

Collins Raymond Gregory  
 Form 3  
 January 14, 2019

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *		2. Date of Event Requiring Statement	3. Issuer Name and Ticker or Trading Symbol	
Â Collins Raymond Gregory		(Month/Day/Year)	FNCB Bancorp, Inc. [FNCB]	
(Last)	(First)	(Middle)	01/07/2019	
C/O FNCB BANK,Â 102 E. DRINKER ST.			4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)			(Check all applicable)	
DUNMORE,Â PAÂ 18512			<input type="checkbox"/> Director	<input type="checkbox"/> 10% Owner
(City)	(State)	(Zip)	<input checked="" type="checkbox"/> Officer	<input type="checkbox"/> Other
			(give title below)	(specify below)
			CHIEF BANKING OFFICER	6. Individual or Joint/Group Filing(Check Applicable Line)
				<input checked="" type="checkbox"/> Form filed by One Reporting Person
				<input type="checkbox"/> Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
COMMON STOCK	0	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
		Title			

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Date	Expiration	Amount or	or Indirect
Exercisable	Date	Number of	(I)
		Shares	(Instr. 5)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Collins Raymond Gregory C/O FNCB BANK 102 E. DRINKER ST. DUNMORE, PA 18512	Â	Â	Â CHIEF BANKING OFFICER	Â

## Signatures

/s/ James M. Bone, Jr., CPA, As Attorney  
in Fact

01/14/2019

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

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	Three months ended		Nine months ended	
	September 30		September 30	
	2005	2004	2005	2004
	mn	mn	mn	mn
Gross premiums written	10,472	10,432	34,439	34,646
Premiums earned (net) <sup>1)</sup>	9,788	9,840	28,522	28,827
Current income from investments (net) <sup>2)</sup>	776	721	2,622	2,387
Insurance benefits (net) <sup>3)</sup>	(7,225)	(6,803)	(19,845)	(20,249)
Net acquisition costs and administrative expenses <sup>4)</sup>	(2,648)	(2,540)	(7,954)	(7,619)
Other operating income/(expenses)(net)	5	(80)	(255)	(448)
<b>Operating profit</b>	<b>696</b>	<b>1,138</b>	<b>3,090</b>	<b>2,898</b>
Net capital gains and impairments on investments <sup>5)</sup>	296	(112)	1,040	982
Net trading income/(expenses) <sup>6)</sup>	(108)	(1)	(269)	(36)
Intra-group dividends and profit transfer	143	96	1,207	1,145
Interest expense on external debt	(160)	(199)	(630)	(654)
Amortization of goodwill <sup>7)</sup>		(96)		(287)
Restructuring charges	(1)		(56)	
Other non-operating income/(expenses)(net)		126		126
<b>Earnings from ordinary activities before taxes</b>	<b>866</b>	<b>952</b>	<b>4,382</b>	<b>4,174</b>
Taxes	(277)	(452)	(909)	(1,069)
Minority interests in earnings	(181)	(132)	(724)	(725)
<b>Net income</b>	<b>408</b>	<b>368</b>	<b>2,749</b>	<b>2,380</b>
Loss ratio <sup>8)</sup> in %	72.9	66.4	68.2	68.2
Expense ratio <sup>9)</sup> in %	24.1	24.5	24.8	25.0
<b>Combined ratio in %</b>	<b>97.0</b>	<b>90.9</b>	<b>93.0</b>	<b>93.2</b>

- <sup>1)</sup> Net of earned premiums ceded to reinsurers of 1,614 million and 4,071 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 1,518 million and 9M 2004: 4,079 million).
- <sup>2)</sup> Net of investment management expenses of 88 million and 257 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 79 million and 9M 2004: 244 million), and interest expenses of 22 million and 136 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 99 million and 9M 2004: 341 million).
- <sup>3)</sup> Comprises net claims incurred of 7,130 million and 19,456 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 6,529 million and 9M 2004: 19,655 million), net expenses from changes in other net underwriting provisions of 44 million and 130 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 212 million and 9M 2004: 398 million), and net expenses for premium refunds of 51 million and 259 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 62 million and 9M 2004: 196 million). Net expenses for premium refunds were adjusted for income of 6 million and 24 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 0 million and 9M 2004: 220 million), related to policyholders' participation of net capital gains and impairments on investments, as well as net trading income/(expenses), that were excluded from the determination of operating profit.
- <sup>4)</sup> Comprises net acquisition costs of 1,426 million and 4,277 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 1,435 million and 9M 2004: 4,314 million), administrative expenses of 937 million and 2,799 million for the three and nine

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months ended September 30, 2005, respectively (3Q 2004: 977 million and 9M 2004: 2,885 million), and expenses for service agreements of 285 million and 878 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 128 million and 9M 2004: 420 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.

- 5) Comprises net realized gains on investments of 280 million and 1,068 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 88 million and 9M 2004: 1,517 million), and income from net impairments on investments of 16 million and expenses of 28 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: expenses of 200 million and 9M 2004: expenses of 535 million). These amounts are net of policyholders' participation.
- 6) Net trading income/(expenses) are net of policyholders' participation.
- 7) Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
- 8) Represents ratio of net claims incurred to net premiums earned.
- 9) Represents ratio of net acquisition costs and administrative expenses as presented in the consolidated financial statements to net premiums earned.

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

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

	Three months ended September 30						Nine months ended September 30					
	2005			2004			2005			2004		
	Gross premiums written	Combined Ratio	Earnings after taxes and before minority interests <sup>1)</sup>	Gross premiums written	Combined Ratio	Earnings after taxes and before minority interests <sup>1)</sup>	Gross premiums written	Combined Ratio	Earnings after taxes and before minority interests <sup>1)</sup>	Gross premiums Written	Combined Ratio	Earnings after taxes and before Minority interests <sup>1)</sup>
			mn			%			mn			mn
Germany	2,680	87.3	353	2,706	86.1	598	10,297	89.4	1,559	10,582	88.2	1,979
France	1,196	97.8	183	1,210	99.4	99	4,063	99.0	766	4,197	99.4	710
Italy	1,083	91.4	425	1,081	89.9	140	3,679	91.9	902	3,605	91.3	540
Switzerland	393	112.5	4	436	97.6	42	1,646	98.3	99	1,578	94.8	124
United Kingdom	569	91.4	89	629	95.1	41	1,859	92.3	195	2,033	94.4	161
Spain	403	89.7	48	373	90.7	36	1,459	90.9	127	1,372	91.4	141
Other Europe	1,098	81.5	137	1,152	88.9	162	4,039	94.4	750	4,102	96.6	419
NAFTA	1,742	108.0	107	1,741	93.8	95	4,057	95.5	542	4,317	93.9	305
Asia-Pacific	510	94.6	40	480	91.5	43	1,317	90.0	145	1,292	95.2	122
South America	181	96.3	16	146	110.8	(7)	493	94.6	45	440	97.6	38
Other	13	2)	2	14	2)	2	50	2)	4	52	2)	5
Specialty Lines												
Credit Insurance	397	62.7	69	407	68.0	34	1,281	70.3	195	1,236	73.1	139
Allianz Global Risks Re	333	136.8	(36)	341	99.5	34	1,047	109.7	51	1,150	98.4	96
Allianz Marine & Aviation	349	177.3	(48)	239	85.1	16	898	119.5	(29)	779	91.5	37
Travel Insurance and Assistance Services	259	90.7	15	253	93.0	8	764	90.4	41	717	91.4	17

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<b>Subtotal</b>	<b>11,206</b>		<b>1,404</b>	<b>11,208</b>		<b>1,343</b>	<b>36,949</b>		<b>5,392</b>	<b>37,452</b>		<b>4,833</b>
Consolidation adjustments <sup>3)</sup>	(734)		(815)	(776)		(747)	(2,510)		(1,919)	(2,806)		(1,441)
<b>Subtotal</b>	<b>10,472</b>		<b>589</b>	<b>10,432</b>		<b>596</b>	<b>34,439</b>		<b>3,473</b>	<b>34,646</b>		<b>3,392</b>
Amortization of goodwill <sup>1)</sup>						(96)						(287)
Minority interests			(181)			(132)			(724)			(725)
<b>Total</b>	<b>10,472</b>	<b>97.0</b>	<b>408</b>	<b>10,432</b>	<b>90.9</b>	<b>368</b>	<b>34,439</b>	<b>93.0</b>	<b>2,749</b>	<b>34,646</b>	<b>93.2</b>	<b>2,380</b>

<sup>1)</sup> Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

<sup>2)</sup> Presentation not meaningful.

<sup>3)</sup> Represents elimination of transactions between Allianz Group companies in different geographic regions. Additionally, we have excluded a number of significant non-operating intra-Allianz Group transactions from various country and speciality lines above and instead have netted them in the consolidation line, including the impacts from September 30, 2002 reinsurance agreement between Fireman's Fund in the United States and Allianz AG in Germany, providing cover for asbestos and environmental exposures, for the three and nine months ended September 30, 2005.

## **Table of Contents**

### **Life/Health Insurance Operations**

#### **Well on track to achieve operating profit target.**

- \_ Statutory premiums in our key European markets of France, Italy and Germany grew by more than 10% in 3Q, achieving an overall 2.5% increase in statutory premiums to 11.1 billion in 3Q over the prior year period despite the decline in the United States from an extraordinary surge in 3Q 2004.
  
- \_ In 3Q, operating profit reached 478 million, an increase of 26.5% compared to the prior year period, supported by lower net acquisition costs and administrative expenses and increased net current income from investments.
  
- \_ Net income tripled to 376 million in 3Q from the prior year period.

### **Earnings Summary**

#### **Statutory Premiums for the nine months ended September 30 by regions<sup>\*)</sup>**

in bn

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

### **Statutory Premiums**

#### **2005 to 2004 Three Month Comparison**

Our statutory premiums rose by 2.5% to 11.1 billion in 3Q. Based on internal growth, our statutory premiums increased by 1.5%. We continued to report significant growth in key European markets. The strongest growth rates were achieved in France at 193 million (18.5%), in Italy at 245 million (14.1%) and in Germany at 307 million (10.1%), whereas premiums in the United States declined by 19.8% to 2,853 million. In France, the strong growth was driven by our well-performing partnership and broker business. Our Italian subsidiaries RAS Group and Lloyd Adriatico again experienced significant growth from the sale of unit-linked and index-linked products through the bancassurance channels. Through Allianz Leben, Germany continued to experience strong growth, which reflected the success it had achieved in the context of last year's Retirement Revenue Act ( Alterseinkünftegesetz ), resulting in a strong increase in statutory premiums ever since year-end 2004. Conversely, statutory premiums in the United States at Allianz Life declined by 19.8% to 2,853 million in 3Q, as expected, due to a very successful, albeit limited, sales promotion which caused an extraordinary surge in statutory premiums in the third quarter of last year. However, statutory premium

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volume in the United States remained strong, at a level well above 1Q and 2Q 2004.

### **2005 to 2004 Nine Month Comparison**

Statutory premiums increased by 9.4% to 34.9 billion. This strong growth stemmed predominantly from key European markets, in particular Germany, Italy and France, as well as the United States.



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### Operating Profit

#### 2005 to 2004 Three Month Comparison

In 3Q, **operating profit** from our Life/Health insurance operations increased significantly by 26.5% to 478 million. **Current income from investments** developed favorably with an increase by 6.4% to 2,764 million, driven predominantly by a significant inflow of funds brought about by new business underwritten at Allianz Life in the United States and Allianz Leben in Germany in prior quarters. **Insurance benefits (net)** increased by 8.4% to 5,697 million, principally from higher premium refunds at Allianz Leben. **Net acquisition costs and administrative expenses** decreased significantly by 11.8% to 955 million, due in large part to a decline in costs at Allianz Life, which, in 3Q 2004, stemmed from the novation of a reinsurance contract and very successful, but limited, sales promotion measures. At the same time, our statutory premiums increased by 2.5% to 11,116 million in 3Q, successfully driving our **statutory expense ratio** down by 1.6 percentage point to 8.5%. **Net trading income**, almost exclusively attributable to policyholders, more than doubled, reaching 163 million, primarily from changes in fair values of freestanding derivatives in connection with equity-indexed annuities sold by Allianz Life in the United States.

#### 2005 to 2004 Nine Month Comparison

After consecutively increasing operating profit levels in 2005, **operating profit** rose by 22.4% to 1,283 million. This positive development originated largely from strong profitable growth within statutory premiums in our key European markets of Italy, France and Germany, where growth rates of greater than 10% were achieved, and favorable development of net acquisition costs and administrative expenses. We achieved a **statutory expense ratio** of 7.7%, a marked decrease of 1.9 percentage points. However, this improvement was also driven by the regular unlocking of assumptions within our deferred policy acquisition cost asset in 1Q.

### Net Income

#### 2005 to 2004 Three Month Comparison

Overall, **net income** tripled, with an increase of 251 million to 376 million. **Net capital gains and impairments on investments** attributable to shareholders increased significantly by 141 million to 183 million. We leveraged the favorable capital market environment for limited realizations, though none individually significant, and also benefited from a considerably lower need to impair investments. Net income was also positively affected by the elimination of the amortization of goodwill brought about by a change in accounting under IFRS (3Q 2004: 40 million). Restructuring charges of 18 million in 3Q resulted from an early retirement program at AGF in France. Despite a dynamic growth in operating profit, **tax expense** decreased by 21.0% to 147 million, leading to an effective tax rate of 21.7% (3Q 2004: 48.3%). This decline was influenced by tax free income at various operating entities, including Allianz Leben, as well as the write-down of deferred tax assets at Allianz Life Insurance Company in Korea in 3Q 2004. **Minority interests in earnings** nearly doubled to 140 million, primarily due to increased earnings at our Italian and French entities.

**2005 to 2004 Nine Month Comparison**

Following three quarters of dynamic growth, **net income** rose by 89.1% to 1,108 million due primarily to strong profitable growth in our key European markets and the United States. Additionally, increases in **net capital gains and impairments on investments** and the elimination of goodwill amortization as a result of a change in accounting under IFRS also contributed to the strengthening of our net income. Largely due to tax exempt income at various operating entities, including Allianz Leben, and favorable taxation of capital gains at AGF Vie in France, our effective tax rate improved considerably to 15.4% from 33.2%.

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	Three months ended		Nine months ended	
	September 30		September 30	
	2005	2004	2005	2004
	mn	mn	mn	mn
Statutory premiums <sup>1)</sup>	11,116	10,841	34,942	31,946
Gross premiums written	4,508	4,465	14,643	14,579
Premiums earned (net) <sup>2)</sup>	4,206	3,990	13,770	13,002
Current income from investments (net) <sup>3)</sup>	2,764	2,597	8,547	8,156
Insurance benefits (net) <sup>4)</sup>	(5,697)	(5,254)	(18,005)	(17,136)
Net acquisition costs and administrative expenses <sup>5)</sup>	(955)	(1,083)	(2,705)	(2,989)
Net trading income/ (expenses)	163	69	(185)	62
Other operating income/ (expenses) (net)	(3)	59	(139)	(47)
<b>Operating profit</b>	<b>478</b>	<b>378</b>	<b>1,283</b>	<b>1,048</b>
Net capital gains and impairments on investments <sup>6)</sup>	183	42	431	315
Intra-group dividends and profit transfer	20	2	88	67
Amortization of goodwill <sup>7)</sup>		(40)		(119)
Restructuring charges	(18)		(18)	
<b>Earnings from ordinary activities before taxes</b>	<b>663</b>	<b>382</b>	<b>1,784</b>	<b>1,311</b>
Taxes	(147)	(186)	(282)	(442)
Minority interests in earnings	(140)	(71)	(394)	(283)
<b>Net income</b>	<b>376</b>	<b>125</b>	<b>1,108</b>	<b>586</b>
<b>Statutory expense ratio<sup>8)</sup> in %</b>	<b>8.5</b>	<b>10.1</b>	<b>7.7</b>	<b>9.6</b>

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

<sup>2)</sup> Net of earned premiums ceded to reinsurers of 259 million and 780 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 463 million and 9M 2004: 1,519 million).

<sup>3)</sup> Net of investment management expenses of 117 million and 332 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 102 million and 9M 2004: 309 million), and interest expenses of 2 million and 0 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 24 million and 9M 2004: 35 million).

<sup>4)</sup> Net insurance benefits were adjusted for income of 428 million and 2,279 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 212 million and 9M 2004: 1,152 million), related to policyholders' participation of net capital gains and impairments on investments that were excluded from the determination of operating profit.

<sup>5)</sup> Comprises net acquisition costs of 598 million and 1,617 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 712 million and 9M 2004: 1,959 million), administrative expenses of 323 million and 993 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 342 million and 9M 2004: 941 million), and expenses for service agreements of 34 million and 95 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 29 million and 9M 2004: 89 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.

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- 6) Comprises net realized gains on investments of 191 million and 510 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 139 million and 9M 2004: 423 million), and expenses for net impairments on investments of 8 million and 79 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: expenses of 97 million and 9M 2004: expenses of 108 million). These amounts are net of policyholders' participation.
- 7) Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
- 8) Represents ratio of net acquisition costs and administrative expenses as presented in the consolidated financial statements to net premiums earned (statutory).

