

Allianz SE

# Annual Report 2006

INSURANCE | ASSET MANAGEMENT | BANKING



## Allianz SE 2006 at a Glance

		2006	Change from previous year in %	2005	Change from previous year in %	2004	Change from previous year in %	Details on page
Gross premiums written	€ mn	4,386	(9.5)	4,849	(7.9)	5,265	(4.2)	12
Retention	in %	65.5		68.5		70.4		
Loss ratio on own account Property/ Casualty	in %	60.7		62.6		58.2		10
Cost ratio on own account Property/ Casualty	in %	27.6		26.9		26.7		10
Combined ratio on own account Property/Casualty	in %	88.3		89.5		84.9		10
Underwriting result on own account	€ mn	365		(125)		44		12
Non-underwriting result	€ mn	2,687	146.4	1,090	(17.6)	1,324	30.9	11
Earnings before taxes	€ mn	3,052	216.2	965	(29.4)	1,368	75.3	11
Taxes	€ mn	965		466		335		11
Net income	€ mn	4,017	180.7	1,431	(16.0)	1,703	74.1	11
Investments under management	€ mn	84,624	8.7	77,842	8.3	71,885	(12.1)	13
Shareholders' equity	€ mn	36,649	23.6	29,660	11.0	26,721	39,329.0	13
Shareholders' equity as percent of net premium income	in %	1274.8		892.5		720.5		
Insurance reserves	€ mn	13,873	(7.9)	15,069	(17.0)	18,147	(3.9)	
Dividend per share	€	3.80		2.00		1.75		28
Dividend payment	€ mn	1,642		811		674		28
Share price at year end <sup>1)</sup>	€	154.76		127.94		97.60		
Market capitalization at year end <sup>2)</sup>	€ bn	66.9		51.9		35.9		

<sup>1)</sup> Adjusted for capital measures (capital increase)

<sup>2)</sup> Excluding treasury shares

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## Supervisory Board Report



### Ladies and Gentlemen,

During the entire reporting year, the Supervisory Board observed the duties incumbent upon it in accordance with the law and the Statutes. We advised the Management Board in the running of the business and supervised the management of the company. The Supervisory Board was directly involved in decisions of fundamental importance.

Within the framework of its monitoring and advisory activities, the Supervisory Board was regularly provided by the Management Board, both verbally and in writing, with timely and comprehensive information on the course of business, the financial and economic development of the Allianz Group and of Allianz SE, including the risk situation and the management of risk as well as the company strategy. In Supervisory Board meetings, on the basis of reporting from the Management Board, we discussed in detail the development of the business and important decisions

and business matters. As far as necessary under the law or the Statutes, the Supervisory Board passed resolutions after detailed examination. In addition we took care of the Management Board's planning for the financial year 2007 and medium term planning. For the past financial year, explanations of any deviation from plans and objectives in the course of the business were presented to us and examined by us on the basis of the documents provided.

The Supervisory Board met in total six times during financial year 2006. The Allianz AG Supervisory Board met in February, March, May and in September. The constitutive meeting of the Allianz SE Supervisory Board also took place in September. The first regular meeting of the Allianz SE Supervisory Board was held in December. In between meetings the Management Board kept us informed in writing of important issues. In addition the chairman of the Supervisory Board was continually kept up to date on major developments and decisions.

### Merger of RAS into Allianz AG, transformation of Allianz AG into a European Company (SE)

An important area of our advisory and supervisory activity was the merger of the Italian Allianz subsidiary RAS Holding S.p.A. (RAS) into Allianz AG and the necessary preparations for this. We discussed and checked all this in our meetings in March, May and September on the basis of verbal reports from the Management Board and written material. In two cases, the Supervisory Board passed written resolutions on this. In addition to its ordinary meetings, the Standing Committee twice took decisions through the medium of telephone conference calls. One of the decisions dealt with the conclusion of a settlement with those shareholders who had started actions in law to contest the merger. In the settlement that was reached the plaintiffs agreed to withdraw their actions in consideration for our assuming their lawyers' costs, so that these actions no more stood in the way of the merger and transformation of the company. The Supervisory Board also closely monitored the

negotiations over the future participation of employees in Allianz SE, in conjunction with the merger and transformation of the company. These negotiations ended on September 20, 2006 with the signing of the Agreement concerning the Participation of Employees in Allianz SE. The merger became effective with registration in the Commercial Register on October 13, 2006. At the same time Allianz took on the form of a European Company (Societas Europaea – SE) and its company name is now Allianz SE.

### Reorganization of our insurance business in Germany

At our meetings in March, May, September and December, the Management Board kept us informed of progress in the reorganization of our German insurance business. We appraised ourselves with the new business organization headed up by the insurance holding company for Germany, Allianz Deutschland AG, and concerned ourselves with Allianz Beratungs- und Vertriebs-AG, the consulting and marketing company responsible for all sales activity. Finally we were consulted on the concept for business locations and employment in Germany and its implementation.

### Planned buy-out of minority interests in AGF and Allianz Lebensversicherungs-AG

In January and February 2007 in two extraordinary telephone conference calls and one extraordinary meeting of the Standing Committee as well as an extraordinary meeting of the Supervisory Board we dealt with the tender offer to buy the minority interests in the French Allianz subsidiary AGF. At the same time we considered the decision by Allianz Deutschland AG to make an offer to purchase the minority shareholdings in Allianz Lebensversicherungs-AG. Both transactions were approvingly noted by the Supervisory Board. The Standing Committee gave its formal consent to purchase 100% of AGF. In addition, the Standing Committee gave its approval to the Management Board's decision to exercise Authorized Capital 2006/I in order to create the Allianz shares offered as part of the consideration for the acquisition of AGF shares. Again in March 2007 and on the basis of a presentation of the Management Board we concerned ourselves in the Supervisory Board plenum

with the tender offer to the minority shareholders in AGF and Allianz Lebensversicherungs-AG.

### Restructuring of Dresdner Bank AG

In addition to regular reports on turnover and results of our banking business segment we were informed in the September and December meetings of developments at Dresdner Bank and its restructuring into the business divisions Private & Corporate Clients and Investment Banking. We were able to satisfy ourselves that Dresdner Bank, after having amortized its equity costs in 2005, was able in 2006 to increase profitability and obtain a post-tax return on equity employed of 10.9 %, excluding restructuring costs. We will continue to follow developments at Dresdner Bank very closely.

### Financial situation and profitability

In every Supervisory Board meeting throughout financial year 2006 (except the constitutive meeting of the Allianz SE Supervisory Board) the Management Board reported on turnover and results in the group and gave further details on how business was running in each individual business segment and reported on the financial situation. This was then discussed in the Supervisory Board. The Management Board explained that the capital base was further strengthened and that the group's high rating was once again assured.

### Other issues

We were kept continually up to date by the Management Board on current capital investment projects. In our September 2006 meeting we appraised ourselves of the main points of the reform of the health care system in Germany and possible consequences for private health insurance business; in addition we took a look at the planned reform of the law on insurance contracts. In our September and December meetings we were brought up-to-date on the current state of settlement of claims arising out of the World Trade Center loss. One of the subjects of our March and December meetings was also the completed concentration of our industrial insurance business in Allianz Global Corporate & Specialty AG and the objectives of this realignment. In addition to regular information updates on risk exposures the Management Board gave a presentation to our September meeting on risk management at Allianz SE.

As in previous years, we unanimously welcomed the decision of the Management Board to offer Allianz shares to employees of the Allianz Group in 22 different countries at preferential terms.

## Corporate Governance and declaration of compliance

We were involved in the further development of corporate governance standards in the organization on an ongoing basis. On December 18, 2006 the Management Board and the Supervisory Board issued our declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (*Aktiengesetz*) and put it up on the company website on a permanent basis where it can be consulted at will. Allianz SE is in compliance with all recommendations of the Government Commission German Corporate Governance Code, also those in the June 12, 2006 version of the Code.

In our December meeting, without the presence of the Management Board, we monitored once again the efficiency of our work. We worked on the implementation of measures agreed upon in the previous year to improve efficiency and discussed further possibilities to improve the workings of the Supervisory Board, in particular to improve the efficiency of the work done in the committees.

In the context of the transformation into an SE the Supervisory Board in its December meeting adopted new rules of procedure. These replaced the temporary procedures that the SE Supervisory Board had adopted at its constitutive meeting in September and which were only designed to remain in force until the employee representatives joined the Supervisory Board. These new rules of procedure were necessary so as to bring the existing Allianz AG Supervisory Board rules of procedure into line with the provisions in the SE Regulation, the German SE Implementation Act (*SE-Einführungsgesetz*) and the newly enacted Statutes of Allianz SE. In the course of adopting these new procedures we took a look at the split of responsibilities between the Supervisory Board plenary sessions and committees and also set up a new Risk Committee.

Further explanations on corporate governance in the Allianz Group are available in the combined Management and Supervisory Board report in Allianz

Group's annual report. The Allianz website at [www.allianz.com/cg](http://www.allianz.com/cg) also contains further information on corporate governance.

## Committee activities

In order to efficiently exercise its functions, the Supervisory Board has set up an Audit Committee, a Standing Committee and a Personnel Committee and in December 2006 it also set up a Risk Committee. These committees prepare resolutions and the work of Supervisory Board plenary sessions. Also, in adequate cases authority to take decision has been delegated to committees themselves. The Conciliation Committee no longer exists because the German Co-Determination Act (*Mitbestimmungsgesetz*), which provides for such a committee, does not apply to Allianz SE. The current composition of these committees is set out in the following list.

## Committees of the Supervisory Board of Allianz SE

As of December 31, 2006

### Chairman of the Supervisory Board

Dr. Henning Schulte-Noelle

### Deputy Chairpersons of the Supervisory Board

Dr. Gerhard Cromme

Claudia Eggert-Lehmann

### Audit Committee

Dr. Gerhard Cromme (Chairman)

Dr. Wulf H. Bernotat

Igor Landau

Jean-Jacques Cette

Jörg Reinbrecht

### Personnel Committee

Dr. Henning Schulte-Noelle (Chairman)

Dr. Gerhard Cromme

Claudia Eggert-Lehmann

### Risk Committee

Dr. Henning Schulte-Noelle (Chairman)

Dr. Wulf H. Bernotat

Prof. Dr. Renate Köcher

Godfrey Robert Hayward

Margit Schoffer

### Standing Committee

Dr. Henning Schulte-Noelle (Chairman)

Dr. Gerhard Cromme

Dr. Franz B. Humer

Claudia Eggert-Lehmann

Rolf Zimmermann

During financial year 2006 the Standing Committee held three meetings (two as part of Allianz AG and one as part of Allianz SE) and two telephone conference calls dealing primarily with implementing the merger of RAS into Allianz AG, the transformation into an SE, the employee share purchase program and questions of corporate governance. The Personnel Committee met on two occasions. The meetings dealt with staffing matters as well as the structure and amount of Management Board remuneration. No occasion arose that necessitated calling a meeting of the former Conciliation Committee.

The Audit Committee held five meetings in financial year 2006 (four as part of Allianz AG and one as part of Allianz SE). Together with the auditors the committee discussed and checked the Allianz SE and Allianz Group annual accounts, the management reports, the auditor's reports and the US Form 20-F report. In addition the committee checked the quarterly financial statements and together with the auditors went through details of the auditor's review of the quarterly financial statements. After carrying out these checks the Audit Committee had no objections to raise. In addition the committee decided on the different audit assignments to be carried out and set the main audit objectives. Furthermore the measures that are taken to bring about compliance with the provisions of the US Sarbanes Oxley Act in respect of efficiency of internal control systems for financial reporting were discussed. In the reporting year too, the company asked the auditors to check that the provisions of section 404 of the Sarbanes Oxley Act are being complied with. In addition assignments to the auditors for services not connected to the audit itself were discussed. The head of Group Audit reported to the committee on the audit plan for 2007 and on the main points that resulted from the audit process in financial year 2006.

The newly established Risk Committee held no meetings in the last financial year. Its future role will be to supervise the establishment and maintenance of the risk management and risk control system and its organization and development. Furthermore it monitors

consistency risk strategy with overall business strategy and appraises itself of the general risk situation and any particular risk developments. Within the framework of the audit of the annual accounts and management reports, this committee is responsible for prior verification of any particular risk-related statements and for reporting to the Audit Committee on the results of this preliminary review.

The Supervisory Board was kept regularly and comprehensively up-to-date on the workings of the different committees.

### Audit of annual accounts and consolidated financial statements

KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Munich, audited the financial statements of Allianz SE and Allianz Group as well as the respective management reports and issued their certification without any reservations. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). In addition the quarterly financial statements were reviewed by KPMG.

The financial statements and the KPMG auditor's report for financial year 2006 were made available to all members of the Supervisory Board in a timely manner. The financial statements and the results of the KPMG audit were discussed on a provisional basis by the Audit Committee in their meeting held on February 21, 2007. The final accounts and KPMG auditor's reports were examined by the Audit Committee in its meeting on March 13, 2007 and in the Supervisory Board plenary session on March 14, 2007. The auditors took part in these discussions. They gave an account of the main findings of the audit and were available for any questions or further information.

On the basis of our own review of the financial statements of Allianz SE and Allianz Group, the management report and the group management report and the recommendation for appropriation of earnings, we made no objections and agreed with the result of the KPMG audit. We approved the financial statements for Allianz SE and Allianz Group drawn up by the Management Board; the individual accounts are therefore adopted. We concur with the proposal of the Management Board as to the appropriation of earnings.

## Explanations appending to the management report's statements in accordance with section 289 paragraph 4 and section 315 paragraph 4 of the German Commercial Code

For the first time in financial year 2006 the German Act on the Implementation of the EU Takeover Directive of July 8, 2006 lays down in section 289 paragraph 4 and section 315 paragraph 4 of the German Commercial Code (Handelsgesetzbuch) supplementary information obligations relating to the management report. The Supervisory Board is obliged to make a statement relating to this in accordance with section 171 paragraph 2 sentence 2 of the German Stock Corporation Act. The Management Board has provided the necessary information and it can be found on pages 18 to 21. We concur with the explanations provided by the Management Board and in addition would like to point out the following:

Allianz SE issues registered shares with restricted transferability. Under German stock corporation law in case of registered shares only those persons who appear in the share register are deemed by the company to be shareholders. This is particularly important for such things as taking part in general meetings and making use of voting rights. Appearing in the share register also facilitates direct communications with the shareholders. In this way, for instance, all shareholders can be personally invited to attend general meetings. The restriction on share transferability goes right back to the creation of Allianz in 1890. This practice is widespread in the insurance industry in Germany. In accordance with the Statutes, the company will only withhold the approval necessary for transfer of shares when this is for extraordinary reasons and is considered to be in the interest of the company. For several decades no such case has occurred. With the standardization of share transfer processes, the restriction on share transferability does not cause any delay in the registration in the share register and does not impede in any way the quotation of the shares on stock exchanges.

The authorisation explained in the management report to buy back or make use of treasury shares or issue convertible bonds or bonds with warrants or issue new shares out of authorized capital enables the Management Board to raise capital swiftly and flexibly taking advantage of attractive financing opportunities as and when they arise on the markets and, for example, offer Allianz stock as consideration when making

acquisitions of participations. Furthermore Allianz stock can be offered to employees of the Allianz Group. The authorisation to deal in own stock for trading purposes is especially useful for Dresdner Bank giving it the possibility to deal in Allianz stock.

The so-called "change of control" clause in Management Board members' contracts of employment for the eventuality that a member should leave the board following a change in control is explained in the remuneration report on pages 24 to 25 of this report. The Supervisory Board considers this arrangement to be justified. It is only effective when one shareholder alone or acting with other shareholders, holds more than 50% of voting rights in Allianz SE. Furthermore, it only applies if there is a close link between leaving the board and the change of control, in that the provision requires that within 12 months of the change of control the Supervisory Board terminates the appointment of the Management Board member concerned or the member leaves on the basis of an agreement or the member relinquishes, on account of materially diminished responsibilities, his or her appointment. The Supervisory Board also considers the amounts mentioned in this arrangement to be justified. Only in the case the remaining un-served period of the service contract is less than three years the compensation is higher than the remuneration for the remaining un-served period of the service contract. In such cases the amount of fixed remuneration and annual bonus claimable is increased corresponding to a period of three years. The same rules apply when a Management Board appointment is not renewed prior to the expiry of two years after the change in control. The change of control arrangement is designed to contribute to the independency of the Management Board's opinion in the event of a possible change in control.

The Supervisory Board also considers the inclusion of a change of control clause in so-called Group Equity Incentive Plans to be justified; further details can be found on pages 24 to 25 of this report. In providing for the non application, in the event of a change of control, of any limitation on the period for exercising rights under such plans, account is taken of the fact that the conditions under which the share price moves are very different when there is a change in control.

The rules explained on page 20 of this report whereby holders of profit participation certificates may cancel their participation certificates on change of



control and receive a compensation on the basis of the terms and conditions of the participation certificate, are, in our opinion, justified too, and correspond to usual market practice for the defense of the interests of holders of participation certificates.

## Members of the Supervisory and Management Boards

With the transformation into an SE the appointments of the members of the previous Allianz AG Supervisory Board came to an end. We have thanked the departing members of the Supervisory Board for their much appreciated work on our board.

As part of this transformation the Supervisory Board has been reduced to twelve members and is now composed of six shareholder representatives and six employee representatives. The six shareholder representatives in the Allianz SE Supervisory Board were appointed through the Statutes that formed part of the merger plan resolved at the Shareholders' General Meeting of February 8, 2006. The shareholder representatives on the first Allianz SE Supervisory Board are Professor Dr. Renate Köcher, Dr. Wulf H. Bernotat, Dr. Gerhard Cromme, Dr. Franz B. Humer, Mr Igor Landau and Dr. Henning Schulte-Noelle.

The employee representatives on the Allianz SE Supervisory Board were nominated in the Agreement concerning the Participation of Employees in Allianz SE signed on September 20, 2006, and appointed by the local court of Munich on October 27, 2006. The employee representatives on the Allianz SE Supervisory Board are Ms Claudia Eggert-Lehmann and Ms Margit Schoffer as well as Mr Jean-Jacques Cette, Mr Godfrey Robert Hayward, Mr Jörg Reinbrecht and Mr Rolf Zimmermann. For the first time employee representatives from EU states outside Germany have been appointed as

Supervisory Board members of Allianz SE and these are Mr Cette from France and Mr Hayward from the UK.

