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## Allianz Group: Preliminary figures for 2006 – SE off to a successful start

- **Operating profit tops 10 billion euros for first time**
- **Net income with significant increase of more than 60 percent to over 7 billion euros**
- **Strong operating profit growth in all segments**

In fiscal 2006 the Allianz Group stuck rigorously to its course, closing on the basis of preliminary figures its first year as a European Company with a great success. All business segments again posted an increase in operating profit and contributed to the excellent overall development. While the insurance side registered a slight decline in revenues, the Group's banking and asset management segments reached double-digit growth rates. Total revenues of the Allianz Group climbed to 101.1 billion euros, up from 100.9 billion euros the previous year. Operating profit increased by 29.8 percent from 8.0 billion euros to 10.4 billion euros. Net income for the year rose by 60 percent from just under 4.4 billion euros to more than 7 billion euros. Shareholders' equity registered a 27.8 percent increase from 39.5 billion euros to 50.5 billion euros.

“Our focus on profit growth is paying off. Last year, with the merger of RAS into Allianz, the conversion to a European Company and the reorganization of Allianz in Germany and America, we made a lot of progress. 2006 was a year of systematic change,” explained Michael Diekmann, CEO of Allianz SE.

### Business results

For **property and casualty business** 2006 was a very good year. Thus, the combined ratio registered another strong 1.4 percentage points improvement, from 94.3 percent the previous year to 92.9 percent in 2006. “Once again in 2006 our focus was on a rigorous underwriting policy as well as on seizing market opportunities. In this way we managed to compensate for local cycles,” explained Helmut Perlet, CFO of Allianz SE. Whereas premium income, at 43.7 billion euros, was more or less at the previous-year level, the operating profit showed a year-on-year increase of 21.9 percent from 5.1 billion euros to 6.3 billion euros. High growth rates were achieved in both Asia-Pacific and in Central and Eastern Europe.

Over the past two years **life and health business** has registered an average increase in operating profit of almost 20 percent. In fiscal 2006 operating profit rose from 2.1 billion euros to 2.6 billion euros. Total revenues saw an 1.8 percent decrease from 48.3 billion euros to 47.4 billion euros. This came about as a result of a market-induced downturn in Italy and a period of weak growth in the US market. The very good business performance in Germany, France and Spain as well as in the growth regions of Central and Eastern Europe and Asia-Pacific was not enough to fully com-

pensate for these developments. "In Italy we can already see a change in trend, while in the USA we have implemented the necessary measures to get us back on a successful path," said Helmut Perlet.

With a cost-income ratio of 79.6 percent, in 2006 **Dresdner Bank** achieved its target of improving this ratio to below 80 percent. "Dresdner Bank performed very well in fiscal 2006. Productivity and efficiency have both improved. The bank is growing strongly," Perlet added. The bank's operating profit has been more than doubled, surging from 630 million euros in 2005 to approximately 1.4 billion euros in 2006. All divisions succeeded in increasing both operating revenues and operating result. Portfolio quality has also been further improved.

In **asset management** the very positive development of the past few years has continued 2006. Operating profit registered double-digit growth from 1.1 billion euros to roughly 1.3 billion euros. The cost-income ratio was once again reduced – by 0.8 percentage points from 58.4 percent to 57.6 percent.

Assets under Management for third parties rose from 743 billion euros at year-end 2005 to 764 billion euros at year-end 2006. Adjusted for exchange rate effects internal growth stood at 10.6 percent or 79 billion euros.

### **Dividend**

The Board of Management will submit a proposal to increase the dividend of 2.00 euros to 3.80 euros per share to the Supervisory Board. "By raising the dividend we will let our shareholders, who stood by us in hard times, participate in the improved results. Provided the AGM approves the proposal, we will double total dividend paid for the fiscal year just ended. Based on a strong capital base we aim to further increase the participation of our shareholders in our profit development and plan to catch up with our competitors within two years", explained Michael Diekmann.

### **Outlook**

"In 2006 we didn't just achieve our ambitious targets in terms of the result, but surpassed them all by a wide margin. We've delivered what we promised and will do so again in the coming years as well," said Michael Diekmann.

