

ALLIANZ SE
Form 6-K
May 09, 2007
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

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

for the period ended March 31, 2007

Commission file Number: 1-15154

ALLIANZ SE

Königinstrasse 28

80802 Munich

Germany

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

Yes No

THIS REPORT ON FORM 6-K (EXCEPT FOR ANY NON-GAAP FINANCIAL MEASURE AS SUCH TERM IS DEFINED IN REGULATION G UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED) SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM S-8 (FILE NO. 333-13462 AND NO.

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333-139900) OF ALLIANZ SE AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED. FOR THE AVOIDANCE OF DOUBT, THE DISCLOSURE CONTAINING ANY NON-GAAP FINANCIAL MEASURE CONTAINED IN THE ATTACHED REPORT IS NOT INCORPORATED BY REFERENCE INTO THE ABOVE-MENTIONED REGISTRATION STATEMENTS FILED BY ALLIANZ SE.

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Development of the Allianz share price versus Dow Jones EURO STOXX 50 and Dow Jones EURO STOXX Insurance

indexed on the Allianz share price in □

Source: Thomson Financial Datastream

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

Basic Allianz share information

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

Investor Relations

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

Allianz SE

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Balance sheet

	As of March 31, 2007	As of December 31, 2006	Change from previous year
	€ mn	€ mn	
Investments	298,763	298,134	0.2%
Loans and advances to banks and customers	444,446	408,278	8.9%
Total assets	1,102,373	1,053,226	4.7%
Liabilities to banks and customers	393,010	361,078	8.8%
Reserves for loss and loss adjustment expenses	64,200	65,464	(1.9)%
Reserves for insurance and investment contracts	289,390	287,697	0.6%
Shareholders' equity	52,283	50,481	3.6%
Minority interests	6,639	6,409	3.6%

Allianz SE ratings as of March 31, 2007¹⁾

	Standard & Poor's	Moody's	A.M. Best
Insurer financial strength	AA	Aa3	A+
Outlook	Positive	Stable	Stable
Counterparty credit	AA	Not rated	aa ²⁾
Outlook	Positive		Stable
Senior unsecured debt	AA	Aa3	aa
Outlook		Stable	Stable
Subordinated debt	A/A ³⁾	A2/A3 ³⁾	a+/a ³⁾
Outlook		Stable	Stable
Commercial paper			
(short term)	A-1+	P-1	Not rated
Outlook		Stable	

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

2) Issuer credit rating.

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

Other selected financial data

Three months ended March 31,	2007	2006	Change
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				from previous year
Income statement				
Total revenues ¹⁾	□ mn	29,323	29,641	(1.1)%
Operating profit ²⁾	□ mn	2,870	2,677	7.2%
Income before income taxes and minority interests in earnings	□ mn	4,556	3,031	50.3%
Net income	□ mn	3,240	1,779	82.1%
Return				
Return on equity after income taxes ³⁾	%	6.3	4.4	1.9 pts
Segments				
Property-Casualty				
Operating profit ²⁾	□ mn	1,267	1,386	(8.6)%
Loss ratio	%	68.2	66.2	2.0 pts
Expense ratio	%	28.6	28.5	0.1 pts
Combined ratio	%	96.8	94.7	2.1 pts
Life/Health				
Operating profit ²⁾	□ mn	750	723	3.7%
Statutory expense ratio	%	7.2	8.2	(1.0) pts
Banking				
Operating profit ²⁾	□ mn	700	547	28.0%
Cost-income ratio	%	66.9	73.6	(6.7) pts
Loan loss provisions	□ mn	5	33	(84.8)%
Coverage ratio as of March 31, ⁴⁾	%	61.3	60.4	0.9 pts
Asset Management				
Operating profit ²⁾	□ mn	312	304	2.6%
Cost-income ratio	%	60.0	59.5	0.5 pts
Third-party assets under management as of March 31,	□ bn	781	764 ⁵⁾	2.2%
Share information				
Basic earnings per share	□	7.51	4.39	71.1%
Diluted earnings per share	□	7.34	4.32	69.9%
Share price as of March 31,	□	153.71	154.76 ⁵⁾	(0.7)%
Market capitalization as of March 31,	□ bn	66.4	66.9 ⁵⁾	(0.7)%

1) Total revenues comprise Property-Casualty segment's gross premiums written, Life/Health segment's statutory premiums, Banking segment's operating revenues and Asset Management segment's operating revenues.