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

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

	Three months ended September 30						Nine months ended September 30					
	2005			2004			2005			2004		
	Statutory premiums <sup>1)</sup>	Gross premiums written	Earnings after taxes and before minority interests <sup>2)</sup>	Statutory premiums <sup>1)</sup>	Gross premiums written	Earnings after taxes and before minority interests <sup>2)</sup>	Statutory premiums <sup>1)</sup>	Gross premiums written	Earnings after taxes and before minority interests <sup>2)</sup>	Statutory premiums <sup>1)</sup>	Gross premiums written	Earnings after taxes and before minority interests <sup>2)</sup>
mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	
Germany	3,360	3,029	112	3,053	2,880	77	10,542	9,566	306	9,553	9,099	206
France <sup>3)</sup>	1,234	273	155	1,041	379	55	3,821	1,116	389	3,321	1,131	216
Italy	1,980	197	88	1,735	205	66	6,909	713	312	5,832	737	220
Switzerland	170	82	15	177	61	3	862	373	31	865	384	13
Spain	94	76	13	92	77	9	379	327	34	511	469	33
Other Europe	484	312	45	478	353	17	1,465	963	118	1,555	1,062	151
United States	2,853	180	56	3,557	199	58	8,614	550	252	8,286	730	134
Asia-Pacific	894	338	26	684	291	(51)	2,210	976	56	1,944	913	10
Other	51	25	6	29	24	1	156	75	4	95	70	8
<b>Subtotal</b>	<b>11,120</b>	<b>4,512</b>	<b>516</b>	<b>10,846</b>	<b>4,469</b>	<b>235</b>	<b>34,958</b>	<b>14,659</b>	<b>1,502</b>	<b>31,962</b>	<b>14,595</b>	<b>991</b>
Consolidation adjustments <sup>4)</sup>	(4)	(4)		(5)	(5)	1	(16)	(16)		(16)	(16)	(3)
<b>Subtotal</b>	<b>11,116</b>	<b>4,508</b>	<b>516</b>	<b>10,841</b>	<b>4,464</b>	<b>236</b>	<b>34,942</b>	<b>14,643</b>	<b>1,502</b>	<b>31,946</b>	<b>14,579</b>	<b>988</b>
Amortization of goodwill <sup>2)</sup>						(40)						(119)
Minority interests			(140)			(71)			(394)			(283)
<b>Total</b>	<b>11,116</b>	<b>4,508</b>	<b>376</b>	<b>10,841</b>	<b>4,464</b>	<b>125</b>	<b>34,942</b>	<b>14,643</b>	<b>1,108</b>	<b>31,946</b>	<b>14,579</b>	<b>586</b>

<sup>1)</sup> Under the Allianz Group's accounting policies for life insurance contracts, for which we have adopted U.S. GAAP accounting standards, gross written premiums include only the cost- and risk-related components of premiums generated from unit-linked and other

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investment-oriented products, but do not include the full amount of statutory premiums written on these products. Statutory premiums are gross premiums written from sales of life insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

- 2) Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
- 3) Effective in 1Q 2005, Assurance Vie et Prevoyance and Martin Maurel Vie were consolidated within the Life/Health insurance operations of France.
- 4) Represents elimination of transactions between Allianz Group companies in different geographic regions.

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### **Banking Operations**

#### **Operating revenues stabilized. Dresdner Bank remains well on track to earn its cost of capital in 2005.**

- \_ In 3Q, operating profit increased by 83.8% to 250 million compared to the prior year period, principally driven by a net release of loan loss provisions from Dresdner Bank's IRU division. Dresdner Bank contributed 231 million of operating profit.
- \_ Operating revenues were stabilized at 1.5 billion in 3Q, for the first time this year. Offsetting the strong development within our strategic divisions at Dresdner Bank was the close of our IRU division after the faster than planned completion of the wind-down of its portfolios, as well as negative impacts from IAS 39 of 154 million.
- \_ Net income of Dresdner Bank amounted to 113 million in 3Q, a slight decline of 5.8% compared to the prior year period due largely to one-off tax credits in 3Q 2004.

### **Earnings Summary**

The results of operations of our banking segment are almost exclusively represented by Dresdner Bank, accounting for 95.7% and 97.5% of our total banking segment's operating revenues and net income, respectively, for the first nine months of 2005 (first nine months of 2004: 96.5% and 108.1%). Accordingly, the discussion of our banking segment's results of operations for the three and nine months ended September 30, 2005 as compared to September 30, 2004, respectively, relate solely to the operations of Dresdner Bank.

### **Operating Revenues**

#### **2005 to 2004 Three Month Comparison**

Whereas operating revenues in our strategic divisions, that is Personal Banking, Private & Business Banking, Corporate Banking and DrKW, increased by 203 million (14.3%), the close of our IRU division, effective September 30, 2005, after the completion of the wind-down of its portfolios, as well as negative impacts from IAS 39, resulted in stable operating revenues at Dresdner Bank of 1,474 million in 3Q. At September 30, 2005 the IRU's remaining exposure amounted to 2.7 billion of which 1.2 billion is scheduled for sale, with the then remaining exposure of 1.5 billion being re-transferred mainly to our Corporate Other division. Net fee and commission income grew by 5.3% to 599 million, driven by the securities business in our Personal Banking and Private & Business Banking divisions. Net trading income increased significantly by 43.2% to 358 million due primarily to strong performance of DrKW's client and customer business, especially with derivatives. Partially off-setting the growth of our net trading income were charges of 49 million relating to IAS 39. Net interest income decreased by 21.1% to 517 million, primarily attributable to the wind-down of our IRU division and a negative impact from IAS 39 of 105 million.

#### **2005 to 2004 Nine Month Comparison**

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Operating revenues decreased by 7.6% to 4,413 million. Approximately two-thirds of this decline was attributable to the reduction of our non-strategic IRU portfolios. In addition, net trading income at DrKW in 2Q was negatively affected, to a significant degree, by the challenging capital market conditions in April and May.

### Operating Profit

#### 2005 to 2004 Three Month Comparison

**Operating profit** increased by 81.9% to 231 million, driven by favorable developments within our **net loan loss provisions**, resulting in a net release of 130 million. Gross new additions to allowances of 58 million were significantly lower, predominantly due to the reductions in our non-strategic business within our IRU division and the significantly improved risk profile of Dresdner Bank's strategic loan portfolio. Gross releases and recoveries of 188 million remained relatively consistent, stemming principally from exits from large debtors, mainly within our IRU division. **Administrative expenses** increased by 6.2% to 1,373 million. Whereas personnel expenses increased by 11.7% to 879 million primarily due to the increase of performance-linked compensation commensurate with the higher operating revenues at DrKW in 3Q, non-personnel operating expenses declined by 2.4% to 494 million largely as a result of lower expenses related to information technology and office space. Non-personnel operating



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expenses decreased despite focused investments in certain growth areas, such as infrastructure established for our Business Model 3, which comprises the sale of our banking products through insurance agents. In 3Q, we have again acquired an increasing number of clients through this sales channel. Our **cost-income ratio** increased to 93.1% in 3Q (3Q 2004: 87.7%), following the increase of our administrative expenses, while operating revenues remained stable, negatively affected by IAS 39.

### 2005 to 2004 Nine Month Comparison

**Operating profit** increased significantly by 32.6% to 711 million. This positive development is largely attributable to the substantial decline in our **net loan loss provisions**, resulting in a net release of 84 million. Notwithstanding the net release in loan loss provisions, our coverage ratio at September 30, 2005, remained stable at 58.8% as compared to September 30, 2004. Further, **administrative expenses** decreased by 4.6% to 3,786 million, driven by both personnel and non-personnel operating expenses. Personnel operating expenses were also positively affected by a one-off effect in 2Q, stemming from the release of provisions for employment anniversary payments due to the alignment of Dresdner Bank's payment scheme to that of the Allianz Group. Further, headcount at September 30, 2005, has been reduced by approximately 7% compared to the level at September 30, 2004. Our **cost-income ratio** increased to 85.8% from 83.1%.

### Banking Segment Operating Profit

in mn

### Net Income

#### 2005 to 2004 Three Month Comparison

Although our earnings from ordinary activities before taxes increased by 188 million, **net income** remained relatively stable at 113 million, with only a slight decline of 5.8%, caused predominantly by higher taxes, driven by our improved operating profitability. Further, taxes in the prior year period were positively affected by a one-off tax credit. In 3Q, non-operating results were characterized by significantly reduced **net capital gains and impairments on investments**, as well as sharply lower other non-operating expenses (net), primarily attributable to decreased capital gains and impairments on certain non-strategic assets in 3Q 2004, respectively. Dresdner Bank's net income benefited from the elimination of goodwill amortization brought about by a change in accounting under IFRS (3Q 2004: 65 million).

#### 2005 to 2004 Nine Month Comparison

Net income increased significantly by 57.9% to 589 million, even excluding the tax-exempt gain of 343 million from the transfer of 5% of our 7.3% shareholding in Munich Re to Allianz AG in 1Q. In addition to the positive operating profit development, the growth in net income was

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attributable to our sharply increased non-operating results, offset to a large extent by higher taxes, also resulting from a one-off tax credit in 3Q 2004. **Net capital gains and impairments on investments** of Dresdner Bank rose by 381 million, stemming principally from the aforementioned Munich Re transfer, the sale of our shareholdings in Bilfinger Berger in 2Q, and strongly reduced net impairments on investments. The absence of significant restructuring charges and the elimination of goodwill amortization also benefited our net income.

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	Three months ended September 30				Nine months ended September 30			
	2005		2004		2005		2004	
	Banking Segment	Dresdner Bank	Banking Segment	Dresdner Bank	Banking Segment	Dresdner Bank	Banking Segment	Dresdner Bank
	mn	mn	mn	mn	mn	mn	mn	mn
Net interest income	532	517	685	655	1,641	1,588	1,815	1,753
Net fee and commission income	635	599	598	569	2,017	1,909	1,974	1,858
Net trading income	375	358	244	250	953	916	1,159	1,165
<b>Operating revenues</b>	<b>1,542</b>	<b>1,474</b>	<b>1,527</b>	<b>1,474</b>	<b>4,611</b>	<b>4,413</b>	<b>4,948</b>	<b>4,776</b>
Administrative expenses	(1,421)	(1,373)	(1,337)	(1,293)	(3,940)	(3,786)	(4,110)	(3,969)
Net loan loss provisions	129	130	(54)	(54)	88	84	(271)	(271)
<b>Operating profit</b>	<b>250</b>	<b>231</b>	<b>136</b>	<b>127</b>	<b>759</b>	<b>711</b>	<b>567</b>	<b>536</b>
Net capital gains and impairments on investments	(5) <sup>1)</sup>	(4)	78 <sub>1)</sub>	77	541 <sub>1)</sub>	542	170 <sub>1)</sub>	161
Restructuring charges	(5)	(5)	(11)	(11)	(10)	(10)	(127)	(127)
Other non-operating income/(expenses)(net)	(17)	(25)	(125)	(119)	51	43	(192)	(182)
Amortization of goodwill <sup>2)</sup>			(65)	(65)			(194)	(194)
<b>Earnings from ordinary activities before taxes</b>	<b>223</b>	<b>197</b>	<b>13</b>	<b>9</b>	<b>1,341</b>	<b>1,286</b>	<b>224</b>	<b>194</b>
Taxes	(74)	(65)	134	129	(308)	(294)	225	235
Minority interests in earnings	(26)	(19)	(22)	(18)	(77)	(60)	(104)	(56)
<b>Net income</b>	<b>123</b>	<b>113</b>	<b>125</b>	<b>120</b>	<b>956</b>	<b>932</b>	<b>345</b>	<b>373</b>
<b>Cost-income ratio<sup>3)</sup> in %</b>	<b>92.2</b>	<b>93.1</b>	<b>87.6</b>	<b>87.7</b>	<b>85.4</b>	<b>85.8</b>	<b>83.1</b>	<b>83.1</b>

<sup>1)</sup> Comprises primarily net realized gains on investments of 29 million and 649 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 145 million and 9M 2004: 511 million), and net impairments on investments of 34 million and 112 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 71 million and 9M 2004: 371 million). For the three and nine months ended September 30, 2005, net impairments on investments includes 9 million and 28 million, respectively, (3Q 2004: 12 million and 9M 2004: 23 million) of scheduled depreciation of real estate used by third parties.

<sup>2)</sup> Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

<sup>3)</sup> Represents ratio of administrative expenses to operating revenues.

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

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

	Three months ended September 30				Nine months ended September 30			
	2005		2004		2005		2004	
	Operating revenues <sup>1)</sup>	Earnings after taxes and before minority interests <sup>2)</sup>	Operating revenues <sup>1)</sup>	Earnings after taxes and before minority interests <sup>2)</sup>	Operating revenues <sup>1)</sup>	Earnings after taxes and before minority interests <sup>2)</sup>	Operating revenues <sup>1)</sup>	Earnings after taxes and before minority interests <sup>2)</sup>
	mn	mn	mn	mn	mn	mn	mn	mn
Personal Banking	468	31	432	(1)	1,417	115	1,393	36
Private & Business Banking	283	67	267	39	878	238	871	155
Corporate Banking	258	106	245	86	757	240	748	201
Dresdner Kleinwort Wasserstein	613	22	475	44	1,450	108	1,542	160
IRU	15	43	65	(90)	70	91	314	83
Corporate Other <sup>3)</sup>	(163)	(137)	(10)	125	(159)	200	(92)	(12)
<b>Dresdner Bank</b>	<b>1,474</b>	<b>132</b>	<b>1,474</b>	<b>203</b>	<b>4,413</b>	<b>992</b>	<b>4,776</b>	<b>623</b>
<b>Other Banks<sup>4)</sup></b>	<b>68</b>	<b>17</b>	<b>53</b>	<b>9</b>	<b>198</b>	<b>41</b>	<b>172</b>	<b>20</b>
<b>Subtotal</b>	<b>1,542</b>	<b>149</b>	<b>1,527</b>	<b>212</b>	<b>4,611</b>	<b>1,033</b>	<b>4,948</b>	<b>643</b>
Amortization of goodwill <sup>2)</sup>				(65)				(194)
Minority Interests		(26)		(22)		(77)		(104)
<b>Total</b>	<b>1,542</b>	<b>123</b>	<b>1,527</b>	<b>125</b>	<b>4,611</b>	<b>956</b>	<b>4,948</b>	<b>345</b>

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

<sup>2)</sup> Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

<sup>3)</sup> The Corporate Other division contains income and expense items that are not assigned to Dresdner Bank's operating divisions. These items include, in particular, expenses for central functions and projects affecting Dresdner Bank as a whole which are not allocated to the operating divisions, as well as provisioning requirements for country and general risks, and realized gains and losses from Dresdner Bank's non-strategic investment portfolio.

<sup>4)</sup> Consists of non-Dresdner Bank banking operations within our banking segment.



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### **Asset Management Operations**

**We continued to increase third-party assets under management and further strengthened our operating profit.**

- \_ Since December 31, 2004, we have achieved an increase in our third-party assets under management of 21.5% to 711 billion. This growth includes strong net inflows of 48 billion.
- \_ In 3Q, commensurate with the marked 3.7 percentage point improvement of our cost-income ratio, which reached 57.8%, our operating profit grew by 37.8% over the prior year period to 299 million.
- \_ Our asset management segment reported an improvement in net income of 97 million, with net income reaching 40 million in 3Q.

### **Earnings Summary**

Our asset management segment's results of operations are almost exclusively represented by Allianz Global Investors (or AGI), which accounted for 98.6% and 97.2% of our total asset management segment's operating revenues and net income, respectively, for the first nine months of 2005. Accordingly, the discussion of our asset management segment's results of operations for the three and nine months ended September 30, 2005, as compared to September 30, 2004, respectively, relate solely to the operations of AGI.

### **Operating Revenues**

#### **2005 to 2004 Three Month Comparison**

**Operating revenues** of AGI grew by 25.1% to 698 million. Internal growth was comparable at 24.6%. This increase reflects positive business developments worldwide, resulting primarily from higher average third-party assets under management in the United States and Germany as discussed further under Third-party Assets Under Management of the Allianz Group .

#### **2005 to 2004 Nine Month Comparison**

**Our operating revenues** increased by 15.0% to 1,906 million, despite the depreciation of the U.S. dollar against the Euro. Internal growth was even stronger at 17.3%. This growth reflects our continuous positive business developments worldwide, particularly in the United States and Germany, as discussed further under Third-party Assets Under Management of the Allianz Group .

### **Operating Profit**

**2005 to 2004 Three Month Comparison**

**Operating profit** of AGI increased significantly by 39.2% to 295 million, primarily due to the aforementioned growth in our **operating revenues**. **Operating expenses** rose by 16.5% to 403 million, which is significantly less than the increase in operating revenues, due largely to increased performance-linked compensation following our strong business development worldwide. We were successful in improving our **cost-income ratio** for the third consecutive quarter to 57.7% (3Q 2004: 62.0%) due in large part to strict cost management resulting in an under-proportionate increase in operating expenses compared to that of our operating revenues.