Based on the business results for 2006 – partly adjusted for the particularly favorable natural catastrophe trend – from 2007 the business targets envisage operating profit growth in the region of 10 percent per year until 2009. In property and casualty business the average combined ratio during the same timeframe is expected below 94 percent, while in the life and health business the margin for new business should exceed 3 percent. Dresdner Bank is aiming for an average return on risk-adjusted capital of more than 15 percent per year. In Asset Management the objective is to grow third party assets by 10 percent before exchange rate effects.

The above statements are subject to the proviso that no extraordinary natural disasters or adverse developments in the capital markets restrict our profitability.

**Allianz Group - Preliminary key figures 4<sup>th</sup> quarter and full year 2006**

<b>Euro m</b>	<b>4Q 2006</b>	<b>4Q 2005</b>	<b>Δ</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>Δ</b>	
<b>Total revenues (Euro bn)</b>	<b>24.8</b>	<b>25.2</b>	<b>-1.5%</b>	<b>101.1</b>	<b>100.9</b>	<b>0.2%</b>	
<b>Operating profit</b>	<b>2,255</b>	<b>1,906</b>	<b>18.3%</b>	<b>10,386</b>	<b>8,003</b>	<b>29.8%</b>	
- Property-Casualty	1,311	1,286	1.9%	6,269	5,142	21.9%	
- Life/Health	698	549	27.1%	2,565	2,094	22.5%	
- Banking	203	8	2437.5%	1,422	704	102.0%	
thereof Dresdner Bank	202	-9	-	1,361	630	116.0%	
- Asset Management	395	349	13.2%	1,290	1,132	14.0%	
- Corporate	-246	-201	22.4%	-831	-881	-5.7%	
- Consolidation Adjustments	-106	-85	24.7%	-329	-188	75.0%	
<b>Income before income taxes &amp; minority interests</b>	<b>1,627</b>	<b>1,794</b>	<b>-9.3%</b>	<b>10,323</b>	<b>7,829</b>	<b>31.9%</b>	
Income taxes	40	-556	-	-2,013	-2,063	-2.4%	
Minority interests in earnings	-295	-366	-19.4%	-1,289	-1,386	-7.0%	
<b>Net income</b>	<b>1,372</b>	<b>872</b>	<b>57.3%</b>	<b>7,021</b>	<b>4,380</b>	<b>60.3%</b>	
- Property-Casualty	975	930	4.8%	4,746	3,535	34.3%	
- Life/Health	493	292	68.8%	1,643	1,358	21.0%	
- Banking	-193	83	-	918	1,037	-11.5%	
thereof Dresdner Bank	-190	70	-	895	1,000	-10.5%	
- Asset Management	140	95	47.4%	404	244	65.6%	
- Corporate	1	-453	-	-179	-1,268	-85.9%	
- Consolidation Adjustments	-44	-75	-41.3%	-511	-526	-2.9%	
<b>Earnings per share (basic) (Euro)</b>	<b>3.21</b>	<b>2.15</b>	<b>49.3%</b>	<b>17.09</b>	<b>11.24</b>	<b>52.0%</b>	
<b>Dividend</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.80</b>	<b>2.00</b>	<b>90.0%</b>	
<b>Ratios:</b>							
- Property-Casualty	Combined ratio	95.0%	92.5%	2.5% -p	92.9%	94.3%	-1.4% -p
- Life/Health	Statutory expense ratio	9.7%	9.3%	0.4% -p	9.6%	8.4%	1.2% -p
- Dresdner Bank	Cost-income ratio	82.0%	102.4%	-20.4% -p	79.6%	91.4%	-11.8% -p
- Asset Management	Cost-income ratio	53.0%	56.6%	-3.6% -p	57.6%	58.4%	-0.8% -p
<b>Euro bn</b>	<b>12/31/06</b>	<b>12/31/05</b>	<b>Δ</b>				
<b>Shareholders' equity</b>	<b>50.481</b>	<b>39.487</b>	<b>27.8%</b>	-	-	-	
<b>Third-party assets under management</b>	<b>764</b>	<b>743</b>	<b>2.8%</b>	-	-	-	

The annual report 2006 is expected to be published on **March 16, 2007**.

These assessments are, as always, subject to the disclaimer provided below.

#### Cautionary Note Regarding Forward-Looking Statements

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

#### No duty to update

The company assumes no obligation to update any information contained herein.

This is not an offer (or the solicitation of an offer) to acquire or sell any securities in any jurisdiction.