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The spoken word prevails

Good morning ladies and gentlemen,

A warm welcome to today's financial press conference – Allianz SE's first. For us, becoming a European Company was one of the most momentous events of the past year, but I'll come to that later. First of all, Helmut Perlet will give you a detailed account of our 2006 results. Then Paul Achleitner will provide you with the background and timeframe for the transactions that we announced at the beginning of the year. Finally, I'll review our current position following the changes introduced in fiscal year 2006 and will talk about other things we have planned.

Give floor to Dr. Perlet

Resume after Dr. Achleitner:

As you have heard from my colleagues, 2006 was a very successful year for us. When I take stock of what we've already achieved in the first few weeks of this year, we're not only on the right track but are also keeping up the pace. It is our goal to become the most attractive alternative to customers, investors and employees alike on the international financial services market. For

us, this goal is not a noncommittal vision for the future. It is based on specific developments that have determined our performance and set our course for some time. These are simultaneously the result of and position from which we embark to the ongoing transformation of the whole Group in the framework of the 3+One program and our goal to again take up a firm position alongside the global leaders. Behind all these activities lie the central objectives of improving customer orientation and profitability while sharpening our competitiveness.

Chart: Continuous optimization strengthens potential for sustainable profitability

You can see from the chart how far we've come in recent years. We initiated some changes in 2005 and successfully completed them in 2006. I've already mentioned what we regard as the most significant event of 2006: The merger of RAS and Allianz and Allianz's transformation into a European Company. In so doing, we have created an efficient, transparent structure that will enable us to act more quickly and perform better. Reorganization in Germany – at ADAG and Dresdner Bank – as well as reorganization of the international industrial insurance business will continue to keep us busy this year. Nevertheless, we've reached significant milestones and learned a great deal, especially from the reorganization of the insurance business in Germany. The experience we've gained by introducing the new operating model in Germany will help us implement it internationally.

With our transformation into an SE we've expanded our domestic market, although our radius isn't limited only to Europe. The acquisition of the minority shareholdings in Allianz President Life in Taiwan, our very successful investment in the Chinese bank ICBC

and the establishment of the New Europe Holding in Vienna during 2006 show just how important it is for us to diversify on a global scale. We are one of the TOP 5 global asset managers and we're also one of the very few European financial service providers to operate successfully in central and eastern Europe, Asia-Pacific, South America and the USA.

Have we taken on too much at once? We don't think so. As encouraging as our figures are, you will be aware of our competitors' results and know that they too have chalked up some points. We must therefore stay on our present course, step up the pace and continue to deliver. Full acquisition of the shares in our subsidiaries AGF and Allianz Leben is an important step in this direction.

Chart: ADAG reorganization – Agenda for growth

Last year there was much controversy surrounding our decision to slim down the structure of the German insurance business which had evolved over generations and to put it on a firm basis for the future. For many it seemed an unusual step for a company to announce such changes in good times. We didn't always act convincingly during this difficult process, and I regret that. But we know we're doing the right thing and that we in Germany have to accustom ourselves to the idea of making structures more flexible. Otherwise we'll find ourselves unable to adapt successfully to changes. In many discussions I've had with employees, employee representatives, customers and shareholders over the past year, the underlying goal of the reorganization was never questioned. But opinions about the right way forward differed. In lengthy negotiations with employee representatives we've achieved a very reasonable compromise. As a result, the planned savings, job cuts

and expense targets announced in June 2006 will be implemented. Following very intensive and detailed discussions about the new target operating model, the negotiating bodies for our employees recognized it as the right move. With regard to the concept for business locations, we took the employees into consideration, which I expressly welcome. In three key steps – the Social Plan Package, joint key-points paper and the sub-agreements on reconciliation of interests – we, together with employee representatives, have cleared the way for introducing the new operating model. Now our colleagues can begin implementing it. Meanwhile, over 1,555 employees have accepted the propositions of our Social Plan, such as settlement payments and phased-in retirement. In addition, we're looking for around 1,500 new people a year in sales. These jobs are being offered to our non-sales staff. To this end we've set up special training and introductory programs.

We've asked a great deal of our employees, agents and customers in the past year. I'm therefore all the more pleased by the positive feedback I've been getting. Many agents as well as employees have affirmed that we're on the right track and would welcome even faster implementation. I also can tell from our customer surveys that the changes have been accepted. Many customers who spontaneously complained after the initial press reports have been brought around again with the help of personal talks and information about the new structure.