The newly constituted Supervisory Board has elected Dr. Henning Schulte-Noelle as chairman. The Supervisory Board elected as deputy chairpersons Dr. Gerhard Cromme upon proposal of the shareholder representatives and Ms Claudia Eggert-Lehmann upon proposal of the employee representatives.

The appointments of Allianz AG Management Board members also expired on the effective date of the transformation. They were all re-appointed by the Supervisory Board as members of the Allianz SE Management Board. The position of labour director within the meaning of section 33 of the German Co-determination Act no longer exists in Allianz SE. In accordance with the Agreement concerning the Participation of Employees in Allianz SE, the Management Board has appointed the former labour director, Dr. Gerhard Rupprecht, as Management Board member responsible for work and social welfare. The Supervisory Board has approved this appointment.

The Supervisory Board would like to thank all Allianz Group employees for the great effort they have put into our business over the past year.

Munich, March 14, 2007

For the Supervisory Board:



Dr. Henning Schulte-Noelle  
Chairman

## Supervisory Board

**Dr. Henning Schulte-Noelle**

Chairman  
Former Chairman of the Board of Management  
Allianz AG

**Dr. Gerhard Crombe**

Vice Chairman  
Chairman of the Supervisory Board ThyssenKrupp AG

**Claudia Eggert-Lehmann**

Vice Chairman  
Employee, Dresdner Bank AG

**Dr. Wulf H. Bernotat**

Chairman of the Board of Management E.ON AG

**Norbert Blix** until October 13, 2006

Vice Chairman  
Employee, Allianz Versicherungs-AG

**Dr. Diethart Breipohl** until October 13, 2006

Former Member of the Board of Management of  
Allianz AG

**Jean-Jacques Cette** since October 27, 2006

Secretary of the Group commission AGF,  
Assurances Générales de France

**Hinrich Feddersen** until October 13, 2006

Former Member of the Board of Management at ver.di

**Franz Fehrenbach** until October 13, 2006

Chairman of the Supervisory Board Robert Bosch GmbH

**Peter Haimerl** until October 13, 2006

Employee, Dresdner Bank AG

**Godfrey Robert Hayward** since October 27, 2006

Employee, Allianz Cornhill Insurance plc, UK

**Prof. Dr. Rudolf Hickel** until October 13, 2006

Professor of finance, University of Bremen

**Dr. Franz B. Humer**

President of the Board of Management and Chief  
Executive Officer F. Hoffmann-La Roche AG

**Prof. Dr. Renate Köcher**

Chairman Institut für Demoskopie Allensbach

**Igor Landau**

Member of the Board of Management  
Sanofi-Aventis S. A.

**Dr. Max Link** until October 13, 2006

Employee, Allianz Versicherungs-AG

**Iris Mischlau-Meyrahn** until October 13, 2006

Employee, Allianz Lebensversicherungs-AG

**Karl Neumeier** until October 13, 2006

Employee, Allianz Versicherungs-AG

**Jörg Reinbrecht** since October 27, 2006

Union secretary, ver.di Bundesverwaltung

**Sultan Salam** until October 13, 2006

Employee, Dresdner Bank AG

**Dr. Manfred Schneider** until October 13, 2006

Chairman of the Supervisory Board Bayer AG

**Margit Schoffer**

Employee, Dresdner Bank AG

**Prof. Dr. Dennis J. Snower** until October 13, 2006

President Institut für Weltwirtschaft, University of Kiel

**Rolf Zimmermann** since October 27, 2006

Employee, Allianz Versicherungs-AG

# Board of Management

**Michael Diekmann**

Chairman of the Board of Management

**Dr. Paul Achleitner**

Finance

**Clement B. Booth**

Insurance Anglo Broker Markets / Global Lines

**Jan R. Carendi**

Insurance NAFTA

**Enrico Cucchiani**

Insurance Europe I

**Dr. Joachim Faber**

Asset Management Worldwide

**Dr. Helmut Perlet**

Controlling, Reporting, Risk

**Dr. Gerhard Rupprecht**

Insurance Germany, Director  
responsible for Work and Social Welfare

**Jean-Philippe Thierry**

Insurance Europe II

**Dr. Herbert Walter**

Banking Worldwide

**Dr. Werner Zedelius**

Insurance Growth Markets

## Development overview

- Gross premiums declined 9.5 percent to € 4.4 billion.
- The underwriting profit (before equalization reserve) improved to € 315.3 (265.6) million.
- The non-insurance profit grew to € 3,719.7 (2,526.7) million.
- Profit totaled € 2,009 (820) million.
- It is proposed to increase the dividend per share from € 2.00 to € 3.80.

### Premium Development

In fiscal year 2006 **gross premiums** fell by 9.5 percent to € 4.4 (4.8) billion. Contributing to lower **earned premiums for own account** of € 2.9 (3.3) billion. The (Allianz Versicherungs-AG, München und Vereinte Spezial Versicherungs AG, München) increase in the self retention of Allianz Sachversicherung (Allianz Versicherungs-AG, München und Vereinte Spezial Versicherungs AG, München) and the transfer of the group's business to Allianz Global Corporate & Specialty AG contributed substantially to this development (-€ 283 million), additionally a decline in premiums resulted from reduced cessions of domestic cedents (-€ 175 million), while in particular in Eastern Europe, Asia, and in the Middle East and North Africa region an increase of premium income (+ € 55 million) was registered.

The share of gross premiums contributed by companies outside Germany increased to 34.4 (31.1) percent. Our branches in Singapore and Labuan (Malaysia) together achieved a premium income of € 426.5 (393.0) million. Dubai branch increased sales to € 73.2 (65.8) million.

### Underwriting Result

Compared to last year, the underwriting result (before equalization reserve) improved to a profit of € 315.3 (265.6) million. The main factors driving this result were as follows:

- Compared to the previous year, the costs from large losses and natural disasters decreased.
- In the renewal negotiations for fiscal year 2006 we obtained, as in the previous year, risk-adequate

prices and attractive reinsurance terms and conditions.

- Since the underwriting results of the Allianz Group's primary insurers maintained a high level, Allianz SE also achieved a good underwriting result.

As a result of an overall low level of losses, the loss ratio for own account property/casualty reinsurance dropped to 60.7 (62.6) percent.

The cost ratio for own account for property/casualty reinsurance was 27.6 (26.9) percent. This increase related primarily to higher expenses for reinsurance commissions.

Taking advantage of a regulatory option, we have merged several lines of business into one and written back their equalization reserves. Across all lines of business, a total of € 49.3 million was released from the equalization reserves (previous year: increase of € 391.1 million), which led to an underwriting result of € 364.6 million (previous year: loss of € 125.4 million).

## Non-Underwriting Result

The **result from investments** rose by € 1,192.9 million to € 3,719.7 million. The following table shows a breakdown of the developments for the results from investments.

	2006 € mn	2005 € mn	Change € mn
<b>Investment income</b>			
Gains from disposals	125.3	1,172.0	(1,046.7)
Income from long-term equity	1,657.9	821.2	836.7
Income from write-ups	129.6	195.3	(65.7)
Income from profit pooling, profit transfer and profit transfer agreements	3,314.9	2,029.1	1,285.8
Income from other capital investment	695.4	755.6	(60.2)
<b>Subtotal</b>	<b>5,923.1</b>	<b>4,973.2</b>	<b>949.9</b>
<b>Investment Expenses</b>			
Write-down of investment	434.2	83.5	350.7
Expenses for the management of investments, interest and other investment-related expenses	1,666.9	1,459.3	207.6
Expenses for losses taken over	32.3	349.8	(317.5)
Losses from disposals	70.0	553.8	(483.8)
<b>Subtotal</b>	<b>2,203.4</b>	<b>2,446.4</b>	<b>(243.0)</b>
<b>Total</b>	<b>3,719.7</b>	<b>2,526.8</b>	<b>1,192.9</b>

The decline of profit from the disposal of investments is attributable to the fact that in 2006 the unrealized gains crystallized on disposal of investments are significantly less than prior year.

Significantly higher dividends from equity holdings increased revenue from long-term equity investments. Income from write-ups declined due to less favorable development in the interest and currency markets.

**Income from profit-pooling and profit transfer agreements** grew noticeably. This results in particular from a significantly better profit reporting of Allianz Deutschland AG, of Allianz Global Corporate & Specialty AG and from the dividend paid by Dresdner Bank AG through an intermediate holding company. A reduced portfolio of intra-group lendings and the further decline in income from claims on deposits due to actuarial factors slightly reduced the income from other capital investments.

The increase in depreciation on investments results from fair value adjustments of participating interests resulting from profit distribution. Furthermore, the interest rate increase necessitated additional write-downs on our bond portfolio.

**Expenses for investment management, interest expenses and other investment-related expenses** increased, above all, due to higher internal Allianz Group interest expenses incurred in connection with the change in the participating interest structure at our subsidiary RAS SpA in 2005.

The loss from disposal of investments resulted mostly from performance-driven restructuring in the actively managed bond portfolios. The significant decline compared to prior year balance is primarily due to special effects in the previous year.

From the investment result, € 185.4 (199.5) million was credited to the underwriting account as technical interest income.

The **other non-underwriting** result improved to a loss of € -846.9 (-1,236.6) million, primarily because the reserve for potential losses from derivative financial instruments was reduced from € 630.9 to 349.7 million.

Overall, a **non-underwriting profit** of € 2,687.3 (1,090.6) million and an insurance profit of € 364.6 (-125.4) million resulted in **earnings before taxes** of € 3,051.9 (965.2) million.

## Net income and profit

Tax proceeds rose to € 965.3 (466.0) million. This was primarily due to the necessary capitalization of a claim against the tax authorities for ratable payment of the entire corporate income tax receivable of € 313 million according to the tax credit method resulting from a change in legal requirements through SEStEG (new German Reorganization Tax Act, Gesetz über steuerliche Begleitmaßnahmen zur Einführung der Europäischen Gesellschaft und zur Änderung weiterer steuerrechtlicher Vorschriften, SEStEG). In addition the allocation result carried to the account of companies in the tax group for corporate income tax and trade tax commissions increased. This resulted in a net annual income of € 4,017.2 (1,431.2) million. Out of this amount, € 2,008.6 (611.2) million were allocated to retained earnings. At the Shareholders' Meeting on May 2, 2007, shareholders will be asked to approve a € 3.80 dividend on each share qualifying for dividends and to appropriate an amount of € 366 million to retained earnings. A remaining balance will be carried forward.

## Business activity by line of business

**Gross premiums** (predominantly originating) from Group companies and affiliated and associated enterprises. These decreased, as expected, in the fiscal year 2006 by 9.5 percent to € 4.4 (4.8) billion for the following main reasons:

- Allianz Sachversicherung increased its self-retention.
- From 2006, the underwriting of a wide variety of international lines of business has been transferred to Allianz Global Corporate & Specialty AG reducing the premium income by € 283 million. This mainly affected the insurance lines motor, liability, accident and legal expenses reinsurance as well as the household and homeowner reinsurance.

- In aviation reinsurance, premium income decreased as a result of the competitive pressure on the insurance premiums of the primary insurers. We forwent business that would have been unprofitable.
- Premiums collected in credit and bond reinsurance decreased due to an increase in the self-retention of Euler Hermes and the associated reduced payments to Allianz SE.

The following table shows the gross premiums and net underwriting result for own account by reinsurance line of business for fiscal years 2006 and 2005. From fiscal year 2006, the motor accident segment is assigned to the category **personal accident**. To ensure a better comparability, the numbers from last year have been adjusted accordingly.

	Gross premiums			Underwriting result for own account	
	2006 € mn	2005 € mn	Change in %	2006 € mn	2005 € mn
Motor	879.8	1,091.1	(19.4)	102.2	8.3
Fire	727.4	776.1	(6.3)	(30.6)	(57.1)
Liability	381.2	424.4	(10.2)	(5.7)	(4.8)
Personal accident	366.8	415.7	(11.8)	26.3	16.9
Household and homeowner	185.6	207.6	(10.7)	78.5	5.8
Business interruption	21.1	28.3	(25.5)	8.7	4.6
Marine	137.9	137.1	0.6	(10.4)	(7.0)
Legal expenses	91.5	101.1	(9.5)	3.9	1.2
Life	365.4	330.1	10.7	27.3	29.3
Health	58.9	49.6	18.6	1.2	(4.2)
Credit and Bond	144.0	184.9	(22.1)	17.4	(20.6)
Aviation	285.9	332.7	(14.1)	(64.4)	(52.9)
Engineering	267.5	262.8	1.8	171.0	(23.6)
Other lines	473.0	507.0	(6.7)	39.0	(21.3)
<b>Total</b>	<b>4,385.8</b>	<b>4,848.5</b>	<b>(9.5)</b>	<b>364.6</b>	<b>(125.4)</b>

The premium income in **motor reinsurance** fell by 19.4 percent to € 879.8 (1,091.1) million. In addition to the increase in the self retention, this reduction was caused by decreasing premium development at Allianz Sachversicherung. A lower claims burden, mostly also at Allianz Sachversicherung, again resulted in insurance-related profit. Furthermore, the equalization reserve was reduced by € 25.1 million (in the previous year: increase of € 19.9 million).

The claims development in **fire reinsurance** was heavily burdened by natural catastrophes such as cyclone “Larry” in Australia and floods in India. Moreover, reserves for settling claims caused by hurricane “Katrina” last year have been increased by (€ 76 million). € 17.7 (88.2) million had to be added to the equalization reserve.

Premium income in **liability reinsurance** decreased to € 381.2 (424.4) million as a consequence of the increased self-retention and the lower volume of collected premiums at Allianz Sachversicherung. Increased claims expenditures in the USA and in United Kingdom more than outweighed the positive development at Allianz Sachversicherung resulting in an overall increased loss. The equalization reserve was increased by € 5.9 million (2005: deduction of € 50.0 million).

In **personal accident reinsurance**, the premium income decreased to € 366.8 (415.7) million influenced by lower contributions of a large German cedent. The underwriting result remained on prior year’s positive level. € 11.4 (1.0) million were deducted from the equalization reserve.

Starting in 2006, **household and homeowner reinsurance** are assigned to other property and indemnity insurance. As a consequence, equalization reserve was written back and € 58.2 million were deducted (2005: addition of € 12.2 million).

Premiums in **business interruption reinsurance** declined by 25.5 percent to € 21.1 (28.3) million. € 4.0 (1.0) million were withdrawn from the equalization reserve.

In **marine reinsurance**, the result was significantly less burdened by natural catastrophes than in the previous year. However, due to an addition of € 18.4 (15.5) million to the equalization reserve, the overall result was negative.

The underwriting result of **legal expenses reinsurance** improved, mainly because of the deduction of € 4.0 (1.2) million from the equalization reserve.

Premium income from **life reinsurance** increased to € 365.4 (330.1) million as a consequence of higher volumes from reinsurance contracts with Allianz Lebensversicherungs-AG. In spite of the lack of positive one-time effects as in the previous year, the resulting profit of € 27.3 (29.3) million was again clearly positive.

Statutory premiums from **health reinsurance** rose to € 58.9 (49.6) million due to growth within the Allianz Group as well as in external business.

In **credit and bond reinsurance**, premiums dropped significantly by 22.1 percent to € 144.0 (184.9) million as Euler Hermes increased the self-retention. This reinsurance segment continues to benefit from portfolio restructuring measures of our primary insurers in the previous years. Following a decrease in the allocation to the equalization reserve in this year to € 20.4 (86.1) million, we have achieved a clearly positive result of € 17.4 million (2006: loss of € 20.6 million).

Premium income in **aviation reinsurance** decreased to € 285.6 (332.7) million as a result of the noticeable reduction of sales in the primary insurance business. The increase of the equalization reserve by € 67.3 (148.5) million burdened the result.

Starting in 2006, **reinsurance of engineering lines will** be reported under the category of other property and indemnity insurance. As a consequence, the equalization reserve had to be written back and € 126.2 million were withdrawn (previous year: allocation of € 51.1 million).

Due to a downturn in the domestic business in the **remaining lines**, premium volume decreased to € 473.0 (507.0) million. The underwriting result was affected by the snow pressure damage in Austria (€ 17 million), floods in India and by the damage caused by cyclone “Larry” in Australia. In addition, € 45.3 (22.9) million had to be allocated to the equalization reserve. However, on the whole, the result was still positive with € 39.0 million (previous year: loss of € 21.3 million).

## Balance Sheet Structure

### Development of investments

The **book value** of Allianz SE's **investments** increased by 8.7 percent to € 84.6 (77.8) billion.

The item **real estate** decreased to € 383.7 (422.0) million resulting from the sale of property assets.

The book value of **investment in affiliated companies** grew to € 67.9 (63.9) billion. This includes a capital increase of € 3.7 billion for the acquisition of the outstanding shares in RAS S.p.A. as part of the merger of Allianz SE and RAS S.p.A. The remaining € 0.5 billion are accounted for by other capital increases, mergers and transactions in order to further optimize the group's structure.

**Other investments** grew by € 3.2 billion to € 12.1 billion. Investments in shares increased by € 1.4 billion due to intra-Allianz Group acquisitions. Deposits with banks rose by € 0.5 billion; in addition, approximately € 1.3 billion were invested in bearer bonds.

The fair value of real estate, dividends (affiliated companies, participating business interests, shares and investment certificates) and the bearer bonds as of December 31, 2006 amounted to € 109.4 (94.7) billion. The corresponding balance sheet value was € 77.6 (70.6) billion.

**Deposit receivables** from the reinsurance business decreased to € 4.3 (4.7) billion due primarily to the termination of a reinsurance contract with an insurer.

### Total Equity

In 2006, we significantly increased our shareholders' equity to € 36.6 (29.7) billion as of December 31, 2006, up 23.2 percent from a year earlier, primarily driven by our strong net income of 4.0 billion and an increase of paid-in capital. New Allianz SE shares were issued in

October 2006 for the execution of the merger with RAS and in November 2006 in connection with this year's Employee Stock Purchase Plan.

The following table sets forth the details of the increase in paid-in capital.