**2005 to 2004 Nine Month Comparison**

**Operating profit** grew by 35.6% to 777 million. This positive development was driven by a 15.0% increase in **operating revenues**, which was markedly higher than the 4.1% rise in **operating expenses**.

**Asset Management Segment Operating Profit**

in mn

**Table of Contents****Net Income****2005 to 2004 Three Month Comparison**

AGI reported **net income** of \$38 million, representing a \$100 million improvement from prior year's net loss of \$62 million, despite a \$39 million increase in **acquisition-related expenses**. In 3Q, acquisition-related expenses reflect solely deferred purchases of interests in PIMCO, which were agreed upon at the time our fixed income fund manager in the United States was acquired. Commensurate with the strong performance at PIMCO and the increased number of vested shares due to the maturation of the purchase program, the value of the purchase program grew significantly, resulting in an increase of deferred purchases of interest. No further acquisition-related expenses were recorded in 3Q. Our net income also benefited from the elimination of goodwill amortization under IFRS, effective January 1, 2005 (3Q 2004: \$96 million). Primarily due to improved operating profitability, **tax expense** increased to \$32 million compared to a tax benefit of \$9 million in the prior year period.

**2005 to 2004 Nine Month Comparison**

AGI reported **net income** of \$140 million, a \$407 million improvement from prior year's net loss of \$267 million. **Acquisition-related expenses** remained stable at \$556 million. The deferred purchases of interests in PIMCO increased by 42.6% following PIMCO's strong performance over the first nine months of 2005 and the increased number of vested shares. **Tax expense** increased by \$91 million due predominantly to improved operating profitability. Partially offsetting this development was a one-off deferred tax credit in 2Q related to goodwill amortization of \$36 million.

	Three months ended September 30				Nine months ended September 30			
	2005		2004		2005		2004	
	Asset Management Segment	Allianz Global Investors	Asset Management Segment	Allianz Global Investors	Asset Management Segment	Allianz Global Investors	Asset Management Segment	Allianz Global Investors
	mn	mn	mn	mn	mn	mn	mn	mn
Operating revenues	708	698	564	558	1,933	1,906	1,664	1,658
Operating expenses	(409)	(403)	(347)	(346)	(1,148)	(1,129)	(1,086)	(1,085)
<b>Operating profit</b>	<b>299</b>	<b>295</b>	<b>217</b>	<b>212</b>	<b>785</b>	<b>777</b>	<b>578</b>	<b>573</b>
Acquisition-related expenses	(213)	(213)	(174)	(174)	(556)	(556)	(557)	(557)
thereof:								
Deferred purchases of interests in PIMCO <sup>1)</sup>	(213)	(213)	(111)	(111)	(519)	(519)	(364)	(364)
Retention payments for management and employees of PIMCO and Nicholas Applegate			(31)	(31)	(12)	(12)	(98)	(98)
Amortization charges relating to capitalized bonuses for PIMCO management			(32)	(32)	(25)	(25)	(95)	(95)



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Amortization of goodwill <sup>2)</sup>			(96)	(96)			(285)	(285)
<b>Earnings from ordinary activities before taxes</b>	<b>86</b>	<b>82</b>	<b>(53)</b>	<b>(58)</b>	<b>229</b>	<b>221</b>	<b>(264)</b>	<b>(269)</b>
Taxes	(34)	(32)	9	9	(51)	(49)	42	42
Minority interests in earnings	(12)	(12)	(13)	(13)	(34)	(32)	(40)	(40)
<b>Net income (loss)</b>	<b>40</b>	<b>38</b>	<b>(57)</b>	<b>(62)</b>	<b>144</b>	<b>140</b>	<b>(262)</b>	<b>(267)</b>
<b>Cost-income ratio<sup>3)</sup> in %</b>	<b>57.8</b>	<b>57.7</b>	<b>61.5</b>	<b>62.0</b>	<b>59.4</b>	<b>59.2</b>	<b>65.3</b>	<b>65.4</b>

<sup>1)</sup> Effective January 1, 2005, and applied retrospectively, under IFRS, the PIMCO LLC Class B Unit Purchase Plan ( Class B Plan ) is considered a cash settled plan, resulting in changes in the fair value of the shares issued to be recognized as expense.

<sup>2)</sup> Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

<sup>3)</sup> Represents ratio of operating expenses to operating revenues.

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**Third-party Assets Under Management of the Allianz Group**

Overall, third-party assets accounted for approximately 58% or 711 billion of assets managed by the Allianz Group at September 30, 2005. We manage our third-party asset management business primarily through our asset management subsidiary AGI. At September 30, 2005, AGI managed approximately 677 billion, or 95.2%, of our third-party assets under management. The remainder of our third-party assets are managed by Dresdner Bank (approximately 16 billion, or 2.3%) and other Allianz Group companies (approximately 18 billion, or 2.5%).

Since December 31, 2004, our third-party assets under management have increased by 21.5% to 711 billion. With significant net inflows of 48 billion, we continue to demonstrate our strong market position as one of the world's five largest asset managers. Net inflows were particularly strong in our fixed income business within the United States at PIMCO and within Germany at Allianz Dresdner Global Investors. Primarily attributable to favorable equity capital markets and, to a lesser extent, bond capital markets, market-related appreciation in the value of our third-party assets amounted to 27 billion. Positive effects from exchange rate movements were 56 billion, resulting primarily from the strengthening of the U.S. dollar compared to the Euro. Our third-party assets under management were negatively affected by the sale of Cadence Capital Management in the United States in 3Q, which resulted in a 5 billion decline in our third-party assets.

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

in bn

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<sup>1)</sup> Based on the domicile of respective investment companies.

<sup>2)</sup> Consists of third-party assets managed by Dresdner Bank (approximately 16 billion and 19 billion at September 30, 2005 and December 31, 2004, respectively) and by other Allianz Group companies (approximately 18 billion and 16 billion at September 30, 2005 and December 31, 2004, respectively).

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<sup>\*)</sup> Includes primarily investments in real estate

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### **Outlook**

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

For 2005, the Allianz Group has the following targets:

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

Due to the strong performance in 3Q and the first nine months of 2005, we expect to surpass our targets for 2005.

### **Cautionary Note Regarding Forward-Looking Statements**

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

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**Other Information**

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**Table of Contents****Consolidated Balance Sheets**

As of September 30, 2005 and as of December 31, 2004

	Note	September 30,	December 31,
		2005	2004
		mn	mn
<b>ASSETS</b>			
Intangible assets	4	15,465	15,147
Investments in associated enterprises and joint ventures		3,470	5,757
Investments	5	276,177	248,327
Loans and advances to banks	6	150,048	181,543
Loans and advances to customers	7	193,179	195,680
Financial assets carried at fair value through income	8	235,097	240,574
Cash and cash equivalents		24,093	15,628
Amounts ceded to reinsurers from reserves for insurance and investment contracts	9	23,533	22,310
Deferred tax assets		15,242	14,139
Other assets		52,894	51,213
<b>Total assets</b>		<b>989,198</b>	<b>990,318</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
Shareholders equity	10	48,588	37,691
Participation certificates and subordinated liabilities	11	14,547	13,230
Reserves for insurance and investment contracts	12	356,489	326,380
Liabilities to banks	13	147,998	191,347
Liabilities to customers	14	159,907	157,137
Certificated liabilities	15	58,645	57,752
Financial liabilities carried at fair value through income	16	141,085	145,137
Other accrued liabilities	17	13,797	13,984
Other liabilities	18	29,154	31,271
Deferred tax liabilities		15,544	14,350
Deferred income		3,444	2,039
<b>Total shareholders equity and liabilities</b>		<b>989,198</b>	<b>990,318</b>

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

for the three months and nine months ended September 30, 2005 and 2004

	Note	Three months ended September 30,		Nine months ended September 30,	
		2005	2004	2005	2004
		mn	mn	mn	mn
Premiums earned (net)	19	13,994	13,830	42,292	41,829
Interest and similar income	20	5,282	5,181	16,597	15,773
Income from investments in associated enterprises and joint ventures (net)	21	80	68	962	707
Other income from investments	22	1,008	783	3,487	4,137
Income from financial assets and liabilities carried at fair value through income (net)	23	617	346	1,099	1,305
Fee and commission income, and income from service activities	24	2,074	1,616	5,989	4,962
Other income	25	408	678	1,679	1,791
<b>Total income</b>		<b>23,463</b>	<b>22,502</b>	<b>72,105</b>	<b>70,504</b>
Insurance and investment contract benefits (net)	26	(13,375)	(12,318)	(40,194)	(38,860)
Interest and similar expenses	27	(1,387)	(1,460)	(4,700)	(4,234)
Other expenses from investments	28	(310)	(651)	(925)	(2,102)
Loan loss provisions	29	132	(51)	88	(273)
Acquisition costs and administrative expenses (net)	30	(6,141)	(5,806)	(17,598)	(17,286)
Amortization of goodwill			(297)		(885)
Other expenses	31	(724)	(730)	(2,707)	(2,770)
<b>Total expenses</b>		<b>(21,805)</b>	<b>(21,313)</b>	<b>(66,036)</b>	<b>(66,410)</b>
Earnings from ordinary activities before taxes		1,658	1,189	6,069	4,094
Taxes	32	(530)	(497)	(1,541)	(1,240)
Minority interests in earnings		(334)	(224)	(1,020)	(884)
<b>Net income</b>		<b>794</b>	<b>468</b>	<b>3,508</b>	<b>1,970</b>
<b>Basic earnings per share</b>	33	2.03	1.28	9.11	5.37
Diluted earnings per share	33	2.02	1.27	9.06	5.35

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

for the nine months ended September 30, 2005 and 2004

	Paid in capital	Revenue reserves	Foreign currency translation adjustments	Unrealized gains and losses (net)	Shareholders equity before minority interests	Minority interests in shareholders equity	Shareholders equity
	mn	mn	mn	mn	mn	mn	mn
<b>Balance as of December 31, 2003, as previously reported</b>	<b>19,347</b>	<b>6,914</b>	<b>(1,916)</b>	<b>4,247</b>	<b>28,592</b>	<b>8,367</b>	<b>36,959</b>
Effect of implementation of new accounting standards (Note 2)		(2,821)	23	2,199	(599)	(1,101)	(1,700)
<b>Balance as of December 31, 2003, as adjusted</b>	<b>19,347</b>	<b>4,093</b>	<b>(1,893)</b>	<b>6,446</b>	<b>27,993</b>	<b>7,266</b>	<b>35,259</b>
Foreign currency translation adjustments			99	17	116	15	131
Changes in the group of consolidated companies		(22)	14	5	(3)		(3)
Treasury shares		43			43		43
Unrealized gains and losses (net)				(704)	(704)	39	(665)
Net income		1,970			1,970	884	2,854
Dividends paid		(551)			(551)	(432)	(983)
Miscellaneous		104			104	(433)	(329)
<b>Balance as of September 30, 2004</b>	<b>19,347</b>	<b>5,637</b>	<b>(1,780)</b>	<b>5,764</b>	<b>28,968</b>	<b>7,339</b>	<b>36,307</b>
<b>Balance as of December 31, 2004, as previously reported</b>	<b>19,433</b>	<b>8,478</b>	<b>(2,680)</b>	<b>5,597</b>	<b>30,828</b>	<b>9,531</b>	<b>40,359</b>
Effect of implementation of new accounting standards (Note 2)		(2,585)	46	1,706	(833)	(1,835)	(2,668)
<b>Balance as of December 31, 2004, as adjusted</b>	<b>19,433</b>	<b>5,893</b>	<b>(2,634)</b>	<b>7,303</b>	<b>29,995</b>	<b>7,696</b>	<b>37,691</b>
Foreign currency translation adjustments			1,428	44	1,472	34	1,506
Changes in the group of consolidated companies		(195)	2	(13)	(206)	106	(100)
Capital paid in	2,064				2,064		2,064
Treasury shares		1,640			1,640		1,640
Unrealized gains and losses (net)				2,191	2,191	466	2,657
Net income		3,508			3,508	1,020	4,528
Dividends paid		(674)			(674)	(594)	(1,268)
Miscellaneous		(172)			(172)	42	(130)
<b>Balance as of September 30, 2005</b>	<b>21,497</b>	<b>10,000</b>	<b>(1,204)</b>	<b>9,525</b>	<b>39,818</b>	<b>8,770</b>	<b>48,588</b>



**Table of Contents****Consolidated Statements of Cash Flows****for the nine months ended September 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<u>Nine months ended September 30,</u>	<u>mn</u>	<u>mn</u>
<b>Operating activities</b>		
Net income	3,508	1,970
Change in unearned premiums	1,712	1,469
Change in aggregate policy reserves (without aggregate policy reserves for life insurance products in accordance with SFAS 97)	12,283	10,912
Change in reserve for loss and loss adjustment expenses	2,759	2,091
Change in other insurance reserves (without change in the reserve for latent premium refunds from unrealized investment gains and losses)	2,745	1,714
Change in deferred acquisition costs	(1,716)	(544)
Change in funds held by others under reinsurance business assumed	(10)	457
Change in funds held under reinsurance business ceded	(1,240)	477
Change in accounts receivable/payable on reinsurance business	(84)	(49)
Change in trading securities (including trading liabilities)	8,513	(22,059)
Change in loans and advances to banks and customers	34,657	(38,888)
Change in liabilities to banks and customers	(40,857)	47,255
Change in certificated liabilities	797	2,397
Change in other receivables and liabilities	(1,388)	5,392
Change in deferred tax assets/liabilities (without change in deferred tax assets/liabilities from unrealized investment gains and losses)	(52)	164
Non-cash investment income/expenses	(4,470)	(3,024)
Amortization of goodwill		885
Other	1,518	(1,958)
<b>Net cash flow provided by operating activities</b>	<b><u>18,675</u></b>	<b><u>8,661</u></b>
<b>Investing activities</b>		
Change in securities available-for-sale	(19,716)	(9,648)
Change in investments held-to-maturity	200	(607)
Change in real estate	(53)	(1,457)
Change in other investments	3,124	861
Change in cash and cash equivalents from the acquisition of consolidated affiliated companies		(1,293)
Other	(284)	(1,528)
<b>Net cash flow used in investing activities</b>	<b><u>(16,729)</u></b>	<b><u>(13,672)</u></b>
<b>Financing activities</b>		
Change in participation certificates and subordinated liabilities	1,311	1,232
Change in investments held on account and at risk of life insurance policyholders	(8,916)	(6,177)
Change in aggregate policy reserves for life insurance products according to SFAS 97	10,404	4,365
Cash inflow from capital increases	2,064	
Dividend payouts	(1,268)	(983)
Other from shareholders capital and minority interests (without change in revenue reserve from unrealized investment gains and losses)	2,862	1,830
<b>Net cash flow provided by financing activities</b>	<b><u>6,457</u></b>	<b><u>267</u></b>

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Effect of exchange rate changes on cash and cash equivalents	62	14
<b>Change in cash and cash equivalents</b>	<b>8,465</b>	<b>(4,730)</b>
Cash and cash equivalents at beginning of period	15,628	25,528
<b>Cash and cash equivalents at end of period</b>	<b>24,093</b>	<b>20,798</b>

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

Outflows for taxes on income amounted to 969 mn (2004: 885 mn).

**Table of Contents****Notes to the Consolidated Financial Statements****1 Basis of presentation**

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) as adopted under European Union (EU) regulations in accordance with clause 315a of the German Commercial Code (HGB). EU regulations require full compliance with IFRS with the exception of the IAS 39 carve-out rules. Nevertheless, the endorsement by the EU, i.e. the elimination of the carve-out-rule, is expected before year-end 2005 and thus the fair value option for liabilities is already applied. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards continue to be cited as International Accounting Standards (IAS). All standards currently applicable have been adopted in the preparation of these consolidated financial statements.

For years through 2004, IFRS did not provide specific guidance concerning the reporting of insurance and reinsurance contracts. Therefore, as envisioned in the IFRS Framework, the provisions embodied under accounting principles generally accepted in the United States of America (U.S. GAAP) have been applied. See Note 2 regarding changes to IFRS effective January 1, 2005. The financial statements are presented in Euros ( ).