2) The Allianz Group uses operating profit to evaluate the performance of its business segments and the Group as a whole.

3) Based on average shareholders' equity. Average shareholders' equity has been calculated based upon the average of the current and preceding end of period's shareholders' equity.

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

5) As of December 31, 2006.

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Allianz Group Interim Report First Quarter of 2007

Executive Summary and Outlook

Good start to 2007 and on track to achieve our targets.

Total revenues in line with expectations.
Operating profit was up 7.2% to € 2.9 billion.
€ 2.0 billion of realized capital gains.
Net income of € 3.2 billion.
Shareholders' equity increased to € 52.3 billion.

Total revenues

in € bn

Net income

in € mn

Operating profit

in € mn

Shareholders' equity²⁾

in € mn

1) Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please see page 29 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.
2) Does not include minority interests.

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Group Management Report

Allianz Group's Consolidated Results of Operations

Total revenues

Total revenues Segments

in € mn

At € 29.3 billion, total revenues were slightly up 0.2% on an internal growth basis, in line with our expectations. Due largely to the depreciation of the U.S. Dollar compared to the Euro primarily impacting the development in our Property-Casualty, Life/Health and Asset Management segments, overall, total revenues declined by 1.1%.

Property-Casualty Gross premiums written were flat at € 14.1 billion, principally reflecting slightly increased volume offset by a negative price impact of a similar magnitude. We continued to stay disciplined in our risk selection and to focus on profitability.

Life/Health At € 12.3 billion, statutory premiums were down 2.0% from a year earlier before foreign currency translation effects, however this was not unexpected. We recorded strong growth in our Italian bancassurance

distribution channel at RAS Group, while our operations in the United States successfully stabilized statutory premium level compared to 4Q 2006, although it was significantly down from 1Q 2006. However, the slowdown at our U.S. entities bottoms out.

Banking Our Banking segment's operating revenues, at € 2.1 billion in 1Q 2007, exceeded the already outstanding prior year level by 7.9%. This increase was supported by a significant positive one-off effect within our net interest income.

Asset Management Internal operating revenue growth was 9.9%, benefiting from the growth of third-party assets with solid net inflows of € 12 billion based on our consistent strong investment performance. Together with effects from market-related appreciation of € 13 billion and negative foreign currency impacts, third-party assets as of March 31, 2007 amounted to € 781 billion, up 2.2% from December 31, 2006.

Operating profit**Operating profit Segments**

in € mn

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Allianz Group Interim Report First Quarter of 2007

Except for Property-Casualty, where losses from natural catastrophes had a significant impact, all business segments delivered higher operating profits than a year ago.

Property-Casualty We had another quarter of strong operating profitability. Kyrill, one of the heaviest winterstorms in Europe ever, caused net losses of € 340 million. Despite this burden, operating profit only decreased € 119 million from a year ago.

Life/Health Operating profit, at € 750 million in 1Q 2007, was up 3.7% from an already strong level a year ago. We continued to benefit from our growing asset base, while, at the same time, our operating margin also increased.

Banking Operating profit grew 28.0% over the already outstanding level last year, benefiting from higher revenues and lower expenses.

Asset Management Operating profit was up 2.6%. On a local currency basis, the increase was 9.9%. These improvements were driven by our growing asset base and tight expense management. At 60.0% in 1Q 2007, our cost-income ratio remained at a very competitive level.

Non-operating items

Non-operating items created an aggregate income of € 1.7 billion in 1Q 2007, compared to € 354 million a year ago, primarily due to a high level of realized capital gains.