	Par value € mn	Additional paid-in capital € mn
Increase in share capital due to RAS merger	64.3	3,588.9
Capital increase in connection with Employee Stock Purchase Plan	2.5	126.7
<b>Total</b>	<b>66.8</b>	<b>3,715.6</b>

### Legal Structure: Conversion into Allianz SE completed

On September 11, 2005, Allianz AG (now Allianz SE) and Riunione Adriatica di Sicurtà S.p.A. (or "RAS", and taken together with its subsidiaries, the "RAS Group") announced their intention to merge RAS with and into Allianz AG in a cross-border merger. Effective with the registration of the merger in the commercial register of Allianz AG on October 13, 2006, Allianz AG changed its legal form to a European Company (Societas Europaea, or SE<sup>1)</sup>), and is now named Allianz SE. The last step of the transaction was the listing of the Allianz SE shares on the Milan Stock Exchange on October 16, 2006. Allianz is the first company in the Dow Jones EURO STOXX 50 to have become an SE.

Concurrent with the merger, and in order to provide the merger consideration to RAS shareholders, Allianz completed a capital increase involving the issuance of 25,123,259 new Allianz SE shares. In accordance with the merger plan, the remaining RAS shareholders received three new Allianz SE shares in exchange for 19 RAS shares. Prior to the merger date, Allianz AG had purchased in a voluntary cash tender offer certain of the RAS ordinary shares and RAS savings shares that were not already held by Allianz AG. The total consideration

<sup>1)</sup> The SE is a legal form based on European Community law and was introduced into the EU by the Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European Company (the "SE Regulation"). Since Allianz SE keeps its registered office in Germany, it is governed by the SE Regulation, the applicable German law supplementing the SE Regulation and relevant German law applicable to German stock corporations, in particular the German Stock Corporation Act.

for the acquisition of the outstanding RAS shares amounted to approximately € 6.4 billion, which includes the approximately € 2.7 billion paid to acquire RAS shares in the voluntary cash tender offer.

The merger with RAS and the conversion of Allianz AG to Allianz SE was designed to simplify the Allianz Group's management and organizational structures, thus reducing complexity and increasing efficiency. Our Allianz Group-wide objectives and programs on the basis of our "3+One" program are expected to be achieved more consistently and more efficiently with the implementation of the merger. Furthermore, the merger was designed to facilitate more efficient capital and liquidity management within the Allianz Group, to simplify accounting and reporting processes, and to increase the Allianz Group's presence in the attractive Italian insurance market.

In addition to improving efficiency, the change in governance framework to an SE reflects the Allianz Group's European and international dimension. As part of these changes, we reduced the size of the Supervisory Board and established an SE works council. Nevertheless, Allianz SE remains governed to a large extent by German Corporate Law.

### Milestones of the Allianz-RAS Merger 2006

February 3, 2006	RAS S.p.A. shareholders approve the merger plan at the extraordinary shareholders' meetings.
February 8, 2006	Allianz AG shareholders approve the merger plan at the extraordinary shareholders' meeting.
July 19, 2006	Contestation suits against formation of Allianz SE withdrawn.
September 20, 2006	Agreement concerning participation of employees in Allianz SE signed.
October 13, 2006	Allianz AG's legal form changed to a Societas Europaea, new company name Allianz SE. Capital increase effective (three new Allianz SE shares for 19 RAS shares).
October 16, 2006	Allianz SE shares listed in Italy.



## Risk Report

Risk management is targeted at protecting our capital base and supporting our value based management.

- As a provider of financial services, we consider risk management one of our core competencies. It is therefore an integrated part of our business processes.
- Risks arise for a number of reasons, including insufficient information concerning possible adverse developments affecting our business targets or plans.
- We identify, measure, aggregate and manage risks. The result of this process determines, among other things, how much capital is attributed and allocated to the Allianz Group's various segments.

### Risk Governance Structure

The Board of Management of Allianz SE formulates the business objectives and allocates the capital resources of the Allianz Group balancing return on investment and risk criteria.

The Group Risk Committee monitors the Allianz Group's availability of capital and risk profile to ensure a reasonable relationship between these two criteria. Its role is to provide for comprehensive risk awareness within the Allianz Group and to further improve risk control.

Group Risk, which reports to the Chief Financial Officer, develops methods and processes for identifying, assessing and monitoring risks on an Allianz Group-wide basis. An important instrument to assess the Allianz Group's risk profile is our internal risk capital model, which is the methodology we use to assess quantitative risk. This model is described in more detail in the section below entitled "Internal Risk Capital". Group Risk also identifies and assesses risks qualitatively by performing a systematic quarterly evaluation. This structure is designed to enable us to manage our local and global risks equally and to reduce the likelihood of our overall risk increasing unnoticed.

Within our risk governance policy, operating units assume independent responsibility for their own risk control, as it is ultimately they who have to respond quickly to risk changes in a market-oriented manner. In 2006, local risk monitoring was further strengthened through the establishment of local risk committees and risk control functions in our major operating units headed by a local Chief Risk Officer.

Insurance, banking and asset management are all heavily influenced by legal factors; legislative changes in particular have a primary influence on our activities. Limitation of these legal risks is a major task of our Legal Department, carried out with support from other departments. Our objective is to ensure laws and regulations are observed, to react appropriately to all impending legislative changes or new court rulings, to attend to legal disputes and litigation, and to provide legally appropriate solutions for transactions and business processes.

The Trend Assessment Committee is responsible for early recognition of new risks and opportunities.

In 2005, we established the Allianz Climate Core Group. This panel of experts consists of representatives from our Property-Casualty, Life/Health, Banking and Asset Management segments and was established to examine the possible effects of climate change on our business. Its task is to develop risk management strategies and to identify potential opportunities resulting from climate change.

### Independent Risk Oversight

The principle of independent risk oversight is well-established within the Allianz Group. There is a clear distinction between active risk taking by line management functions, on the one hand, and risk oversight conducted by independent functions, on the other. The latter role not only consists of independent risk identification, assessment, reporting and monitoring, but also includes analyzing alternative courses of action and proposing recommendations to the Risk Committee and the Boards of Directors of the local operating units or the Board of Management of Allianz SE.

## Risk Policies

The Group Risk Policy defines the minimum requirements that are binding on all operating units. Specific minimum risk standards for our Property-Casualty, Life/Health, Banking and Asset Management segments, as well as on specific risk topics such as risk capital modeling, translate these requirements into action. These standards are implemented by the operating units worldwide and are monitored on a regular basis by Group Risk through a structured risk-based diagnostic process.

## Risk Capital

We employ a value-based approach (Economic Value Added or “EVA”®), among other approaches, to manage our business activities, which are conducted through our local operating units. Risk capital, which is required to protect against unexpected losses, is one of the key parameters of this approach.

Internal risk capital, as described below, forms the central element for our local risk-oriented control performance measurement processes. However, in managing our capital position we have to consider additional conditions imposed by our regulator (the BaFin) and rating agencies.

As a Financial Conglomerate based in the European Union, our regulatory solvency capital requirements are defined by the EU Financial Conglomerate Directive (or “FCD”), which was issued in 2002 and transposed into German national law effective at the end of 2005.

In addition to internal risk capital analysis, we regularly conduct stress tests to monitor the capital requirements of the supervisory authorities and the rating agencies. At the same time we investigate the effects of particular scenarios on our capital resources. The results of these calculations serve as early warning indicators in monitoring the regulatory solvency capital ratios for the Allianz Group.

## Internal Risk Capital

Internal risk capital, which is the capital required to protect against unexpected economic losses, is a key parameter of our EVA-approach, consistently applied to all segments. In 2006, we used an integrated internal risk capital model to assess and allocate quantitative risk for

our major insurance companies as well as for our banking subsidiary, Dresdner Bank. This process allows us to consistently aggregate risk capital for all segments on the Group level within our internal risk capital framework. By using our internal risk capital model, we endeavor to evaluate risks more precisely in an effort to optimize allocation of capital within the Allianz Group.

## Value-at-Risk Approach

Our internal risk capital model is based on the value-at-risk approach. This model, consistent with value-at-risk determinations, calculates a maximum loss in the value of our portfolio of assets and liabilities within a given timeframe and with a certain specified probability, or frequency, in the event of adverse market movements. More specifically, for each risk category, we calculate the net fair value of our assets and liabilities in terms of (i) a best estimate under current market conditions and (ii) an adverse value under adverse market conditions over a certain holding period. The required internal risk capital per risk category is then defined as the difference between the best estimate and adverse value of the portfolio. In order to calculate both of these values, we revalue options and guarantees under current and adverse market conditions using statistical models. Internal risk capital results per category are aggregated in a manner that takes diversification effects across risk categories and/or regions into account. The required internal risk capital is determined on a quarterly basis.

## Assumptions

On the Allianz Group level, our objective is to maintain capital according to a confidence level or solvency probability of 99.97 percent over a holding period of one year, which is equivalent to an “AA” rating of Standard & Poor’s. The time horizon over which the change in value is measured on the Allianz Group level is set at one year, as it is generally assumed that it may take a year to find a counterparty to whom to transfer the liabilities in our portfolio. In support of the Allianz Group’s objective to ensure a solvency probability of 99.97 percent over a holding period of one year at the Group level, we require our local operating units to hold risk capital allowing them to remain solvent with a certainty of 99.93 percent over a holding period of one year and take into account the diversification effects resulting from balancing our portfolio risks.

The Allianz Group’s policy is that all loans and deposits in foreign currencies should generally be funded and

reinvested in investments in the same currency with matching maturities. Therefore, our residual foreign currency risk results primarily from the net fair value base of financial instruments denominated in foreign currency and the net asset value of our local non-Euro operating units. This currency market risk is managed centrally at the Allianz Group level and is, therefore, allocated to the Corporate segment.

### Scope

Our internal risk capital covers the specific assets and liabilities listed below:

- **Assets** Bonds, mortgages, investment funds, loans, floating rate notes, equities, real estate, conventional options, and swaps,
- **Liabilities** Cash flow profile of all technical reserves as well as deposits and issued securities.

The model takes substantially all of our derivatives into account, in particular when such instruments are entered into as part of the operating unit's regular business model (e.g. Dresdner Bank or Allianz Life of North America) or if they are of such a magnitude that they have a significant impact on the resulting risk capital (e.g., hedges of Allianz SE or in the Life/Health segment, if material obligations to policyholders are hedged through financial derivatives).

Our internal risk capital model quantifies the following risk categories:

- **Market risks** Possible losses caused by changes in interest rates, exchange rates, share prices, real estate values and other relevant market prices (such as commodities);
- **Credit risks** Possible losses caused by the inability to pay or a downgrade in the credit rating of debtors or counterparties;
- **Actuarial risks** Unexpected financial losses from the sale of insurance protection; and
- **Business risks** Cost and lapse risks, as well as operational risks including risks associated with external events or arising from insufficient or failing internal processes, procedures and systems.

The internal risk capital model allows us to evaluate the risk to which we are exposed by using statistically-based methods. The individual characteristics of our operating units and the specific nature of their risks are taken into account by reflecting local management rules such as

investment strategies and policyholder participation rules in the Life/Health segment and establishing risk parameters based on past developments affecting each such unit.

You will find detailed information about risk measurement and management in the insurance, banking and asset management business in the Allianz SE's attached Report and Accounts for 2006.

### Management of Other Risks

There are certain risks that cannot be quantified using our internal risk capital model. For these risks, we pursue a systematic approach with respect to identification, analysis, assessment and monitoring. The assessment is based on qualitative criteria or using scenario analyses. For example, these risks include:

#### Liquidity Risk

Liquidity risk is the risk that short-term current or future payment obligations cannot be met or can only be met on the basis of altered conditions, along with the risk that in the event of a company liquidity crisis, refinancing is only possible at higher interest rates or that assets may have to be liquidated at a discount. Liquidity risk does not include the risk of a change in market prices due to a worsening of the market liquidity of assets, as this is a component of market risk analyzed through our internal risk capital model.

#### Reputational Risk

Reputational risk is the risk of loss caused by a decline in the reputation of the Allianz Group unit or one or more of its specific operating units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public. First, each action, existing or new transaction or product that poses reputational risk to the Allianz Group could lead to losses in the value of our reputation, either directly or indirectly, and could also result in losses in other risk categories. Second, every loss in other risk categories, irrespective of its size, can pose reputational risk to the Allianz Group if and when it is made public. Therefore, reputational risk can both cause and result from losses in all risk categories such as market or credit risks.

#### Strategic Risk

Strategic risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of management decisions on both business strategies and their implementation. This risk is a

function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyze and react to external factors, which could impact the future direction of the relevant operating unit.

### Risk Monitoring by Third Parties

Supervisory authorities and rating agencies are additional risk monitoring bodies. Supervisory authorities stipulate the minimum precautions and capital requirements that we must meet in individual countries and on an international level. Rating agencies evaluate the relationship between the required risk capital of a company and its available safeguards. In the agencies' evaluation of capital resources, they consider equity shown in the balance sheet, minority interests and other items representing additional securities in times of crisis. At December 31, 2006, this total was at a level that corresponds to our current ratings. At December 31, 2006, the financial strength of the Allianz Group was rated by Standard & Poor's as "AA-" (outlook positive), by A. M. Best as "A+" (outlook stable), and by Moody's as "Aa3" (outlook stable).

### Outlook

We plan to continue to strengthen our risk management system in 2007. We strive to constantly improve our accumulation monitoring systems for accumulating risk-related data, particularly those related to natural and man-made catastrophes. We are continuing to develop our modeling for natural catastrophes and to combine results with geographical information systems. We also continue to develop our monitoring and early warning systems related to "Emerging Risks", which are new and developing or existing risks that are difficult to quantify in terms of frequency and severity of potential losses. Therefore, these Emerging Risks are generally characterized by major uncertainty. Discontinuities in the evolution of a risk are often driven by scientific-technological, socio-political or legal and regulatory changes.

In 2007, the Group Risk function at Allianz SE plans to embark on a multi-year project to consolidate all Allianz Group-related risk information, calculations and analysis onto one technology platform. This platform will be centrally hosted and available to support risk staff both in the Group Center and in the operating units around

the world. Data from a data warehouse for both finance and risk data will be included on the platform to provide consistency between both areas. It will also be subject to a rigorous but flexible change management process designed to serve as a Solvency II platform.

Furthermore in 2007, we expect to introduce a revised internal risk capital model for life insurance business. The new model is part of an integrated framework addressing the Market Consistent Embedded Value (MCEV) calculation, the assessment of risk capital and the estimation of sensitivity analyses for our life portfolios. When fully introduced, this model is expected to provide significant support to the risk management of our life insurance business.

We also plan to continue our project to evaluate derivatives on the basis of an Allianz Group-wide uniform IT system. In addition, we will further strengthen and clarify our guidelines for handling derivatives.

We are monitoring the Solvency II Project to prepare for the anticipated changes to the European insurance solvency requirements. In particular, we are continuously updating the methodology of our internal risk model to meet future requirements on internal models resulting from this project.

### Statements in accordance with section 289 paragraph 4 of the German Commercial Code and explanations

The share capital of Allianz SE was € 1,106,304,000 as of December 31, 2006; it was divided into 432,150,000 registered no-par value shares. All shares carry the same rights and obligations. Each no-par value share grants one vote. Each shareholder's share in the Company's profit is determined in proportion to the share in the share capital held by it (Section 60 German Stock Corporation Act (*Aktiengesetz*, AktG)). Pursuant to Article 3 Paragraph 1 of the Statutes, shareholders shall not have the right to receive share certificates.

Shares may only be transferred with the consent of the Company. Pursuant to Article 2 Paragraph 2 of the Statutes, the Company will withhold a duly applied approval only, if it deems this to be necessary in the interest of the Company on exceptional grounds. The applicant will be informed about the reasons.

Under German stock corporation law in case of registered shares only those persons who appear in the share register are deemed by the company to be shareholders. This is particularly important for such things as taking part in general meetings and making use of voting rights. Appearing in the share register also facilitates direct communications with the shareholders. In this way, for instance, all shareholders can be personally invited to attend general meetings. The restriction on share transferability goes right back to the creation of Allianz in 1890. This practice is widespread in the insurance industry in Germany. In accordance with the Statutes, the company will only withhold the approval necessary for transfer of shares when this is for extraordinary reasons and is considered to be in the interest of the company. For several decades no such case has occurred. With the standardization of share transfer processes, the restriction on share transferability does not cause any delay in the registration in the share register and does not impede in any way the quotation of the shares on stock exchanges.

Shares acquired by employees of the Allianz Group as part of the employee share purchase program are in principle subject to a one-year lock-up period; outside Germany, the lock-up period may in some cases be up to five years for tax reasons. In some countries the employee shares are held throughout the lock-up period by a bank or other natural person or legal entity as trustee, in order to ensure that the lock-up period is observed. Nevertheless, employees may instruct the trustee on exercising voting rights, or have power-of-attorney granted to them to exercise such voting rights. Providing lock-up periods contributes to the employee share purchase program's purpose to commit employees to the company and let them participate in the performance of the stock price.

Direct or indirect interests in the share capital of Allianz SE that exceed ten percent of the voting rights have not been reported to Allianz SE, nor is it otherwise aware of any such interests.

The members of the Board of Management of Allianz SE are appointed by the Supervisory Board for a maximum term of five years (Article 9 Paragraph 1, Article 39 Paragraph 2 and Article 46 SE Regulation, Sections 84, 85 AktG, Section 5 Paragraph 3 of the Statutes).

Re-appointments, in each case for a maximum of five years, are permitted. The members of the Board of Management may be dismissed by the Supervisory Board if there is an important reason (Section 84 AktG). If a

required member of the Board of Management is absent, in urgent cases the court must appoint the member upon the application of an involved party, by virtue of Section 85 AktG. With respect to the appointment, it is essential to ensure in particular that the members of the Board of Management are suited to managing an insurance company in terms of reliability and professional competence (Sections 121a, 7a German Insurance Supervision Act (*Versicherungsaufsichtsgesetz*, VAG)). The Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) must be notified of the intention to appoint to the Board of Management (Sections 121a, 13 d No. 1 VAG).

