905                           | 930                              |
| Hybrid equity              | 45                            | 45                               |

|                 |               |               |
|-----------------|---------------|---------------|
| <b>Subtotal</b> | <b>950</b>    | <b>975</b>    |
| <b>Total</b>    | <b>16,859</b> | <b>14,684</b> |

<sup>1)</sup> Includes subordinated bonds issued by Allianz Finance B.V. and Allianz Finance II B.V. and guaranteed by Allianz SE.

### 18 Equity

|  | As of Sept. 30,<br>2006<br>mn | As of December 31,<br>2005<br>mn |
|--|-------------------------------|----------------------------------|
| Shareholders' equity                     |                               |                                  |
| Issued capital                           | 1,039                         | 1,039                            |
| Capital reserve                          | 20,577                        | 20,577                           |
| Revenue reserves                         | 14,837                        | 9,930                            |
| Treasury shares                          | (85)                          | (1,351)                          |
| Foreign currency translation adjustments | (1,832)                       | (1,032)                          |
| Unrealized gains and losses (net)        | 10,398                        | 10,324                           |
| <b>Subtotal</b>                          | <b>44,934</b>                 | <b>39,487</b>                    |
| Minority interests                       | 7,614                         | 7,615                            |
| <b>Total</b>                             | <b>52,548</b>                 | <b>47,102</b>                    |

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

| Three months ended September 30,   | 2006                 |                |                              | 2005                 |                |                              | Allianz Group mn |
|------------------------------------|----------------------|----------------|------------------------------|----------------------|----------------|------------------------------|------------------|
|                                    | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn | Property-Casualty mn | Life/Health mn | Consolidation adjustments mn |                  |
| <b>Premiums written</b>            |                      |                |                              |                      |                |                              |                  |
| Direct                             | 9,468                | 4,593          |                              | 9,357                | 4,448          |                              | 13,805           |
| Assumed                            | 944                  | 81             | (7)                          | 1,011                | 109            | (3)                          | 1,117            |
| <b>Subtotal</b>                    | <b>10,412</b>        | <b>4,674</b>   | <b>(7)</b>                   | <b>10,368</b>        | <b>4,557</b>   | <b>(3)</b>                   | <b>14,922</b>    |
| Ceded                              | (1,486)              | (158)          | 7                            | (1,488)              | (208)          | 3                            | (1,693)          |
| <b>Net</b>                         | <b>8,926</b>         | <b>4,516</b>   |                              | <b>8,880</b>         | <b>4,349</b>   |                              | <b>13,229</b>    |
| <b>Change in unearned premiums</b> |                      |                |                              |                      |                |                              |                  |
| Direct                             | 940                  | (5)            |                              | 929                  | (42)           |                              | 887              |
| Assumed                            | 26                   |                |                              | 4                    | (4)            | (1)                          | (1)              |
| <b>Subtotal</b>                    | <b>966</b>           | <b>(5)</b>     |                              | <b>933</b>           | <b>(46)</b>    | <b>(1)</b>                   | <b>886</b>       |
| Ceded                              | (216)                |                |                              | (121)                | (1)            | 1                            | (121)            |
| <b>Net</b>                         | <b>750</b>           | <b>(5)</b>     |                              | <b>812</b>           | <b>(47)</b>    |                              | <b>765</b>       |
| <b>Premiums earned</b>             |                      |                |                              |                      |                |                              |                  |
| Direct                             | 10,408               | 4,588          |                              | 10,286               | 4,406          |                              | 14,692           |
| Assumed                            | 970                  | 81             | (7)                          | 1,015                | 105            | (4)                          | 1,116            |
| <b>Subtotal</b>                    | <b>11,378</b>        | <b>4,669</b>   | <b>(7)</b>                   | <b>11,301</b>        | <b>4,511</b>   | <b>(4)</b>                   | <b>15,808</b>    |
| Ceded                              | (1,702)              | (158)          | 7                            | (1,609)              | (209)          | 4                            | (1,814)          |
| <b>Net</b>                         | <b>9,676</b>         | <b>4,511</b>   |                              | <b>9,692</b>         | <b>4,302</b>   |                              | <b>13,994</b>    |



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| Nine months ended September 30,    | 2006                    |                   |                                    |                        | 2005                    |                   |                                    |                        |
|------------------------------------|-------------------------|-------------------|------------------------------------|------------------------|-------------------------|-------------------|------------------------------------|------------------------|
|                                    | Property-Casualty<br>mn | Life/Health<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Property-Casualty<br>mn | Life/Health<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
| <b>Premiums written</b>            |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Direct                             | 31,975                  | 14,797            |                                    | 46,772                 | 31,656                  | 14,468            |                                    | 46,124                 |
| Assumed                            | 2,268                   | 274               | (11)                               | 2,531                  | 2,452                   | 350               | (15)                               | 2,787                  |
| <b>Subtotal</b>                    | <b>34,243</b>           | <b>15,071</b>     | <b>(11)</b>                        | <b>49,303</b>          | <b>34,108</b>           | <b>14,818</b>     | <b>(15)</b>                        | <b>48,911</b>          |
| Ceded                              | (4,428)                 | (556)             | 11                                 | (4,973)                | (4,347)                 | (643)             | 15                                 | (4,975)                |
| <b>Net</b>                         | <b>29,815</b>           | <b>14,515</b>     |                                    | <b>44,330</b>          | <b>29,761</b>           | <b>14,175</b>     |                                    | <b>43,936</b>          |
| <b>Change in unearned premiums</b> |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Direct                             | (1,592)                 | (82)              |                                    | (1,674)                | (1,701)                 | (93)              |                                    | (1,794)                |
| Assumed                            | 30                      | (11)              |                                    | 19                     | (137)                   | (7)               |                                    | (144)                  |
| <b>Subtotal</b>                    | <b>(1,562)</b>          | <b>(93)</b>       |                                    | <b>(1,655)</b>         | <b>(1,838)</b>          | <b>(100)</b>      |                                    | <b>(1,938)</b>         |
| Ceded                              | 122                     | 1                 |                                    | 123                    | 295                     | (1)               |                                    | 294                    |
| <b>Net</b>                         | <b>(1,440)</b>          | <b>(92)</b>       |                                    | <b>(1,532)</b>         | <b>(1,543)</b>          | <b>(101)</b>      |                                    | <b>(1,644)</b>         |
| <b>Premiums earned</b>             |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Direct                             | 30,383                  | 14,715            |                                    | 45,098                 | 29,955                  | 14,375            |                                    | 44,330                 |
| Assumed                            | 2,298                   | 263               | (11)                               | 2,550                  | 2,315                   | 343               | (15)                               | 2,643                  |
| <b>Subtotal</b>                    | <b>32,681</b>           | <b>14,978</b>     | <b>(11)</b>                        | <b>47,648</b>          | <b>32,270</b>           | <b>14,718</b>     | <b>(15)</b>                        | <b>46,973</b>          |
| Ceded                              | (4,306)                 | (555)             | 11                                 | (4,850)                | (4,052)                 | (644)             | 15                                 | (4,681)                |
| <b>Net</b>                         | <b>28,375</b>           | <b>14,423</b>     |                                    | <b>42,798</b>          | <b>28,218</b>           | <b>14,074</b>     |                                    | <b>42,292</b>          |

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

|   | Three months ended Sept. 30, |              | Nine months ended Sept. 30, |               |
|---|------------------------------|--------------|-----------------------------|---------------|
|   | 2006                         | 2005         | 2006                        | 2005          |
|   | mn                           | mn           | mn                          | mn            |
| Interest from held-to-maturity investments                          | 56                           | 66           | 173                         | 192           |
| Dividends from available-for-sale investments                       | 303                          | 222          | 1,834                       | 1,296         |
| Interest from available-for-sale investments                        | 2,346                        | 2,173        | 6,899                       | 6,313         |
| Share of earnings from investments in associates and joint ventures | 58                           | 66           | 180                         | 213           |
| Rent from real estate held for investment                           | 223                          | 220          | 685                         | 750           |
| Interest from loans to banks and customers                          | 2,747                        | 2,603        | 8,124                       | 7,952         |
| Other   | 32                           | 45           | 112                         | 126           |
| <b>Total</b>  | <b>5,765</b>                 | <b>5,395</b> | <b>18,007</b>               | <b>16,842</b> |