Overall, the impact from net realized gains and impairments of investments amounted to € 2.0 billion, up from € 778 million last year. This coincided with the early redemption of 64.35% of our BITES bond with shares of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft (Munich Re). Furthermore, we realized significant gains from the sale of shares in BMW AG and KarstadtQuelle AG. We locked in unrealized gains after the strong performance of our equity investments and generated in 1Q 2007 a significant part of our capital gains target for 2007. In addition, these gains were also harvested in preparation for the contemplated acquisition of the outstanding shares in Assurances Générales de France (AGF), and together with its subsidiaries, the AGF Group that Allianz SE does not already own.

Net income

Following the operating profit growth and the high level of realized capital gains, net income in 1Q 2007 rose 82.1% over the prior year period to € 3.2 billion.

Income tax expenses at € 967 million remained relatively stable despite the significant increase in income before income taxes and minority interests in earnings, primarily benefiting from the tax-exemption of the realized capital gains. Hence, our effective tax rate dropped from 29.7% to 21.2%.

Minority interests in earnings were flat at € 349 million. Increased minority interests in higher earnings at AGF Group in France and at our credit insurer Euler Hermes were offset by now zero minority interests at Riunione Adriatica di Sicurtà S.p.A. (or RAS), and taken together with its subsidiaries, the RAS Group in Italy following the execution of RAS's merger with and into Allianz SE in October 2006. The high level of realized gains arose in entities with almost no minority interests.

Earnings per share¹⁾

in □

¹⁾ See Note 37 to our consolidated financial statements for further details.

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Group Management Report

The following table summarizes the total revenues, operating profit and net income for each of our segments for the three months ended March 31, 2007 and 2006, as well as IFRS consolidated net income of the Allianz Group.

	Property- Casualty □ mn	Life/Health □ mn	Banking □ mn	Asset Management □ mn	Corporate □ mn	Consolidation adjustments □ mn	Allianz Group □ mn
Three months ended March 31,							
2007							
Total revenues¹⁾	14,111	12,326	2,101	780		5	29,323
Operating profit (loss)	1,267	750	700	312	(101)	(58)	2,870
Non-operating items	664	103	117	(122)	511	413	1,686
Income (loss) before income taxes and minority interests in earnings	1,931	853	817	190	410	355	4,556
Income taxes	(537)	(201)	(168)	(80)	(25)	44	(967)
Minority interests in earnings	(214)	(99)	(24)	(11)	(4)	3	(349)
Net income (loss)	1,180	553	625	99	381	402	3,240
2006							
Total revenues¹⁾	14,149	12,822	1,948	751		(29)	29,641
Operating profit (loss)	1,386	723	547	304	(180)	(103)	2,677
Non-operating items	428	158	392	(136)	(211)	(277)	354
Income (loss) before income taxes and minority interests in earnings	1,814	881	939	168	(391)	(380)	3,031
Income taxes	(524)	(219)	(245)	(65)	154		(899)
Minority interests in earnings	(190)	(128)	(28)	(13)	(2)	8	(353)
Net income (loss)	1,100	534	666	90	(239)	(372)	1,779

¹⁾ Total revenues comprise Property-Casualty segment's gross premiums written, Life/Health segment's statutory premiums, Banking segment's operating revenues and Asset Management segment's operating revenues.

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Allianz Group Interim Report First Quarter of 2007

Events After the Balance Sheet Date

See Note 41 to the consolidated financial statements.

Outlook

Our outlook remains unchanged.

In the years 2007 to 2009, we expect average annual consolidated operating profit growth of 10% from the 2006 level, adjusted for the particularly favorable natural catastrophe trend in 2006. Within the same time period,

we are striving to maintain a strong combined ratio of less than 94% on average in our Property-Casualty segment. In Life/Health we aim to achieve an average new business margin¹⁾ greater than 3%. We are also confident of an average return on risk-adjusted capital in our Banking segment of above 15%. For our Asset Management segment, we are targeting average annual growth of third-party assets under management of 10%, excluding foreign currency conversion effects.

As always, natural catastrophes and adverse developments in the capital markets, as well as the factors stated below in our cautionary note regarding forward-looking statements, may severely impact our results of operations.

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 other 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.