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

**2 Recently adopted accounting pronouncements****Effects of accounting pronouncements adopted prior to July 1, 2005**

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

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

	<b>Three months ended September 30, 2004</b>	<b>Nine months ended September 30, 2004</b>

(Debit) Credit

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	<u>mn</u>	<u>mn</u>
Other income from investments	(15)	(262)
Insurance and investment contract benefits (net)	(27)	93
Other expenses from investments	34	100
Taxes	5	18
Minority interests in earnings	(1)	(5)
	<u>          </u>	<u>          </u>
<b>Net impact on previously reported net income</b>	<b>(4)</b>	<b>(56)</b>
	<u>          </u>	<u>          </u>

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

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

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

<u>(Debit) Credit</u>	<b>Three months ended September 30, 2004</b>	<b>Nine months ended September 30, 2004</b>
	<u>mn</u>	<u>mn</u>
Interest and similar income	(9)	(38)
Other income from investments	(54)	(130)
Income from financial assets and liabilities carried at fair value through income (net)	38	125
Insurance and investment contract benefits (net)	10	(33)
Other expenses from investments	27	82
Taxes	(4)	(2)
Minority interests in earnings	(7)	2
<b>Net impact on previously reported net income</b>	<b>1</b>	<b>6</b>

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

<u>(Debit) Credit</u>	<b>Three months ended September 30, 2004</b>	<b>Nine months ended September 30, 2004</b>
	<u>mn</u>	<u>mn</u>

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Other income from investments	11	8
Other income	(11)	(8)
Other expenses from investments	33	45
Other expenses	(33)	(45)
	<hr/>	<hr/>
<b>Net impact on previously reported net income</b>	<hr/>	<hr/>

Effective January 1, 2005, the Allianz Group adopted IFRS 2, Share Based Payments ( IFRS 2 ). In accordance with IFRS 2, share based compensation plans are required to be classified as equity settled or cash settled plans. Equity settled plans are measured at fair value on the grant date with changes recognized in the income statement and shareholders' equity over the vesting period. Cash settled plans are measured at fair value at each reporting date and recognized as liabilities. Changes in the fair value of cash settled plans are recognized as expense in the income statement.

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A company is considered to have a cash settled plan if the shares issued are redeemable, either mandatorily or at the counter-party's option. In this respect, IFRS 2 has incorporated the "puttable instrument" concept of IAS 32 revised, which requires that such instruments be classified as liabilities rather than equity instruments. As a result of the adoption of IFRS 2, the PIMCO LLC Class B Unit Purchase Plan ( "Class B Plan" ) is considered a cash settled plan as the equity instruments issued are puttable at the counter-party's option. According to the Allianz Group's previous accounting policy, the Class B Plan was considered an equity settled plan.

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

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

(Debit) Credit	Three months ended	Nine months ended
	September 30,	September 30,
	2004	2004
	mn	mn
Acquisition and administrative expenses (net)	(60)	(206)
Taxes	12	50
Minority interests in earnings	29	84
<b>Net impact on previously reported net income</b>	<b>(19)</b>	<b>(72)</b>

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

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

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

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

	<b>Three months ended September 30, 2004</b>	<b>Nine months ended September 30, 2004</b>
<u>(Debit) Credit</u>	<u>mn</u>	<u>mn</u>
Income from financial assets and liabilities carried at fair value through income (net)	12	(105)
Insurance and investment contract benefits (net)	(12)	105
<b>Net impact on previously reported net income</b>	<b>_____</b>	<b>_____</b>

As previously disclosed, the retrospective application of adoption of these new standards, resulted in a decrease in shareholders' equity of 2,631 mn and 1,700 mn as of December 31, 2004 and 2003, respectively.

### Effects of accounting pronouncements adopted subsequent to June 30, 2005

#### Impairments of equity securities

IAS 39 revised requires a change to the Allianz Group's impairment criteria for available-for-sale equity securities. An equity security is considered to be impaired if there is objective evidence that the cost of the equity security may not be recovered. IAS 39 revised requires that a significant or prolonged decline in the fair value of an equity security below cost is considered to be objective evidence of impairment. The Allianz Group established, beside the existing qualitative impairment criteria, new quantitative impairment criteria for equity securities to define significant or prolonged decline. To satisfy the significant criteria, the Allianz Group



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has established a policy that an equity security is considered impaired if the fair value is below the weighted-average cost by more than 20%. To satisfy the prolonged criteria, the Allianz Group established a policy that an equity security is considered impaired if the fair value is below the weighted-average cost for greater than nine months. Each of these policies is applied independently at the subsidiary level.

In addition, IAS 39 revised does not allow an adjusted cost basis to be established upon impairment of an equity security. Rather, each reporting period, if the fair value is less than the original cost basis of the equity security, the security is analyzed for impairment based upon the Allianz Group's impairment criteria. At each reporting date, for equity securities that are determined to be impaired based upon the Allianz Group's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments. According to the Allianz Group's previously applied accounting policy, upon the recognition of an impairment of an equity security, an adjusted cost basis was established. Therefore, at each reporting period, if the fair value was less than the adjusted cost basis of the equity security, the security was analyzed for impairment based upon the Allianz Group's impairment criteria.

IAS 39 revised required retrospective application of these changes; therefore, the Allianz Group's previously issued consolidated financial statements were required to be restated to include the effects of these changes. During the three months ended September 30, 2005, the Allianz Group adopted these provisions of IAS 39. The Allianz Group did not adopt these provisions prior to the three months ended September 30, 2005, as it was in discussions with accounting standard setters to determine if the adoption of IAS 39 revised would result in a difference to accounting principles generally accepted in the United States ( US GAAP ). These discussions were concluded in the third quarter 2005 and will result in a difference in accounting under US GAAP after January 1, 2005, as the Allianz Group is not allowed to retrospectively apply these provisions under US GAAP. The Allianz Group continues to monitor the discussions by the IFRIC regarding clarification of the timing of impairment testing (quarterly versus annually).

As a result, the Allianz Group recorded the following effects in the consolidated income statements:

	Three months ended September 30, 2004	Nine months ended September 30, 2004	Three months ended March 31, 2005	Three months ended June 30, 2005
(Debit) Credit	mn	mn	mn	mn
Other income from investments	111	742	307	38
Insurance and investment contract benefits (net)	17	(138)	(179)	(7)
Other expenses from investments	(157)	(199)	56	(11)
Taxes	(15)	(70)	(31)	(3)
Minority interests in earnings	(3)	(68)	(10)	(3)
<b>Net impact on previously reported net income</b>	<b>(47)</b>	<b>267</b>	<b>143</b>	<b>14</b>

Further, as a result of these provisions of IAS 39, the Allianz Group recorded the following effects in shareholders' equity:

Increase (Decrease)

	As of December 31, 2003	As of December 31, 2004
	mn	mn
Revenue reserves	(2,105)	(1,655)
Unrealized gains and losses (net)	2,105	1,655
<b>Net impact on previously reported shareholders equity</b>		

#### Fair value option for financial liabilities

IAS 39 revised created a new category, designated at fair value through income, for financial assets and liabilities. Both, financial assets and liabilities designated at fair value through income are recognised at fair value with changes recognised in net income. The Allianz Group already implemented this new rule for financial assets as of January 1, 2005. The implementation of this regulation with regard to financial liabilities was not allowed because the EU did not endorse it based on the revised IAS 39. In June 2005 the IASB adjusted the fair value regulation and considered the concerns raised by the EU. It is expected that the EU will endorse the new rules in the fourth quarter 2005. Thus, the Allianz Group already applied the fair value option for financial liabilities retrospectively in the third quarter due to the forthcoming EU endorsement.

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As a result, the Allianz Group recorded the following effects in the consolidated income statements:

<b>(Debit) Credit</b>	<b>Three months ended March 31, 2005</b>	<b>Three months ended June 30, 2005</b>
	<b>mn</b>	<b>mn</b>
Interest and similar income	(15)	(17)
Income from financial assets and liabilities carried at fair value through income	(9)	4
Interest and similar expenses	15	13
Taxes	3	
<b>Net impact on previously reported net income</b>	<b>(6)</b>	

Further, as a result of this change, the Allianz Group recorded the following effect in shareholders' equity:

<b>Increase (Decrease)</b>	<b>As of December 31, 2003</b>	<b>As of December 31, 2004</b>
	<b>mn</b>	<b>mn</b>
Revenue reserves	(12)	(23)
<b>Net impact on previously reported shareholders' equity</b>	<b>(12)</b>	<b>(23)</b>

**Discretionary participating features**

IFRS 4 contains specific guidance for contracts with discretionary participation features (DPF). These include other contracts that have additional payments where the timing or amount is at the discretion of the company. Based on this definition the Allianz Group recognised retrospectively a deferred premium refund for specific contracts for the Swiss business.

As a result, the Allianz Group recorded the following effects in the consolidated income statements:

<b>(Debit) Credit</b>	<b>Three months ended March 31, 2005</b>	<b>Three months ended June 30, 2005</b>
	<b>mn</b>	<b>mn</b>

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Insurance and investment contract benefits (net)		(17)
Taxes		5
Minority interests in earnings		4
<b>Net impact on previously reported net income</b>		<b>(8)</b>

Further, as a result of this change, the Allianz Group recorded the following effects in shareholders' equity:

Increase (Decrease)	As of December 31,	As of December 31,
	2003	2004
	mn	mn
Revenue reserves	24	5
Unrealized gains and losses (net)	(15)	(13)
Minority interests in shareholders' equity	3	(6)
<b>Net impact on previously reported shareholders' equity</b>	<b>12</b>	<b>(14)</b>

**Accounting for business combinations**

During the three months ended September 30, 2005, the Allianz Group revised its accounting policy for accounting of business combinations for acquisitions of companies already under control of the Allianz Group. IFRS 3 does not include any regulations on minority acquisition accounting. Thus, the Allianz Group introduced the pure equity transaction approach to cover this accounting gap. According to the pure equity transaction approach, the acquisition of a minority does not result in further revaluations of assets and liabilities. Instead the excess amount of the purchase price over the carrying amount of the minority will directly reduce the equity. The Allianz Group has to retrospectively apply this rule as of January 1, 2005 because since then minorities have to be presented in the equity according to the revised IAS 27.

As a result, the Allianz Group recorded the following effects in the consolidated income statements:

(Debit) Credit	Three months ended	Three months ended
	March 31,	June 30,
	2005	2005
	mn	mn
Income from investments in associated enterprises and joint ventures (net)		(15)
Other income from investments	(1)	(13)
Interest and similar expenses	4	1
Taxes	1	5
Minority interests in earnings	(1)	11

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<b>Net impact on previously reported net income</b>	<b>3</b>	<b>(11)</b>
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In addition, during the three months ended March 31, 2005 and six months ended June 30, 2005, the Allianz Group recorded 2 mn and 199 mn of previously capitalized goodwill directly in equity as a result of this provision.

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

As of September 30, 2005 and as of December 31, 2004

	Property-Casualty		Life/Health		Banking		Asset Management		Consolidation Adjustments		GRS
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005
	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn
Assets	2,230	2,185	4,012	4,075	2,541	2,526	6,682	6,362		(1)	15,466
	48,231	48,359	4,038	5,532	2,764	3,037	3	3	(51,566)	(51,174)	3,477
	86,612	81,245	173,886	154,920	16,672	17,736	800	529	(1,793)	(6,103)	276,177
Liabilities	13,632	7,424	56,984	56,699	81,281	119,025	274	144	(2,123)	(1,749)	150,044
	2,006	6,224	27,658	28,808	171,348	168,346	85	29	(7,918)	(7,727)	193,175
	3,285	1,137	61,708	46,668	169,914	192,746	307	131	(117)	(108)	235,099
to	2,336	1,665	1,574	968	20,054	13,097	588	431	(459)	(533)	24,099
	14,561	12,337	10,827	16,382					(1,855)	(6,409)	23,533
	7,597	6,816	3,849	3,451	3,588	3,679	202	187	6	6	15,244
	21,579	20,045	23,501	20,362	10,131	15,341	3,407	2,942	(5,724)	(7,477)	52,899
	<b>202,069</b>	<b>187,437</b>	<b>368,037</b>	<b>337,865</b>	<b>478,293</b>	<b>535,533</b>	<b>12,348</b>	<b>10,758</b>	<b>(71,549)</b>	<b>(81,275)</b>	<b>989,199</b>
RS	Property-Casualty		Life/Health		Banking		Asset Management		Consolidation Adjustments		GRS
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005
	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn

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	7,307	5,497	140	141	7,308	7,815			(208)	(223)	14,54
	86,931	83,095	271,574	249,854	4	4			(2,020)	(6,573)	356,48
	2,605	1,358	1,082	1,241	144,644	189,187	41	7	(374)	(446)	147,99
	5,080	5,336	74	165	161,718	158,127	500	294	(7,465)	(6,785)	159,90
	9,668	11,405	4	68	49,610	47,041	4	4	(641)	(766)	58,64
d	1,252	530	56,679	44,776	83,277	99,934			(123)	(103)	141,08
	6,032	5,960	856	1,016	5,115	5,783	1,794	1,225			13,79
	13,652	12,352	16,371	21,280	4,482	8,859	1,290	709	(6,641)	(11,929)	29,15
	8,310	7,894	5,172	4,539	1,989	1,860	73	57			15,54
e	124	161	124	139	3,170	1,737	26	2			3,44
	<b>140,961</b>	<b>133,588</b>	<b>352,076</b>	<b>323,219</b>	<b>461,317</b>	<b>520,347</b>	<b>3,728</b>	<b>2,298</b>	<b>(17,472)</b>	<b>(26,825)</b>	<b>940,61</b>
											<b>48,58</b>
											<b>989,19</b>

\*) Shareholders equity and minority interests in shareholders equity.

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

for the three months ended September 30, 2005 and 2004

	Property-Casualty		Life/Health		Banking		Asset Management		Consolidation Adjustments		Group	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Three months ended September 30,	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn
Premiums earned (net)	9,788	9,840	4,206	3,990							13,994	13,830
Interest and similar income	906	932	2,846	2,693	1,643	1,751	23	16	(136)	(211)	5,282	5,181
Income from associated enterprises and joint ventures (net)	152	72	54	82	54	29			(180)	(115)	80	68
Other income from investments	329	207	639	443	44	130	1		(5)	3	1,008	783
Income from financial assets and liabilities carried at fair value through income (net)	(65)	3	291	103	375	244	16	(1)		(3)	617	346
Fee and commission income, and income from service activities	451	243	53	52	772	701	968	778	(170)	(158)	2,074	1,616
Other income	176	281	211	387	35	42	5	6	(19)	(38)	408	678
<b>Total income</b>	<b>11,737</b>	<b>11,578</b>	<b>8,300</b>	<b>7,750</b>	<b>2,923</b>	<b>2,897</b>	<b>1,013</b>	<b>799</b>	<b>(510)</b>	<b>(522)</b>	<b>23,463</b>	<b>22,502</b>
Insurance and investment contract benefits (net)	(7,247)	(6,853)	(6,128)	(5,465)							(13,375)	(12,318)
Interest and similar expenses	(243)	(369)	(102)	(212)	(1,165)	(1,092)	(11)	(3)	134	216	(1,387)	(1,460)
Other expenses from investments	(74)	(319)	(187)	(275)	(49)	(56)		(1)			(310)	(651)
Loan loss provisions	(3)	2	6	(1)	129	(54)				2	132	(51)
Acquisition costs and administrative expenses (net)	(2,799)	(2,654)	(1,077)	(1,199)	(1,558)	(1,440)	(891)	(657)	184	144	(6,141)	(5,806)
Amortization of goodwill		(96)		(40)		(65)		(96)				(297)
Other expenses	(505)	(337)	(149)	(176)	(57)	(177)	(25)	(95)	12	55	(724)	(730)
<b>Total expenses</b>	<b>(10,871)</b>	<b>(10,626)</b>	<b>(7,637)</b>	<b>(7,368)</b>	<b>(2,700)</b>	<b>(2,884)</b>	<b>(927)</b>	<b>(852)</b>	<b>330</b>	<b>417</b>	<b>(21,805)</b>	<b>(21,313)</b>
Earnings from ordinary activities before taxes	866	952	663	382	223	13	86	(53)	(180)	(105)	1,658	1,189
Taxes	(277)	(452)	(147)	(186)	(74)	134	(34)	9	2	(2)	(530)	(497)
Minority interests in earnings	(181)	(132)	(140)	(71)	(26)	(22)	(12)	(13)	25	14	(334)	(224)
<b>Net income</b>	<b>408</b>	<b>368</b>	<b>376</b>	<b>125</b>	<b>123</b>	<b>125</b>	<b>40</b>	<b>(57)</b>	<b>(153)</b>	<b>(93)</b>	<b>794</b>	<b>468</b>