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

| Three months ended Sept. 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                     | (8)               | 6         | (316)        | 162        | 286        | 382        |                  | 6         | (62)         | (123)        | 20                        | (3)        | (80)          | 430        |
| Income from financial assets designated at fair value through income              | 36                | 69        | 386          | 225        | 22         | 12         | 43               | 120       |              |              |                           |            | 487           | 426        |
| Expense from financial liabilities designated at fair value through income        | 1                 |           |              |            | (17)       | (19)       |                  |           |              |              |                           |            | (16)          | (19)       |
| Income (expense) from financial liabilities for puttable equity instruments (net) | 3                 | (28)      | (90)         | (97)       |            |            | (38)             | (110)     | (56)         |              |                           |            | (181)         | (235)      |
| <b>Total</b>  | <b>32</b>         | <b>47</b> | <b>(20)</b>  | <b>290</b> | <b>291</b> | <b>375</b> | <b>5</b>         | <b>16</b> | <b>(118)</b> | <b>(123)</b> | <b>20</b>                 | <b>(3)</b> | <b>210</b>    | <b>602</b> |

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| Nine months ended Sept. 30,   | Property-  |            |              |            |              |            |                  |            | Allianz      |              |                           |            |            |              |  |  |
|---|------------|------------|--------------|------------|--------------|------------|------------------|------------|--------------|--------------|---------------------------|------------|------------|--------------|--|--|
|   | Casualty   |            | Life/ Health |            | Banking      |            | Asset Management |            | Corporate    |              | Consolidation adjustments |            | Group      |              |  |  |
|   | 2006<br>mn | 2005<br>mn | 2006<br>mn   | 2005<br>mn | 2006<br>mn   | 2005<br>mn | 2006<br>mn       | 2005<br>mn | 2006<br>mn   | 2005<br>mn   | 2006<br>mn                | 2005<br>mn | 2006<br>mn | 2005<br>mn   |  |  |
| Income from financial assets and liabilities held for trading                     | (5)        | 4          | (444)        | (190)      | 1,081        | 964        | 3                | 10         | (214)        | (276)        | 46                        | (4)        | 467        | 508          |  |  |
| Income from financial assets designated at fair value through income              | 86         | 173        | 342          | 761        | 68           | 55         | (109)            | 177        |              |              |                           |            | 387        | 1,166        |  |  |
| Expense from financial liabilities designated at fair value through income        |            |            | (1)          |            | (42)         | (66)       |                  |            |              |              | 1                         |            | (42)       | (66)         |  |  |
| Income (expense) from financial liabilities for puttable equity instruments (net) | (4)        | (75)       | (102)        | (285)      |              |            | 123              | (166)      | (56)         |              |                           |            | (39)       | (526)        |  |  |
| <b>Total</b>  | <b>77</b>  | <b>102</b> | <b>(205)</b> | <b>286</b> | <b>1,107</b> | <b>953</b> | <b>17</b>        | <b>21</b>  | <b>(270)</b> | <b>(276)</b> | <b>47</b>                 | <b>(4)</b> | <b>773</b> | <b>1,082</b> |  |  |

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

Income from financial assets and liabilities held for trading for the nine months ended September 30, 2006, includes expenses of 433 mn (2005: 228 mn) from derivative financial instruments in 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 266 mn (2005: 100 mn) and expenses from other derivative financial instruments of 167 mn (2005: 128 mn).

**Banking Segment**

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

|  | Three months ended |            | Nine months ended |            |
|--|--------------------|------------|-------------------|------------|
|  | Sept. 30,          |            | Sept. 30,         |            |
|  | 2006<br>mn         | 2005<br>mn | 2006<br>mn        | 2005<br>mn |
| Trading in interest products             | 374                | 204        | 681               | 359        |
| Trading in equity products               | (50)               | 131        | 193               | 126        |
| Foreign exchange/precious metals trading | 30                 | 64         | 277               | 188        |
| Other trading activities                 | (68)               | (17)       | (70)              | 291        |
| <b>Total</b>                             | <b>286</b>         | <b>382</b> | <b>1,081</b>      | <b>964</b> |

**Corporate Segment**

Income from financial assets and liabilities held for trading for the nine months ended September 30, 2006, includes expenses of 175 mn (2005: 228 mn) from derivative financial instruments in the Corporate segment for which hedge accounting is not applied. This includes expenses from derivative financial instruments embedded in exchangeable bonds of 353 mn (2005: 376 mn), income from derivative financial instruments which partially hedge the exchangeable bonds, however which do not qualify for hedge accounting, of 181 mn (2005: 143 mn), and expenses from other derivative financial instruments of 3 mn (2005: income: 5 mn).



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

|  | Three months ended      |              | Nine months ended       |              |
|--|-------------------------|--------------|-------------------------|--------------|
|  | Sept. 30,<br>2006<br>mn | 2005<br>mn   | Sept. 30,<br>2006<br>mn | 2005<br>mn   |
| <b>Realized gains</b>                                      |                         |              |                         |              |
| Available-for-sale investments                             |                         |              |                         |              |
| Equity securities  | 626                     | 647          | 4,429                   | 2,383        |
| Debt securities  | 144                     | 228          | 515                     | 813          |
| <b>Subtotal</b>  | <b>770</b>              | <b>875</b>   | <b>4,944</b>            | <b>3,196</b> |
| Investments in associates and joint ventures <sup>1)</sup> | 595                     | 47           | 862                     | 910          |
| Loans to banks and customers                               | 1                       | 30           | 31                      | 118          |
| Real estate held for investment                            | 68                      | 132          | 551                     | 282          |
| <b>Subtotal</b>  | <b>1,434</b>            | <b>1,084</b> | <b>6,388</b>            | <b>4,506</b> |
| <b>Realized losses</b>                                     |                         |              |                         |              |
| Available-for-sale investments                             |                         |              |                         |              |
| Equity securities  | (89)                    | (114)        | (293)                   | (257)        |
| Debt securities  | (205)                   | (55)         | (671)                   | (234)        |
| <b>Subtotal</b>  | <b>(294)</b>            | <b>(169)</b> | <b>(964)</b>            | <b>(491)</b> |
| Investments in associates and joint ventures <sup>2)</sup> | (3)                     | (3)          | (11)                    | (13)         |
| Loans to banks and customers                               | (6)                     | (72)         | (23)                    | (91)         |
| Real estate held for investment                            | (3)                     | (3)          | (30)                    | (13)         |
| <b>Subtotal</b>  | <b>(306)</b>            | <b>(247)</b> | <b>(1,028)</b>          | <b>(608)</b> |
| <b>Total</b>   | <b>1,128</b>            | <b>837</b>   | <b>5,360</b>            | <b>3,898</b> |

<sup>1)</sup> During the three and nine months ended September 30, 2006, includes realized gains from the disposal of subsidiaries and businesses of 553 mn (2005: 42 mn) and 603 mn (2005: 119 mn), respectively.

<sup>2)</sup> During the three and nine months ended September 30, 2006, includes realized losses from the disposal of subsidiaries of 1 mn (2005: - mn) and 2 mn (2005: 5 mn), respectively.