1) New business margin according to the definition of European Embedded Value.

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Group Management Report

Property-Casualty Insurance Operations

Strong operating profit despite Kyrill .

3.7% impact on loss ratio from natural catastrophes.
We grew selectively and stayed disciplined.
Higher yields drove current investment income.

Earnings Summary

Gross premiums written

Gross premiums written by region¹⁾

in %

¹⁾ After elimination of transactions between Allianz Group companies in different geographic regions and different segments. Gross premiums written from our specialty lines have been allocated to the respective geographic regions.
1Q 2007 was another quarter of selective profitable growth. Our gross premiums written remained basically flat overall at € 14,111 million, principally reflecting our successful cycle management efforts. On an internal our

Gross premiums written Growth rates²⁾

in %

- ¹⁾ Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.
²⁾ Together with our property-casualty assumed reinsurance business, primarily attributable to Allianz SE, the decline within Germany was 4.9%.

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successful cycle management efforts. On an internal basis, gross premiums written slightly increased by 0.3%. The development of gross premiums varied considerably across our various markets and operations.

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Allianz Group Interim Report First Quarter of 2007

At Allianz Sach within Germany, gross premiums written decreased moderately by 1.3% to € 4,144 million as premiums from our motor business were down, largely reflecting higher no claims bonuses.

Growth was primarily achieved within our markets in Central and Eastern Europe, at Allianz Global Corporate & Specialty, and in Spain, with additional gross premiums written of € 110 million, € 64 million, and € 34 million, respectively. Within New Europe, our subsidiaries successfully leveraged the well-performing economies in this region. In particular, our motor business in Romania and Poland delivered solid premium growth from higher volumes. Furthermore, the first-time consolidation of Russian People's Insurance Society Rosno contributed to the higher premium volume within New Europe. At Allianz Global Corporate & Specialty, gross premiums written benefited from increased business volumes in the United Kingdom and North America. Our Spanish operations recorded growth due to increased sales in motor business, a good performance of our direct distribution channel Fénix Directo and a favorable volume development in the industrial line of business.

At Fireman's Fund Insurance Company in the United States, the decline of 11.9% in gross premiums written resulted mainly from the depreciation of the U.S. Dollar against the Euro. Based on internal growth gross premiums written were down 4.0% reflecting primarily a lower volume of crop insurance business.

Operating profit

Operating profit

in € mn

Operating profit, at € 1,267 million in 1Q 2007, was again strong, despite net losses from natural catastrophes of € 349 million, of which € 340 million related to winterstorm Kyrill in Europe. Catastrophe risk (CAT risk) is an integral part of our property-casualty business and we therefore manage and quantify CAT risk and price for it. We, at the same time, closely monitor severity and frequency of all other claims to determine our underlying profitability, which is measured by accident year loss ratio without natural catastrophes and which we were able to reduce by 1.0 percentage point to 66.7%. We continued to benefit from our strong underwriting profitability and our initiatives to improve claims management processes. With the impact from natural catastrophes our accident year loss ratio increased from 68.1% a year ago to 70.4%. At 2.2%, compared to 1.9% in 1Q 2006, the net development in prior year's loss reserves remained positive.

Overall, natural catastrophes drove up net claims and insurance benefits incurred by € 201 million to € 6,383 million. Hence, on a calendar year basis, our loss ratio was up from 66.2% to 68.2%. With a nearly flat expense ratio, our combined ratio increased from 94.7% to 96.8%.

Interest and similar income rose by € 84 million to € 1,006 million, mainly reflecting higher yields on debt securities.

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Group Management Report

Other income amounted to € 84 million, up € 70 million due to a gain on the disposal of an office building in Ireland.

Top contributing markets to our operating profit included Italy at € 175 million and the United States at € 166 million. The strongest absolute increases were recorded in Ireland by € 71 million and Italy by € 67 million. In Germany we experienced a decrease in operating profit of € 254 million, mainly attributable to losses associated with Kyrill .