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

for the nine months ended September 30, 2005 and 2004

	Property-Casualty		Life/Health		Banking		Asset Management		Consolidation Adjustments		Group	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Nine months ended September 30,	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn
Premiums earned (net)	28,522	28,827	13,770	13,002							42,292	41,829
Interest and similar income	3,067	3,076	8,786	8,383	5,100	4,878	67	47	(423)	(611)	16,597	15,773
Income from associated enterprises and joint ventures (net)	1,305	1,560	724	283	238	116			(1,305)	(1,252)	962	707
Other income from investments	1,143	1,647	2,082	1,931	596	515	6	7	(340)	37	3,487	4,137
Income from financial assets and liabilities carried at fair value through income (net)	(166)	(22)	291	168	953	1,160	21	2		(3)	1,099	1,305
Fee and commission income, and income from service activities	1,266	672	136	154	2,412	2,310	2,661	2,283	(486)	(457)	5,989	4,962
Other income	817	650	669	971	249	195	22	23	(78)	(48)	1,679	1,791
<b>Total income</b>	<b>35,954</b>	<b>36,410</b>	<b>26,458</b>	<b>24,892</b>	<b>9,548</b>	<b>9,174</b>	<b>2,777</b>	<b>2,362</b>	<b>(2,632)</b>	<b>(2,334)</b>	<b>72,105</b>	<b>70,504</b>
Insurance and investment contract benefits (net)	(19,884)	(20,575)	(20,285)	(18,285)					(25)		(40,194)	(38,860)
Interest and similar expenses	(1,125)	(1,121)	(340)	(542)	(3,615)	(3,162)	(37)	(10)	417	601	(4,700)	(4,234)
Other expenses from investments	(270)	(912)	(498)	(672)	(137)	(364)		(2)	(20)	(152)	(925)	(2,102)
Loan loss provisions	(3)	(1)	3	(2)	88	(271)				1	88	(273)
Acquisition costs and administrative expenses (net)	(8,305)	(7,928)	(3,055)	(3,331)	(4,336)	(4,446)	(2,427)	(2,010)	525	429	(17,598)	(17,286)
Amortization of goodwill		(287)		(119)		(194)		(285)				(885)
Other expenses	(1,985)	(1,412)	(499)	(630)	(207)	(513)	(84)	(319)	68	104	(2,707)	(2,770)
<b>Total expenses</b>	<b>(31,572)</b>	<b>(32,236)</b>	<b>(24,674)</b>	<b>(23,581)</b>	<b>(8,207)</b>	<b>(8,950)</b>	<b>(2,548)</b>	<b>(2,626)</b>	<b>965</b>	<b>983</b>	<b>(66,036)</b>	<b>(66,410)</b>
Earnings from ordinary activities before taxes	4,382	4,174	1,784	1,311	1,341	224	229	(264)	(1,667)	(1,351)	6,069	4,094
Taxes	(909)	(1,069)	(282)	(442)	(308)	225	(51)	42	9	4	(1,541)	(1,240)
Minority interests in earnings	(724)	(725)	(394)	(283)	(77)	(104)	(34)	(40)	209	268	(1,020)	(884)
<b>Net income</b>	<b>2,749</b>	<b>2,380</b>	<b>1,108</b>	<b>586</b>	<b>956</b>	<b>345</b>	<b>144</b>	<b>(262)</b>	<b>(1,449)</b>	<b>(1,079)</b>	<b>3,508</b>	<b>1,970</b>

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

	Property-Casualty		Life/Health		Banking		Asset Management		Consolidation Adjustments		Total Group	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn
<b>Three months ended September 30,</b>												
Total revenues <sup>*)</sup>	10,472	10,432	11,116	10,841	1,542	1,527	708	564	(63)	(228)	23,775	23,136
Operating profit	696	1,138	478	378	250	136	299	217			1,723	1,869
<b>Earnings from ordinary activities before taxes</b>	<b>866</b>	<b>952</b>	<b>663</b>	<b>382</b>	<b>223</b>	<b>13</b>	<b>86</b>	<b>(53)</b>	<b>(180)</b>	<b>(105)</b>	<b>1,658</b>	<b>1,189</b>
Taxes	(277)	(452)	(147)	(186)	(74)	134	(34)	9	2	(2)	(530)	(497)
Minority interests in earnings	(181)	(132)	(140)	(71)	(26)	(22)	(12)	(13)	25	14	(334)	(224)
<b>Net income (loss)</b>	<b>408</b>	<b>368</b>	<b>376</b>	<b>125</b>	<b>123</b>	<b>125</b>	<b>40</b>	<b>(57)</b>	<b>(153)</b>	<b>(93)</b>	<b>794</b>	<b>468</b>
<b>Nine months ended September 30,</b>												
Total revenues <sup>*)</sup>	34,439	34,646	34,942	31,946	4,611	4,948	1,933	1,664	(192)	(612)	75,733	72,592
Operating profit	3,090	2,898	1,283	1,048	759	567	785	578			5,917	5,091
<b>Earnings from ordinary activities before taxes</b>	<b>4,382</b>	<b>4,174</b>	<b>1,784</b>	<b>1,311</b>	<b>1,341</b>	<b>224</b>	<b>229</b>	<b>(264)</b>	<b>(1,667)</b>	<b>(1,351)</b>	<b>6,069</b>	<b>4,094</b>
Taxes	(909)	(1,069)	(282)	(442)	(308)	225	(51)	42	9	4	(1,541)	(1,240)
Minority interests in earnings	(724)	(725)	(394)	(283)	(77)	(104)	(34)	(40)	209	268	(1,020)	(884)
<b>Net income (loss)</b>	<b>2,749</b>	<b>2,380</b>	<b>1,108</b>	<b>586</b>	<b>956</b>	<b>345</b>	<b>144</b>	<b>(262)</b>	<b>(1,449)</b>	<b>(1,079)</b>	<b>3,508</b>	<b>1,970</b>

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

**Table of Contents****Property-Casualty Insurance Segment**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
Gross premiums written	10,472	10,432	34,439	34,646
Premiums earned (net) <sup>1)</sup>	9,788	9,840	28,522	28,827
Current income from investments (net) <sup>2)</sup>	776	721	2,622	2,387
Insurance benefits (net) <sup>3)</sup>	(7,225)	(6,803)	(19,845)	(20,249)
Net acquisition costs and administrative expenses <sup>4)</sup>	(2,648)	(2,540)	(7,954)	(7,619)
Other operating income/(expenses)(net)	5	(80)	(255)	(448)
<b>Operating profit</b>	<b>696</b>	<b>1,138</b>	<b>3,090</b>	<b>2,898</b>
Net capital gains and impairments on investments <sup>5)</sup>	296	(112)	1,040	982
Net trading income/(expenses) <sup>6)</sup>	(108)	(1)	(269)	(36)
Intra-group dividends and profit transfer	143	96	1,207	1,145
Interest expense on external debt	(160)	(199)	(630)	(654)
Amortization of goodwill <sup>7)</sup>		(96)		(287)
Restructuring charges	(1)		(56)	
Other non-operating income/(expenses) (net)		126		126
<b>Earnings from ordinary activities before taxes</b>	<b>866</b>	<b>952</b>	<b>4,382</b>	<b>4,174</b>
Taxes	(277)	(452)	(909)	(1,069)
Minority interests in earnings	(181)	(132)	(724)	(725)
<b>Net income</b>	<b>408</b>	<b>368</b>	<b>2,749</b>	<b>2,380</b>
Loss ratio <sup>8)</sup> in %	72.9	66.4	68.2	68.2
Expense ratio <sup>9)</sup> in %	24.1	24.5	24.8	25.0
<b>Combined ratio in %</b>	<b>97.0</b>	<b>90.9</b>	<b>93.0</b>	<b>93.2</b>

<sup>1)</sup> Net of earned premiums ceded to reinsurers of 1,614 million and 4,071 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 1,518 million and 9M 2004: 4,079 million).

<sup>2)</sup> Net of investment management expenses of 88 million and 257 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 79 million and 9M 2004: 244 million), and interest expenses of 21 million and 136 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 99 million and 9M 2004: 341 million).

<sup>3)</sup> Comprises net claims incurred of 7,130 million and 19,456 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 6,529 million and 9M 2004: 19,655 million), net expenses from changes in other net underwriting provisions of 44 million and 130 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 212 million and 9M 2004: 398 million), and net expenses for premium refunds of 51 million and 259 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 62 million and 9M 2004: 196 million). Net expenses for premium refunds were adjusted for income of 6 million and 24 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: million and 9M 2004: 220 million), related to policyholders participation of net capital gains and impairments on investments, as well as net trading income/(expenses), that were excluded from the determination of operating profit.

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- 4) Comprises net acquisition costs of 1,426 million and 4,277 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 1,435 million and 9M 2004: 4,314 million), administrative expenses of 937 million and 2,799 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 977 million and 9M 2004: 2,885 million), and expenses for service agreements of 285 million and 878 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 128 million and 9M 2004: 420 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.
- 5) Comprises net realized gains on investments of 280 million and 1,068 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 88 million and 9M 2004: 1,517 million), and net impairments on investments of 16 million and 28 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 200 million and 9M 2004: 535 million). These amounts are net of policyholders participation.
- 6) Net trading income/(expenses) are net of policyholders participation.
- 7) Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
- 8) Represents ratio of net claims incurred to net premiums earned.
- 9) Represents ratio of net acquisition costs and administrative expenses as presented in the consolidated financial statements to net premiums earned.

**Table of Contents****Life/Health Insurance Segment**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
Statutory premiums <sup>1)</sup>	11,116	10,841	34,942	31,946
Gross premiums written	4,508	4,465	14,643	14,579
Premiums earned (net) <sup>2)</sup>	4,206	3,990	13,770	13,002
Current income from investments (net) <sup>3)</sup>	2,764	2,597	8,547	8,156
Insurance benefits (net) <sup>4)</sup>	(5,697)	(5,254)	(18,005)	(17,136)
Net acquisition costs and administrative expenses <sup>5)</sup>	(955)	(1,083)	(2,705)	(2,989)
Net trading income/(expenses)	163	69	(185)	62
Other operating income/(expenses) (net)	(3)	59	(139)	(47)
<b>Operating profit</b>	<b>478</b>	<b>378</b>	<b>1,283</b>	<b>1,048</b>
Net capital gains and impairments on investments <sup>6)</sup>	183	42	431	315
Intra-group dividends and profit transfer	20	2	88	67
Amortization of goodwill <sup>7)</sup>		(40)		(119)
Restructuring charges	(18)		(18)	
<b>Earnings from ordinary activities before taxes</b>	<b>663</b>	<b>382</b>	<b>1,784</b>	<b>1,311</b>
Taxes	(147)	(186)	(282)	(442)
Minority interests in earnings	(140)	(71)	(394)	(283)
<b>Net income</b>	<b>376</b>	<b>125</b>	<b>1,108</b>	<b>586</b>
Statutory expense ratio <sup>8)</sup> in %	<b>8.5</b>	<b>10.1</b>	<b>7.7</b>	<b>9.6</b>

- <sup>1)</sup> Under the Allianz Group's accounting policies for life insurance contracts, for which we have adopted U.S. GAAP accounting standards, gross written premiums include only the cost- and risk-related components of premiums generated from unit-linked and other investment-oriented products, but do not include the full amount of statutory premiums written on these products. Statutory premiums are gross premiums written from sales of life insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
- <sup>2)</sup> Net of earned premiums ceded to reinsurers of 259 million and 780 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 463 million and 9M 2004: 1,519 million).
- <sup>3)</sup> Net of investment management expenses of 117 million and 332 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 102 million and 9M 2004: 309 million), and interest expenses of 2 million and (-) million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 24 million and 9M 2004: (35) million).
- <sup>4)</sup> Net insurance benefits were adjusted for income of 428 million and 2,279 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 212 million and 9M 2004: 1,152 million), related to policyholders' participation of net capital gains and impairments on investments that were excluded from the determination of operating profit.
- <sup>5)</sup> Comprises net acquisition costs of 598 million and 1,617 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 712 million and 9M 2004: 1,959 million), administrative expenses of 323 million and 993 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 342 million and 9M 2004: 941 million), and expenses for service agreements of 34 million and 95 million for the three and nine months ended September 30, 2005, respectively (3Q

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2004: 29 million and 9M 2004: 89 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.

- 6) Comprises net realized gains on investments of 191 million and 510 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 139 million and 9M 2004: 423 million), and net impairments on investments of 8 million and 79 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 97 million and 9M 2004: 108 million). These amounts are net of policyholders' participation.
- 7) Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
- 8) Represents ratio of net acquisition costs and administrative expenses as presented in the consolidated financial statements to net premiums earned (statutory).

**Table of Contents****Banking Segment**

	Three months ended September 30,				Nine months ended September 30,			
	2005		2004		2005		2004	
	Banking Segment	Dresdner Bank	Banking Segment	Dresdner Bank	Banking Segment	Dresdner Bank	Banking Segment	Dresdner Bank
	mn	mn	mn	mn	mn	mn	mn	mn
Net interest income	532	517	685	655	1,641	1,588	1,815	1,753
Net fee and commission income	635	599	598	569	2,017	1,909	1,974	1,858
Net trading income	375	358	244	250	953	916	1,159	1,165
<b>Operating revenues</b>	<b>1,542</b>	<b>1,474</b>	<b>1,527</b>	<b>1,474</b>	<b>4,611</b>	<b>4,413</b>	<b>4,948</b>	<b>4,776</b>
Administrative expenses	(1,421)	(1,373)	(1,337)	(1,293)	(3,940)	(3,786)	(4,110)	(3,969)
Net loan loss provisions	129	130	(54)	(54)	88	84	(271)	(271)
<b>Operating profit</b>	<b>250</b>	<b>231</b>	<b>136</b>	<b>127</b>	<b>759</b>	<b>711</b>	<b>567</b>	<b>536</b>
Net capital gains and impairments on investments	(5) <sup>1)</sup>	(4)	78 <sub>1)</sub>	77	541 <sub>1)</sub>	542	170 <sub>1)</sub>	161
Restructuring charges	(5)	(5)	(11)	(11)	(10)	(10)	(127)	(127)
Other non-operating income/(expenses)(net)	(17)	(25)	(125)	(119)	51	43	(192)	(182)
Amortization of goodwill <sup>2)</sup>			(65)	(65)			(194)	(194)
<b>Earnings from ordinary activities before taxes</b>	<b>223</b>	<b>197</b>	<b>13</b>	<b>9</b>	<b>1,341</b>	<b>1,286</b>	<b>224</b>	<b>194</b>
Taxes	(74)	(65)	134	129	(308)	(294)	225	235
Minority interests in earnings	(26)	(19)	(22)	(18)	(77)	(60)	(104)	(56)
<b>Net income</b>	<b>123</b>	<b>113</b>	<b>125</b>	<b>120</b>	<b>956</b>	<b>932</b>	<b>345</b>	<b>373</b>
Cost-income ratio <sup>3)</sup> in %	92.2	93.1	87.6	87.7	85.4	85.8	83.1	83.1

<sup>1)</sup> Comprises primarily net realized gains on investments of 29 million and 649 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 145 million and 9M 2004: 511 million), and net impairments on investments of 34 million and 112 million for the three and nine months ended September 30, 2005, respectively (3Q 2004: 71 million and 9M 2004: 371 million). For the three and nine months ended September 30, 2005, net impairments on investments includes 9 million and 28 million, respectively, (3Q 2004: 12 million and 9M 2004: 23 million) of scheduled depreciation of real estate used by third parties.

<sup>2)</sup> Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

<sup>3)</sup> Represents ratio of administrative expenses to operating revenues.

**Table of Contents****Asset Management Segment**

	Three months ended September 30,				Nine months ended September 30,			
	2005		2004		2005		2004	
	Asset Management Segment	Allianz Global Investors	Asset Management Segment	Allianz Global Investors	Asset Management Segment	Allianz Global Investors	Asset Management Segment	Allianz Global Investors
	mn	mn	mn	mn	mn	mn	mn	mn
Operating revenues	708	698	564	558	1,933	1,906	1,664	1,658
Operating expenses	(409)	(403)	(347)	(346)	(1,148)	(1,129)	(1,086)	(1,085)
<b>Operating profit</b>	<b>299</b>	<b>295</b>	<b>217</b>	<b>212</b>	<b>785</b>	<b>777</b>	<b>578</b>	<b>573</b>
Acquisition-related expenses thereof:	(213)	(213)	(174)	(174)	(556)	(556)	(557)	(557)
Deferred purchases of interests in PIMCO <sup>1)</sup>	(213)	(213)	(111)	(111)	(519)	(519)	(364)	(364)
Retention payments for management and employees of PIMCO and Nicholas Applegate			(31)	(31)	(12)	(12)	(98)	(98)
Amortization charges relating to capitalized bonuses for PIMCO management			(32)	(32)	(25)	(25)	(95)	(95)
Amortization of goodwill <sup>2)</sup>			(96)	(96)			(285)	(285)
<b>Earnings from ordinary activities before taxes</b>	<b>86</b>	<b>82</b>	<b>(53)</b>	<b>(58)</b>	<b>229</b>	<b>221</b>	<b>(264)</b>	<b>(269)</b>
Taxes	(34)	(32)	9	9	(51)	(49)	42	42
Minority interests in earnings	(12)	(12)	(13)	(13)	(34)	(32)	(40)	(40)
<b>Net income (loss)</b>	<b>40</b>	<b>38</b>	<b>(57)</b>	<b>(62)</b>	<b>144</b>	<b>140</b>	<b>(262)</b>	<b>(267)</b>
Cost-income ratio <sup>3)</sup> in %	57.8	57.7	61.5	62.0	59.4	59.2	65.3	65.4

<sup>1)</sup> Effective January 1, 2005, and applied retrospectively, under IFRS, the PIMCO LLC Class B Unit Purchase Plan ( Class B Plan ) is considered a cash settled plan, resulting in changes in the fair value of the shares issued to be recognized as expense.