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

Three months ended September 30,

|  | Segment<br>mn | 2006<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Segment<br>mn | 2005<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
|--|---------------|--|------------------------|---------------|--|------------------------|
| <b>Property-Casualty</b>                 |               |  |                        |               |  |                        |
| Fees from credit and assistance business | 168           |  | 168                    | 196           |  | 196                    |
| Service agreements                       | 82            | (7)  | 75                     | 60            | (17)                                       | 43                     |
| Investment advisory                      | 3             |  | 3                      | 3             |  | 3                      |
| <b>Subtotal</b>                          | <b>253</b>    | <b>(7)</b>                                 | <b>246</b>             | <b>259</b>    | <b>(17)</b>                                | <b>242</b>             |
| <b>Life/Health</b>                       |               |  |                        |               |  |                        |
| Service agreements                       | 27            | (9)  | 18                     | 50            | (23)                                       | 27                     |
| Investment advisory                      | 119           |  | 119                    | 99            |  | 99                     |
| Other                                    | (2)           | (3)  | (5)                    | 3             | (2)  | 1                      |
| <b>Subtotal</b>                          | <b>144</b>    | <b>(12)</b>                                | <b>132</b>             | <b>152</b>    | <b>(25)</b>                                | <b>127</b>             |
| <b>Banking</b>                           |               |  |                        |               |  |                        |
| Securities business                      | 305           | (48)                                       | 257                    | 323           | (42)                                       | 281                    |
| Investment advisory                      | 136           | (49)                                       | 87                     | 137           | (36)                                       | 101                    |
| Payment transactions                     | 87            |  | 87                     | 94            |  | 94                     |
| Mergers and acquisitions advisory        | 83            |  | 83                     | 52            |  | 52                     |
| Underwriting business (new issues)       | 27            |  | 27                     | 16            | (1)  | 15                     |
| Other                                    | 213           | (52)                                       | 161                    | 185           | (2)  | 183                    |
| <b>Subtotal</b>                          | <b>851</b>    | <b>(149)</b>                               | <b>702</b>             | <b>807</b>    | <b>(81)</b>                                | <b>726</b>             |
| <b>Asset Management</b>                  |               |  |                        |               |  |                        |
| Management fees                          | 830           | (25)                                       | 805                    | 787           | (24)                                       | 763                    |
| Loading and exit fees                    | 76            |  | 76                     | 89            |  | 89                     |
| Performance fees                         | 5             | 1  | 6                      | 21            |  | 21                     |
| Other                                    | 88            | (1)  | 87                     | 69            | (2)  | 67                     |
| <b>Subtotal</b>                          | <b>999</b>    | <b>(25)</b>                                | <b>974</b>             | <b>966</b>    | <b>(26)</b>                                | <b>940</b>             |
| <b>Corporate</b>                         |               |  |                        |               |  |                        |
| Service agreements                       | 41            | (23)                                       | 18                     | 46            | (22)                                       | 24                     |
| <b>Subtotal</b>                          | <b>41</b>     | <b>(23)</b>                                | <b>18</b>              | <b>46</b>     | <b>(22)</b>                                | <b>24</b>              |
| <b>Total</b>                             | <b>2,288</b>  | <b>(216)</b>                               | <b>2,072</b>           | <b>2,230</b>  | <b>(171)</b>                               | <b>2,059</b>           |

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Nine months ended September 30,

|  | Segment<br>mn | 2006<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Segment<br>mn | 2005<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
|--|---------------|--|------------------------|---------------|--|------------------------|
| <b>Property-Casualty</b>                 |               |  |                        |               |  |                        |
| Fees from credit and assistance business | 501           |  | 501                    | 467           |  | 467                    |
| Service agreements                       | 259           | (29)                                       | 230                    | 270           | (52)                                       | 218                    |
| Investment advisory                      | 10            |  | 10                     | 8             |  | 8                      |
| <b>Subtotal</b>                          | <b>770</b>    | <b>(29)</b>                                | <b>741</b>             | <b>745</b>    | <b>(52)</b>                                | <b>693</b>             |
| <b>Life/Health</b>                       |               |  |                        |               |  |                        |
| Service agreements                       | 116           | (57)                                       | 59                     | 126           | (58)                                       | 68                     |
| Investment advisory                      | 303           |  | 303                    | 220           |  | 220                    |
| Other                                    | 16            | (9)  | 7                      | 12            | (7)  | 5                      |
| <b>Subtotal</b>                          | <b>435</b>    | <b>(66)</b>                                | <b>369</b>             | <b>358</b>    | <b>(65)</b>                                | <b>293</b>             |
| <b>Banking</b>                           |               |  |                        |               |  |                        |
| Securities business                      | 1,117         | (144)                                      | 973                    | 1,055         | (118)                                      | 937                    |
| Investment advisory                      | 444           | (129)                                      | 315                    | 396           | (99)                                       | 297                    |
| Payment transactions                     | 270           | (1)  | 269                    | 283           | (1)  | 282                    |
| Mergers and acquisitions advisory        | 207           |  | 207                    | 179           |  | 179                    |
| Underwriting business (new issues)       | 102           |  | 102                    | 51            | (1)  | 50                     |
| Other                                    | 571           | (90)                                       | 481                    | 532           | (10)                                       | 522                    |
| <b>Subtotal</b>                          | <b>2,711</b>  | <b>(364)</b>                               | <b>2,347</b>           | <b>2,496</b>  | <b>(229)</b>                               | <b>2,267</b>           |
| <b>Asset Management</b>                  |               |  |                        |               |  |                        |
| Management fees                          | 2,507         | (78)                                       | 2,429                  | 2,164         | (73)                                       | 2,091                  |
| Loading and exit fees                    | 257           |  | 257                    | 249           |  | 249                    |
| Performance fees                         | 30            | 1  | 31                     | 42            |  | 42                     |
| Other                                    | 266           | (4)  | 262                    | 198           | (3)  | 195                    |
| <b>Subtotal</b>                          | <b>3,060</b>  | <b>(81)</b>                                | <b>2,979</b>           | <b>2,653</b>  | <b>(76)</b>                                | <b>2,577</b>           |
| <b>Corporate</b>                         |               |  |                        |               |  |                        |
| Service agreements                       | 120           | (70)                                       | 50                     | 112           | (68)                                       | 44                     |
| <b>Subtotal</b>                          | <b>120</b>    | <b>(70)</b>                                | <b>50</b>              | <b>112</b>    | <b>(68)</b>                                | <b>44</b>              |
| <b>Total</b>                             | <b>7,096</b>  | <b>(610)</b>                               | <b>6,486</b>           | <b>6,364</b>  | <b>(490)</b>                               | <b>5,874</b>           |

**Table of Contents****24 Other income**

|  | Three months ended<br>Sept. 30, |            | Nine months ended<br>Sept. 30, |            |
|--|---------------------------------|------------|--------------------------------|------------|
|  | 2006<br>mn                      | 2005<br>mn | 2006<br>mn                     | 2005<br>mn |
| <b>Income from real estate held for use</b>                      |                                 |            |                                |            |
| Realized gains from disposals of real estate held for use        | 4                               |            | 55                             | 16         |
| Other income from real estate held for use                       |                                 | 13         | 2                              | 26         |
| <b>Subtotal</b>  | <b>4</b>                        | <b>13</b>  | <b>57</b>                      | <b>42</b>  |
| Income from non-current assets and disposal groups held for sale |                                 |            |                                |            |
| Other  | (2)                             | (8)        | 1                              | 17         |
| <b>Total</b>   | <b>2</b>                        | <b>12</b>  | <b>58</b>                      | <b>60</b>  |

**25 Income from industrial holdings**

|                              | 2006<br>Four Seasons<br>Health             |                 |             | 2005<br>Four Seasons<br>Health             |                 |             |
|------------------------------|--|-----------------|-------------|--|-----------------|-------------|
|                              | MAN Roland<br>Druckma-<br>schinen AG<br>mn | Care Ltd.<br>mn | Total<br>mn | MAN Roland<br>Druckma-<br>schinen AG<br>mn | Care Ltd.<br>mn | Total<br>mn |
| Three months ended Sept. 30, |  |                 |             |  |                 |             |
| Sales and service revenues   | 429  |                 | 429         |  | 156             | 156         |
| Other operating revenues     | 5  |                 | 5           |  |                 |             |
| Interest income              | 2  |                 | 22          |  | 1               | 1           |
| <b>Total</b>                 | <b>436</b>                                 |                 | <b>436</b>  |  | <b>157</b>      | <b>157</b>  |
| Nine months ended Sept. 30,  |  |                 |             |  |                 |             |
| Sales and service revenues   | 429  | 327             | 756         |  | 438             | 438         |
| Other operating revenues     | 5  |                 | 5           |  |                 |             |
| Interest income              | 2  | 1               | 3           |  | 2               | 2           |
| <b>Total</b>                 | <b>436</b>                                 | <b>328</b>      | <b>764</b>  |  | <b>440</b>      | <b>440</b>  |

**26 Claims and insurance benefits incurred (net)**

| Three months ended September 30,                            | 2006                        |                       |                                    |                        | 2005                        |                       |                                    |                        |
|---|-----------------------------|-----------------------|------------------------------------|------------------------|-----------------------------|-----------------------|------------------------------------|------------------------|
|   | Property-<br>Casualty<br>mn | Life/<br>Health<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Property-<br>Casualty<br>mn | Life/<br>Health<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
| <b>Gross</b>  |                             |                       |                                    |                        |                             |                       |                                    |                        |
| Claims and insurance benefits paid                          | (6,455)                     | (4,084)               | 14                                 | (10,525)               | (6,346)                     | (4,153)               | 15                                 | (10,484)               |
| Change in reserves for loss and loss<br>adjustment expenses | (334)                       | (46)                  | (2)                                | (382)                  | (2,796)                     | 143                   | 3                                  | (2,650)                |