Amendments to the Statutes must be resolved upon by the General Meeting. In the case of an SE, the resolution amending the Statutes must be passed with a majority of at least two thirds of the votes cast, unless the laws and regulations in the SE's country of domicile provide for or permit a greater majority (Article 59 Paragraph 1 SE Regulation). Any Member State may stipulate, however, that a simple majority of votes is sufficient, provided at least half of the share capital is represented (Article 59 Paragraph 2 SE Regulation). German legislation has made use of this in Section 51 Sentence 1 SE Implementation Act (*SE-Ausführungsgesetz*), pursuant to which the Statutes may stipulate that, a simple majority of votes is sufficient for the resolution of the General Meeting amending the Statutes, provided at least half of the share capital is represented. This does not apply to a change in the corporate object, relocation of the registered office to another Member State and to cases in which a higher majority is mandatory by law (Section 51 Sentence 2 SE Implementation Act). Accordingly, Article 13 Paragraph 4 Sentence 2 of the Statutes of Allianz SE stipulates that, unless this conflicts with mandatory legal provision, changes of the Statutes require a majority of two thirds of the votes cast, or, as the case may be, if at least half of the share capital is represented, a simple majority of the votes cast. The Supervisory Board may alter the wording of the Statutes (Section 179 Paragraph 1 Sentence 2 AktG and Article 10 of the Statutes).

The Board of Management has the following authorisation to issue shares:

- It is authorized to increase the Company's share capital once or several times on or before February 7, 2011, upon approval of the Supervisory Board by issuing new registered no-par value shares against contribution in cash and/or contribution in kind by

up to a total of € 450,000,000 (Authorized Capital 2006/I). The subscription right of shareholders can be excluded for fractional amounts to secure the rights of the holders of bonds with option or conversion rights and, in case of cash contribution by up to ten percent, if the issue price of the new shares is not substantially below the market price. Furthermore, the right to subscribe can be excluded in case of a capital increase by contribution in kind (Article 2, Paragraph 3 of the Statutes).

- The Board of Management is also authorized to increase the Company's share capital on or before February 7, 2011, upon approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash, on one or more occasions, up to a total of € 12,473,943.04 (Authorized Capital 2006/II). The Board of Management may exclude the shareholders' subscription rights, upon the approval of the Supervisory Board in order to issue the new shares to employees of Allianz SE and its Group companies as well as for fractional amounts (Article 2 Paragraph 4 of the Statutes).
- The Company has a conditional capital in the amount of € 250,000,000; this conditional capital increase is only carried out to the extent that conversion or option rights resulting from bonds which Allianz SE or its subsidiaries have issued on the basis of the authorization granted by the General Meeting of February 8, 2006 are exercised, or conversion obligations arising from such bonds are fulfilled (Article 2 Paragraph 6 of the Statutes).
- There is furthermore conditional capital in the amount of € 5,632,000; this conditional capital increase is only carried out to the extent that conversion or option rights resulting from bonds which Allianz SE or its subsidiaries have issued on the basis of the authority granted by the Annual General Meeting of May 5, 2004 are exercised, or conversion obligations arising from such bonds are fulfilled (Article 2 Paragraph 5 of the Statutes).

Based on the authorization of the Extraordinary General Meeting of February 8, 2006, Acquisition of Treasury Shares for Other Purposes (Section 71 Paragraph 1 No. 8 AktG) the Board of Management is authorized to buy back Allianz shares. On that basis, the Company is authorized, on or before August 7, 2007, to acquire treasury shares; together with other treasury shares that are in the possession of Allianz SE or which are attributable to it under Sections 71a et sequ. AktG, such

shares may not exceed ten percent of the share capital at any time. The shares acquired according to this authorization may be used, under exclusion of subscription rights, for any legally admissible purposes and in particular those specified in the authorization. There is also an authorization to acquire treasury shares for the purposes of securities trading (Section 71 Paragraph 1 No. 7 AktG).

The authorisation explained in the management report to buy back or make use of treasury shares or issue convertible bonds or bonds with warrants or issue new shares out of authorized capital enables the Management Board to raise capital swiftly and flexibly taking advantage of attractive financing opportunities as and when they arise on the markets and, for example, offer Allianz stock as consideration when making acquisitions of participations. Furthermore Allianz stock can be offered to employees of the Allianz Group. The authorisation to deal in own stock for trading purposes is especially useful for Dresdner Bank giving it the possibility to deal in Allianz stock.

The section below describes the agreements entered into by Allianz SE which contain provisions or conditions for the event of a change of control.

Under the terms and conditions of the participation certificates issued by Allianz SE, the participation certificate holders are entitled to call for redemption of the participation certificates and to demand payment of a redemption amount per participation certificate of 122.9 percent of the average official price (*Einheitskurs*) of the Allianz share on the Munich Stock Exchange for the last three months prior to termination of the participation certificate relationship, if an enterprise acquires a majority shareholding in Allianz SE. These rules correspond to usual market practice and protect in an adequate way the interests of holders of participation certificates.

The reinsurance agreement with Münchener Rückversicherungsgesellschaft AG provides for an extraordinary termination right if the ownership structure or control of Allianz SE should change substantially. The provision accounts for the fact that in case of a change in control the conditions on which the contractual relation is based can materially change.

The service contracts of the members of the Allianz SE Board of Management contain a "change-of-control" clause. Please refer to the Remuneration Report on pages 24 to 25 for further details.

The Group Equity Incentive (GEI) scheme also contains provisions in respect of a change of control. Under this scheme, Stock Appreciation Rights (SAR) and Restricted Stock Units (RSU) are granted as a stock-based remuneration component worldwide to senior management of the Allianz Group. SARs are virtual options on Allianz shares; they obligate the Allianz Group to pay in cash the excess of the market price of the Allianz share over the reference price on the exercise date. They vest after two years. If a majority of the voting share capital in Allianz SE is acquired, directly or indirectly, by one or more third parties who do not belong to the Allianz Group, in derogation of the above, however, the SARs shall be exercised, pursuant to the general conditions for the SAR, by the Company for the relevant plan participants without observing any vesting period.

RSUs are virtual Allianz shares which obligate the Allianz Group to pay in cash an amount corresponding to the average market price for Allianz shares in the ten trading days preceding the vesting date, or to issue one Allianz share, or other equivalent equity instrument, for each RSU granted. RSUs vest after five years and are exercised by the Allianz Group on the first trading day after their vesting date. If a majority of the voting capital in Allianz SE is acquired, directly or indirectly, by one or more third parties who do not belong to the Allianz Group, the RSUs shall be exercised, pursuant to the general conditions for the RSUs, by the Company for the relevant plan participants without observing any vesting period. In providing for the non application, in the event of a change of control, of any limitation on the period for exercising rights under such plans, account is taken of the fact that the conditions under which the share price moves are very different when there is a change in control.

# Remuneration Report

## Board of Management Remuneration

The remuneration of the Board of Management consists of different components and is aimed at supporting a sustained value-oriented management. Therefore a distinction should be made between fixed salary, performance-based remuneration and equity-based remuneration as a long-term incentive. The amount of total remuneration of individual Board Members is dependent upon the delegated role and accountability, individual performance, achievement of the financial goals of the Allianz Group and of the respective business unit, as well as the evolution of the Allianz SE share price. The remuneration of the Board of Management is set by the Personnel Committee within the Supervisory Board while considering market and competition. Moreover, the structure of remuneration is regularly reviewed and discussed at the Supervisory Board.

In detail, the remuneration of the Board of Management comprises the following components:

### Fixed Salary

The fixed amount is paid as a monthly basic salary unrelated to performance. It is reviewed at the latest every three years. The amount is firstly influenced by the delegated role and accountability and, secondly, by external market conditions.

### Performance-based Remuneration

This component consists of an annual and a mid-term three-year bonus that are both dependent on performance and success, and limited in their amounts.

### Equity-based Remuneration

This element consists of virtual options ("Stock Appreciation Rights", SAR) and virtual stocks ("Restricted Stock Units", RSU). This remuneration element is identical to the Allianz Equity Incentive Program which around 700 top managers and approximately 100 top performing future leaders participate in worldwide. Its value is aligned to evolution of the Allianz SE share price.

The shown amount of equity-based remuneration represents solely a mathematically calculated reference value. If and when the equity-based remuneration component actually lead to payout depends on the future evolution of the share price and the strike price on the exercise date. The exercise of SARs is possible, at the earliest, two years after their grant. RSUs will be exercised by the Company after five years. In relation to the exercise of SARs, the Board of Management has voluntarily committed to always hold the rights until the end of plan as long as the share price has not already reached the defined maximum relevant to the exercise of the specific SARs. The exercises, the number of rights issued and the evolution of the value of equity-based remuneration are shown in the consolidated income statement.

Variable remuneration and equity-based remuneration together form a three-tier incentive system as presented in the following overview:

Annual bonus (short-term)	Three-year bonus (mid-term)	Equity-based remuneration (long-term)
<u>Target category</u>	<u>Target category</u>	<u>Target category</u>
Allianz Group financial goals	EVA-objective during issue period	Sustained increase in share price
Business division financial goals	Allianz Group Business division	
Individual objectives	Strategic or "+One" objectives	

### Miscellaneous

The members of the Board of Management also receive perquisites. These are essentially contributions to accident and liability insurances as well as the provision of a company car; they are being taxed individually as a remuneration component for each individual Board Member. In total, the value of perquisites amounted to € 0.2 million in 2006.



The following table sets forth the total remuneration each individual member of the Board of Management of Allianz SE received in 2006.

Board of Management	Fixed remuneration		Perquisites	Total non-performance-related remuneration		Annual bonus <sup>(1)</sup>		Reserves 3-year bonus <sup>(2)</sup>	
	2006 € thou	Change from previous year		2006 € thou	2006 € thou	Change from previous year	2006 € thou	Change from previous year	2006 € thou
		%	%			%		%	
Michael Diekmann (Chairman)	1,050	17	40	1,090	16	2,224	49	458	(15)
Dr. Paul Achleitner	700	0	25	725	1	1,575	48	308	(14)
Clement B. Booth	700	–	44	744	–	1,476	–	345	–
Jan R. Carendi	700	17	15	715	16	1,308	51	285	(5)
Enrico Cucchiani	460	–	2	462	–	1,368	–	358	(5)
Dr. Joachim Faber	700	17	16	716	16	1,399	53	296	(10)
Dr. Helmut Perlet	700	17	31	731	16	1,508	64	315	(12)
Dr. Gerhard Rupprecht	350	17	8	358	16	750	65	165	(8)
Jean-Philippe Thierry	700	–	6	706	–	1,437	–	353	–
Dr. Herbert Walter	175	–	–	175	(4)	341	20	91	+17
Dr. Werner Zedelius	700	17	14	714	16	1,570	61	294	+9
Total	6,935		201	7,136		14,956		3,268	

<sup>1)</sup> Paid in 2007 for fiscal year 2006.

<sup>2)</sup> Proportional amount accrued for fiscal year 2006.

The following table sets forth the stock-related remuneration each individual member of the Board of Management received in 2006.

Board of Management	Number of SARs granted		Number of RSUs granted		Mathematical value of SARs at the date of grant		Mathematical value of RSU at the date of grant		Total	
	2006	2006	2006	2006	2006	2006	2006	2006	2006	Change from previous year %
Michael Diekmann (Chairman)	15,228	7,752	571	957	1,528	(27)				
Dr. Paul Achleitner	10,476	5,332	393	658	1,051	(34)				
Clement B. Booth	9,379	4,774	352	589	941	–				
Jan R. Carendi	9,380	4,775	352	589	941	(34)				
Enrico Cucchiani	7,139	3,634	268	449	717	(23)				
Dr. Joachim Faber	9,673	4,924	363	608	971	(31)				
Dr. Helmut Perlet	9,697	4,936	364	609	973	(30)				
Dr. Gerhard Rupprecht	4,819	2,453	181	303	484	(29)				
Jean-Philippe Thierry	9,321	4,745	350	586	935	73				
Dr. Herbert Walter	2,619	1,333	98	165	263	(34)				
Dr. Werner Zedelius	10,027	5,104	376	630	1,006	(15)				

SARs can be exercised any time from May 17, 2008 to May 16, 2013 at the latest after the expiration of a blocking period, under the condition that the price of the Allianz SE share is at least € 158.89 and that it at least once during the plan period exceeded the Dow Jones Europe STOXX Price Index (600) during a period of five consecutive trading days. Moreover, the Board of Management has voluntarily committed to hold options in principle until the end of plan as long as the share price has not already reached the defined maximum relevant for the exercise of the specific SARs

The RSUs are exercised on the first day after the expiration of a five-year blocking period, i.e. May 17, 2011, at the price of Allianz SE share at that date.

The total remuneration of the Board of Management for fiscal year 2006 amounted to € 35,2 mn (2005: 29.7 mn).

### Remuneration for Allianz Group Mandates and for Mandates from outside the Allianz Group

If a member of the Board of Management accepts a mandate in other companies and receives compensation for it, the amount is fully transferred to Allianz SE in case of Allianz owned companies. In case of remuneration received from mandates in companies outside the Allianz Group, 50 percent of it is normally transferred to Allianz SE. In 2006, the remuneration that the members of the Board of Management were entitled to keep after payment to Allianz SE amounted to € 397,225. The remuneration from mandates in companies outside the Allianz Group is shown in the Annual Reports of the companies concerned.

For a list of Supervisory Board mandates of our members of the Management Board see pages 52-53.

### Pensions and similar Benefits

The pension agreements for members of the Board of Management up to 2004 stipulated retirement benefits of a fixed amount that was not linked to the evolution of fixed or variable remuneration components. These pension agreements were examined and revised at irregular intervals. Effective 2005, we changed to a contribution-oriented system. The rights from the respective pension promises existing at that point in time were frozen. As a result of the change, since 2005, annual contributions have been made by the Company instead of the former increase amendments. 2.75 percent per year is guaranteed as the minimum interest rate applicable to these contributions. In case of an insured event, the accumulated capital is converted to equal annuity payments which are then paid out for the rest of the member's life. If the net return on investment exceeds the actuarial interest rate, a corresponding profit share will be credited in the following year. The amount of the contribution payment will be revised yearly. The contribution payments are guaranteed only as required for further regular financing of accrued pension rights resulting from defined benefits promises existing on December 31, 2004. The increase in reserves for pensions (service cost) presented in the above table includes the required expenditures for further financing of accrued pension rights as well as the contribution payments for the new contribution-oriented system.

When a mandate of the Board of Management ends, an old age pension may become payable at the earliest upon completion of the 60th year of age, except for cases of

professional or general disability for medical reasons, or survivors' pensions in the case of death. If the mandate is terminated for other reasons before the retirement age has been reached, a non-forfeitable pension promise is maintained. This does not include, however, a right to pension payments beginning immediately.

Allianz SE has paid € 2.7 (2.4) million to increase pension reserves and reserves for similar benefits for active members of the Board of Management. On December 31, 2006, pension reserves and reserves for similar benefits to members of the Board of Management who were active at that date, amounted to € 16.0 (20.1) million.

The following table sets forth the current increase of pension reserve arising from the current pension plans, excluding the current service cost for the old pension plan redeemed by December 31, 2004, for each individual member of the Board of Management of Allianz SE in 2006.

Board of Management	€ thou	Board of Management	€ thou
Michael Diekmann (Chairman)	364	Dr. Helmut Perlet	238
Dr. Paul Achleitner	185	Dr. Gerhard Rupprecht	112
Clement B. Booth	263	Jean-Philippe Thierry	34
Jan R. Carendi	—	Dr. Herbert Walter	50
Enrico Cucchiani	174	Dr. Werner Zedelius	237
Dr. Joachim Faber	251		

The additional current service cost in 2006 for the frozen old pension plan was for Mr. Diekmann € 69 thousand, for Dr. Achleitner € 165 thousand, for Dr. Faber € 129 thousand, for Dr. Perlet € 258 thousand, for Dr. Rupprecht € 28 thousand, for Dr. Walter € 47 thousand and for Dr. Zedelius € 92 thousand.

### Termination of Service

Former members of the Board of Management who leave the Board after at least a five-year term of membership are entitled to a severance package for a period of six months. This consists of monthly fixed payments to the amount of the last paid fixed salary and the proportionate annual bonus on the basis of a 100 percent target achievement.

If service is terminated as a result of a so-called "change of control", the following separate regulation additionally applies:

A change of control requires that a stockholder of Allianz SE acting alone or together with other stockholders holds more than 50 percent of voting rights in Allianz SE. If the

appointment of a member of the Board of Management is unilaterally revoked by the Supervisory Board as a result of such a change of control within a period of twelve months after the change of control, membership terminates by resignation jointly or from the side of the concerned member of the Board of Management, because his or her responsibilities as manager are substantially decreased and, without the concerned Board Member culpably giving cause for termination, he receives the contracted benefits for the rest of the duration of his or her employment contract paid in the form of a lump-sum payment. The amount depends on the following determining factors: the fixed salary at the change of control, the annual and current three-year bonus, in each case discounted according to market conditions at the time of payment. A target achievement of 100 percent is the basis for the annual or three-year bonus. If the remaining duration of the service contract is not at least three years at the time of the change of control, the lump-sum payment increases in regard to fixed salary and annual bonus to correspond to a term of three years. If the concerned member of the Board of Management completes his or her 60th year of age before three years have elapsed, the lump-sum payment decreases correspondingly. In view of equity-based remuneration the concerned member of the Board of Management is treated as a pensioner according to the respective conditions of the pension plan. These regulations are effective correspondingly if the Board of Management mandate is not extended within two years after a change of control.

For other cases of an early termination of appointment to the Board of Management, the service contracts do not contain any particular regulations.

### Benefits to Retired Members of the Board of Management

In 2006, remuneration and other benefits of € 3.2 (€ 3.2) million were paid to retired members of the Board of Management and their surviving dependents. Additionally, a reserve for current pensions and accrued pension rights totaled in € 39.0 (32.0) million.

## Remuneration the Supervisory Board

### Remuneration system

The remuneration of the Supervisory Board is based on the size of the company, the functions and responsibilities of the members of the Supervisory Board

and the financial situation of the company. It is determined by the Annual General Meeting.

Remuneration for the Supervisory Board of Allianz AG was regulated in clause 9 of the Articles of Association of Allianz AG. In connection with the conversion of Allianz AG into Allianz SE, effective October 13, 2006, the regulations for remuneration of the Supervisory Board were transferred unchanged into clause 11 of the statutes of Allianz SE.