<sup>2)</sup> Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

<sup>3)</sup> Represents ratio of operating expenses to operating revenues.



**Table of Contents****Supplementary Information to the Consolidated Balance Sheets****4 Intangible assets**

	September 30, 2005	December 31, 2004
	mn	mn
Goodwill	12,097	11,677
Present value of future profits	1,398	1,522
Software	1,030	972
Brand names	740	740
Loyalty bonuses		33
Other	200	203
<b>Total</b>	<b>15,465</b>	<b>15,147</b>

Changes in goodwill for the nine months ended September 30, 2005, were as follows:

	mn
Cost as of December 31, 2004	11,901
Accumulated impairments as of December 31, 2004	(224)
<b>Carrying value as of December 31, 2004</b>	<b>11,677</b>
Additions	57
Disposals	(45)
Foreign currency translation adjustments	408
<b>Carrying value as of September 30, 2005</b>	<b>12,097</b>
Accumulated impairments as of September 30, 2005	224
Cost as of September 30, 2005	12,321

Additions include goodwill from

- \_ increasing the interest in GamePlan Financial Marketing LLC, Woodstock, by 60.0% to 100.0%,
- \_ the acquisition of 100.0% interest in Bettercare Group Limited, Kingston upon Thames.

Disposals include goodwill from

\_ reducing the interest in Cadence Capital Management Inc., Delaware, by 100.0% to 0.0%.

**5 Investments**

	September 30, 2005	December 31, 2004
	mn	mn
Securities held-to-maturity	4,986	5,179
Securities available-for-sale	258,797	230,919
Real estate used by third parties	10,781	10,628
Funds held by others under reinsurance contracts assumed	1,613	1,601
<b>Total</b>	<b>276,177</b>	<b>248,327</b>

**Table of Contents****Securities available-for-sale**

	Amortized cost		Unrealized gains		Unrealized losses		Fair values	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
	mn	mn	mn	mn	mn	mn	mn	mn
Equity securities	35,671	32,106	17,293	12,488	(212)	(394)	52,752	44,200
Government bonds	115,136	106,155	7,470	5,375	(346)	(235)	122,260	111,295
Corporate bonds	77,986	69,083	4,344	3,629	(197)	(95)	82,133	72,617
Other	1,483	2,721	170	90	(1)	(4)	1,652	2,807
<b>Total</b>	<b>230,276</b>	<b>210,065</b>	<b>29,277</b>	<b>21,582</b>	<b>(756)</b>	<b>(728)</b>	<b>258,797</b>	<b>230,919</b>

Nine months ended September 30,	Gross realized gains		Gross realized losses	
	2005	2004	2005	2004
	mn	mn	mn	mn
Equity securities	2,383	2,997	(257)	(408)
Debt securities	789	849	(226)	(241)
Other	24	26	(8)	(43)
<b>Total</b>	<b>3,196</b>	<b>3,872</b>	<b>(491)</b>	<b>(692)</b>

**6 Loans and advances to banks**

	September 30, 2005	December 31, 2004
	mn	mn
Loans	67,429	59,543
Reverse repurchase agreements and collateral paid for securities borrowing transactions	66,334	103,406
Short-term investments and certificates of deposit	9,248	7,729
Other	7,282	11,096
<b>Loans and advances to banks</b>	<b>150,293</b>	<b>181,774</b>

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Loan loss allowance	(245)	(231)
<b>Total</b>	<b>150,048</b>	<b>181,543</b>

**7 Loans and advances to customers**

	September 30, 2005	December 31, 2004
	mn	mn
Loans	116,514	119,832
Reverse repurchase agreements and collateral paid for securities borrowing transactions	61,425	70,459
Other	16,869	9,293
<b>Loans and advances to customers</b>	<b>194,808</b>	<b>199,584</b>
Loan loss allowance	(1,629)	(3,904)
<b>Total</b>	<b>193,179</b>	<b>195,680</b>

**8 Financial assets carried at fair value through income**

	September 30, 2005	December 31, 2004
	mn	mn
Financial assets held for trading	170,569	194,439
Financial assets for unit linked contracts	51,663	41,409
Financial assets designated at fair value through income	12,865	4,726
<b>Total</b>	<b>235,097</b>	<b>240,574</b>

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Financial assets held for trading comprised the following:

	September 30, 2005	December 31, 2004
	mn	mn
Fixed-income securities	124,382	153,858
Equities	25,725	20,033
Derivative financial instruments	20,462	20,548
<b>Total</b>	<b>170,569</b>	<b>194,439</b>

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

	September 30, 2005	December 31, 2004
	mn	mn
Unearned premiums	1,607	1,238
Aggregate policy reserves	9,134	10,276
Reserves for loss and loss adjustment expenses	12,688	10,684
Other insurance reserves	104	112
<b>Total</b>	<b>23,533</b>	<b>22,310</b>

**10 Shareholders equity**

	September 30, 2005	December 31, 2004
	mn	mn
Issued capital	1,037	988
Capital reserve	20,460	18,445
Revenue reserves	10,063	10,498
Treasury shares	(63)	(4,605)
Foreign currency translation adjustments	(1,204)	(2,634)
Unrealized gains and losses (net)	9,525	7,303
<b>Shareholders equity before minority interests</b>	<b>39,818</b>	<b>29,995</b>

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Minority interests in shareholders' equity	8,770	7,696
<b>Total</b>	<b>48,588</b>	<b>37,691</b>

On February 18, 2005, the Allianz Group issued a subordinated bond with 11.2 mn detachable warrants, which allow the holder to purchase a share of Allianz AG. The warrants are exercisable at any time during their 3 year term and have an exercise price of 92 per share. The warrants were recorded in capital reserve at the premium received of 174 mn on their issuance date. As a result of the exercise of 9 mn warrants during the third quarter 2005, the consideration received of 828 mn was recorded in issued capital, 23 mn, and capital reserve, 805 mn. During the third quarter 2005, the Allianz Group issued 10,116,850 shares for proceeds of 1,062 mn, which was recorded in issued capital, 26 mn, and capital reserve 1,036 mn.

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

	September 30, 2005	December 31, 2004
	mn	mn
Unrealized gains and losses (net)	1,685	1,206
Share of earnings	1,020	1,168
Other equity components	6,065	5,322
<b>Total</b>	<b>8,770</b>	<b>7,696</b>

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

**11 Participation certificates and subordinated liabilities**

	September 30, 2005	December 31, 2004
	mn	mn
<b>Allianz AG<sup>(*)</sup></b>		
Subordinated bonds	6,188	4,775
Participation certificates	85	85
<b>Subtotal</b>	<b>6,273</b>	<b>4,860</b>
<b>Banking subsidiaries</b>		
Subordinated liabilities	4,179	4,779
Hybrid equity	1,599	1,500
Participation certificates	1,520	1,526

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<b>Subtotal</b>	<b>7,298</b>	<b>7,805</b>
<b>All other subsidiaries</b>		
Subordinated liabilities	931	520
Hybrid equity	45	45
<b>Subtotal</b>	<b>976</b>	<b>565</b>
<b>Total</b>	<b>14,547</b>	<b>13,230</b>

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

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

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

**12 Reserves for insurance and investment contracts**

	<b>September 30, 2005</b>	<b>December 31, 2004</b>
	<b>mn</b>	<b>mn</b>
Unearned premiums	14,478	12,050
Aggregate policy reserves	244,286	229,873
Reserves for loss and loss adjustment expenses	68,176	62,331
Reserves for premium refunds	28,741	21,237
Other insurance reserves	808	889
<b>Total</b>	<b>356,489</b>	<b>326,380</b>

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

	<b>September 30, 2005</b>	<b>December 31, 2004</b>
	<b>mn</b>	<b>mn</b>
Property-Casualty	61,133	55,536
Life/Health	7,043	6,795
<b>Total</b>	<b>68,176</b>	<b>62,331</b>

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

2005



	<u>mn</u>
Gross reserves for loss and loss adjustment expenses as of January 1,	55,536
Amount ceded to reinsurers	(10,029)
<b>Net reserves for loss and loss adjustment expenses as of January 1,</b>	<b>45,507</b>
Loss and loss adjustment expenses incurred (net)	
Current year	19,846
Prior years	(593)
<b>Subtotal</b>	<b>19,253</b>
Loss and loss adjustment expenses paid (net)	
Current year	(7,599)
Prior years	(9,277)
<b>Subtotal</b>	<b>(16,876)</b>
Foreign currency translation adjustments	1,369
<b>Net reserves for loss and loss adjustment expenses as of September 30,</b>	<b>49,253</b>
Amount ceded to reinsurers	11,880
<b>Gross reserves for loss and loss adjustment expenses as of September 30,</b>	<b>61,133</b>

#### Asbestos and Environmental (A&E) Reserves

In the United States, the planned external review of the asbestos & environmental (or A&E) liability reserves at Fireman's Fund had no net impact at the Allianz Group level as a result of already sufficient reserves, absent a \$ 56 mn loss caused by the increase in provisions for uncollectible reinsurance recoverables.

**Table of Contents****13 Liabilities to banks**

	September 30, 2005	December 31, 2004
	mn	mn
Payable on demand	16,775	14,003
Repurchase agreements and collateral received from securities lending transactions	51,262	78,675
Term deposits and certificates of deposit	77,339	96,736
Other	2,622	1,933
<b>Total</b>	<b>147,998</b>	<b>191,347</b>

**14 Liabilities to customers**

	September 30, 2005	December 31, 2004
	mn	mn
Savings deposits	2,313	2,410
Home loan savings deposits	3,292	3,214
Payable on demand	53,336	50,946
Repurchase agreements and collateral received from securities lending transactions	43,900	49,276
Term deposits and certificates of deposit	55,130	49,124
Other	1,936	2,167
<b>Total</b>	<b>159,907</b>	<b>157,137</b>

**15 Certificated liabilities**

	September 30, 2005	December 31, 2004
	mn	mn
<b>Allianz AG<sup>(*)</sup></b>		
Senior bonds	4,776	5,741
Exchangeable bonds	2,316	2,742
Money market securities	1,202	1,428

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<b>Subtotal</b>	<b>8,294</b>	<b>9,911</b>
<b>Banking subsidiaries</b>		
Certificated liabilities	25,705	25,140
Money market securities	23,831	21,693
<b>Subtotal</b>	<b>49,536</b>	<b>46,833</b>
<b>All other subsidiaries</b>		
Certificated liabilities	415	458
Money market securities	400	550
<b>Subtotal</b>	<b>815</b>	<b>1,008</b>
<b>Total</b>	<b>58,645</b>	<b>57,752</b>

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

On February 18, 2005, the Allianz Group issued a senior exchangeable bond, Basket Index Tracking Equity Linked Securities ( BITES ), with a principal amount of 1,262 mn. The redemption value of the BITES is linked to the performance of the DAX Index. The BITES were issued at a DAX reference level of 4,205.115. The Allianz Group will redeem the BITES with shares of BMW AG, Munich Re and/or Siemens AG. The BITES have a term of 3 years, however, the Allianz Group has the right to redeem the BITES at anytime during their term. The holders of the BITES have the right to exchange the BITES during their term at the redemption value. An outperformance premium is paid annually equal to 0.75% of the average DAX Index during the reference period prior to the payment date. Upon redemption of the BITES by the Allianz Group or at maturity, the holders of the BITES receive a redemption premium of 1.75% of the redemption value. The Allianz Group has recorded an embedded derivative related to this transaction in financial liabilities carried at fair value through income of 253 mn as of September 30, 2005.

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

On August 26, 2005, the Allianz Group repaid a senior bond with a face amount of CHF 1,500 mn.

**Table of Contents****16 Financial liabilities carried at fair value through income**

	September 30, 2005	December 31, 2004
	mn	mn
Financial liabilities held for trading	87,084	102,141
Financial liabilities for unit linked contracts	51,663	41,409
Liabilities for puttable equity instruments	2,112	1,386
Financial liabilities designated at fair value through income	226	201
<b>Total</b>	<b>141,085</b>	<b>145,137</b>

Financial liabilities held for trading are comprised of the following:

	September 30, 2005	December 31, 2004
	mn	mn
Obligations to deliver securities	55,310	72,804
Derivative financial instruments	23,357	23,018
Other trading liabilities	8,417	6,319
<b>Total</b>	<b>87,084</b>	<b>102,141</b>

**17 Other accrued liabilities**

	September 30, 2005	December 31, 2004
	mn	mn
Reserves for pensions and similar obligations	5,788	5,738
Accrued taxes	1,440	1,408
Miscellaneous accrued liabilities	6,569	6,838
<b>Total</b>	<b>13,797</b>	<b>13,984</b>

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Of the accrued taxes, 1,304 mn (2004: 1,278 mn) is attributed to taxes on income.

**18 Other liabilities**

	September 30, 2005	December 31, 2004
	mn	mn
Funds held under reinsurance business ceded	7,541	8,706
Accounts payable on direct insurance business	7,233	8,199
Accounts payable on reinsurance business	1,649	1,694
Other liabilities	12,731	12,672
<b>Total</b>	<b>29,154</b>	<b>31,271</b>

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

	Property-Casualty			Life/Health			Total
	Segment	Consolidation adjustments	Group <sup>*)</sup>	Segment	Consolidation adjustments	Group <sup>*)</sup>	Group <sup>*)</sup>
	mn	mn	mn	mn	mn	mn	mn
<b>Three months ended September 30,</b>							
<b>2005</b>							
Premiums written							
Direct	9,357		9,357	4,447		4,447	13,804
Assumed	1,115	(58)	1,057	61		61	1,118
<b>Subtotal</b>	<b>10,472</b>	<b>(58)</b>	<b>10,414</b>	<b>4,508</b>		<b>4,508</b>	<b>14,922</b>
Ceded	(1,493)		(1,493)	(258)	58	(200)	(1,693)
<b>Net</b>	<b>8,979</b>	<b>(58)</b>	<b>8,921</b>	<b>4,250</b>	<b>58</b>	<b>4,308</b>	<b>13,229</b>
Premiums earned							
Direct	10,285		10,285	4,406		4,406	14,691
Assumed	1,116	(59)	1,057	59		59	1,116
<b>Subtotal</b>	<b>11,401</b>	<b>(59)</b>	<b>11,342</b>	<b>4,465</b>		<b>4,465</b>	<b>15,807</b>
Ceded	(1,613)		(1,613)	(259)	59	(200)	(1,813)
<b>Net</b>	<b>9,788</b>	<b>(59)</b>	<b>9,729</b>	<b>4,206</b>	<b>59</b>	<b>4,265</b>	<b>13,994</b>
<b>2004</b>							
Premiums written							
Direct	9,351		9,351	4,391		4,391	13,742
Assumed	1,081	(207)	874	74	(7)	67	941
<b>Subtotal</b>	<b>10,432</b>	<b>(207)</b>	<b>10,225</b>	<b>4,465</b>	<b>(7)</b>	<b>4,458</b>	<b>14,683</b>
Ceded	(1,323)	7	(1,316)	(462)	207	(255)	(1,571)
<b>Net</b>	<b>9,109</b>	<b>(200)</b>	<b>8,909</b>	<b>4,003</b>	<b>200</b>	<b>4,203</b>	<b>13,112</b>
Premiums earned							
Direct	10,273		10,273	4,380		4,380	14,653
Assumed	1,084	(207)	877	74	(5)	69	946
<b>Subtotal</b>	<b>11,357</b>	<b>(207)</b>	<b>11,150</b>	<b>4,454</b>	<b>(5)</b>	<b>4,449</b>	<b>15,599</b>
Ceded	(1,517)	5	(1,512)	(464)	207	(257)	(1,769)
<b>Net</b>	<b>9,840</b>	<b>(202)</b>	<b>9,638</b>	<b>3,990</b>	<b>202</b>	<b>4,192</b>	<b>13,830</b>

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

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	Property-Casualty			Life/Health			Total
	Segment	Consolidation adjustments	Group <sup>*)</sup>	Segment	Consolidation adjustments	Group <sup>*)</sup>	Group <sup>*)</sup>
	mn	mn	mn	mn	mn	mn	mn
<b>Nine months ended September 30,</b>							
<b>2005</b>							
Premiums written							
Direct	31,656		31,656	14,467		14,467	46,123
Assumed	2,783	(171)	2,612	176	(1)	175	2,787
<b>Subtotal</b>	<b>34,439</b>	<b>(171)</b>	<b>34,268</b>	<b>14,643</b>	<b>(1)</b>	<b>14,642</b>	<b>48,910</b>
Ceded	(4,364)	1	(4,363)	(782)	171	(611)	(4,974)
<b>Net</b>	<b>30,075</b>	<b>(170)</b>	<b>29,905</b>	<b>13,861</b>	<b>170</b>	<b>14,031</b>	<b>43,936</b>
Premiums earned							
Direct	29,954		29,954	14,375		14,375	44,329
Assumed	2,638	(169)	2,469	175	(1)	174	2,643
<b>Subtotal</b>	<b>32,592</b>	<b>(169)</b>	<b>32,423</b>	<b>14,550</b>	<b>(1)</b>	<b>14,549</b>	<b>46,972</b>
Ceded	(4,070)	1	(4,069)	(780)	169	(611)	(4,680)
<b>Net</b>	<b>28,522</b>	<b>(168)</b>	<b>28,354</b>	<b>13,770</b>	<b>168</b>	<b>13,938</b>	<b>42,292</b>
<b>2004</b>							
Premiums written							
Direct	31,835		31,835	14,162		14,162	45,997
Assumed	2,811	(568)	2,243	416	(12)	404	2,647
<b>Subtotal</b>	<b>34,646</b>	<b>(568)</b>	<b>34,078</b>	<b>14,578</b>	<b>(12)</b>	<b>14,566</b>	<b>48,644</b>
Ceded	(4,362)	12	(4,350)	(1,516)	568	(948)	(5,298)
<b>Net</b>	<b>30,284</b>	<b>(556)</b>	<b>29,728</b>	<b>13,062</b>	<b>556</b>	<b>13,618</b>	<b>43,346</b>
Premiums earned							
Direct	30,149		30,149	14,106		14,106	44,255
Assumed	2,756	(572)	2,184	416	(13)	403	2,587
<b>Subtotal</b>	<b>32,905</b>	<b>(572)</b>	<b>32,333</b>	<b>14,522</b>	<b>(13)</b>	<b>14,509</b>	<b>46,842</b>
Ceded	(4,078)	13	(4,065)	(1,520)	572	(948)	(5,013)
<b>Net</b>	<b>28,827</b>	<b>(559)</b>	<b>28,268</b>	<b>13,002</b>	<b>559</b>	<b>13,561</b>	<b>41,829</b>

<sup>\*)</sup> After elimination of intra-Allianz Group transactions between segments.