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|  |                |                |             |                 |                |                |             |                 |
|--|----------------|----------------|-------------|-----------------|----------------|----------------|-------------|-----------------|
| <b>Subtotal</b>  | <b>(6,789)</b> | <b>(4,130)</b> | <b>12</b>   | <b>(10,907)</b> | <b>(9,142)</b> | <b>(4,010)</b> | <b>18</b>   | <b>(13,134)</b> |
| <b>Ceded</b>   |                |                |             |                 |                |                |             |                 |
| Claims and insurance benefits paid                       | 858            | 184            | (14)        | 1,028           | 696            | 212            | (15)        | 893             |
| Change in reserves for loss and loss adjustment expenses | (277)          | 4              | 2           | (271)           | 1,372          | (38)           | (3)         | 1,331           |
| <b>Subtotal</b>  | <b>581</b>     | <b>188</b>     | <b>(12)</b> | <b>757</b>      | <b>2,068</b>   | <b>174</b>     | <b>(18)</b> | <b>2,224</b>    |
| <b>Net</b>   |                |                |             |                 |                |                |             |                 |
| Claims and insurance benefits paid                       | (5,597)        | (3,900)        |             | (9,497)         | (5,650)        | (3,941)        |             | (9,591)         |
| Change in reserves for loss and loss adjustment expenses | (611)          | (42)           |             | (653)           | (1,424)        | 105            |             | (1,319)         |
| <b>Total</b>   | <b>(6,208)</b> | <b>(3,942)</b> |             | <b>(10,150)</b> | <b>(7,074)</b> | <b>(3,836)</b> |             | <b>(10,910)</b> |

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| Nine months ended September 30,                          | 2006                    |                   |                                    |                        | 2005                    |                   |                                    |                        |
|--|-------------------------|-------------------|------------------------------------|------------------------|-------------------------|-------------------|------------------------------------|------------------------|
|  | Property-Casualty<br>mn | Life/Health<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Property-Casualty<br>mn | Life/Health<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
| <b>Gross</b>   |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Claims and insurance benefits paid                       | (19,985)                | (13,260)          | 27                                 | (33,218)               | (19,002)                | (13,563)          | 12                                 | (32,553)               |
| Change in reserves for loss and loss adjustment expenses | (326)                   | (33)              | (4)                                | (363)                  | (3,551)                 | 192               |                                    | (3,359)                |
| <b>Subtotal</b>  | <b>(20,311)</b>         | <b>(13,293)</b>   | <b>23</b>                          | <b>(33,581)</b>        | <b>(22,553)</b>         | <b>(13,371)</b>   | <b>12</b>                          | <b>(35,912)</b>        |
| <b>Ceded</b>   |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Claims and insurance benefits paid                       | 2,366                   | 540               | (27)                               | 2,879                  | 2,155                   | 671               | (12)                               | 2,814                  |
| Change in reserves for loss and loss adjustment expenses | (535)                   | 15                | 4                                  | (516)                  | 1,140                   | 10                |                                    | 1,150                  |
| <b>Subtotal</b>  | <b>1,831</b>            | <b>555</b>        | <b>(23)</b>                        | <b>2,363</b>           | <b>3,295</b>            | <b>681</b>        | <b>(12)</b>                        | <b>3,964</b>           |
| <b>Net</b>   |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Claims and insurance benefits paid                       | (17,619)                | (12,720)          |                                    | (30,339)               | (16,847)                | (12,892)          |                                    | (29,739)               |
| Change in reserves for loss and loss adjustment expenses | (861)                   | (18)              |                                    | (879)                  | (2,411)                 | 202               |                                    | (2,209)                |
| <b>Total</b>   | <b>(18,480)</b>         | <b>(12,738)</b>   |                                    | <b>(31,218)</b>        | <b>(19,258)</b>         | <b>(12,690)</b>   |                                    | <b>(31,948)</b>        |

**27 Changes in reserves for insurance and investment contracts (net)**

| Three months ended September 30, | 2006                    |                   |                                    |                        | 2005                    |                   |                                    |                        |
|----------------------------------|-------------------------|-------------------|------------------------------------|------------------------|-------------------------|-------------------|------------------------------------|------------------------|
|                                  | Property-Casualty<br>mn | Life/Health<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Property-Casualty<br>mn | Life/Health<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
| <b>Gross</b>                     |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Aggregate policy reserves        | (110)                   | (1,144)           | (1)                                | (1,255)                | (41)                    | (1,304)           | (1)                                | (1,346)                |
| Other insurance reserves         | (2)                     | (20)              |                                    | (22)                   | (9)                     | (12)              |                                    | (21)                   |
| Expenses for premium refunds     | (49)                    | (1,171)           | (24)                               | (1,244)                | (66)                    | (1,107)           |                                    | (1,173)                |
| <b>Subtotal</b>                  | <b>(161)</b>            | <b>(2,335)</b>    | <b>(25)</b>                        | <b>(2,521)</b>         | <b>(116)</b>            | <b>(2,423)</b>    | <b>(1)</b>                         | <b>(2,540)</b>         |
| <b>Ceded</b>                     |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Aggregate policy reserves        | 13                      | 65                |                                    | 78                     | 4                       | 39                | 1                                  | 44                     |
| Other insurance reserves         |                         | 3                 |                                    | 3                      | (10)                    |                   |                                    | (10)                   |
| Expenses for premium refunds     | (3)                     | 5                 |                                    | 2                      | 9                       | 5                 |                                    | 14                     |
| <b>Subtotal</b>                  | <b>10</b>               | <b>73</b>         |                                    | <b>83</b>              | <b>3</b>                | <b>44</b>         | <b>1</b>                           | <b>48</b>              |
| <b>Net</b>                       |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Aggregate policy reserves        | (97)                    | (1,079)           | (1)                                | (1,177)                | (37)                    | (1,265)           |                                    | (1,302)                |
| Other insurance reserves         | (2)                     | (17)              |                                    | (19)                   | (19)                    | (12)              |                                    | (31)                   |
| Expenses for premium refunds     | (52)                    | (1,166)           | (24)                               | (1,242)                | (57)                    | (1,102)           |                                    | (1,159)                |
| <b>Total</b>                     | <b>(151)</b>            | <b>(2,262)</b>    | <b>(25)</b>                        | <b>(2,438)</b>         | <b>(113)</b>            | <b>(2,379)</b>    |                                    | <b>(2,492)</b>         |



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| Nine months ended September 30, | 2006                    |                   |                                    |                        | 2005                    |                   |                                    |                        |
|---------------------------------|-------------------------|-------------------|------------------------------------|------------------------|-------------------------|-------------------|------------------------------------|------------------------|
|                                 | Property-Casualty<br>mn | Life/Health<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Property-Casualty<br>mn | Life/Health<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
| <b>Gross</b>                    |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Aggregate policy reserves       | (278)                   | (2,675)           | (1)                                | (2,954)                | (162)                   | (3,484)           | (1)                                | (3,647)                |
| Other insurance reserves        | 13                      | (60)              |                                    | (47)                   | (20)                    | (4)               |                                    | (24)                   |
| Expenses for premium refunds    | (115)                   | (5,222)           | (303)                              | (5,640)                | (308)                   | (4,410)           | (25)                               | (4,743)                |
| <b>Subtotal</b>                 | <b>(380)</b>            | <b>(7,957)</b>    | <b>(304)</b>                       | <b>(8,641)</b>         | <b>(490)</b>            | <b>(7,898)</b>    | <b>(26)</b>                        | <b>(8,414)</b>         |
| <b>Ceded</b>                    |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Aggregate policy reserves       | 30                      | 75                |                                    | 105                    | 17                      | 20                | 1                                  | 38                     |
| Other insurance reserves        | 3                       | 8                 |                                    | 11                     | 1                       | 4                 |                                    | 5                      |
| Expenses for premium refunds    | 3                       | 14                |                                    | 17                     | 25                      | 15                |                                    | 40                     |
| <b>Subtotal</b>                 | <b>36</b>               | <b>97</b>         |                                    | <b>133</b>             | <b>43</b>               | <b>39</b>         | <b>1</b>                           | <b>83</b>              |
| <b>Net</b>                      |                         |                   |                                    |                        |                         |                   |                                    |                        |
| Aggregate policy reserves       | (248)                   | (2,600)           | (1)                                | (2,849)                | (145)                   | (3,464)           |                                    | (3,609)                |
| Other insurance reserves        | 16                      | (52)              |                                    | (36)                   | (19)                    |                   |                                    | (19)                   |
| Expenses for premium refunds    | (112)                   | (5,208)           | (303)                              | (5,623)                | (283)                   | (4,395)           | (25)                               | (4,703)                |
| <b>Total</b>                    | <b>(344)</b>            | <b>(7,860)</b>    | <b>(304)</b>                       | <b>(8,508)</b>         | <b>(447)</b>            | <b>(7,859)</b>    | <b>(25)</b>                        | <b>(8,331)</b>         |