Three components make up the Supervisory Board's remuneration: a fixed sum of € 50,000 and two performance-based components. One of the performance-based components has a short-term orientation and depends on the increase of consolidated earnings-per-share in the previous fiscal year; the other is long-term and focuses on the cumulative trend in this indicator over the past three years.

The maximum sum for each of the two variable remuneration components is limited to € 24,000. This means that with the fixed sum of € 50,000 the maximum total compensation for an ordinary Supervisory Board member amounts to € 98,000. This maximum amount is achieved when the previous year's earnings-per-share have risen by 16 percent and when this indicator has further improved by a total of 40 percent or more over the last three years. If there has been no improvement in corporate earnings-per-share during the relevant period (i.e. the past fiscal year or the past three years), no performance-based remuneration will be awarded.

The Chairman and Deputy Chairmen of the Supervisory Board as well as the Chairman and members of its committees receive additional remuneration as follows: The chairman of the Supervisory Board receives double, and his deputies one-and-a-half times the remuneration of an ordinary member of the Supervisory Board. Members of the Personnel Committee and Standing Committee and Risk Committee receive an additional 25 percent and the chairmen of each of these committees 50 percent. Members of the Audit Committee are entitled to a fixed sum of € 30,000 per year; the Committee Chairman receives € 45,000.

There is also a cap on the total remuneration of each member of the Supervisory Board. It is reached when the Chairman of the Supervisory Board has been awarded triple and the other members of the Supervisory Board double the remuneration of an ordinary member of the Supervisory Board.

The members of the Supervisory Board receive a € 500 attendance fee for each Supervisory Board or committee meeting that they personally attend. This sum remains unchanged if several meetings occur on one day or when various meetings are held on consecutive days. The total expenditure for attendance fees in 2006 amounted to € 55,500.

#### Remuneration of the Supervisory Board of Allianz AG

On October 13, 2006, when the conversion of Allianz AG into Allianz SE became effective, the mandates of the present Supervisory Board members of Allianz AG were terminated. Therefore, they received a time-proportioned 10/12 of the above-described remuneration for their activity in 2006 according to

clause 9 paragraph 4 of the Articles of Association of Allianz AG. The fixed sum for fiscal year 2006 was thus 10/12 of € 50,000, i.e. € 41,667. In 2006, both performance-based remuneration components reached € 24,000 because the consolidated earnings-per-share improved by more than 16 percent in 2006 and more than 40 percent during the period from 2003 to 2006. Because of the time-proportioned calculation both performance-based remuneration components total 10/12 of € 24,000, i.e. € 20,000. Additional remuneration for the Chairman and Deputy Chairman of the Supervisory Board as well as the chairman and the members of committees is determined based on these amounts.

Each individual member of the Supervisory Board of Allianz AG (up to October 13, 2006) received the following remuneration.

Name	Fixed salary €	Performance-based remuneration		Committee remuneration (possibly capped) €	Total remuneration €
		short-term €	long-term €		
Dr. Henning Schulte-Noelle (Chairman)	83,334	40,000	40,000	81,666	245,000
Norbert Blix (Deputy Chairman)	62,500	30,000	30,000	40,834	163,334
Dr. Wulf H. Bernotat	41,667	20,000	20,000	—	81,667
Dr. Diethart Breipohl	41,667	20,000	20,000	—	81,667
Dr. Gerhard Cromme	41,667	20,000	20,000	65,834	147,501
Claudia Eggert-Lehmann	41,667	20,000	20,000	25,000	106,667
Hinrich Feddersen	41,667	20,000	20,000	—	81,667
Franz Fehrenbach	41,667	20,000	20,000	—	81,667
Peter Haimerl	41,667	20,000	20,000	20,417	102,084
Prof. Dr. Rudolf Hickel	41,667	20,000	20,000	25,000	106,667
Dr. Franz B. Humer	41,667	20,000	20,000	—	81,667
Prof. Dr. Renate Köcher	41,667	20,000	20,000	—	81,667
Igor Landau	41,667	20,000	20,000	—	81,667
Dr. Max Link	41,667	20,000	20,000	—	81,667
Iris Mischlau-Meyrahn	41,667	20,000	20,000	—	81,667
Karl Neumeier	41,667	20,000	20,000	—	81,667
Sultan Salam	41,667	20,000	20,000	—	81,667
Dr. Manfred Schneider	41,667	20,000	20,000	57,917	139,584
Margit Schoffer	41,667	20,000	20,000	—	81,667
Prof. Dr. Dennis J. Snower	41,667	20,000	20,000	—	81,667
<b>Total</b>	<b>895,840</b>	<b>430,000</b>	<b>430,000</b>	<b>316,668</b>	<b>2,072,508</b>

## Remuneration of the Supervisory Board of Allianz SE

The newly constituted first Supervisory Board of Allianz SE was established with the completion of the conversion of Allianz AG into Allianz SE, effective October 13, 2006. Employee representatives were legally appointed on October 27, 2006. The remuneration for the appointment period of members of the first Supervisory Board until the regular Annual General Meeting on May 2, 2007 can be determined only by the Annual General Meeting according to clause 113 paragraph 2 of the German Stock Corporation Act (*Aktiengesetz, AktG*). The Board of Management and the Supervisory Board will propose to the Annual General Meeting to grant remuneration corresponding to the regulation in clause 11 of the Articles of Association of Allianz SE. In order to avoid a double payment, remuneration for October 2006 is guaranteed only for the Supervisory Board functions assumed for the first time in that month. According to that, the members of the Supervisory Board would receive the following remuneration:

Name	Fixed remuneration €	Variable remuneration		Committee remuneration (possibly capped)) €	Total remuneration €
		short-term €	long-term €		
Dr. Henning Schulte-Noelle (Chairman)	16,667	8,000	8,000	16,333	49,000
Dr. Gerhard Cromme (Deputy Chairman)	14,584	7,000	7,000	16,918	45,502
Claudia Eggert-Lehmann (Deputy Chariman)	10,417	5,000	5,000	4,084	24,501
Dr. Wulf H. Bernotat	8,334	4,000	4,000	15,667	32,001
Jean-Jacques Cette	12,500	6,000	6,000	2,500	27,000
Godfrey Robert Hayward	12,500	6,000	6,000	2,042	26,542
Dr. Franz B. Humer	8,334	4,000	4,000	12,250	28,584
Prof. Dr. Renate Köcher	8,334	4,000	4,000	9,542	25,876
Igor Landau	8,334	4,000	4,000	7,500	23,834
Jörg Reinbrecht	12,500	6,000	6,000	2,500	27,000
Margit Schoffer	8,334	4,000	4,000	2,042	18,376
Rolf Zimmermann	12,500	6,000	6,000	2,042	26,542
<b>Total</b>	<b>133,338</b>	<b>64,000</b>	<b>64,000</b>	<b>93,420</b>	<b>354,758</b>

## Remuneration for Mandates in Other Allianz Group Subsidiaries

In connection with the assumption of Supervisory Board or similar mandates in other companies of the Allianz Group, Dr. Diethart Breipohl received € 57,829, Claudia Eggert-Lehmann € 45,000, Peter Haimerl € 67,500, Igor Landau € 45,000, Sultan Salam € 45,000 and Margit Schoffer € 45,000.

## Agent Commissions

One member of the Supervisory Board receives small-scale commission payments for peripheral agent activities.

## Loans to Members of the Board of Management and Supervisory Board

Loans granted by the Dresdner Bank AG and other Allianz Group companies to members of the Board of Management and Supervisory Board totaled € 61,285 on the date of balance. Loans are provided at standard market conditions or at those conditions also valid for employees. The repaid amounts of these loans amounted to € 12,168 in 2006. Moreover, overdraft facilities were granted to members of the Board of Management and Supervisory Board as part of existing account relationships, likewise corresponding to conditions

according to market standard or those valid for employees.

## Our Employees

We consider the work done by Human Resources to be a key factor in successful implementation of our strategy, and the investment we make in our employees reflects this. Our talent management, performance management and individual agreements on targets as well as variable salary components are all geared towards promoting a culture of leadership and performance in the Allianz Group, and are closely linked to our strategic requirements.

To a greater extent than in the past we support an international outlook, together with closer networking of local units with headquarters. Our legal transformation into a European company underlines this approach. We actively promote multicultural teams of experts to engage in cross-border team efforts or in virtual collaboration, such as projects involving product development or sales. Our strategic initiatives – customer focus, operating efficiency, innovation and the realization of our new operating model – are projects that have major significance for our business. They

represent the transformation of the Allianz Group into a global financial services provider which understands to satisfy customer needs and achieve optimum cooperation across borders and sectors, and which is able to drive changes rapidly and innovatively.

The aim is for our entire organization to reach a common understanding on attitudes that are important for realizing our strategic objectives. Human Resources has initiated numerous supportive measures and processes to enable our committed employees to play a key role in promoting change at the Allianz Group and to derive maximum benefit for themselves and their career from this transformation. This essentially involves developing a new culture of leadership and performance, as well as investing in opportunities for staff development.

## Outlook

As the Group's reinsurer, Allianz SE participates significantly in the economic results of Group companies and associated enterprises.

During the renewal of reinsurance contracts for 2007 the rates and conditions had partially to be adjusted, but still remained on a technically acceptable level.

For the fiscal year 2007, we expect a clearly positive insurance result (before equalization reserve).

For 2007, we anticipate slightly reduced investment result. This is primarily attributable to the planned decline in income from profit-pooling and profit transfer agreements.

### 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", "potential", or "continue" and similar expressions identify forward-looking statements.

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

## Proposal for allocation of profits

The Board of Management and the Supervisory Board propose that the available unappropriated retained earnings (*Bilanzgewinn*) of Allianz SE of € 2,008,618,258.00 for the fiscal year 2006 be appropriated as follows:

- Distribution of a dividend of € 3,80 per no-par value share entitled to a dividend: € 1,642,170,000.00

To the extent the Company holds treasury shares on the day of the Annual General Meeting, which are not entitled to dividends pursuant to § 71 b of the German Stock Corporation Act (*Aktiengesetz*), the amount attributable to such shares shall be carried forward to new account.

- Allocation to other appropriated retained earnings: € 366,448,258.00

Munich, February 7, 2007  
Allianz SE

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## Financial Statements

Balance Sheet as of December 31

	Notes Note No.	2006 € thou	2006 € thou	2005 € thou
<b>ASSETS</b>				
A. Intangible assets	1		30,105	9,229
B. Investment	1 – 5			
I. Real estate		383,698		422,008
II. Investment in affiliated and associated enterprises		67,935,430		63,928,137
III. Other investments		12,053,001		8,805,548
IV. Funds held by others under reinsurance business assumed		4,252,336		4,686,597
			84,624,465	77,842,290
C. Receivables				
I. Accounts receivables on reinsurance business		461,502		684,820
including from affiliated enterprises € thou 90,852 (172,974)				
other enterprises in which significant participations are held*: € thou 6,394 (6,476)				
II. Other receivables	7	5,088,622		2,864,387
including from affiliated enterprises: € thou 3,779,290 (2,229,796)				
other enterprises in which significant participations are held*: € thou 102 (10,646)				
			5,550,124	3,549,207
D. Other assets				
I. Tangible fixed assets and inventories		9,368		7,799
II. Cash with banks, checks and cash on hand		72,414		59,121
III. Own shares		37,982		30,485
mathematical: € thou 1,232 (1,086)				
IV. Miscellaneous assets	8	337,308		371,438
			457,072	468,843
E. Deferred income and prepaid expenses:				
I. Accrued interests and rent		131,874		135,126
II. Other prepaid expenses and deferred income	9	87,416		110,451
			219,290	245,577
<b>Total assets</b>			<b>90,881,056</b>	<b>82,115,146</b>

\*) Companies in which we hold an interest



To read the notes, simply click ►► on the number.

	Notes Note No.	2006 € thou	2006 € thou	2006 € thou	2005 € thou
<b>EQUITY AND LIABILITIES</b>					
<b>A. Shareholders' equity</b>	11				
I. Capital stock			1,106,304		1,039,462
II. Additional paid-in capital			24,292,026		20,576,431
III. Appropriated retained earnings					
1. Required by law		1,229			1,229
2. For own shares		37,982			30,485
3. Other		9,202,483			7,192,594
IV. Unappropriated retained earnings			9,241,694		7,224,308
			2,008,619		820,000
				36,648,643	29,660,201
<b>B. Participation certificates</b>	12			441,455	441,455
<b>C. Subordinated liabilities</b>	13, 16			7,510,083	6,672,569
<b>D. Insurance reserves</b>	14				
I. Unearned premiums					
1. Gross		733,681			810,722
2. Less: amounts ceded		211,396			210,451
			522,285		600,271
II. Aggregate reserve					
1. Gross		3,763,161			4,162,262
2. Of which:					
Share in reinsured insurance business		996,896			973,653
			2,766,265		3,188,609
III. Reserve for loss and loss adjustment expenses					
1. Gross		7,502,230			8,173,074
2. Less: amounts ceded		2,117,849			2,322,343
			5,384,381		5,850,731
IV. Reserve for non-experience-rated premium refunds					
1. Gross		105,664			102,210
2. Less: amounts ceded		48,660			40,499
			57,004		61,711
V. Claims equalization and similar reserves			1,668,233		1,717,565
VI. Other insurance reserves					
1. Gross		99,796			102,681
2. Less: amounts ceded		12,160			12,161
			87,636		90,520
				10,485,804	11,509,407

	Notes Note No.	2006 € thou	2006 € thou	2005 € thou
<b>EQUITY AND LIABILITIES</b>				
E. Other accrued liabilities	15		5,427,666	4,805,572
F. Funds held under reinsurances business ceded			1,197,389	1,163,529
G. Other liabilities	16			
I. Account payable on reinsurance business		532,163		483,111
including to affiliated enterprises: € thou 487,609 (387,287)				
other enterprises in which significant participations are held € thou 3,543 (10,469)				
II. Bonds		930,065		782,204
including to affiliated enterprises: € thou 930,065 (697,204)				
II. Liabilities to banks		—		1,123,999
including to affiliated enterprises: € thou — (—)				
III. Miscellaneous liabilities		27,707,222		25,472,321
including taxes of: € thou 2,905 (830)				
including to affiliated enterprises: € thou 26,534,298 (24,244,119)				
other enterprises in which significant participations are held € thou 28,073 (32,912)				
			29,169,450	27,861,635
H. Deferred income			566	778
<b>Total equity and liabilities</b>			<b>90,881,056</b>	<b>82,115,146</b>



## Income Statement for the Period from January 1 to December 31

	Notes Note No.	2006 € thou	2006 € thou	2006 € thou	2005 € thou
<b>I. Underwriting account</b>					
<b>1. Premiums earned – net</b>					
a) Gross premiums written	17	4,385,797			4,848,532
b) Premiums ceded		(1,510,967)			(1,525,360)
			2,874,830		3,323,172
c) Change in unearned premiums – gross		64,122			47,055
d) Change in unearned premiums ceded		4,114			(10,417)
			68,236		36,638
				2,943,066	3,359,810
<b>2. Allocated interest return – net</b>	18			135,346	148,715
<b>3. Other underwriting income – net</b>				828	23,155
<b>4. Loss and loss adjustment expenses – net</b>					
a) Claims paid	19				
aa) Gross		(3,106,230)			(3,098,122)
bb) Amounts ceded in reinsurance		872,063			1,000,563
			(2,234,167)		(2,097,559)
b) Change in reserve for loss and loss adjustment expenses					
aa) Gross		464,862			28,552
bb) Amounts ceded in reinsurance		(141,813)			(151,105)
			323,049		(122,553)
				(1,911,118)	(2,220,112)
<b>5. Change in other insurance reserves – net</b>	20			(13,604)	(38,777)
<b>6. Expenses for non-experience-rated premium refunds – net</b>				(17,313)	(15,031)
<b>7. Underwriting expenses – net</b>	21			(792,433)	(950,359)
<b>8. Other underwriting expenses – net</b>				(29,503)	(41,787)
<b>9. Subtotal</b>				315,269	265,614
<b>10. Change in claim equalization and similar reserves</b>				49,332	(391,065)
<b>11. Net underwriting result</b>				364,601	(125,451)
<b>II. Non-underwriting account</b>					
<b>1. Investment income</b>	22	5,923,216			4,973,164
<b>2. Investment expenses</b>	23	(2,203,544)			(2,446,412)
			3,719,672		2,526,752
<b>3. Allocated interest return</b>			(185,405)		(199,514)
				3,534,267	2,327,238
<b>4. Other income</b>	25		763,735		551,397
<b>5. Other expenses</b>	26		(1,610,682)		(1,788,018)
				(846,947)	(1,236,621)
<b>6. Non-underwriting result</b>				2,687,320	1,090,617
<b>7. Earnings from ordinary activities before taxation</b>				3,051,921	965,166
<b>8. Income taxes</b>	27	325,813			(84,738)
less amounts charged to other companies in the group		638,474			552,481
			964,287		467,743
<b>9. Other taxes</b>			1,029		(1,749)
				965,316	465,994
<b>10. Net income</b>	28			4,017,237	1,431,160
<b>11. Allocation to profit reserves</b>					
in other profit reserves				(2,008,618)	(611,160)
<b>12. Unappropriated retained earnings</b>				2,008,619	820,000

## Notes

### Legal Regulations

The financial statements and Management Report have been prepared in accordance with the regulations contained in the German Commercial Code (HGB), German Stock Corporation Act (AktG), the Law on the Supervision of Insurance Enterprises (VAG), and the Government Order on the External Accounting Requirements of Insurance Enterprises (RechVersV).

All amounts in the financial statements are stated in thousands of euros (€ thou).

### Accounting, valuation and calculation method

#### Intangible assets

Intangible assets, mainly software, are recorded at their acquisition cost less tax-allowable depreciation.

#### Real estate, real estate rights and buildings, including buildings on property not owned by Allianz

This is recorded at acquisition or construction cost less accumulated depreciation. Depreciation was calculated at the highest rates allowable for tax purposes using the straight line or declining balance methods.

In the case of anticipated enduring depreciation there will be extraordinary write-downs.

#### Investment in affiliated companies and participating interests

These are recorded at cost in accordance with the German Commercial Code (Clause 253 2 (3) HGB).