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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
Securities held-to-maturity	66	44	192	204
Securities available-for-sale	2,343	2,090	7,557	6,879
Real estate used by third parties	225	237	770	690
Lending, money market transactions and loans	2,586	2,605	7,889	7,438
Leasing agreements	17	12	63	35
Other interest-bearing instruments	45	193	126	527
<b>Total</b>	<b>5,282</b>	<b>5,181</b>	<b>16,597</b>	<b>15,773</b>

**Net interest income from the banking segment**

	Segment	Consolidation adjustments	Group <sup>*)</sup>
	mn	mn	mn
<b>Three months ended September 30, 2005</b>			
Interest and similar income	1,643	(10)	1,633
Interest expense	(1,165)	19	(1,146)
<b>Net interest income</b>	<b>478</b>	<b>9</b>	<b>487</b>
Loan loss provisions	129		129
<b>Net interest income after loan loss provisions</b>	<b>607</b>	<b>9</b>	<b>616</b>
<b>Three months ended September 30, 2004</b>			
Interest and similar income	1,751	(7)	1,744
Interest expense	(1,092)	22	(1,070)
<b>Net interest income</b>	<b>659</b>	<b>15</b>	<b>674</b>
Loan loss provisions	(54)		(54)
<b>Net interest income after loan loss provisions</b>	<b>605</b>	<b>15</b>	<b>620</b>

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

	Segment	Consolidation adjustments	Group <sup>*)</sup>
	mn	mn	mn
<b>Nine months ended September 30, 2005</b>			
Interest and similar income	5,100	(26)	5,074
Interest expense	(3,615)	58	(3,557)
<b>Net interest income</b>	<b>1,485</b>	<b>32</b>	<b>1,517</b>
Loan loss provisions	88		88
<b>Net interest income after loan loss provisions</b>	<b>1,573</b>	<b>32</b>	<b>1,605</b>
<b>Nine months ended September 30, 2004</b>			
Interest and similar income	4,878	(18)	4,860
Interest expense	(3,162)	50	(3,112)
<b>Net interest income</b>	<b>1,716</b>	<b>32</b>	<b>1,748</b>
Loan loss provisions	(271)		(271)
<b>Net interest income after loan loss provisions</b>	<b>1,445</b>	<b>32</b>	<b>1,477</b>

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
<b>Income</b>				
Current income	64	60	211	219
Reversal of impairments		2		2
Realized gains from investments in associated enterprises and joint ventures	22	48	810	727
<b>Subtotal</b>	<b>86</b>	<b>110</b>	<b>1,021</b>	<b>948</b>
<b>Expenses</b>				
Impairments		(32)	(39)	(53)
Realized losses from investments in associated enterprises and joint ventures	(3)	(8)	(13)	(181)
Miscellaneous expenses	(3)	(2)	(7)	(7)
<b>Subtotal</b>	<b>(6)</b>	<b>(42)</b>	<b>(59)</b>	<b>(241)</b>
<b>Total</b>	<b>80</b>	<b>68</b>	<b>962</b>	<b>707</b>



**Table of Contents****22 Other income from investments**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
<b>Realized gains from investments</b>				
Securities available-for-sale	874	699	3,196	3,872
Real estate used by third parties	132	72	282	183
<b>Subtotal</b>	<b>1,006</b>	<b>771</b>	<b>3,478</b>	<b>4,055</b>
<b>Reversals of impairments from investments</b>				
Securities held-to-maturity			2	
Securities available-for-sale	2	15	7	75
Real estate used by third parties		(3)		7
<b>Subtotal</b>	<b>2</b>	<b>12</b>	<b>9</b>	<b>82</b>
<b>Total</b>	<b>1,008</b>	<b>783</b>	<b>3,487</b>	<b>4,137</b>

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
<b>Income from financial assets and liabilities held for trading:</b>				
Banking segment <sup>*)</sup>	380	247	964	1,160
Other segments <sup>*)</sup>	62	65	(440)	24
<b>Subtotal</b>	<b>442</b>	<b>312</b>	<b>524</b>	<b>1,184</b>
Income from financial assets and liabilities designated at fair value through income	175	34	575	121
<b>Total</b>	<b>617</b>	<b>346</b>	<b>1,099</b>	<b>1,305</b>

<sup>\*)</sup> After elimination of intra-Allianz Group transactions between segments.

Income from financial assets and liabilities held for trading of the Banking segment<sup>\*)</sup> comprises:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
Trading in interest products	204	208	359	665
Trading in equity products	131	50	126	177
Foreign exchange/precious metals trading	64	(8)	188	101
Other trading activities	(19)	(3)	291	217
<b>Total</b>	<b>380</b>	<b>247</b>	<b>964</b>	<b>1,160</b>

Income from financial assets and liabilities held for trading for the nine months ended September 30, 2005, includes expenses of 465 mn (2004: 288 mn) from derivative financial instruments used by the Property-Casualty and Life/Health insurance segments for which hedge accounting is not applied. This includes expenses from derivative financial instruments embedded in exchangeable bonds of 376 mn (2004: 10 mn), income from derivative financial instruments which economically hedge the exchangeable bonds, however which do not qualify for hedge accounting, of 191 mn (2004: 16 mn) and expenses from other derivative financial instruments of 280 mn (2004: 294 mn).

#### 24 Fee and commission income, and income from service activities

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
Banking segment <sup>*)</sup>	690	622	2,182	2,081
Asset Management <sup>*)</sup>	939	752	2,578	2,219
Other segments <sup>*)</sup>	445 <sub>1)</sub>	242 <sub>1)</sub>	1,229 <sub>2)</sub>	662 <sub>2)</sub>
<b>Total</b>	<b>2,074</b>	<b>1,616</b>	<b>5,989</b>	<b>4,962</b>

<sup>1)</sup> Includes fee revenue from Four Seasons Health Care Ltd., Wilmslow and Bettercare Group Limited, Kingston upon Thames of 268 mn and mn for the three months ended September 30, 2005 and September 30, 2004, respectively.

<sup>2)</sup> Includes fee revenue from Four Seasons Health Care Ltd., Wilmslow and Bettercare Group Limited, Kingston upon Thames of 419 mn and 39 mn for the nine months ended September 30, 2005 and September 30, 2004, respectively.

<sup>\*)</sup> After elimination of intra-Allianz Group transactions between segments.

**Table of Contents****Net fee and commission income from the Banking segment<sup>(\*)</sup>**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>mn</b>	<b>mn</b>	<b>mn</b>	<b>mn</b>
Fee and commission income	690	622	2,182	2,081
Fee and commission expenses	(125)	(96)	(373)	(312)
<b>Net fee and commission income</b>	<b>565</b>	<b>526</b>	<b>1,809</b>	<b>1,769</b>

Net fee and commission income from Allianz Group's banking segment<sup>(\*)</sup>, by type of business comprised the following:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>mn</b>	<b>mn</b>	<b>mn</b>	<b>mn</b>
Securities business	262	160	819	707
Underwriting business	15	15	50	69
Mergers and acquisitions advisory	53	33	155	123
Foreign commercial business	17	16	47	47
Payment transactions (domestic and foreign)	88	93	266	279
Other	130	209	472	544
<b>Net fee and commission income</b>	<b>565</b>	<b>526</b>	<b>1,809</b>	<b>1,769</b>

**25 Other income**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>mn</b>	<b>mn</b>	<b>mn</b>	<b>mn</b>

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Foreign currency transaction gains	60	(22)	457	227
Fees	94	251	307	525
Release of miscellaneous accrued liabilities	46	12	230	108
Income from assets held for disposal	7		17	
Income from reinsurance business	28	50	95	163
Release of allowance for doubtful accounts	7	8	50	44
Income from other assets	15		19	19
Realized gains from sales of loans and advances	20	15	99	4
Other	131	364	405	701
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Total</b>	<b>408</b>	<b>678</b>	<b>1,679</b>	<b>1,791</b>
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

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

**Table of Contents****26 Insurance and investment contract benefits (net)****Property-Casualty**

	Three months ended September 30,						Nine months ended September 30,					
	2005			2004			2005			2004		
	Segment	Consolidation adjustments	Group <sup>*)</sup>	Segment	Consolidation adjustments	Group <sup>*)</sup>	Segment	Consolidation adjustments	Group <sup>*)</sup>	Segment	Consolidation adjustments	Group <sup>*)</sup>
	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn
<b>GROSS</b>												
<b>Claims</b>												
Claims paid	(6,421)	82	(6,339)	(6,513)	159	(6,354)	(19,270)	201	(19,069)	(20,054)	461	(19,593)
Change in loss reserves	(2,793)	(3)	(2,796)	(796)	(9)	(805)	(3,520)	1	(3,519)	(1,877)	3	(1,874)
<b>Subtotal</b>	<b>(9,214)</b>	<b>79</b>	<b>(9,135)</b>	<b>(7,309)</b>	<b>150</b>	<b>(7,159)</b>	<b>(22,790)</b>	<b>202</b>	<b>(22,588)</b>	<b>(21,931)</b>	<b>464</b>	<b>(21,467)</b>
<b>Change in other reserves</b>												
Aggregate policy reserves	(37)	(11)	(48)	(221)	53	(168)	(125)	(46)	(171)	(380)	119	(261)
Other	(8)		(8)	(59)	3	(56)	(22)	(1)	(23)	(147)	4	(143)
<b>Subtotal</b>	<b>(45)</b>	<b>(11)</b>	<b>(56)</b>	<b>(280)</b>	<b>56</b>	<b>(224)</b>	<b>(147)</b>	<b>(47)</b>	<b>(194)</b>	<b>(527)</b>	<b>123</b>	<b>(404)</b>
Expenses for premium refunds	(66)		(66)	(72)	1	(71)	(308)		(308)	(442)	1	(441)
<b>Total</b>	<b>(9,325)</b>	<b>68</b>	<b>(9,257)</b>	<b>(7,661)</b>	<b>207</b>	<b>(7,454)</b>	<b>(23,245)</b>	<b>155</b>	<b>(23,090)</b>	<b>(22,900)</b>	<b>588</b>	<b>(22,312)</b>
<b>CEDED REINSURANCE</b>												
<b>Claims</b>												
Claims paid	714	(5)	709	672	(1)	671	2,200	(7)	2,193	2,219	(4)	2,215
Change in loss reserves	1,369	5	1,374	108	(1)	107	1,133	9	1,142	57		57
<b>Subtotal</b>	<b>2,083</b>		<b>2,083</b>	<b>780</b>	<b>(2)</b>	<b>778</b>	<b>3,333</b>	<b>2</b>	<b>3,335</b>	<b>2,276</b>	<b>(4)</b>	<b>2,272</b>
<b>Change in other reserves</b>												
Aggregate policy reserves	(3)		(3)	16		16	2		2	21		21
Other	(11)		(11)	1		1	1		1	2		2
<b>Subtotal</b>	<b>(14)</b>		<b>(14)</b>	<b>17</b>		<b>17</b>	<b>3</b>		<b>3</b>	<b>23</b>		<b>23</b>
Expenses for premium refunds	9		9	11		11	25		25	26		26



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<b>Total</b>	<b>2,078</b>		<b>2,078</b>	<b>808</b>	<b>(2)</b>	<b>806</b>	<b>3,361</b>	<b>2</b>	<b>3,363</b>	<b>2,325</b>	<b>(4)</b>	<b>2,321</b>
<b>NET</b>												
<b>Claims</b>												
Claims paid	(5,707)	77	(5,630)	(5,841)	158	(5,683)	(17,070)	194	(16,876)	(17,835)	457	(17,378)
Change in loss reserves	(1,424)	2	(1,422)	(688)	(10)	(698)	(2,387)	10	(2,377)	(1,820)	3	(1,817)
<b>Subtotal</b>	<b>(7,131)</b>	<b>79</b>	<b>(7,052)</b>	<b>(6,529)</b>	<b>148</b>	<b>(6,381)</b>	<b>(19,457)</b>	<b>204</b>	<b>(19,253)</b>	<b>(19,655)</b>	<b>460</b>	<b>(19,195)</b>
<b>Change in other reserves</b>												
<b>Aggregate policy reserves</b>												
Aggregate policy reserves	(40)	(11)	(51)	(205)	53	(152)	(123)	(46)	(169)	(359)	119	(240)
Other	(19)		(19)	(58)	3	(55)	(21)	(1)	(22)	(145)	4	(141)
<b>Subtotal</b>	<b>(59)</b>	<b>(11)</b>	<b>(70)</b>	<b>(263)</b>	<b>56</b>	<b>(207)</b>	<b>(144)</b>	<b>(47)</b>	<b>(191)</b>	<b>(504)</b>	<b>123</b>	<b>(381)</b>
Expenses for premium refunds	(57)		(57)	(61)	1	(60)	(283)		(283)	(416)	1	(415)
<b>Total</b>	<b>(7,247)</b>	<b>68</b>	<b>(7,179)</b>	<b>(6,853)</b>	<b>205</b>	<b>(6,648)</b>	<b>(19,884)</b>	<b>157</b>	<b>(19,727)</b>	<b>(20,575)</b>	<b>584</b>	<b>(19,991)</b>

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

**Table of Contents****Life/Health**

	Three months ended September 30,						Nine months ended September 30,					
	2005			2004			2005			2004		
	Segment	Consolidation adjustments	Group <sup>*)</sup>	Segment	Consolidation adjustments	Group <sup>*)</sup>	Segment	Consolidation adjustments	Group <sup>*)</sup>	Segment	Consolidation adjustments	Group <sup>*)</sup>
	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn
<b>GROSS</b>												
Benefits paid	(4,125)	5	(4,120)	(3,940)	2	(3,938)	(13,413)	7	(13,406)	(13,047)	4	(13,043)
<b>Change in reserves</b>												
Aggregate policy reserves	(1,297)		(1,297)	(1,320)		(1,320)	(3,470)		(3,470)	(3,253)		(3,253)
Other	138	(5)	133	(41)	(1)	(42)	168	(9)	159	(112)	(1)	(113)
<b>Subtotal</b>	<b>(5,284)</b>		<b>(5,284)</b>	<b>(5,301)</b>	<b>1</b>	<b>(5,300)</b>	<b>(16,715)</b>	<b>(2)</b>	<b>(16,717)</b>	<b>(16,412)</b>	<b>3</b>	<b>(16,409)</b>
Expenses for premium refunds	(1,106)		(1,106)	(532)		(532)	(4,410)	(25)	(4,435)	(3,252)		(3,252)
<b>Total</b>	<b>(6,390)</b>		<b>(6,390)</b>	<b>(5,833)</b>	<b>1</b>	<b>(5,832)</b>	<b>(21,125)</b>	<b>(27)</b>	<b>(21,152)</b>	<b>(19,664)</b>	<b>3</b>	<b>(19,661)</b>
<b>CEDED REINSURANCE</b>												
Benefits paid	264	(81)	183	352	(159)	193	821	(200)	621	1,226	(461)	765
<b>Change in reserves</b>												
Aggregate policy reserves	37	11	48	100	(53)	47	(10)	46	36	147	(119)	28
Other	(45)	2	(43)	(87)	6	(81)	13	(1)	12	(4)	(6)	(10)
<b>Subtotal</b>	<b>256</b>	<b>(68)</b>	<b>188</b>	<b>365</b>	<b>(206)</b>	<b>159</b>	<b>824</b>	<b>(155)</b>	<b>669</b>	<b>1,369</b>	<b>(586)</b>	<b>783</b>
Expenses for premium refunds	6		6	3		3	16		16	10	(1)	9
<b>Total</b>	<b>262</b>	<b>(68)</b>	<b>194</b>	<b>368</b>	<b>(206)</b>	<b>162</b>	<b>840</b>	<b>(155)</b>	<b>685</b>	<b>1,379</b>	<b>(587)</b>	<b>792</b>
<b>NET</b>												
Benefits paid	(3,861)	(76)	(3,937)	(3,588)	(157)	(3,745)	(12,592)	(193)	(12,785)	(11,821)	(457)	(12,278)
<b>Change in reserves</b>												
Aggregate policy reserves	(1,260)	11	(1,249)	(1,220)	(53)	(1,273)	(3,480)	46	(3,434)	(3,106)	(119)	(3,225)
Other	93	(3)	90	(128)	5	(123)	181	(10)	171	(116)	(7)	(123)
<b>Subtotal</b>	<b>(5,028)</b>	<b>(68)</b>	<b>(5,096)</b>	<b>(4,936)</b>	<b>(205)</b>	<b>(5,141)</b>	<b>(15,891)</b>	<b>(157)</b>	<b>(16,048)</b>	<b>(15,043)</b>	<b>(583)</b>	<b>(15,626)</b>
Expenses for premium refunds	(1,100)		(1,100)	(529)		(529)	(4,394)	(25)	(4,419)	(3,242)	(1)	(3,243)

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<b>Total</b>	<b>(6,128)</b>	<b>(68)</b>	<b>(6,196)</b>	<b>(5,465)</b>	<b>(205)</b>	<b>(5,670)</b>	<b>(20,285)</b>	<b>(182)</b>	<b>(20,467)</b>	<b>(18,285)</b>	<b>(584)</b>	<b>(18,869)</b>
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\*) After elimination of intra-Allianz Group transactions between segments.