**28 Interest expense**

|   | Three months                  |                | Nine months                   |                |
|---|-------------------------------|----------------|-------------------------------|----------------|
|   | ended Sept. 30,<br>2006<br>mn | 2005<br>mn     | ended Sept. 30,<br>2006<br>mn | 2005<br>mn     |
| Liabilities to banks and customers                      | (879)                         | (894)          | (2,103)                       | (2,084)        |
| Deposits retained on reinsurance ceded                  | (30)                          | (60)           | (95)                          | (200)          |
| Certificated liabilities                                | (468)                         | (446)          | (1,235)                       | (1,489)        |
| Participating certificates and subordinated liabilities | (182)                         | (278)          | (543)                         | (679)          |
| Other   | 127                           | 258            | (305)                         | (248)          |
| <b>Total</b>  | <b>(1,432)</b>                | <b>(1,420)</b> | <b>(4,281)</b>                | <b>(4,700)</b> |

**29 Loan loss provisions**

|  | Three months                  |            | Nine months                   |            |
|--|-------------------------------|------------|-------------------------------|------------|
|  | ended Sept. 30,<br>2006<br>mn | 2005<br>mn | ended Sept. 30,<br>2006<br>mn | 2005<br>mn |
| Additions to allowances including direct impairments | (104)                         | (59)       | (339)                         | (628)      |
| Amounts released                                     | 119                           | 147        | 273                           | 639        |
| Recoveries on loans previously impaired              | 37                            | 44         | 142                           | 77         |
| <b>Total</b>   | <b>52</b>                     | <b>132</b> | <b>76</b>                     | <b>88</b>  |



**Table of Contents****30 Impairments of investments (net)**

|  | Three months ended<br>Sept. 30, |             | Nine months ended<br>Sept. 30, |              |
|--|---------------------------------|-------------|--------------------------------|--------------|
|  | 2006                            | 2005        | 2006                           | 2005         |
|  | mn                              | mn          | mn                             | mn           |
| <b>Impairments</b>                           |                                 |             |                                |              |
| Available-for-sale investments               |                                 |             |                                |              |
| Equity securities                            | (108)                           | (74)        | (420)                          | (166)        |
| Debt securities                              | (55)                            | 2           | (81)                           | (4)          |
| <b>Subtotal</b>                              | <b>(163)</b>                    | <b>(72)</b> | <b>(501)</b>                   | <b>(170)</b> |
| Held-to-maturity investments                 | (7)                             | (1)         | (7)                            | (2)          |
| Investments in associates and joint ventures | (2)                             |             | (8)                            | (39)         |
| Real estate held for investment              | (14)                            | 15          | (111)                          | (30)         |
| <b>Subtotal</b>                              | <b>(186)</b>                    | <b>(58)</b> | <b>(627)</b>                   | <b>(241)</b> |
| <b>Reversals of impairments</b>              |                                 |             |                                |              |
| Available-for-sale investments               |                                 |             |                                |              |
| Debt securities                              |                                 |             | 1                              | 1            |
| <b>Subtotal</b>                              |                                 |             | <b>1</b>                       | <b>1</b>     |
| Held-to-maturity investments                 |                                 |             | 1                              | 2            |
| Real estate held for investment              |                                 |             | 77                             |              |
| <b>Subtotal</b>                              |                                 |             | <b>79</b>                      | <b>3</b>     |
| <b>Total</b>                                 | <b>(186)</b>                    | <b>(58)</b> | <b>(548)</b>                   | <b>(238)</b> |

**31 Investment expenses**

|   | Three months ended<br>Sept. 30, |              | Nine months ended<br>Sept. 30, |              |
|---|---------------------------------|--------------|--------------------------------|--------------|
|   | 2006                            | 2005         | 2006                           | 2005         |
|   | mn                              | mn           | mn                             | mn           |
| Investment management expenses                      | (82)                            | (101)        | (297)                          | (277)        |
| Depreciation from real estate held for investment   | (53)                            | (64)         | (165)                          | (196)        |
| Other expenses from real estate held for investment | (78)                            | (60)         | (185)                          | (180)        |
| Foreign currency gains and losses (net)             |                                 |              |                                |              |
| Foreign currency gains                              | 24                              | 60           | 375                            | 457          |
| Foreign currency losses                             | (23)                            | (110)        | (422)                          | (597)        |
| <b>Subtotal</b>                                     | <b>1</b>                        | <b>(50)</b>  | <b>(47)</b>                    | <b>(140)</b> |
| <b>Total</b>  | <b>(212)</b>                    | <b>(275)</b> | <b>(694)</b>                   | <b>(793)</b> |



**Table of Contents****32 Acquisition and administrative expenses (net)**

Three months ended September 30,

|   | Segment<br>mn  | 2006<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Segment<br>mn  | 2005<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
|---|----------------|--|------------------------|----------------|--|------------------------|
| <b>Property-Casualty</b>                                      |                |  |                        |                |  |                        |
| Acquisition costs   |                |  |                        |                |  |                        |
| Incurred  | (1,729)        |  | (1,729)                | (1,557)        |  | (1,557)                |
| Commissions and profit received on reinsurance business ceded | 133            | (1)  | 132                    | 233            | (1)  | 232                    |
| Deferrals of acquisition costs                                | 1,054          |  | 1,054                  | 371            |  | 371                    |
| Amortization of deferred acquisition costs                    | (1,150)        |  | (1,150)                | (452)          |  | (452)                  |
| <b>Subtotal</b>   | <b>(1,692)</b> | <b>(1)</b>                                 | <b>(1,693)</b>         | <b>(1,405)</b> | <b>(1)</b>                                 | <b>(1,406)</b>         |
| Administrative expenses                                       | (820)          | 20   | (800)                  | (1,076)        |  | (1,076)                |
| <b>Subtotal</b>   | <b>(2,512)</b> | <b>19</b>                                  | <b>(2,493)</b>         | <b>(2,481)</b> | <b>(1)</b>                                 | <b>(2,482)</b>         |
| <b>Life/Health</b>  |                |  |                        |                |  |                        |
| Acquisition costs   |                |  |                        |                |  |                        |
| Incurred  | (830)          |  | (830)                  | (912)          |  | (912)                  |
| Commissions and profit received on reinsurance business ceded | 14             |  | 14                     | 25             |  | 25                     |
| Deferrals of acquisition costs                                | 554            |  | 554                    | 553            |  | 553                    |
| Amortization of deferred acquisition costs                    | (467)          |  | (467)                  | (267)          |  | (267)                  |
| <b>Subtotal</b>   | <b>(729)</b>   |  | <b>(729)</b>           | <b>(601)</b>   |  | <b>(601)</b>           |
| Administrative expenses                                       | (403)          | 17   | (386)                  | (363)          | 24   | (339)                  |
| <b>Subtotal</b>   | <b>(1,132)</b> | <b>17</b>                                  | <b>(1,115)</b>         | <b>(964)</b>   | <b>24</b>                                  | <b>(940)</b>           |
| <b>Banking</b>  |                |  |                        |                |  |                        |
| Personnel expenses  | (785)          |  | (785)                  | (916)          |  | (916)                  |
| Non-personnel expenses  | (509)          | 12   | (497)                  | (514)          | 9  | (505)                  |
| <b>Subtotal</b>   | <b>(1,294)</b> | <b>12</b>                                  | <b>(1,282)</b>         | <b>(1,430)</b> | <b>9</b>                                   | <b>(1,421)</b>         |
| <b>Asset Management</b>                                       |                |  |                        |                |  |                        |
| Personnel expenses  | (415)          |  | (415)                  | (465)          |  | (465)                  |
| Non-personnel expenses  | (151)          | (1)  | (152)                  | (158)          | (6)  | (164)                  |
| <b>Subtotal</b>   | <b>(566)</b>   | <b>(1)</b>                                 | <b>(567)</b>           | <b>(623)</b>   | <b>(6)</b>                                 | <b>(629)</b>           |
| <b>Corporate</b>  |                |  |                        |                |  |                        |
| Administrative expenses                                       | (215)          | (17)                                       | (232)                  | (141)          | (13)                                       | (154)                  |
| <b>Subtotal</b>   | <b>(215)</b>   | <b>(17)</b>                                | <b>(232)</b>           | <b>(141)</b>   | <b>(13)</b>                                | <b>(154)</b>           |
| <b>Total</b>  | <b>(5,719)</b> | <b>30</b>                                  | <b>(5,689)</b>         | <b>(5,639)</b> | <b>13</b>                                  | <b>(5,626)</b>         |