In the case of appreciation there will be write-ups to the fair value up to the historical acquisition costs.

#### Other investment

##### Stocks, bearer bonds, and other fixed and variable income securities, investment stocks, miscellaneous investments

These are normally valued in accordance with the German Commercial Code (HGB) clause 341 b (2) in conjunction with Clause 253 (1) and (3) using the

acquisition cost or the lower of the stock exchange or market value on the day of the balance sheet. From different costs of acquisition of securities of the same type, we calculated an average acquisition cost. Long term investment in shares and bonds are valued according to the regulations that apply to investment pursuant to the German Commercial Code (HGB) Clause 341 b (2) in conjunction with Clause 253 (1) and (2) using the acquisition cost or the permanently lower value.

#### Debentures, loans, and bank deposits

These have been valued at nominal amount less repayments.

#### Fixed assets, inventories, and other assets

Fixed assets, inventories and other assets are recorded at their acquisition costs minus tax-allowable depreciations. Assets of low cost were written off immediately in full. Some of the other Allianz share options recorded under other assets are valued according to the German Commercial Code (HGB) Clause 341 b (2) in conjunction with Clause 253 (1, 3) at their acquisition costs or the lower share or market value on the balance sheet date. The cost of these options are included in hedges of intra-group liabilities in conjunction with the stock-based incentive plans.

#### Treasury stock

These are valued according to the German Commercial Code (HGB) Clause 341 b (2) in conjunction with Clause 253 (1, 3) with the acquisition cost or the lower share or market value on the balance sheet date. An average acquisition value has been established for treasury stock purchased at different acquisition cost.

#### Other assets

Consist of the following:

- funds held by others under reinsurance business assumed
- accounts payable on reinsurance business
- other receivables
- cash with banks, checks and cash on hand
- accrued interest and rents

These have been recorded at face value less repayments.

### Insurance reserves

Consist of the following:

- unearned premiums
- aggregate policy reserve
- reserve for loss and loss adjustment expenses
- reserve for premium funds (non-experience rated)
- other insurance reserves

The insurance reserves were set up according to statutory requirements. The primary goal in all cases is to ensure our ongoing ability to satisfy reinsurance contract liabilities.

**Contribution carryovers**, the **aggregate policy reserve**, the reserve for loss and the reserve for **non-experience rated premium refunds** are generally formed according to the demands of the ceding insurers. For damage occurring but not yet or not sufficiently reported, the reserves are calculated using actuarial techniques.

We calculate the underwriting reserves in the ceded reinsurance business as provided for in the contract.

The equalization reserve, the reserve for nuclear plants, the product liability reserves for major pharmaceutical risks, and risks relating to terrorist attacks were calculated for the net retention portion according to Clause 341 h of the German Commercial Code in conjunction with Clauses 29 and 30 of the Government Order on the External Accounting Requirements of Insurance Enterprises (RechVersV).

### Other reserves

Pension accruals are calculated using actuarial techniques based on the updated mortality tables 2006G of Prof. Dr. K. Heubeck. The full amount of this liability has been recorded in the financial statements. The other reserves were calculated according to forecast requirements; the reserves for early retirement benefits, employee long-service awards, and phased-in retirement were calculated using actuarial techniques.

### Other liabilities

Consist of the following:

- participation certificates
- subordinated liabilities
- funds held under reinsurance business ceded
- other liabilities

These are evaluated with the amount payable on maturity. Annuities are recorded at their cash value.

### Prepaid expenses

Premiums and discounts carried forward as prepaid income and expenses are amortized over the remaining life of the related loans.

### Currency translation

Assets and liabilities were converted in euros at the rate prevailing on the reporting date.

The valuation of foreign currency shares in affiliated and associated enterprises, shares, Investment fund units, and other variable- and fixed income securities is based on the amount in euros derived from the value in the original currency and rate on the reporting date. Here the moderated lower-value principle is used.

In the case of other investments being classified as investments assets, the moderate lower-value principle will be applied. If classified as circulating assets, the strict lower-value principle will be applied.

The foreign currency shares and credit liabilities as well as insurance reserves were calculated at the rate prevailing on the reporting date in euros. In order to take account of the higher value or imparity principle on the liabilities side of the balance sheet, unrealized losses in foreign currency loans, credit liabilities and insurance reserves are included with immediate effect. However, unrealized gains from exchange rate equalizations are not included.

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## Supplementary Information on Assets

### 1 Change of assets A., B.I through B.III. in fiscal year 2006

	Values stated as of 31.12.2005		Additions
	€ thou	%	€ thou
<b>A. Intangible assets</b>			
Other intangible assets	9,229		28,216
<b>B.I. Real estate, real estate rights, and buildings, including buildings on property not owned by Allianz</b>	422,008	0.6	5,956
<b>B.II. Investments in affiliated and associated enterprises</b>			
1. Shares in affiliated and associated enterprises	62,148,996	84.9	22,404,527
2. Loans to affiliated enterprises	1,503,609	2.1	301,794
3. Investments in other enterprises	275,532	0.4	74,445
<b>Subtotal B. II.</b>	63,928,137	87.4	22,780,766
<b>B.III. Other investments</b>			
1. Stocks, investment fund units and other variable income securities	1,177,461	1.6	2,518,488
2. Bearer bonds and other fixed-income securities	6,610,929	9.0	13,000,048
3. Bank deposits	1,017,158	1.4	528,769
<b>Subtotal B. III.</b>	8,805,548	12.0	16,047,305
<b>Subtotal B.I. through B.III.</b>	73,155,693	100.0	38,834,027
<b>Total</b>	<b>73,164,922</b>		<b>38,862,243</b>



Transfers	Disposals	Revaluation	Depreciation	Net additions (+) Net disposals (-)	Values stated as of 31.12.2006	
€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	%
—	5,241	—	2,099	20,876	30,105	
—	36,832	—	7,434	(38,310)	383,698	0.5
—	18,018,028	7,271	194,688	4,199,082	66,348,078	82.6
—	523,483	1,799	46,343	(266,233)	1,237,376	1.5
—	—	—	1	74,444	349,976	0.4
—	18,541,511	9,070	241,032	4,007,293	67,935,430	84.5
—	1,210,208	120,495	619	1,428,156	2,605,617	3.3
—	11,524,438	58	185,140	1,290,528	7,901,457	9.8
—	—	—	—	528,769	1,545,927	1.9
—	12,734,646	120,553	185,759	3,247,453	12,053,001	15.0
—	31,312,989	129,623	434,225	7,216,436	80,372,129	100.0
—	<b>31,318,230</b>	<b>129,623</b>	<b>436,324</b>	<b>7,237,312</b>	<b>80,402,234</b>	

## 2 Market value of investments

As of December 31, 2006 the market value of real estate holdings, dividend-bearing stocks (investments in affiliated and associated enterprises, other shares, and investment fund units), and bearer bonds amounted to € 109.4 (94.7) billion. The corresponding balance sheet valuation of these investments was € 77.6 (70.6) billion.

The values are subdivided into individual asset categories as follows:

	31.12.2006		
	Book value € bn	Market value € bn	Valuation reserve € bn
Real estate	0.4	0.6	0.2
Dividend-bearing stocks	69.3	100.9	31.6
Bearer bonds	7.9	7.9	0
Total	77.6	109.4	31.8

The following valuation methods have been used to determine the market value:

### Real estate

Land and buildings normally at capitalized earning value, new buildings at cost. The capitalized earnings value was calculated in the fiscal year.

### Dividend-bearing securities

Quoted companies at the stock exchange price quoted on the last trading day of 2006. Non-quoted companies at their net worth calculated by the DVFA method or at acquisition costs.

### Bearer bonds and other fixed-income securities

At the stock exchange value quoted on the last trading day of 2006

## 3 Real estate (Assets B.I.)

The balance sheet value in the context of own properties and buildings used for own business activities amounts to € 578 thousand (2005: € 609 thousand).

## 4 Investments in affiliated and associated enterprises (B.II.)

The increase in the fiscal year is mainly due to additions of € 3,653,173 thousand derived from the purchase of RAS shares from the RAS shareholders for the purpose of the merger. The RAS shares were acquired in exchange for new shares issued by Allianz SE (see page 14).

## 5 Funds held by others under reinsurance business assumed (B.IV)

This item was reduced mainly due to the cancellation of the quota share reinsurance contract with an insurer.

## 6 Statement of share property

The statements made pursuant to Clause 285 Nr. 11 HGB are published with the annual report in the electronic version of the "Bundesanzeiger" and is accessible on the company's website.

## 7 Other receivables (Assets C.II.)

The increase of € 2,224,235 thousand is essentially due to an increase in receivables from profit transfer agreements worth € 1,160,427 thousand and an increase in tax receivables, up by € 433,172 thousand in comparison to last year. A further € 171,164 thousand arose from the increase in the cash pool receivables and € 250,040 thousand receivables established within the branch offices.

## 8 Other assets (Assets D.IV.)

This position mainly involves options on treasury stock acquired in the "All-in-One" transaction in 2005 and company stock options to secure intra-group obligations relating to the stock-related incentive plan.

## 9 Miscellaneous assets (Assets E.II.)

This item includes the premium on loans to affiliated and associated enterprises with € 1,874 thousand (2005: € 4,186 thousand) and the discount on other loans and subordinated liabilities with € 85,324 thousand (2005: € 103,612 thousand).

## 10 Collateral

The assets include assets pledged as collateral for a total of € 5,120,864 thousand (2005: € 6,132,675 thousand) subject to restricted usage. Allocations to affiliated and associated enterprises account for € 4,552,375 thousand.

## Supplementary Information on Equity and Liabilities

### 11 Shareholders' Equity (Equity and Liabilities A.I.)

At December 31, 2006 the issued capital registered at the Commercial Register was € 1,106,304,000.00. The

share capital is divided into 432,150,000 registered shares with restricted transferability. The shares have no par value but have a mathematical value of € 2.56 each as a proportion of the capital stock.

At December 31, 2006 Allianz SE held 481,267 treasury shares, which are used as security for obligations from the restricted stock units program. The General Meeting of February 8, 2006 authorized the domestic and foreign banks in which Allianz SE holds a majority interest to acquire treasury shares for trading purposes pursuant to Section 71 (1) No. 7 Stock Corporation Act (Aktiengesetz). During the fiscal year, these banks acquired 44,741,900 (2005: 83,202,188) shares of Allianz SE at an average price of € 131.45 (2005: 104.66) per share and entered into stock loans with 12,854,765 shares of Allianz SE. Additionally these banks took 748,897 shares of Allianz SE as collateral. During the fiscal year, 42,180,935 shares (2005: 87,652,805) were sold at an average price of € 132.76 (2005: 105.06) per share and stock loans with 9,045,099 shares of Allianz SE were granted. The income from treasury stocks came to € 29,097 thousand (2005: loss of 31 000 thousand), which was recorded in retained earnings. At December 31, 2006, other Group companies held 2,332,442 shares in Allianz SE.

#### Changes to the number of issued shares outstanding

	2006	2005
Issued shares outstanding as of January 1,	405,298,397	366,859,799
Capital increase for merger with RAS	25,123,259	—
Exercise of warrants	—	9,000,000
Capital increase for cash	—	10,116,850
Capital increase for employee shares	986,741	1,148,150
Change in treasury shares held for non-trading purposes	(57,232)	17,165,510
Change in treasury shares held for trading purposes	(2,014,874)	1,008,088
Issued shares outstanding as of December 31,	429,336,291	405,298,397
Treasury shares	2,813,709	741,603
Total number of issued shares	432,150,000	406,040,000

As of December 31, 2006 there was authorized capital 2006/I with a nominal principal amount of € 450,000,000.00 (175,781,250 shares), which can be issued at any time up to February 7, 2011. The shareholders are generally entitled to subscribe to newly issued shares. Subscription rights can be excluded for capital increases against contribution in kind as well as for fractional amounts. For a capital increase against contributions in cash, the subscription rights of shareholders can be excluded if the issue price is not significantly below the market price and the shares issued under exclusion of the subscription rights pursuant to Section 186(3) sentence 4 of the German Stock Corporation Act do not exceed ten percent of the share capital. Finally, subscription rights can be excluded to the extent necessary to grant holders of bonds that carry conversion or option rights a subscription right. Another authorized capital (authorized capital 2006/II) can be used until February 7, 2011 to issue shares against cash contributions. The shareholders' subscription rights can be excluded in order to issue the new shares to employees of Allianz SE and its Group companies. The authorized capital 2006/II as of December 31, 2006 amounted to € 12,473,943.04 (corresponds to 4,872,634 shares).

In 2006 the company has not been informed of voting rights quotas according to Clauses 21.1 and 41.2 WpHG (German Securities Trading Act).

#### Additional paid-in capital (Equity and Liabilities A.II.)

	€ thou
As of 31.12.2005	20,576,431
+ From capital increases 2006	3,715,595
As of 31.12.2006	24,292,026

#### Appropriated retained earnings (Equity and Liabilities A.III.)

	As of 31.12.2005	Unappropriated retained earnings 2005	From net income 2006	Appropriation to reserve for treasure stock	As of 31.12.2006
	€ thou	€ thou	€ thou	€ thou	€ thou
1. Legal reserve	1,229	—	—	—	1,229
2. For treasury shares	30,485	—	—	7,497	37,982
3. Other	7,192,594	8,768	2,008,618	(7,497)	9,202,483
Total	7,224,308	8,768	2,008,618	—	9,241,694

## 12 Participation certificates (Equity and Liabilities B.)

The item participation certificates shows the guaranteed total redemption price that Allianz SE has to pay when the 6,098,665 participation certificates still outstanding are redeemed by their holders. The distributions for the year under review attributable to participation certificates are reported under other liabilities.

The General Meeting of May 4, 2005 authorized the Management Board, with the consent of the Supervisory Board, to issue new participation certificates for up to € 25,000,000.00 in order to secure the subscription rights of the holders of the participation certificates already issued, if this is necessary according to the terms of the participation certificates. In the event of a capital increase or the issuance of bonds carrying conversion or option rights granting shareholders subscription rights the terms of the participation certificates provide for the right of holders of such certificates to subscribe for further participation certificates at conditions that are comparable to the conditions for shareholders.

The terms and conditions for participation certificates provide for an annual distribution of 240.0 percent of the dividend paid by the company in respect of one Allianz no-par value share. In addition, under certain conditions, certificate holders are granted the right to subscribe to new participation certificates; here the pre-emptive rights of shareholders are excluded. Participation certificates do not confer on their holders any voting rights, any rights to conversion into Allianz shares or any rights to liquidation proceeds. They are unsecured and rank pari passu with the claims of other unsecured creditors

Participation certificates are redeemable at the option of their holders every five years, for the first time as of December 31, 2001, by giving 12 months' notice. Up to now this right of redemption has been exercised for 358 participation certificates. In this case, the conditions guarantee a redemption price equal to the weighted average of the issue price of all the previous issues of participation certificates. The current redemption price per certificate is based on the last issue date of April 2003 and is equal to € 72.39.

The company has the right to call the participation certificates for redemption to the end of the financial year upon six months' prior notice every year. In such case, the cash compensation for each participation certificate is equal to 122.9 percent of the average Allianz share price. Alternatively the company can offer to exchange ten Allianz shares for eight participation certificates. Allianz SE has consistently stated at General Meetings that there is no legal obligation on the part of Allianz SE to call for redemption of the profit participation certificates by December 31, 2006 or at any other date.

## 13 Subordinated liabilities (liabilities C.)

Subordinated liabilities in the amount of € 7,510,083 thousand result from the issuance of subordinated bonds in the amount of € 5,930,748 thousand by Allianz Finance II B. V., which has transferred the proceeds from these issues to Allianz SE, and in the amount of € 1,579,336 thousand from the issuance of a bond by Allianz SE. See footnote no. 16.

## 14 Insurance reserves (liabilities D.)

### Aggregate policy reserve

The aggregate policy reserve was down in the fiscal year by € 399 million. This decrease is mainly due to the quota share reinsurance contract with an insurer.

### Reserve for loss and loss-adjustment expenses

The reserve for loss and loss-adjustment expenses decreased by € 466,349 thousand. This was due mainly to the decrease in the group quota of an insurer.

### Equalization reserve and similar reserves

In the fiscal year, € 49,339 thousand was allocated to this item. This was due mainly to a special effect stemming from the conversion of the insurance branches pursuant to Clause 6 BerVersV. This special effect amounted to € 234,586 thousand and related to the non-life classes burglary, theft, extended coverage, hail, tap water, storm, animal, technical and associated residential building reinsurance.

## 15 Other reserves (Equity and Liabilities E.)

The pension obligations of Allianz Deutschland AG and other German Group companies are accrued in the financial statements of Allianz SE because the company has assumed joint liability for the pension obligations and undertaken to fulfill them. In addition to pensions

and similar liabilities of € 3,398,374 thousand (2005: € 3,306,214 thousand) and provisions for taxation in the amount of € 725,398 thousand (2005: € 237,973 thousand), other reserves are recorded here that have developed as follows:

	Provision	Use	Revenue from the release of other provisions	Allocation	Provision
	31.12.2005 € thou	2006 € thou	2006 € thou	2006 € thou	31.12.2006 € thou
Deferred tax from branches (RAS)	—	—	—	6,558	6,558
Anticipated losses	1,167,051	341,875	13,213	349,695	1,161,658
Other	94,334	70,943	2,245	114,532	135,678
<b>Total</b>	<b>1,261,385</b>	<b>412,818</b>	<b>15,458</b>	<b>470,785</b>	<b>1,303,894</b>

The total increase in other reserves of € 42,509 thousand derives, on the one hand, from the allocation to reserves for anticipated losses € 106,991 thousand for derivative financial instruments, and, on the other hand, from a

decrease in the provision for the formal warranty made in respect of the Fireman's Fund Insurance Company by € 39,299 thousand and a reduction in other provisions by a net amount of € 25,183 thousand.

## 16 Long-term and secured liabilities, external group financing

In the items covering other liabilities, subordinated liabilities and bonds liabilities totaling € 12,740,638 thousand with a residual term of more than five years are included.