**Table of Contents****27 Interest and similar expenses**

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
Deposits	(718)	(541)	(1,875)	(1,604)
Certificated liabilities	(464)	(322)	(1,544)	(912)
<b>Subtotal</b>	<b>(1,182)</b>	<b>(863)</b>	<b>(3,419)</b>	<b>(2,516)</b>
Other interest expenses	(205)	(597)	(1,281)	(1,718)
<b>Total</b>	<b>(1,387)</b>	<b>(1,460)</b>	<b>(4,700)</b>	<b>(4,234)</b>

**28 Other expenses from investments**

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
<b>Realized losses from investments</b>				
Securities held-to-maturity				(1)
Securities available-for-sale	(169)	(139)	(491)	(692)
Real estate used by third parties	(3)	(13)	(13)	(42)
<b>Subtotal</b>	<b>(172)</b>	<b>(152)</b>	<b>(504)</b>	<b>(735)</b>
<b>Impairments from investments</b>				
Securities held-to-maturity	(1)	(1)	(2)	(3)
Securities available-for-sale	(88)	(302)	(193)	(644)
Real estate used by third parties	15	(134)	(30)	(547)
<b>Subtotal</b>	<b>(74)</b>	<b>(437)</b>	<b>(225)</b>	<b>(1,194)</b>
Depreciation of real estate used by third parties	(64)	(62)	(196)	(173)
<b>Total</b>	<b>(310)</b>	<b>(651)</b>	<b>(925)</b>	<b>(2,102)</b>

**29 Loan loss provisions**

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	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
Additions to allowances including direct impairments	(59)	(249)	(628)	(1,039)
Amounts released	147	170	639	664
Recoveries on loans previously impaired	44	28	77	102
<b>Total</b>	<b>132</b>	<b>(51)</b>	<b>88</b>	<b>(273)</b>

**Table of Contents****30 Acquisition costs and administrative expenses (net)**

	2005			2004		
	Segment	Consolidation adjustments	Group*)	Segment	Consolidation Adjustments	Group*)
	mn	mn	mn	mn	mn	mn
<b>Three months ended September 30,</b>						
<b>PROPERTY-CASUALTY</b>						
<b>Acquisition costs</b>						
Payments	(1,558)		(1,558)	(1,612)		(1,612)
Less commissions and profit received on reinsurance business ceded	210		210	198	(1)	197
Change in deferred acquisition costs	(79)		(79)	(21)		(21)
<b>Total acquisition costs (net)</b>	<b>(1,427)</b>		<b>(1,427)</b>	<b>(1,435)</b>	<b>(1)</b>	<b>(1,436)</b>
Administrative expenses	(936)	4	(932)	(977)	16	(961)
<b>Underwriting costs (net)</b>	<b>(2,363)</b>	<b>4</b>	<b>(2,359)</b>	<b>(2,412)</b>	<b>15</b>	<b>(2,397)</b>
Expenses for management of investments	(151)	7	(144)	(114)	6	(108)
Expenses from service agreements	(285)	5	(280)	(128)	2	(126)
<b>Total acquisition costs and administrative expenses (net)</b>	<b>(2,799)</b>	<b>16</b>	<b>(2,783)</b>	<b>(2,654)</b>	<b>23</b>	<b>(2,631)</b>
<b>LIFE/HEALTH</b>						
<b>Acquisition costs</b>						
Payments	(911)		(911)	(1,031)		(1,031)
Less commissions and profit received on reinsurance business ceded	27	(4)	23	27	(16)	11
Change in deferred acquisition costs	285		285	292		292
<b>Total acquisition costs (net)</b>	<b>(599)</b>	<b>(4)</b>	<b>(603)</b>	<b>(712)</b>	<b>(16)</b>	<b>(728)</b>
Administrative expenses	(322)		(322)	(342)	1	(341)
<b>Underwriting costs (net)</b>	<b>(921)</b>	<b>(4)</b>	<b>(925)</b>	<b>(1,054)</b>	<b>(15)</b>	<b>(1,069)</b>
Expenses for management of investments	(123)	38	(85)	(115)	31	(84)
Expenses from service agreements	(33)	7	(26)	(30)	(7)	(37)
<b>Total acquisition costs and administrative expenses (net)</b>	<b>(1,077)</b>	<b>41</b>	<b>(1,036)</b>	<b>(1,199)</b>	<b>9</b>	<b>(1,190)</b>
<b>BANKING</b>						
Personnel expenses	(897)		(897)	(803)		(803)
Operating expenses	(526)	9	(517)	(535)	25	(510)
Fee and commission expenses	(135)	10	(125)	(102)	6	(96)
<b>Total acquisition costs and administrative expenses</b>	<b>(1,558)</b>	<b>19</b>	<b>(1,539)</b>	<b>(1,440)</b>	<b>31</b>	<b>(1,409)</b>
<b>ASSET MANAGEMENT</b>						
Personnel expenses	(465)		(465)	(357)		(357)

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Operating expenses	(139)	5	(134)	(69)	5	(64)
Fee and commission expenses	(287)	103	(184)	(231)	76	(155)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total acquisition costs and administrative expenses</b>	<b>(891)</b>	<b>108</b>	<b>(783)</b>	<b>(657)</b>	<b>81</b>	<b>(576)</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

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	2005			2004		
	Segment	Consolidation adjustments	Group <sup>*</sup>	Segment	Consolidation adjustments	Group <sup>*</sup>
	mn	mn	mn	mn	mn	mn
<b>PROPERTY-CASUALTY</b>						
Acquisition costs						
Payments	(5,085)		(5,085)	(5,096)		(5,096)
Less commissions and profit received on reinsurance business ceded	648	(1)	647	631	(2)	629
Change in deferred acquisition costs	159		159	151	4	155
<b>Total acquisition costs (net)</b>	<b>(4,278)</b>	<b>(1)</b>	<b>(4,279)</b>	<b>(4,314)</b>	<b>2</b>	<b>(4,312)</b>
Administrative expenses	(2,798)	32	(2,766)	(2,885)	60	(2,825)
<b>Underwriting costs (net)</b>	<b>(7,076)</b>	<b>31</b>	<b>(7,045)</b>	<b>(7,199)</b>	<b>62</b>	<b>(7,137)</b>
Expenses for management of investments	(351)	21	(330)	(309)	15	(294)
Expenses from service agreements	(878)	12	(866)	(420)	4	(416)
<b>Total acquisition costs and administrative expenses (net)</b>	<b>(8,305)</b>	<b>64</b>	<b>(8,241)</b>	<b>(7,928)</b>	<b>81</b>	<b>(7,847)</b>
<b>LIFE/HEALTH</b>						
Acquisition costs						
Payments	(2,761)		(2,761)	(2,879)		(2,879)
Less commissions and profit received on reinsurance business ceded	111	(32)	79	192	(64)	128
Change in deferred acquisition costs	1,032		1,032	728		728
<b>Total acquisition costs (net)</b>	<b>(1,618)</b>	<b>(32)</b>	<b>(1,650)</b>	<b>(1,959)</b>	<b>(64)</b>	<b>(2,023)</b>
Administrative expenses	(992)	1	(991)	(941)	2	(939)
<b>Underwriting costs (net)</b>	<b>(2,610)</b>	<b>(31)</b>	<b>(2,641)</b>	<b>(2,900)</b>	<b>(62)</b>	<b>(2,962)</b>
Expenses for management of investments	(350)	112	(238)	(342)	87	(255)
Expenses from service agreements	(95)	22	(73)	(89)	20	(69)
<b>Total acquisition costs and administrative expenses (net)</b>	<b>(3,055)</b>	<b>103</b>	<b>(2,952)</b>	<b>(3,331)</b>	<b>45</b>	<b>(3,286)</b>
<b>BANKING</b>						
Personnel expenses	(2,346)		(2,346)	(2,489)		(2,489)
Operating expenses	(1,596)	51	(1,545)	(1,621)	48	(1,573)
Fee and commission expenses	(394)	21	(373)	(336)	24	(312)
<b>Total acquisition costs and administrative expenses</b>	<b>(4,336)</b>	<b>72</b>	<b>(4,264)</b>	<b>(4,446)</b>	<b>72</b>	<b>(4,374)</b>
<b>ASSET MANAGEMENT</b>						
Personnel expenses	(1,243)		(1,243)	(1,078)		(1,078)
Operating expenses	(390)	18	(372)	(252)	13	(239)
Fee and commission expenses	(794)	268	(526)	(680)	218	(462)
<b>Total acquisition costs and administrative expenses</b>	<b>(2,427)</b>	<b>286</b>	<b>(2,141)</b>	<b>(2,010)</b>	<b>231</b>	<b>(1,779)</b>



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

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

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

**31 Other expenses**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
Corporate expenses	(238)	(266)	(600)	(657)
Restructuring charges	(2)	(6)	(85)	(133)
Foreign currency transaction losses	(110)	18	(597)	(258)
Expense of transferring or increasing miscellaneous or accrued liabilities	(136)	(62)	(409)	(243)
Bad debt expense	4	(16)	(85)	(100)
Fees	(31)	(50)	(128)	(141)
Expenses resulting from reinsurance business	7	1	(5)	(36)
Amortization of intangible assets	(18)	(29)	(66)	(92)
Direct charge to policy reserve	(16)	(21)	(57)	(59)
Amortization of capitalized loyalty bonuses to senior management of PIMCO Group		(32)	(25)	(95)
Fire protection tax	(30)	(20)	(90)	(92)
Interest on accumulated policyholder dividends	(24)	(25)	(75)	(78)
Expenses for assistance to victims under joint and several liability and road casualties	(24)	(25)	(78)	(77)
Other	(106)	(197)	(407)	(709)
<b>Total</b>	<b>(724)</b>	<b>(730)</b>	<b>(2,707)</b>	<b>(2,770)</b>

**32 Taxes**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn

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Current taxes	(595)	(372)	(1,536)	(1,027)
Deferred taxes	78	(120)	29	(186)
<b>Total income taxes</b>	<b>(517)</b>	<b>(492)</b>	<b>(1,507)</b>	<b>(1,213)</b>
Other taxes	(13)	(5)	(34)	(27)
<b>Total</b>	<b>(530)</b>	<b>(497)</b>	<b>(1,541)</b>	<b>(1,240)</b>

**Other Information**

**33 Other information**

**Number of employees**

The Allianz Group had a total of 178,462 (176,501<sup>\*)</sup>) employees as of September 30, 2005. 73,178 (75,667) of these were employed in Germany and 105,284 (100,834<sup>\*)</sup>) in other countries. The number of employees undergoing training decreased by 440 to 4,466.

<sup>\*)</sup> increase of 14,321 reflects changes in scope of consolidation in 2004

**Personnel expenses**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
	mn	mn	mn	mn
Salaries and wages	2,269	2,104	6,632	6,404
Social security contributions and employee assistance	374	329	1,079	1,050
Expenses for pensions and other post-retirement benefits	163	124	505	445
<b>Total</b>	<b>2,806</b>	<b>2,557</b>	<b>8,216</b>	<b>7,899</b>

**Table of Contents****Earnings per share**

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

The Allianz Group's share-based compensation plans and warrants issued by Allianz AG with potentially dilutive securities of 1,195,053 are included in the calculation of diluted earnings per share for the nine months ended September 30, 2005.

	Three months ended September 30,  2005	Three months ended September 30,  2004	Nine months ended September 30,  2005	Nine months ended September 30,  2004
	mn	mn	mn	mn
<b>Numerator for basic earnings per share (net income)</b>	<b>794</b>	<b>468</b>	<b>3,508</b>	<b>1,970</b>
Effect of dilutive securities	2	1	2	2
<b>Numerator for diluted earnings per share (net income after assumed conversion)</b>	<b>796</b>	<b>469</b>	<b>3,510</b>	<b>1,972</b>
<b>Denominator for basic earnings per share (weighted-average shares excluding treasury shares held by the Allianz Group)</b>	<b>390,716,685</b>	<b>366,815,372</b>	<b>384,869,124</b>	<b>366,792,461</b>
Potential dilutive securities	2,629,010	1,469,443	2,664,496	1,469,443
<b>Denominator for diluted earnings per share (weighted-average shares after assumed conversion)</b>	<b>393,345,695</b>	<b>368,284,815</b>	<b>387,533,620</b>	<b>368,261,904</b>
Basic earnings per share	2.03	1.28	9.11	5.37
Diluted earnings per share	2.02	1.27	9.06	5.35

The weighted average number of shares does not include 2,758,450 (2004: 17,926,289) treasury shares held by the Allianz Group for the nine months ended September 30, 2005. The potential settlement of the equity-linked borrowing has not been included in the calculation of diluted earnings per share as it is anti-dilutive.

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### **34 Subsequent events**

#### **Merger of Allianz AG and RAS and conversion to SE**

On September 11, 2005, Allianz AG and Riunione Adriatica di Sicurtà S.p.A. ( RAS ) announced their intention to merge. On October 13, 2005, Consob, the Italian financial markets authority, approved Allianz AG's tender offer document relating to the voluntary offer to purchase all ordinary and savings shares, it does not already own, of RAS. The offer period began on October 20, 2005. The acceptance period will close on November 23 and the payment date is expected for November 30, 2005.

The offer represents a preparatory step of a broad repositioning plan for the Allianz Group and its Italian operations, the general terms of which were approved by the boards of Allianz AG and RAS. The cornerstone of this repositioning plan is the ultimate merger of RAS into Allianz AG, with Allianz AG converting into a European Company (Societas Europaea or SE ). Additionally, RAS will contribute its insurance and other financial services business, with the exception of the participations in certain foreign subsidiaries, to a newly incorporated, wholly owned Italian subsidiary that will continue the corporate name RAS S.p.A. .

Based on full acceptance of the voluntary tender offer, the cost of the entire transaction will be approximately 5.7 billion. However, this amount may vary, depending upon the acceptance rate of the voluntary tender offer and the exchange ratio between Allianz AG shares and RAS ordinary and savings shares, which will be determined in mid-December 2005.

Approximately 2.2 billion, in aggregate, was secured in the third quarter 2005 from equity-based financing and an equity-linked borrowing. In this context, approximately 1.1 billion was placed out of authorized capital without pre-emptive rights and a 1.1 billion equity-linked borrowing was executed with a variable redemption amount linked to the share price of Allianz AG, which can be settled, at the Allianz Group's option, in cash or 10.7 million Allianz AG shares. The remaining amount will be financed through internal funds, as well as hybrid debt and senior debt.

#### **Hurricane Wilma**

As a result of hurricane Wilma in October 2005, the Allianz Group currently estimates its loss, net of reinsurance, at approximately 124 mn. The Allianz Group will continue to monitor this development through the fourth quarter 2005 and may make adjustments to this estimate accordingly.

Munich, November 11, 2005

Allianz Aktiengesellschaft

The Board of Management



**Table of Contents**

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**SIGNATURES**

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

Date: November 15, 2005

ALLIANZ AKTIENGESELLSCHAFT

By       /s/ Dr. Joerg Weber

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

By       /s/ Jonathan Wismer

Name: Jonathan A. Wismer  
Title: Group Management Reporting