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Nine months ended September 30,

|   | Segment<br>mn   | 2006<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Segment<br>mn   | 2005<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
|---|-----------------|--|------------------------|-----------------|--|------------------------|
| <b>Property-Casualty</b>                                      |                 |  |                        |                 |  |                        |
| Acquisition costs   |                 |  |                        |                 |  |                        |
| Incurring   | (5,194)         |  | (5,194)                | (5,084)         |  | (5,084)                |
| Commissions and profit received on reinsurance business ceded | 512             | (1)  | 511                    | 700             | (1)  | 699                    |
| Deferrals of acquisition costs                                | 3,018           |  | 3,018                  | 1,757           |  | 1,757                  |
| Amortization of deferred acquisition costs                    | (2,927)         |  | (2,927)                | (1,610)         |  | (1,610)                |
| <b>Subtotal</b>   | <b>(4,591)</b>  | <b>(1)</b>                                 | <b>(4,592)</b>         | <b>(4,237)</b>  | <b>(1)</b>                                 | <b>(4,238)</b>         |
| Administrative expenses                                       | (3,095)         | 46   | (3,049)                | (3,292)         | (42)                                       | (3,334)                |
| <b>Subtotal</b>   | <b>(7,686)</b>  | <b>45</b>                                  | <b>(7,641)</b>         | <b>(7,529)</b>  | <b>(43)</b>                                | <b>(7,572)</b>         |
| <b>Life/Health</b>  |                 |  |                        |                 |  |                        |
| Acquisition costs   |                 |  |                        |                 |  |                        |
| Incurring   | (2,814)         |  | (2,814)                | (2,762)         |  | (2,762)                |
| Commissions and profit received on reinsurance business ceded | 69              |  | 69                     | 84              |  | 84                     |
| Deferrals of acquisition costs                                | 1,983           |  | 1,983                  | 1,852           |  | 1,852                  |
| Amortization of deferred acquisition costs                    | (1,409)         |  | (1,409)                | (808)           |  | (808)                  |
| <b>Subtotal</b>   | <b>(2,171)</b>  |  | <b>(2,171)</b>         | <b>(1,634)</b>  |  | <b>(1,634)</b>         |
| Administrative expenses                                       | (1,156)         | 26   | (1,130)                | (1,188)         | 67   | (1,121)                |
| <b>Subtotal</b>   | <b>(3,327)</b>  | <b>26</b>                                  | <b>(3,301)</b>         | <b>(2,822)</b>  | <b>67</b>                                  | <b>(2,755)</b>         |
| <b>Banking</b>  |                 |  |                        |                 |  |                        |
| Personnel expenses  | (2,607)         |  | (2,607)                | (2,377)         |  | (2,377)                |
| Non-personnel expenses  | (1,551)         | 42   | (1,509)                | (1,628)         | 40   | (1,588)                |
| <b>Subtotal</b>   | <b>(4,158)</b>  | <b>42</b>                                  | <b>(4,116)</b>         | <b>(4,005)</b>  | <b>40</b>                                  | <b>(3,965)</b>         |
| <b>Asset Management</b>                                       |                 |  |                        |                 |  |                        |
| Personnel expenses  | (1,242)         |  | (1,242)                | (1,243)         |  | (1,243)                |
| Non-personnel expenses  | (470)           |  | (470)                  | (421)           | 3  | (418)                  |
| <b>Subtotal</b>   | <b>(1,712)</b>  |  | <b>(1,712)</b>         | <b>(1,664)</b>  | <b>3</b>                                   | <b>(1,661)</b>         |
| <b>Corporate</b>  |                 |  |                        |                 |  |                        |
| Administrative expenses                                       | (496)           | (15)                                       | (511)                  | (358)           | (12)                                       | (370)                  |
| <b>Subtotal</b>   | <b>(496)</b>    | <b>(15)</b>                                | <b>(511)</b>           | <b>(358)</b>    | <b>(12)</b>                                | <b>(370)</b>           |
| <b>Total</b>  | <b>(17,379)</b> | <b>98</b>                                  | <b>(17,281)</b>        | <b>(16,378)</b> | <b>55</b>                                  | <b>(16,323)</b>        |

**Table of Contents****33 Fee and commission expenses**

|  | 2006          |                                    |                        | 2005          |                                    |                        |
|--|---------------|------------------------------------|------------------------|---------------|------------------------------------|------------------------|
|  | Segment<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Segment<br>mn | Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
| <b>Three months ended September 30,</b>  |               |                                    |                        |               |                                    |                        |
| <b>Property-Casualty</b>                 |               |                                    |                        |               |                                    |                        |
| Fees from credit and assistance business | (114)         |                                    | (114)                  | (146)         |                                    | (146)                  |
| Service agreements                       | (69)          | 5                                  | (64)                   | (39)          | 3                                  | (36)                   |
| Investment advisory                      | (1)           | 1                                  |                        | (1)           | 1                                  |                        |
| <b>Subtotal</b>                          | <b>(184)</b>  | <b>6</b>                           | <b>(178)</b>           | <b>(186)</b>  | <b>4</b>                           | <b>(182)</b>           |
| <b>Life/Health</b>                       |               |                                    |                        |               |                                    |                        |
| Service agreements                       | (17)          |                                    | (17)                   | (33)          | 8                                  | (25)                   |
| Investment advisory                      | (40)          |                                    | (40)                   | (54)          |                                    | (54)                   |
| <b>Subtotal</b>                          | <b>(57)</b>   |                                    | <b>(57)</b>            | <b>(87)</b>   | <b>8</b>                           | <b>(79)</b>            |
| <b>Banking</b>                           |               |                                    |                        |               |                                    |                        |
| Securities business                      | (33)          |                                    | (33)                   | (30)          |                                    | (30)                   |
| Investment advisory                      | (39)          | 13                                 | (26)                   | (41)          | 2                                  | (39)                   |
| Payment transactions                     | (5)           |                                    | (5)                    | (6)           |                                    | (6)                    |
| Mergers and acquisitions advisory        | (26)          |                                    | (26)                   | 1             |                                    | 1                      |
| Underwriting business (new issues)       | (2)           |                                    | (2)                    |               |                                    |                        |
| Other                                    | (78)          | 48                                 | (30)                   | (55)          | 9                                  | (46)                   |
| <b>Subtotal</b>                          | <b>(183)</b>  | <b>61</b>                          | <b>(122)</b>           | <b>(131)</b>  | <b>11</b>                          | <b>(120)</b>           |
| <b>Asset Management</b>                  |               |                                    |                        |               |                                    |                        |
| Commissions                              | (256)         | 105                                | (151)                  | (242)         | 102                                | (140)                  |
| Other                                    | (44)          | 2                                  | (42)                   | (45)          | 2                                  | (43)                   |
| <b>Subtotal</b>                          | <b>(300)</b>  | <b>107</b>                         | <b>(193)</b>           | <b>(287)</b>  | <b>104</b>                         | <b>(183)</b>           |
| <b>Corporate</b>                         |               |                                    |                        |               |                                    |                        |
| Service agreements                       | (25)          | 5                                  | (20)                   | (24)          | 3                                  | (21)                   |
| <b>Subtotal</b>                          | <b>(25)</b>   | <b>5</b>                           | <b>(20)</b>            | <b>(24)</b>   | <b>3</b>                           | <b>(21)</b>            |
| <b>Total</b>                             | <b>(749)</b>  | <b>179</b>                         | <b>(570)</b>           | <b>(715)</b>  | <b>130</b>                         | <b>(585)</b>           |