Non-operating items

In aggregate, non-operating items rose substantially by 55.1% to a gain of € 664 million. This improvement resulted predominantly from higher net realized gains from investments which amounted to € 733 million, up € 294 million from a year ago.

Net income

Net income was up 7.3% to € 1,180 million, driven both by the solid operating profit development and a significantly higher aggregate gain from non-operating items.

Income tax expenses, at € 537 million in 1Q 2007, remained stable. Based on considerably increased income before income taxes and minority interests in earnings, our effective tax rate decreased from 28.9% to 27.8%, benefiting from, among other factors, tax-exempted realized gains.

Minority interests in earnings rose by € 24 million to € 214 million. The execution of the merger of RAS with and into Allianz SE in October 2006 led to now zero minority interests in earnings at our Italian subsidiary. However, higher earnings at our French property-casualty operations of AGF Group as well as at Euler Hermes had a more than offsetting increasing effect.

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Allianz Group Interim Report First Quarter of 2007

The following table sets forth our Property-Casualty insurance segment's income statement, loss ratio, expense ratio and combined ratio for the three months ended March 31, 2007 and 2006.

Three months ended March 31,	2007	2006
	€ mn	€ mn
Gross premiums written¹⁾	14,111	14,149
Ceded premiums written	(1,586)	(1,712)
Change in unearned premiums	(3,167)	(3,096)
Premiums earned (net)	9,358	9,341
Interest and similar income	1,006	922
Income from financial assets and liabilities designated at fair value through income (net) ²⁾	32	36
Income from financial assets and liabilities held for trading (net), shared with policyholders ²⁾	(15)	
Realized gains/losses (net) from investments, shared with policyholders ³⁾	34	25
Fee and commission income	272	252
Other income	84	14
Operating revenues	10,771	10,590
Claims and insurance benefits incurred (net)	(6,383)	(6,182)
Changes in reserves for insurance and investment contracts (net)	(81)	(72)
Interest expense	(92)	(63)
Loan loss provisions		(1)
Impairments of investments (net), shared with policyholders ⁴⁾	(2)	(4)
Investment expenses	(74)	(48)
Acquisition and administrative expenses (net)	(2,675)	(2,663)
Fee and commission expenses	(197)	(170)
Other expenses		(1)
Operating expenses	(9,504)	(9,204)
Operating profit	1,267	1,386
Income from financial assets and liabilities held for trading (net), not shared with policyholders ²⁾	(29)	4
Realized gains/losses (net) from investments, not shared with policyholders ³⁾	733	439
Impairments of investments (net), not shared with policyholders ⁴⁾	(24)	(9)
Amortization of intangible assets	(2)	(4)
Restructuring charges	(14)	(2)
Non-operating items	664	428
Income before income taxes and minority interests in earnings	1,931	1,814
Income taxes	(537)	(524)
Minority interests in earnings	(214)	(190)
Net income	1,180	1,100
Loss ratio ⁵⁾ in %	68.2	66.2
Expense ratio ⁶⁾ in %	28.6	28.5
Combined ratio⁷⁾ in %	96.8	94.7

1) For the Property-Casualty segment, total revenues are measured based upon gross premiums written.

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

3) The total of these items equals realized gains/losses (net) in the segment income statement included in Note 3 to the consolidated financial statements.

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- 4) The total of these items equals impairments of investments (net) in the segment income statement included in Note 3 to the consolidated financial statements.
- 5) Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
- 6) Represents acquisition and administrative expenses (net) divided by premiums earned (net).
- 7) Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

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Group Management Report

Property-Casualty Operations by Geographic Region

The following table sets forth our Property-Casualty gross premiums written, premiums earned (net), combined ratio, loss ratio, expense ratio and operating profit by geographic region for the three months ended March 31, 2007 and 2006. Consistent with our general practice, these figures are presented before consolidation adjustments, representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