The terms are presented in detail as follows:

	Residual term of up to 5 years		Residual term of more than 5 years		Total	
	2006 € thou	2005 € thou	2006 € thou	2005 € thou	2006 € thou	2005 € thou
<b>Subordinated liabilities (C.)</b>						
Intra-group transmissions proceeds from issues	237,286	199,771	5,693,462	4,893,462	5,930,748	5,093,233
Other	79,336	79,336	1,500,000	1,500,000	1,579,336	1,579,336
<b>Subtotal</b>	<b>316,622</b>	<b>279,107</b>	<b>7,193,462</b>	<b>6,393,462</b>	<b>7,510,084</b>	<b>6,672,569</b>
<b>Bonds (G.II)</b>	<b>516,065</b>	<b>368,204</b>	<b>414,000</b>	<b>414,000</b>	<b>930,065</b>	<b>782,204</b>
<b>Miscellaneous liabilities (G.IV)</b>						
Intra-group transmissions proceeds from issues	5,537,051	6,774,319	2,620,395	1,120,395	8,157,446	7,894,714
Other intra-group liabilities	16,240,279	13,858,589	2,512,781	2,523,728	18,753,060	16,382,317
Subtotal intra-group liabilities	21,777,330	20,632,908	5,133,176	3,644,123	26,910,506	24,277,031
Liabilities to third parties	796,715	1,195,290	—	—	796,715	1,195,290
<b>Subtotal</b>	<b>22,574,045</b>	<b>21,828,198</b>	<b>5,133,176</b>	<b>3,644,123</b>	<b>27,707,221</b>	<b>25,472,321</b>
<b>Total</b>	<b>23,406,732</b>	<b>22,475,509</b>	<b>12,740,638</b>	<b>10,451,585</b>	<b>36,147,370</b>	<b>32,927,094</b>

The increase in subordinated liabilities with a residual term of more than five years results from the issue of a subordinated bond of € 800,000 thousand by Allianz Finance II B.V. The other liabilities were changed essentially by the increase in intra-group liabilities from the intra-group cash pooling amounting to € 2,218,640 thousand.

From the other total liabilities of € 27,707,221 thousand, € 3,924,819 thousand is secured by the mortgaging of assets and € 259,118 thousand in the form of mortgages, annuity land charges and ship mortgages.

Other and subordinated liabilities are primarily derived from intra-group loans.

The majority of these intra-group loans of € 14,088,194 thousand represent the transmission of issue proceeds from intra-group financing using financial companies in the Netherlands and the US, from which € 5,930,748 thousand is allotted to subordinated liabilities and € 8,157,446 thousand to other liabilities. These liabilities have the following residual terms:

#### Maturity table (liabilities relating to passing on of intra-group issue proceeds)

Book value in	Total € thou	Term up to 1 year € thou	Term 1–3 years € thou	Term 3–5 years € thou	Term 5–10 years € thou	Term > 10 years € thou
<b>Balance sheet item</b>						
Subordinated liabilities	5,930,748	237,286	—	—	—	5,693,462
Other liabilities	8,157,446	2,404,721	3,132,330	—	2,620,395	—
<b>Total</b>	<b>14,088,194</b>	<b>2,642,007</b>	<b>3,132,330</b>	<b>—</b>	<b>2,620,395</b>	<b>5,693,462</b>

#### Information about derivative financial instruments

##### Options dealing in shares and share indices

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Balance sheet item
Long Call				Assets, B.III.: 36,163 € thou
	2,471,970	767,849	363,785	Assets D.IV.: 327,622 € thou
Short Call	474,765	(195,705)	198,172	Liabilities G.IV.

Options will be valued according to the Black Scholes model if they are exercised in Europe, and according to the binomial model in the case of exercise in America, on the basis of the closing rate on the valuation date. Yield curves derive from the swap rates on the valuation date. The dividend yield is calculated based on the last published dividend proposal. Volatility is calculated based on current traded implicit volatility, taking into account residual term and the ratio between strike price and relevant date price.

##### Forward contracts in shares, share indices and equity swaps

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Balance Sheet item
Long Forward	657,031	93,362	—	—
Short Forward	1,330,201	(750,632)	730,205	Liabilities E.
Equity Swaps	1,595,038	(187,676)	—	—

The fair value of a forward contract or sale is determined as the difference between the underlying closing price on the valuation date and the discounted future price. The discounting interest rates are calculated from swap rates with identical maturity on the valuation date. If in the timeline of the futures contract dividends payments accrue which are not balanced by compensation payments, they are also taken into account with their cash values.

The fair value of an equity swap is the difference between the fair values of sold and purchased positions. The sold position is evaluated as a forward sale and the purchased position as a forward contract.

In the case of liabilities from hedge RSUs, with which the group companies secure their liabilities from the group equity incentive plans internally toward Allianz SE, the fair value of the embedded equity swap is determined as the difference between the acquisition costs paid on the issue date by the group companies to Allianz SE and the price of the Allianz SE shares on the evaluation date, adjusted by the amount of estimated future discounted dividends.

The fair value of a credit default swap is recorded as the difference between the cash value of the series of payments based on the current spread on the valuation date. The discounting interest rates to be used here are calculated from the swap rates with identical maturity on the valuation date. The assumptions used for the recovery rate are guided by each current underlying standard. Probabilities of survival are based on the loss probabilities published by Moody's.

#### Forward contracts currencies

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Balance Sheet Position
Long Forward	132,819	(1,921)	1,921	Liabilities E.
Short Forward	282,223	297	521	Liabilities E.

To record the fair value of a currency forward contract, a nominal denominated in euros (per date of futures contract) is discounted with a Euro interest rate with identical maturity while a nominal denominated in foreign currency (per date of futures contract) is discounted with a foreign currency interest rate with identical maturity. The spot price is converted to euros. The difference with the Euro cash value produced the fair value of the futures contract.

#### Credit derivatives

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Balance Sheet Position
Credit Default Swap	740,000	(5,254)	5,254	Liabilities E.

Category	Position of Allianz SE	Nominal value € thou	Fair value € thou	Book value € thou
Currency-related transactions	Foreign currency buyer	132,819	(1,921)	1,921
Currency-related transactions	Foreign currency seller	282,223	297	521
Share / Index-related transactions	Share / Index buyer	3,129,001	861,211	363,785
Share / Index-related transactions	Share / Index seller	1,844,966	(946,337)	928,377
Equity Swaps	Share / Index seller	1,595,038	(187,676)	—
Other transactions—CDS	Credit Protection Buyer	740,000	(5,254)	5,254

## Supplementary Information to the Income Statement

### 17 Gross Premiums Written (Income Statement I.1.a)

	2006 € thou	2005 € thou
Property/casualty insurance	4,020,416	4,518,467
Life reinsurance	365,381	330,065
<b>Total</b>	<b>4,385,797</b>	<b>4,848,532</b>

### 18 Allocated interest return (Income Statement I.2.)

The amount of interest income calculated and transferred under this heading from non-underwriting section to the underwriting section is in accordance with Clause 38 RechVersV. The reduction in interest income by € 14,109 thousand results from the reduction in funds held by others under reinsurance business assumed.

### 19 Change in expenditure for own-account insurance cases (Income Statement I.4.a)

The net expenditure for insured events has decreased by around € 308,994 thousand. The decrease in the claims following natural catastrophes was essential in relation to this development.

### 22 Investment income (Income Statement II.1.)

	2006 € thou	2006 € thou	2005 € thou
<b>Investment income</b>			
a) Income from long-term equity investments			
From affiliated enterprises: € thou 1,644,027 (817,998)		1,657,944	821,223
b) Proceeds from other investments From affiliated enterprises: € thou 260,940 (290,541)			
aa) Proceeds from real estate, real estate rights, and buildings, including buildings on property not owned by Allianz	37,232		39,702
bb) Proceeds from other investments	658,166		715,900
c) Income from write-ups		695,398	755,602
d) Gains from disposal		129,623	195,260
e) Income from profit pooling and profit transfer		125,335	1,172,041
<b>Total</b>		<b>3,314,916</b>	<b>2,029,038</b>
		<b>5,923,216</b>	<b>4,973,164</b>

### 20 Changes in other insurance net provisions (Income Statement I.5.)

Of which € (12,817) thousand (2005: (240,050) thousand) accrues to the net actuarial reserve and € (786) thousand (2005: (14,727) thousand) to other insurance net reserves.

### 21 Expenditure for own-account insurance business (Income Statement I.7.)

The gross expenditure for insurance business of € 1,152,303 thousand (2005: € 1,315,032 thousand) compares with received provisions and profit sharing from the insurance transactions (reinsurance) totaling € 359,870 thousand (2005: € 364,673 thousand). The overall expenditure for own-account insurance business has decreased by € 157,926 thousand in comparison with the previous year.



## 23 Investments expenses (Income Statement II.2.)

	2006 € thou	2005 € thou
Investment expenses		
a) Investment management, interest charges and other investment expenses	(1,666,960)	(1,459,281)
b) Depreciation and write-downs on investments	(434,225)	(83,530)
c) Losses from disposal	(70,010)	(553,813)
d) Expenses from losses taken over	(32,349)	(349,788)
<b>Total</b>	<b>(2,203,544)</b>	<b>(2,446,412)</b>

A partial amount of the stocks, investment shares, and other non-fixed-interest securities with a book value of € 62,303 thousand was not depreciated to the lower market value as of the balance sheet date, i.e., € 62,257 thousand, pursuant to § 341b HGB, because it is intended as a long-term investment and the reduction in value is not permanent.

## 24 Write-downs on investments

The write-down on investments contains extraordinary write-downs in accordance with § 253 Para. 2 Clause 3 German Commercial Code (HGB) of € 914 thousand on real estate and of € 194,688 thousand on holdings in affiliated enterprises.

## 25 Other income (Income Statement II.4.)

Material items are: Refund of expenses in the amount of € 124,159 thousand (2005: € 212,543 thousand) for old age pensions for employees of German group companies, for which the reserves with Allianz SE were created. The decrease in expenses compared with 2005 is due to the move to the new calculation basis (mortality tables) in 2005, the adjustment of current pensions on January 1, 2006 according to Clause 16 BetrAVG and the extension of the one percent pension index-linked increase to other age groups in 2005.

In addition, revenue accrued from the release of other reserves of € 15,458 thousand (2005: € 13,827 thousand) as well as currency exchange earnings of € 221,329 thousand (2005: € 142,710 thousand).

## 26 Other expenses (Income Statement II.5.)

These are principally: Expenses for old age pensions for employees of German group companies of

€ 124,159 thousand (2005: € 212,543 thousand). The decrease results from special effects in 2005, as described under 'Other Income'. In addition, interest and similar expenses totaling € 210,759 thousand (2005: € 201,077 thousand), expenses for the increase in non-insurance reserves of € 362,445 thousand (2005: € 823,068 thousand) as well as currency exchange losses of € 116,865 thousand (2005: € 253,604 thousand). The considerably reduced expenses for the allocation of non-insurance reserves are mainly due to allocations to the provisions for anticipated losses for derivative financial instruments of € 349,695 thousand (2005: € 630,910 thousand), no appropriation to reserves for the declaration of commitment to the Fireman's Fund Insurance Company (previous year € 115,871 thousand) and the rental guarantee for a property portfolio of Dresdner Bank (previous year € 55,635 thousand).

### Fees for the auditor

Expenses of € 7,559 thousand were recorded for the year. This is split up as follows:

	€ thou
a) Audit	4,948
b) Other certification and valuation services	2,069
c) Tax advice services	487
d) Other services	55
<b>Total</b>	<b>7,559</b>

## 27 Taxes (Income Statement II.8. und II.9.)

The option to record deferred taxes assets in accordance with Clause 274 (2) German Commercial Law (HGB) was not used. When calculating the tax amount to be charged to subsequent accounting years the company netted the anticipated future tax benefits with the anticipated tax burden.

Since the company files a consolidated tax return with most of its German subsidiaries, Allianz SE is liable for a substantial portion of the taxes payable by participants in the tax group. The income taxes recorded incorporates the necessary capitalization of claims against the tax authorities for ratable payment of the entire corporate income tax receivable of € 313,673 thousand according to the former tax credit method resulting from a change in legal requirements (SEStEG).

## 28 Net Income (Income Statement II.10.)

	2006 € thou	2005 € thou
Net income	4,017,237	1,431,160
Transfer to appropriated retained earnings -		
Other appropriated retained earnings	2,008,618	611,160
Balance sheet profit	2,008,619	820,000

## Other information

### Contingent liabilities, legal proceedings and other financial commitments

As of December 31, 2006 the company had contingent liabilities under guarantees amounting of € 7,561 thousand, matched by rights of recourse for the same amount.

- Bonds for € 1.1 bn issued by Allianz Finance B.V., Amsterdam in 1997 and increased in 2000,
- Bonds issued in 1998 for € 1.6 bn by Allianz Finance B.V., Amsterdam
- Bonds issued in 2002 for € 2.0 bn by Allianz Finance II B.V., Amsterdam
- Subordinated bonds issued in 2002 for € 2.0 bn by Allianz Finance II B.V., Amsterdam
- Subordinated bonds issued in 2002 for € 1.0 bn by Allianz Finance II B.V., Amsterdam
- Subordinated bonds issued in 2002 for US Dollar 500 mn by Allianz Finance II B.V., Amsterdam
- Loan taken out for Australian Dollar 100 mn by Allianz Australia Ltd., Sydney
- Bonds issued in 2005 by Allianz Finance II B.V., Amsterdam with a repayment dependent on the development of the German share index (DAX) issue volume € 1.262 bn
- Subordinated bonds issued in 2006 for € 800 mn by Allianz Finance II B.V., Amsterdam
- Bonds issued in 2006 for € 1.5 bn by Allianz Finance II B.V., Amsterdam
- Subordinated bonds issued in 2005 for € 1.4 bn by Allianz Finance II B.V., Amsterdam
- Guarantee declaration for Allianz Cornhill in favour of Lloyds TSB amounting British Pound 40 million
- Letters of credit for liabilities of Allianz Global Corporate & Specialty AG, Munich, amounting to US Dollar 512 mn
- Letters of credit for liabilities of Allianz Global Corporate & Specialty AG, Munich, amounting to US Dollar 100 mn

Allianz SE is committed to making future capital payments in favor of our North American holding company, Allianz of America, Inc., Wilmington. This will place Allianz of America Inc., Wilmington, in a position to provide sufficient capital to AGR U.S. Insurance Company, Los Angeles, so that this company can meet its payment obligations for claims received in connection with the attack on the World Trade Center. These future capital payments are limited to US Dollar 167 mn and are secured by pledges in securities.

With respect to Fireman's Fund Insurance Co., Novato, there is a conditional commitment to make capital payments, which must, in particular, be made in case of future negative developments of the reserves for the year 2003 and before. They are limited to US Dollar 1.1 bn.

A commitment to make capital payments in the amount of € 27 mn also exists with respect to Allianz Global Corporate & Specialty France, Paris.

In connection with the capital increase of the U.S. subsidiaries Allianz Life of North America, Fireman's Fund Insurance Co. and AGR US Insurance Company, guarantees to acquire shares of Allianz Life of North America and Allianz Insurance Company in the amount of US Dollar 650 mn were given. This guarantee expired during the fiscal year.

For Allianz of America, Inc., Wilmington, a guarantee declaration was made for liabilities in connection with the acquisition of PIMCO Advisors L.P. Allianz originally acquired from its subsidiary Allianz of America Inc., Wilmington, a stake of 69.5 percent in PIMCO, whereby minority shareholders held the option to tender their share of Allianz of America Inc., Wilmington. On December 31, 2006 the stake of Pacific Life in PIMCO was still 2.0 percent, so that the liabilities of Pacific Life as of December 31, 2006 amounted to US Dollar 0.3 bn.

A guarantee declaration was given to Dresdner Bank AG, Frankfurt, amounting to € 50 mn, for the acquisition of receivables from payments for the rights to use a name in connection with Allianz Arena.

Guarantee declarations have also been given for deferred annuity agreements signed by Allianz-RAS Seguros y Reaseguros S.A., Madrid.

For the US Dollar Commercial Paper Program a guarantee was given to investors by Allianz Finance Corporation, USA. At the end of the year US Dollar 105 mn in commercial papers was issued as part of the program.

In the context of a Securities Lending Agreement, Allianz SE gave a payment guarantee to PIMCO funds and Abu Dhabi Investment Authority to fulfill financial obligations of Dresdner Bank AG.

There is an agreement between Allianz Risk Transfer Zurich and Allianz SE regarding a target minimum capitalization in the form of a Net Worth Maintenance Agreement.

There is a conditional commitment to repay dividends received to Allianz Capital Partner GmbH, in order to ensure that company's ability to meet warranty obligations in connection with the disposal of a shareholding.

Rental guarantees for a property portfolio of Dresdner Bank, which is limited to € 400 mn.

There are also value asset liabilities of € 75.8 mn for the phased-in retirement liabilities of German group companies.

In connection with the sale of holdings in individual cases, guarantees were given covering the various bases used to determine purchase prices. These can for example relate to tax risks. In respect of the sale of Allianz of Canada, which took place in 2005, these also relate to additional elements of purchase price fixing and, secondly, to the business insured by AGR U.S. Re Canada branch.

A contingent indemnity agreement was entered with respect to securities issued by HT1 Funding GmbH in case HT1 Funding GmbH can not serve the agreed coupon of the bond partly or in total.

Allianz SE has also provided several subsidiaries and associates with either a standard indemnity guarantee or such guarantee as is required by the supervisory authorities, which cannot be quantified in figures. This includes in particular a deed of general release for Dresdner Bank in accordance with Clause 5 (10) of the Statute of Deposit Security Arrangement Fund.

Legal obligations to assume any losses arise on account of management control agreements and/or transfer-of-profit agreements with the following companies:

- ACM-Compagnie Mercur AG
- Allianz Alternative Assets Holding GmbH
- Allianz Autowelt GmbH
- Allianz Deutschland AG
- Allianz Finanzbeteiligungs GmbH
- Allianz Global Corporate & Specialty AG
- Allianz Immobilien GmbH
- Allianz ProzessFinanz GmbH
- AZ-Arges Vermögensverwaltungsgesellschaft mbH
- AZ-Argos 3 Vermögensverwaltungsgesellschaft mbH
- AZ-Argos 10 Vermögensverwaltungsgesellschaft mbH
- IDS GmbH-Analysis and Reporting Services

- META Finanz-Informationssysteme GmbH
- Allianz Capital Partners Management GmbH (contract cancelled by merger as of January 24, 2007)
- Allianz Global Risks Rückversicherungs-AG (contract cancelled by merger as of August 31, 2006)
- Allianz Private Equity Partners GmbH (contract cancelled as of December 31, 2006)
- AZ-Argos 15 AG (contract cancelled by merger as of January 24, 2007)
- AZ-Argos 2 Vermögensverwaltungsgesellschaft mbH (contract cancelled by merger as of August 10, 2006)
- Bayerische Versicherungsbank AG (contract cancelled by merger as of January 30, 2006)

There are financial commitments in connection with the promise of compensation to holders of rights under stock option programs of Assurances Générales de France.