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Nine months ended September 30,

|  | 2006           |             |                | 2005           |             |                |
|--|----------------|-------------|----------------|----------------|-------------|----------------|
|  | Consolidation  | Allianz     | Consolidation  | Allianz        |             |                |
|  | Segment        | adjustments | Group          | Segment        | adjustments | Group          |
|  | mn             | mn          | mn             | mn             | mn          | mn             |
| <b>Property-Casualty</b>                 |                |             |                |                |             |                |
| Fees from credit and assistance business | (358)          |             | (358)          | (386)          |             | (386)          |
| Service agreements                       | (197)          | 16          | (181)          | (128)          | 8           | (120)          |
| Investment advisory                      | (4)            | 3           | (1)            | (4)            | 2           | (2)            |
| <b>Subtotal</b>                          | <b>(559)</b>   | <b>19</b>   | <b>(540)</b>   | <b>(518)</b>   | <b>10</b>   | <b>(508)</b>   |
| <b>Life/Health</b>                       |                |             |                |                |             |                |
| Service agreements                       | (84)           | 21          | (63)           | (95)           | 23          | (72)           |
| Investment advisory                      | (93)           |             | (93)           | (54)           |             | (54)           |
| <b>Subtotal</b>                          | <b>(177)</b>   | <b>21</b>   | <b>(156)</b>   | <b>(149)</b>   | <b>23</b>   | <b>(126)</b>   |
| <b>Banking</b>                           |                |             |                |                |             |                |
| Securities business                      | (99)           |             | (99)           | (83)           |             | (83)           |
| Investment advisory                      | (135)          | 17          | (118)          | (122)          | 4           | (118)          |
| Payment transactions                     | (16)           |             | (16)           | (16)           |             | (16)           |
| Mergers and acquisitions advisory        | (43)           |             | (43)           | (24)           |             | (24)           |
| Underwriting business (new issues)       | (4)            |             | (4)            |                |             |                |
| Other                                    | (186)          | 82          | (104)          | (178)          | 17          | (161)          |
| <b>Subtotal</b>                          | <b>(483)</b>   | <b>99</b>   | <b>(384)</b>   | <b>(423)</b>   | <b>21</b>   | <b>(402)</b>   |
| <b>Asset Management</b>                  |                |             |                |                |             |                |
| Commissions                              | (707)          | 312         | (395)          | (623)          | 264         | (359)          |
| Other                                    | (225)          | 3           | (222)          | (171)          | 4           | (167)          |
| <b>Subtotal</b>                          | <b>(932)</b>   | <b>315</b>  | <b>(617)</b>   | <b>(794)</b>   | <b>268</b>  | <b>(526)</b>   |
| <b>Corporate</b>                         |                |             |                |                |             |                |
| Service agreements                       | (67)           | 9           | (58)           | (66)           | 8           | (58)           |
| <b>Subtotal</b>                          | <b>(67)</b>    | <b>9</b>    | <b>(58)</b>    | <b>(66)</b>    | <b>8</b>    | <b>(58)</b>    |
| <b>Total</b>                             | <b>(2,218)</b> | <b>463</b>  | <b>(1,755)</b> | <b>(1,950)</b> | <b>330</b>  | <b>(1,620)</b> |

**Table of Contents****34 Other expenses**

|  | Three months            |             | Nine months             |             |
|--|-------------------------|-------------|-------------------------|-------------|
|  | ended Sept. 30,<br>2006 | 2005        | ended Sept. 30,<br>2006 | 2005        |
|  | mn                      | mn          | mn                      | mn          |
| Expenses from real estate held for use   |                         |             |                         |             |
| Realized losses from disposals of real estate held for use                       |                         | (12)        | (2)                     | (8)         |
| Depreciation of real estate held for use   |                         | 5           | (1)                     | 4           |
| <b>Subtotal</b>  |                         | <b>(7)</b>  | <b>(3)</b>              | <b>(4)</b>  |
| Expenses from assets held for sale, disposal groups and other non-current assets | (1)                     |             | (1)                     |             |
| Other  | (1)                     | (11)        | 13                      | (28)        |
| <b>Total</b>   | <b>(2)</b>              | <b>(18)</b> | <b>9</b>                | <b>(32)</b> |

**35 Expenses from industrial holdings**

| Three months ended Sept. 30,           | 2006                                   |  |              | 2005                                   |  |              |
|--|--|--|--------------|--|--|--------------|
|  | MAN Roland<br>Druckma-schinen AG<br>mn | Four Seasons<br>Health Care Ltd.<br>mn | Total<br>mn  | MAN Roland<br>Druckma-schinen AG<br>mn | Four Seasons<br>Health Care Ltd.<br>mn | Total<br>mn  |
| Cost of goods sold                     | (331)                                  |  | (331)        |  |  |              |
| Commissions                            | (27)                                   |  | (27)         |  |  |              |
| General and administrative<br>expenses | (75)                                   |  | (75)         |  | (128)                                  | (128)        |
| Interest expense                       | (14)                                   |  | (14)         |  | (21)                                   | (21)         |
| <b>Total</b>                           | <b>(447)</b>                           |  | <b>(447)</b> |  | <b>(149)</b>                           | <b>(149)</b> |
| <b>Nine months ended Sept. 30,</b>     |  |  |              |  |  |              |
| Cost of goods sold                     | (331)                                  |  | (331)        |  |  |              |
| Commissions                            | (27)                                   |  | (27)         |  |  |              |
| General and administrative<br>expenses | (75)                                   | (264)                                  | (339)        |  | (364)                                  | (364)        |
| Interest expense                       | (14)                                   | (50)                                   | (64)         |  | (59)                                   | (59)         |
| <b>Total</b>                           | <b>(447)</b>                           | <b>(314)</b>                           | <b>(761)</b> |  | <b>(423)</b>                           | <b>(423)</b> |

**36 Income taxes**

|                            | Three months            |       | Nine months             |         |
|----------------------------|-------------------------|-------|-------------------------|---------|
|                            | ended Sept. 30,<br>2006 | 2005  | ended Sept. 30,<br>2006 | 2005    |
|                            | mn                      | mn    | mn                      | mn      |
| Current income tax expense | (572)                   | (595) | (1,681)                 | (1,536) |

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|                                      |              |              |                |                |
|--------------------------------------|--------------|--------------|----------------|----------------|
| Deferred income tax income/(expense) | (225)        | 78           | (372)          | 29             |
| <b>Total</b>                         | <b>(797)</b> | <b>(517)</b> | <b>(2,053)</b> | <b>(1,507)</b> |

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**Table of Contents****37 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 SE which can potentially be converted to Allianz shares, warrants issued by Allianz SE, share-based compensation plans, and derivatives on own shares.

|  | Three months ended<br>September 30, |                    | Nine months ended<br>September 30, |                    |
|--|-------------------------------------|--------------------|------------------------------------|--------------------|
|  | 2006<br>mn                          | 2005<br>mn         | 2006<br>mn                         | 2005<br>mn         |
| <b>Numerator for basic earnings per share (net income)</b>   | <b>1,591</b>                        | <b>794</b>         | <b>5,649</b>                       | <b>3,508</b>       |
| Effect of dilutive securities  | (1)                                 | 2                  | 3                                  | 2                  |
| <b>Numerator for diluted earnings per share (net income after assumed conversion)</b>                | <b>1,590</b>                        | <b>796</b>         | <b>5,652</b>                       | <b>3,510</b>       |
| <b>Denominator for basic earnings per share (weighted-average shares)</b>                            | <b>405,197,435</b>                  | <b>390,716,685</b> | <b>405,248,299</b>                 | <b>384,869,124</b> |
| Dilutive securities:   |                                     |                    |                                    |                    |
| Participation certificates   | 1,469,443                           | 1,469,443          | 1,469,443                          | 1,469,443          |
| Warrants   | 620,478                             | 468,396            | 632,466                            | 505,468            |
| Share-based compensation plans   | 79,939                              | 691,171            | 796,999                            | 689,585            |
| Derivatives on own shares  | 2,837,515                           |                    | 4,642,666                          |                    |
| <b>Subtotal</b>  | <b>5,007,375</b>                    | <b>2,629,010</b>   | <b>7,541,574</b>                   | <b>2,664,496</b>   |
| <b>Denominator for diluted earnings per share (weighted-average shares after assumed conversion)</b> | <b>410,204,810</b>                  | <b>393,345,695</b> | <b>412,789,873</b>                 | <b>387,533,620</b> |
| Basic earnings per share   | 3.93                                | 2.03               | 13.94                              | 9.11               |
| Diluted earnings per share   | 3.88                                | 2.02               | 13.69                              | 9.06               |