	Gross premiums written		Premiums earned (net)		Combined ratio		Loss ratio		Expense ratio		Operating profit	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Three months ended March 31,	€ mn	€ mn	€ mn	€ mn	%	%	%	%	%	%	€ mn	€ mn
Germany	4,616	4,853	2,267	2,412	103.2	92.7	73.6	59.6	29.6	33.1	115	369
France	1,695	1,713	1,114	1,114	101.2	101.0	73.7	74.3	27.5	26.7	75	78
Italy	1,246	1,247	1,197	1,205	93.4	96.8	70.1	72.9	23.3	23.9	175	108
United Kingdom	539	579	491	457	96.3	98.9	62.9	67.9	33.4	31.0	63	56
Switzerland	966	958	404	436	97.6	96.3	70.3	70.2	27.3	26.1	51	63
Spain	691	657	434	395	90.1	91.4	71.2	72.7	18.9	18.7	69	58
Netherlands	306	318	198	198	93.6	93.4	62.2	59.5	31.4	33.9	24	27
Austria	351	357	183	192	97.3	109.8	76.6	86.4	20.7	23.4	21	(6)
Ireland	203	198	151	153	93.2	91.8	68.6	67.7	24.6	24.1	98	27
Belgium	124	121	75	74	109.2	101.7	75.3	65.4	33.9	36.3	5	9
Portugal	80	84	62	66	89.5	87.3	60.9	65.5	28.6	21.8	10	11
Greece	21	19	12	11	85.8	95.1	56.7	65.6	29.1	29.5	3	1
Western and Southern Europe	1,085	1,097	681	694	95.7	98.0	68.7	70.2	27.0	27.8	166¹⁾	74¹⁾
Hungary	194	192	126	127	92.1	91.9	64.8	64.6	27.3	27.3	23	27
Slovakia	106	93	67	62	66.4	80.2	40.3	46.9	26.1	33.3	28	17
Czech Republic	78	81	45	43	79.8	90.1	57.6	67.3	22.2	22.8	12	5
Poland	86	72	56	47	96.4	96.4	63.8	65.5	32.6	30.9	5	3
Romania	90	71	36	36	103.8	89.6	80.8	71.4	23.0	18.2		3
Bulgaria	23	20	16	17	77.5	74.1	39.0	44.4	38.5	29.7	4	5
Croatia	23	22	15	13	97.7	96.5	68.5	65.7	29.2	30.8	1	1
Russia ²⁾	68	7	45	1	104.8	60.3	66.5	28.2	38.3	32.1	1	1
New Europe	668	558	406	346	90.3	89.2	60.6	61.5	29.7	27.7	74	62
Other Europe	1,753	1,655	1,087	1,040	93.2	95.2	65.6	67.3	27.6	27.9	240	136
United States	882	1,001	801	886	90.8	90.2	57.0	59.8	33.8	30.4	166	199
Mexico ³⁾	39	51	19	25	84.5	108.8	58.2	84.0	26.3	24.8	5	3
NAFTA	921	1,052	820	911	90.6	90.7	57.0	60.4	33.6	30.3	171	202
Australia	352	334	304	300	102.4	102.5	77.9	77.6	24.5	24.9	50	38
Other	81	78	37	34	100.5	95.2	60.5	57.8	40.0	37.4	3	4
Asia-Pacific	433	412	341	334	102.2	101.7	76.0	75.5	26.2	26.2	53	42
South America	236	226	168	152	100.1	103.0	65.3	66.5	34.8	36.5	14	12
Other	34	25	8	5	⁴⁾	⁴⁾	⁴⁾	⁴⁾	⁴⁾	⁴⁾	3	1
Specialty lines												
Credit Insurance	489	468	301	260	76.3	81.1	48.5	53.9	27.8	27.2	117	95
Allianz Global Corporate & Specialty	934	870	467	389	94.0	83.1	66.3	62.6	27.7	20.5	95	145
	296	266	259	231	100.6	101.5	54.9	61.8	45.7	39.7	31	22

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Travel Insurance and Assistance Services Subtotal	14,849	14,981	9,358	9,341								
Consolidation adjustments ⁵⁾	(738)	(832)										
Total	14,111	14,149	9,358	9,341	96.8	94.7	68.2	66.2	28.6	28.5	1,272	1,387
											(5)	(1)
											1,267	1,386

- 1) Contains run-off of € 5 mn in both 1Q 2007 and 1Q 2006 from a former operating entity located in Luxembourg.
- 2) Effective February 21, 2007, Russian People's Insurance Society Rosno was consolidated following the acquisition of approximately 49.2% of the shares in Rosno by the Allianz Group, increasing our holding to approximately 97%.
- 3) Effective 1Q 2007, life business in Mexico is shown within the Life/Health segment.
- 4) Presentation not meaningful.
- 5) Represents elimination of transactions between Allianz Group companies in different geographic regions.