Financial liabilities of € 256 mn arose in 2006 from advertising agreements.

Potential liabilities amounting to € 29.9 mn were outstanding at the balance sheet date for calls on equity stocks not fully paid up with respect to affiliated enterprises.

#### Litigation

On November 5, 2001, a lawsuit, Silverstein versus Swiss Re International Business Insurance Company Ltd., was filed in the United States District Court for the Southern District of New York against certain insurers and reinsurers, including a subsidiary of Allianz SE which is now named Allianz Global Risks US Insurance Company (AGR US). The complaint sought a determination that the terrorist attack of September 11, 2001 on the World Trade Center constituted two separate occurrences under the alleged terms of various coverages. Allianz SE is indirectly concerned by this lawsuit as reinsurer of AGR US. In connection with the terrorist attack of September 11, 2001 Allianz Group recorded net claims expense of approximately € 1.5 bn in 2001 on the basis of one occurrence. On December 6, 2004, a New York jury rendered a verdict that the World Trade Center attack constituted two occurrences under the alleged terms of various coverages. Following this decision, the Allianz Group determined that no additional provisions on a net basis were necessary because the additional liabilities arising from the decision were offset by positive developments in settling World Trade Center claims and higher levels of reinsurance coverage due to Allianz under the two occurrence theory. On October 18, 2006, the United States Court of Appeals for the Second Circuit

of New York affirmed the decision of the lower court. We currently estimate the financial effect on the Allianz Group resulting from the Court of Appeals' decision to be € 145 million which is covered by the overall reserve.

On May 24, 2002, pursuant to a statutory squeeze-out procedure, the AGM of Dresdner Bank AG resolved to transfer shares from its minority shareholders to Allianz SE as principal shareholder in return for payment of a cash settlement amounting to € 51.50 per share.

The amount of the cash settlement was established by Allianz SE on the basis of an auditor's report and its adequacy was confirmed by a court-appointed auditor. Some of the replaced minority shareholders applied, in a shareholders' compensation claim brought before the Frankfurt District Court, for a determination of an appropriate cash settlement. The opinion of the management is that the cash settlement is appropriate and the application made by the minority shareholders will not meet with success. Should the court set the amount on cash settlement higher, this increase will have an effect on all the approximately 16 million shares transferred to Allianz SE.

### Tax impact on the financial statements

The year's results were only slightly affected by write-downs based on tax law. The future effects on earnings of valuation adjustments made for tax purposes will be spread over several years and will not be of material effect for any single year.

### Events after the balance sheet day

#### Net claims from the "Kyrill" winter storm in Europe

According to a rough estimate of the status as of the beginning of February, from winter storm "Kyrill" we expect a liability for our account in the amount of about € 57 million.

#### Acquisition of minority interests in Assurances Générales de France and Allianz Lebensversicherungs-Aktiengesellschaft

On January 18, 2007, Allianz SE announced its intention to acquire the outstanding shares in Assurances Générales de France (or "AGF", and together with its subsidiaries, the "AGF Group") that it does not already own. In addition, Allianz AZL Vermögensverwaltung

GmbH & Co. KG a 100 percent subsidiary of Allianz Deutschland AG, Allianz SE's wholly-owned German insurance holding company, announced its intention to acquire the 9.0 percent interest in Allianz Lebensversicherungs-Aktiengesellschaft (or "Allianz Leben") that it does not already own. The aggregate volume of the transactions is expected to amount to approximately € 10.5 bn.

#### Early partial redemption of BITES exchangeable bond

On January 29, 2007, the Allianz Group announced its intention to make an early redemption of 64.35 percent of the BITES bond issued in February 2005 with shares of Munich Re. The number of Munich Re shares used to redeem the bond was based on the averages of the DAX index and the Munich Re share price during a 20-day reference period which started on February 1, 2007 and ended on February 28, 2007. The delivery of the Munich Re shares took place on March 9, 2007.

This partial redemption means that each outstanding BITES bond was reduced to 35.65 percent of the original principal value. The number of outstanding bonds remained unchanged.

As a result of the partial redemption of this exchangeable bond, the Allianz Group's shareholding in Munich Re was reduced from approximately 9.4 percent to approximately 4.9 percent.

#### Sale of shares in BMW AG

On February 7, 2007, as a part of its active portfolio management, Allianz SE sold approximately 16.1 million ordinary shares in BMW AG. The shares were placed with institutional investors. The sale resulted in proceeds of approximately € 736 mn.

#### Acquisition of Majority in ROSNO

On February 21, 2006, Allianz SE acquired approximately 49.2 percent of the shares in ROSNO from Sistema. Together with its own stake of approximately 47.7 percent, Allianz SE holds now approximately 97 percent in ROSNO, one of the top four insurance companies in Russia that is active in the property/casualty, life/health and asset management business.

## Board of Management remuneration

As of December 31, 2006 the Board of Management consisted of 11 (2005: 10) members, for whose work the expenditure listed below was made.

The remuneration of the Board of Management consists of a fixed component of the basic salary as well as a variable component of an annual bonus and a medium-term three year bonus. Other components consist of Group equity incentives in the form of 97,758 stock appreciation rights (SAR) and 49,762 restricted stock units (RSU).

	2006 € thou	2005 € thou
Fixed remuneration	6,935	5,513
Variable remuneration	18,224	10,851
Perquisites	201	200
<b>Fixed and variable remuneration total</b>	<b>25,360</b>	<b>16,564</b>
Value of SARs at grant date	3,668	4,877
Value of RSUs at grant date	6,142	8,216
<b>Group Equity Incentive at grant date 2006</b>	<b>9,810</b>	<b>13,093</b>
<b>Total remuneration</b>	<b>35,170</b>	<b>29,657</b>

## Equity remuneration plan

At Allianz Group Equity Incentives are paid in the form of Stock Appreciation Rights (SAR) and Restricted Stock Units (RSU).

The granting price of the Group equity incentive programs for 2006 was € 132.41 (average share closing price of the Allianz share in Xetra trading on ten trading days following the Annual General Meeting on May 4, 2006).

## Supervisory Board remuneration

	€	%
Fixed Salary	1,029,178	42.4
Performance-based remuneration	988,000	40.7
Committee remuneration	410,088	16.9
<b>Total</b>	<b>2,427,266</b>	<b>100.0</b>

For detailed information please refer to the remuneration report on page 22 to 27.

## Employees as of December 31, 2006

(Excluding members of the Board of Management, trainees, interns and employees on maternity leave or doing basic military training/community services)

	2006	2005
Full-time staff	922	918
Part-time staff	83	82
<b>Total</b>	<b>1,005</b>	<b>1,000</b>

## Staff expenses

	2006 € thou	2005 € thou
1. Wages and salaries	132,009	114,941
2. Statutory welfare contributions and expenses for optional support payments	12,140	11,100
3. Expenses for pensions and other post-retirement benefits	22,366	14,543
<b>4. Total expenses</b>	<b>166,515</b>	<b>140,584</b>

## Declaration of Compliance with the German Corporate Governance Code

On December 18, 2006 the Board of Management and the Supervisory Board of Allianz SE issued the Declaration of Compliance with the German Corporate Governance Code required by Clause 161 AktG, and made it permanently available to shareholders on the company's website.

Munich, February 7, 2007

Allianz SE

The Board of Management

Diekmann	Dr. Achleitner
Booth	Carendi
Cucchiani	Dr. Faber
Dr. Perlet	Dr. Rupprecht
Thierry	Dr. Walter
Dr. Zedelius	

## Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Allianz SE for the business year from 1 January 2006 to 31 December 2006. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as

evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich

6 March 2007

KPMG Deutsche Treuhandgesellschaft  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft



Johannes Pastor  
Wirtschaftsprüfer



Dr. Frank Pfaffenzeller  
Wirtschaftsprüfer

## Mandates of the Members of the Supervisory Board

### Dr. Henning Schulte-Noelle

Membership in other statutory supervisory boards in Germany  
E.ON AG, Siemens AG, ThyssenKrupp AG

### Norbert Blix until October 13, 2006

Membership in other statutory supervisory boards in Germany Allianz Versorgungskasse VVaG (Vice Chairman)

### Dr. Wulf H. Bernotat

Membership in other statutory supervisory boards in Germany METRO AG, RAG AG (Chairman), Bertelsmann AG  
Membership in Group bodies E.ON Energie AG (Chairman), E.ON Ruhrgas AG (Chairman)  
Membership in comparable \*) supervisory bodies  
Membership in Group bodies E.ON Nordic AB (Chairman), E.ON Sverige AB (Chairman), E.ON UK plc (Chairman), E.ON U.S. Investments Corp. (Chairman)

### Dr. Diethart Breipohl until October 13, 2006

Membership in other statutory supervisory boards in Germany Continental AG, KarstadtQuelle AG, KM Europa Metal AG (Chairman)

### Membership in comparable \*) supervisory bodies

Assurances Générales de France, Atos Origin S. A., LCL (Le Crédit Lyonnais), Euler Hermes S. A.

### Jean-Jacques Cette since October 27, 2006

### Dr. Gerhard Cromme

Membership in other statutory supervisory boards in Germany Axel Springer AG, Deutsche Lufthansa AG, E.ON AG, Siemens AG, ThyssenKrupp AG (Chairman)

### Membership in comparable \*) supervisory bodies

BNP PARIBAS S. A., Compagnie de Saint-Gobain S. A., Suez S. A.

### Claudia Eggert-Lehmann

Membership in other statutory supervisory boards in Germany  
Dresdner Bank AG

### Hinrich Feddersen until October 13, 2006

### Franz Fehrenbach until October 13, 2006

Membership in comparable \*) supervisory bodies  
Membership in Group bodies Robert Bosch Corporation

### Peter Haimerl until October 13, 2006

Membership in other statutory supervisory boards in Germany Dresdner Bank AG (Vice Chairman)

### Godfrey Robert Hayward since October 27, 2006

### Prof. Dr. Rudolf Hickel until October 13, 2006

Membership in other statutory supervisory boards in Germany GEWOBA AG Wohnen und Bauen in Bremen, Howaldtswerke-Deutsche Werft GmbH, Salzgitter AG Stahl und Technologie

### Dr. Franz B. Humer

Membership in other statutory supervisory boards in Germany

Membership in Group bodies Hoffmann-La Roche AG (Chairman), Roche Deutschland Holding GmbH (Chairman), Roche Diagnostics GmbH (Chairman)

### Membership in comparable \*) supervisory bodies

DIAGEO plc London

Membership in Group bodies Chugai Pharmaceutical Co. Ltd. Tokio, Roche Holding AG Basel (Chairman)

### Prof. Dr. Renate Köcher

Membership in other statutory supervisory boards in Germany BASF AG, Infineon Technologies AG, MAN AG

### Igor Landau

Membership in other statutory supervisory boards in Germany adidas AG, Dresdner Bank AG (until December 31, 2006)

### Membership in comparable \*) supervisory bodies

Essilor S. A., HSBC France, Sanofi-Aventis S. A.

### Dr. Max Link until October 13, 2006

### Iris Mischlau-Meyrahn until October 13, 2006

As of December 31, 2006 or (with members who resigned) day of resignation.

\*) We regard memberships in other supervisory bodies as "comparable" if the company is listed on a stock exchange or has more than 500 employees.

**Karl Neumeier** until October 13, 2006

**Jörg Reinbrecht** since October 27, 2006

**Membership in other statutory supervisory boards in Germany**

SEB AG

**Sultan Salam** until October 13, 2006

**Membership in other statutory supervisory boards in Germany**

Dresdner Bank AG (until November 30, 2006)

**Dr. Manfred Schneider** until October 13, 2006

**Membership in other statutory supervisory boards in Germany**

Bayer AG (Chairman), DaimlerChrysler AG, Linde AG (Chairman), METRO AG, RWE AG, TUI AG

**Margit Schoffer**

**Membership in other statutory supervisory boards in Germany**

Dresdner Bank AG

**Prof. Dr. Dennis J. Snower** until October 13, 2006

**Rolf Zimmermann** since October 27, 2006



# Mandates of the Members of Board of Management

## Michael Diekmann

**Membership in other statutory supervisory boards in Germany** BASF AG, Deutsche Lufthansa AG, Linde AG (Vice Chairman)

**Membership in Group bodies** Allianz Deutschland AG (Chairman), Allianz Global Investors AG (Chairman), Dresdner Bank AG (Chairman)

**Membership in comparable\*) supervisory bodies**

**Membership in Group bodies** Assurances Générales de France (Vice President), Riunione Adriatica di Sicurtà S. p. A. (Vice President)

## Dr. Paul Achleitner

**Membership in other statutory supervisory boards in Germany** Bayer AG, RWE AG

**Membership in Group bodies** Allianz Deutschland AG, Allianz Global Investors AG, Allianz Lebensversicherungs-AG

**Membership in comparable\*) supervisory bodies**

**Membership in Group bodies** Allianz Elementar Lebensversicherungs-AG (Chairman), Allianz Elementar Versicherungs-AG (Chairman), Allianz Investmentbank AG (Vice Chairman)

## Clement B. Booth

**Membership in other statutory supervisory boards in Germany**

**Membership in Group bodies** Allianz Global Corporate & Specialty AG (Chairman)

**Membership in comparable\*) supervisory bodies**

**Membership in Group bodies** Allianz Australia Ltd., Allianz Cornhill Insurance plc (Chairman), Allianz Irish Life plc, Euler Hermes S. A.

## Jan R. Carendi

**Membership in comparable\*) supervisory bodies**

**Membership in Group bodies** Allianz Life Insurance Company of North America (Chairman), Fireman's Fund Insurance Company (Chairman)

## Enrico Cucchiani

**Membership in comparable\*) supervisory bodies**

ACEGAS-APS S. p. A., Banca Antonveneta

**Membership in Group bodies** Allianz Compañía de Seguros

S. A. Barcelona (Vice Chairman), Allianz Elementar Lebensversicherungs-AG (Vice Chairman), Allianz

Elementar Versicherungs-AG (Vice Chairman), Allianz Investmentbank AG, Allianz Suisse

Lebensversicherungsgesellschaft, Allianz Suisse

Versicherungsgesellschaft, Companhia de Seguros

Allianz Portugal S. A. (Vice Chairman), Koc Allianz Hayat

ve Emeklilik A. S., Koc Allianz Sigorta T. A. S., Lloyd

Adriatico S. p. A. (Chairman), Riunione Adriatica di

Sicurtà S. p. A.

## Dr. Joachim Faber

**Membership in other statutory supervisory boards in Germany** Bayerische Börse AG

**Membership in Group bodies** Allianz Beratungs- und Vertriebs-AG (Vice Chairman), Deutscher Investment-Trust Gesellschaft für Wertpapieranlagen mbH (Chairman)

**Membership in comparable\*) supervisory bodies**

**Membership in Group bodies** Assurances Générales de France, Riunione Adriatica di Sicurtà S. p. A.

## Dr. Helmut Perlet

**Membership in other statutory supervisory boards in Germany** GEA-Group AG

**Membership in Group bodies** Allianz Deutschland AG, Allianz Global Corporate & Specialty AG (Vice Chairman), Dresdner Bank AG, Allianz Global Investors AG, Dresdner Bank AG

**Membership in comparable\*) supervisory bodies**

**Membership in Group bodies** Allianz Life Insurance of North America, Fireman's Fund Insurance Company, Lloyd Adriatico S. p. A., Riunione Adriatica di Sicurtà S. p. A. ,

As of December 31, 2006 or (with members who resigned) day of resignation.  
\*) We regard memberships in other supervisory bodies as "comparable" if the company is listed on a stock exchange or has more than 500 employees.

**Dr. Gerhard Rupprecht**

**Membership in other statutory supervisory boards in Germany** Fresenius AG, Heidelberger Druckmaschinen AG

**Membership in Group bodies** Allianz Beratungs- und Vertriebs-AG (Chairman), Allianz

Lebensversicherungs-AG (Chairman), Allianz Private

Krankenversicherungs-AG (Chairman), Allianz

Versicherungs-AG (Chairman)

**Membership in comparable \*) supervisory bodies**

**Membership in Group bodies** Allianz Life Insurance Co. Ltd. Seoul

**Jean-Philippe Thierry**

**Membership in other statutory supervisory boards in Germany**

**Membership in Group bodies** Allianz Global Corporate & Specialty AG

**Membership in comparable \*) supervisory bodies**

Baron Philippe de Rothschild, Compagnie Financière Saint-Honoré, Eurazeo, Paris Orléans, Pinault Printemps Redoute, Société Financière et Foncière de participation

**Membership in Group bodies** AGF International, Allianz Compañia de Seguros y Reaseguros S. A., Allianz Nederland Groep N.V., Euler Hermes S. A. (Chairman), Mondial Assistance AG (Chairman),

**Dr. Herbert Walter**

**Membership in other statutory supervisory boards in Germany** Deutsche Börse AG, E.ON Ruhrgas AG

**Membership in Group bodies** Allianz Beratungs- und Vertriebs-AG

**Membership in comparable \*) supervisory bodies**

Banco Popular Español S. A., Banco Portugues de Investimento S. A.

**Dr. Werner Zedelius**

**Membership in Group bodies** Allianz Hungária Biztosító Rt. (Chairman), Allianz pojistovna a. s. (Chairman), Allianz-

Slovenska poistovna a. s. (Chairman), T. U. Allianz Polska

S. A. (Chairman), T. U. Allianz Zycie Polska S. A.

(Chairman), Rosno (Vice Chairman)

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This is a translation of the German Annual Report of Allianz SE. In case of any divergences the German original is legally binding.