For the nine months ended September 30, 2006, the weighted average number of shares excludes 791,701 (2005: 2,758,450) treasury shares. The 25.1 million Allianz SE shares issued on October 13, 2006 in connection with the merger of RAS Holding S.p.A. into Allianz AG have no effect on earnings per share, as they were not outstanding as of September 30, 2006.

**Table of Contents****Other Information****38 Supplemental information on the Banking Segment****Net interest income from the Banking Segment**

| Three months ended September 30, | Segment<br>mn | 2006<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Segment<br>mn | 2005<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
|----------------------------------|---------------|--|------------------------|---------------|--|------------------------|
| Interest and similar income      | 1,856         | (34)                                       | 1,822                  | 1,749         | (10)                                       | 1,739                  |
| Interest expense                 | (1,147)       | 16   | (1,131)                | (1,220)       | 19   | (1,201)                |
| <b>Net interest income</b>       | <b>709</b>    | <b>(18)</b>                                | <b>691</b>             | <b>529</b>    | <b>9</b>                                   | <b>538</b>             |

| Nine months ended September 30, | Segment<br>mn | 2006<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Segment<br>mn | 2005<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
|---------------------------------|---------------|--|------------------------|---------------|--|------------------------|
| Interest and similar income     | 5,366         | (43)                                       | 5,323                  | 5,308         | (26)                                       | 5,282                  |
| Interest expense                | (3,404)       | 48   | (3,356)                | (3,675)       | 58   | (3,617)                |
| <b>Net interest income</b>      | <b>1,962</b>  | <b>5</b>                                   | <b>1,967</b>           | <b>1,633</b>  | <b>32</b>                                  | <b>1,665</b>           |

**Net fee and commission income from the Banking Segment**

| Three months ended September 30,     | Segment<br>mn | 2006<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Segment<br>mn | 2005<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
|--------------------------------------|---------------|--|------------------------|---------------|--|------------------------|
| Fee and commission income            | 851           | (149)                                      | 702                    | 807           | (81)                                       | 726                    |
| Fee and commission expense           | (183)         | 61   | (122)                  | (131)         | 11   | (120)                  |
| <b>Net fee and commission income</b> | <b>668</b>    | <b>(88)</b>                                | <b>580</b>             | <b>676</b>    | <b>(70)</b>                                | <b>606</b>             |

| Nine months ended September 30,      | Segment<br>mn | 2006<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn | Segment<br>mn | 2005<br>Consolidation<br>adjustments<br>mn | Allianz<br>Group<br>mn |
|--------------------------------------|---------------|--|------------------------|---------------|--|------------------------|
| Fee and commission income            | 2,711         | (364)                                      | 2,347                  | 2,496         | (229)                                      | 2,267                  |
| Fee and commission expense           | (483)         | 99   | (384)                  | (423)         | 21   | (402)                  |
| <b>Net fee and commission income</b> | <b>2,228</b>  | <b>(265)</b>                               | <b>1,963</b>           | <b>2,073</b>  | <b>(208)</b>                               | <b>1,865</b>           |



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

|                                    | Three months ended |            | Nine months     |              |
|------------------------------------|--------------------|------------|-----------------|--------------|
|                                    | Sept. 30,          |            | ended Sept. 30, |              |
|                                    | 2006               | 2005       | 2006            | 2005         |
|                                    | mn                 | mn         | mn              | mn           |
| Securities business                | 272                | 293        | 1,018           | 972          |
| Investment advisory                | 97                 | 96         | 309             | 274          |
| Payment transactions               | 82                 | 88         | 254             | 267          |
| Mergers and acquisitions advisory  | 57                 | 53         | 164             | 155          |
| Underwriting business (new issues) | 25                 | 16         | 98              | 51           |
| Other                              | 135                | 130        | 385             | 354          |
| <b>Total</b>                       | <b>668</b>         | <b>676</b> | <b>2,228</b>    | <b>2,073</b> |

**39 Supplemental information on the consolidated statements of cash flows**

| Nine months ended Sept. 30,   | 2006    | 2005    |
|---|---------|---------|
|   | mn      | mn      |
| Income taxes paid   | (1,160) | (955)   |
| Dividends received  | 1,687   | 1,290   |
| Interest received   | 15,600  | 14,661  |
| Interest paid   | (4,137) | (4,638) |
| <b>Significant non-cash transactions</b>  |         |         |
| Settlement of exchangeable bonds issued by Allianz Finance B.V. II for shares of RWE AG:  |         |         |
| Available-for-sale investments  | (895)   |         |
| Certificated liabilities  | (895)   |         |
| Novation of quota share reinsurance agreement   |         |         |
| Reinsurance assets  | (1,111) | (1,143) |
| Deferred acquisition costs  | 76      | 76      |
| Payables from reinsurance contracts   | (1,035) | (1,067) |
| The impact of the acquisition of a subsidiary (MAN Roland Druckmaschinen AG, Offenbach), net of cash acquired, on the consolidated statements of cash flows for the nine months ended September 30, 2006 was: |         |         |

| Nine months ended Sept. 30,                            | 2006      |
|--|-----------|
|  | mn        |
| Intangible assets                                      | (202)     |
| Loans and advances to banks and customers              | (386)     |
| Other assets   | (937)     |
| Liabilities to banks and customers                     | 770       |
| Other liabilities                                      | 611       |
| Deferred tax liabilities                               | 127       |
| Minority interest                                      | 48        |
| <b>Acquisition of subsidiary, net of cash acquired</b> | <b>31</b> |

**40 Other information**

**Number of employees**

The Allianz Group had a total of 166,960 (2005: 177,625) employees as of September 30, 2006. 77,302 (2005: 72,195) of these were employed in Germany and 89,658 (2005: 105,430) in other countries. The number of employees undergoing training decreased by 247 to 3,776.

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**41 Subsequent events**

On October 13, 2006, the merger of RAS Holding S.p.A. into Allianz AG became effective. Simultaneously, Allianz AG changed its legal form to a Societas Europaea ( SE ) and is now called Allianz SE. Allianz SE issued approximately 25.1 million Allianz SE shares to the shareholders of RAS Holding S.p.A in connection with the merger.

On October 27, 2006, the Industrial and Commercial Bank of China Ltd. ( ICBC ), in which the Allianz Group had an pre-IPO ownership interest of 2.5%, completed its initial public offering on the Shanghai and Hong Kong Stock Exchanges. Prior to the initial public offering, the Allianz Group measured its investment in ICBC at cost, of approximately 826 million, as fair value was not reliably measured. As a result of the initial public offering, the Allianz Group will measure its investment in ICBC at fair value as it is reliably measurable. At the closing of trading on October 27, 2006, the market value of the Allianz Group's ownership interest in ICBC was 2,285 million; however, this market value is in excess of fair value due to the restriction on the disposal of this ownership interest.

On October 27, 2006, Allianz Infrastructure Holdings Limited, a wholly-owned subsidiary of the Allianz Group, announced its intention to make a cash takeover offer to acquire John Laing plc ( Laing ). Based on an acceptance rate of 100% the transaction volume will be approximately £957.4 million (or approximately 1,428 million).

Munich, November 9, 2006

Allianz SE

The Board of Management

**Table of Contents**

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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: November 14, 2006

ALLIANZ SE

By /s/ Harry Langley-Poole

Name: Harry Langley-Poole

Title: Head of Group Management Reporting