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Allianz Group Interim Report First Quarter of 2007

Life/Health Insurance Operations

Promising start going into 2007.

Significant revenue growth in Italy, first signs of recovery in the United States.
Strong level of operating profitability maintained.
Investment income grew with asset base.

Earnings Summary

Statutory premiums

Statutory premiums by region¹⁾

in %

¹⁾ After elimination of transactions between Allianz Group companies in different geographic regions and different segments. Statutory premiums, at € 12,326 million in 1Q 2007, were in line with our expectations, albeit down 3.9% from a year earlier. Nearly half of that decrease was brought about by negative currency conversion effects, primarily from the depreciation of the U.S. Dollar and of various currencies in the Asia-Pacific region compared to the Euro. On an internal growth basis, statutory premiums declined 2.0%.

Statutory premiums Growth rates¹⁾

in %

¹⁾ Before elimination of transactions between Allianz Group companies in different geographic regions and different segments. In Italy, total revenues increased by € 562 million, mainly as our bancassurance distribution channel at RAS Group showed strong growth. Statutory premiums in the United States decreased by € 1,103 million from the very high level of a year ago. However, the slowdown at Allianz Life bottoms out.

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Group Management Report

In Germany, total life revenues were down € 89 million to € 3,039 million in 1Q 2007. A year ago, the sale of so-called Riester pension products was promoted by an increase at that time in the maximum premium amount entitled to subsidies and tax incentives according to German law. Partially offsetting this negative effect on premium development were higher volumes of new recurring premium business versus last year.

Aggregate statutory premiums from our growth markets in Central and Eastern Europe significantly increased by € 112 million to € 392 million. In the fourth quarter of 2006, we successfully launched a limited-edition index-linked life insurance product across six markets which largely contributed to this increase. The highest absolute growth in the region was generated in Poland where we also continued to record increasing sales through our bank partner.

Our operations in Taiwan and China grew significantly. In China, statutory premiums grew primarily due to our expanded sales capacity. In South Korea, total revenues were down following regulatory discussions regarding variable annuity products.

Operating profit

Operating profit

in € mn

Operating profit was € 750 million in 1Q 2007, up 3.7% from an already very high level a year ago. On balance, this improvement was a result of lower expenses. The markets which contributed strongest to operating profit were Germany, France, Italy, the United States and South Korea.

Interest and similar income continued to increase in line with our growing asset base. Income from financial assets and liabilities carried at fair value through income amounted to a net charge of € 311 million in 1Q 2007 mainly as we observed negative effects from the accounting treatment for certain derivative instruments.

Net acquisition and administrative expenses were down € 151 million to € 874 million. This development reflected primarily adjustments within our deferred acquisition costs asset as a result of the regular review of calculation parameters. Consequently, our statutory expense ratio decreased 1.0 percentage point to 7.2%.

Non-operating items

Income from non-operating items, at € 103 million in 1Q 2007, was down € 55 million from a year earlier. This development resulted primarily from lower net realized gains from investments, not shared with policyholders, at our U.S. operations.

Net income

Net income increased € 19 million to € 553 million. Lower income tax expenses and minority interests in earnings more than balanced the € 28 million decline in income before income taxes and minority interests in earnings.

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Allianz Group Interim Report First Quarter of 2007

With income tax expenses down € 18 million to € 201 million, our effective tax rate decreased to 23.6% in 1Q 2007 from 24.9% a year ago. A key factor in this decline was a relatively higher tax-exempted income in 1Q 2007 compared to last year.

Minority interests in earnings decreased to € 99 million primarily as a result of now zero minority interests at RAS in Italy following the execution of its merger with and into Allianz SE, and lower earnings at the life operating entities of AGF Group in France.

The following table sets forth our Life/Health insurance segment's income statement and statutory expense ratio for the three months ended March 31, 2007 and 2006.

Three months ended March 31,	2007	2006
	€ mn	€ mn
Statutory premiums¹⁾	12,326	12,822
Ceded premiums written	(193)	(196)
Change in unearned premiums	(27)	(75)
Statutory premiums (net)	12,106	12,551
Deposits from SFAS 97 insurance and investment contracts	(6,921)	(7,472)
Premiums earned (net)	5,185	5,079
Interest and similar income	3,155	3,047
Income from financial assets and liabilities carried at fair value through income (net), shared with policyholders ²⁾	(311)	31
Realized gains/losses (net) from investments, shared with policyholders ³⁾	1,088	1,103
Fee and commission income	171	129
Other income	54	6
Operating revenues	9,342	9,395
Claims and insurance benefits incurred (net)	(4,702)	(4,693)
Changes in reserves for insurance and investment contracts (net)	(2,624)	(2,648)
Interest expense	(91)	(64)
Loan loss provisions	(3)	
Impairments of investments (net), shared with policyholders	(37)	(35)
Investment expenses	(196)	(157)
Acquisition and administrative expenses (net)	(874)	(1,025)
Fee and commission expenses	(62)	(50)
Operating restructuring charges ⁴⁾	(3)	
Operating expenses	(8,592)	(8,672)
Operating profit	750	723
Income from financial assets and liabilities carried at fair value through income (net), not shared with policyholders ²⁾	1	
Realized gains/losses (net) from investments, not shared with policyholders ³⁾	105	159
Amortization of intangible assets	(1)	(1)
Non-operating restructuring charges ⁴⁾	(2)	
Non-operating items	103	158
Income before income taxes and minority interests in earnings	853	881
Income taxes	(201)	(219)

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Minority interests in earnings	(99)	(128)
Net income	553	534
Statutory expense ratio⁵⁾ in %	7.2	8.2

- 1) For the Life/Health segment, total revenues are measured based upon statutory premiums. Statutory premiums are gross premiums written from sales of life insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
- 2) The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement included in Note 3 to the consolidated financial statements.
- 3) The total of these items equals realized gains/losses (net) in the segment income statement included in Note 3 to the consolidated financial statements.
- 4) The total of these items equals restructuring charges in the segment income statement included in Note 3 to the consolidated financial statements.
- 5) Represents acquisition and administrative expenses (net) divided by statutory premiums (net).

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Group Management Report

Life/Health Operations by Geographic Region

The following table sets forth our Life/Health statutory premiums, premiums earned (net), statutory expense ratio and operating profit by geographic region for the three months ended March 31, 2007 and 2006. Consistent with our general practice, these figures are presented before consolidation adjustments, representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Three months ended March 31,	Statutory premiums ¹⁾		Premiums earned (net)		Statutory expense ratio		Operating profit	
	2007	2006	2007	2006	2007	2006	2007	2006
	€ mn	€ mn	€ mn	€ mn	%	%	€ mn	€ mn
Germany Life	3,039	3,128	2,567	2,581	1.4	8.7	191	133
Germany Health²⁾	779	769	780	770	10.2	7.1	41	53
Italy	2,830	2,268	243	242	5.3	5.8	94	94
France	1,490	1,460	435	356	13.5	13.1	135	174
Switzerland	498	519	195	209	4.5	5.5	16	15
Spain	156	142	111	100	10.6	8.4	27	21
Netherlands	112	124	36	38	12.4	12.3	11	10
Austria	102	102	68	68	10.1	9.6	19	13
Belgium	194	179	76	75	7.7	8.0	44	16
Portugal	22	19	18	17	31.3	13.8	10	7
Luxembourg	10	10	6	7	24.2	17.4	3	1
Greece	29	26	16	15	16.7	24.2	1	2
Western and Southern Europe	469							