One essential element of this is good service, which we hope to offer our customers thanks to the new interdivisional organization; good products are another. Here too we expect stronger synergies from the reorganization of insurance activities in Germany. Based on the purchasing behavior of our customers we can tell they are

increasingly looking for solutions and not for individual products. Since we announced the reorganization, Allianz Germany, or ADAG, has developed numerous innovative products, which will be presented at the ADAG press conference on March 7.

Innovative products are key growth drivers, especially in a saturated market. Of our 20 million-plus customers in Germany, only just over 20 percent have policies with several Allianz business segments. Only 4 percent have policies with all three ADAG companies. Of the 6 million Dresdner Bank customers, only 2 million are also Allianz customers. In other terms: of our more than 20 million insurance customers only 10 percent are Dresdner Bank customers. These are business opportunities that we will exploit, and this justifies our strategy as an integrated financial services provider. Both in property and casualty insurance and in life and health insurance, we've continued to increase the Bank's percentage of new business over the past three years.

Chart: IFDL: exploit growth potential across segments

What no one was prepared to believe a few years ago is now clearly reflected in the figures: Financial services – from insurance to asset management to banking – is firmly established in Germany and is definitely on a growth track. Now that we've become used to the idea of insurance specialists at Dresdner Bank branches, the opening of the first bank agencies is something entirely new. It's the next logical step. The establishment of bank agencies with permanent advisors from Dresdner Bank is a crucial factor for the development of the banking business in the agencies and for Dresdner Bank's ability to gain new customers. We hope to welcome our one millionth customer at Dresdner Bank acquired by Allianz agents this year. Over the past four years Allianz agents

have recruited just under 4 percent of their customers for Dresdner Bank. That's a good start, but there's still plenty of potential left. And we don't intend to limit this successful approach to internal cooperation to Germany. We plan to turn the integrated financial services provider into an international one.

Chart: Allianz Banking in Europe

We've already established an initial foundation in key European markets. Take Hungary, for example, where we opened the Allianz Bank in the final quarter of 2006. We offer bank accounts, credit and debit cards plus asset backed loans. To date 29,000 products were sold by 85 percent of the Allianz agents. By the end of the year our expectations had already been surpassed. We'd set ourselves the goal of gaining around 6,000 new customers in the final eight to ten weeks of the fiscal year. In fact, we gained just under 20,000 new customers. And I'm certain that we can enjoy similar success in other markets with this model.

A systematic exchange program now also exists between our banks in the Group. I'd already mentioned last year that we see Dresdner Bank as a product supplier for other banks in the Group. But the reverse also applies. For example, AGF Bank in France has issued a very interesting hedge fund certificate which, now somewhat repackaged by Dresdner Kleinwort, is being offered by Dresdner Bank to private customers in Germany. Another AGF Bank product is already integrated in the product range of Allianz Bank in Hungary and will soon be available to customers in Italy. It is about consumer loans that are guaranteed by an existing life insurance policy or a securities portfolio and can therefore be offered to customers at a low interest rate.

Chart: Italy: Combining forces

One of our main goals for 2006 was to successfully complete the merger of RAS into Allianz. We achieved this in October last year, and we've had so much positive feedback about this that we decided at the beginning of this year to take the next step and merge the three Italian companies RAS, Lloyd Adriatico and Allianz Subalpina into a single company. With a 13 percent market share and more than six and a half million customers, Allianz S.p.A. will be the second largest insurance company in Italy. In taking this measure, we focused our attention on improving efficiency. We responded to the ongoing consolidation process with this announcement in Italy. In the past six years many major Italian insurers have already strengthened their position on the Italian market by joining forces or through mergers and acquisitions. Global markets are playing an increasingly important role in the financial sector. Against this backdrop, we decided to pursue our sales efforts on the Italian market under the names Allianz RAS and Allianz Lloyd Adriatico in the future. The Allianz Subalpina brand will continue to exist in its present form.

So what's next? On March 19, 2007 the boards of the three companies will deliberate on the integration process. The general shareholders' meetings and the regulatory authorities will then have to give their approval. We expect the entire process to be completed by autumn 2007.

Chart: France: AGF transaction – the right move

After simplifying our decision-making and shareholder structure in Italy, the next logical step is to accomplish this in France as well with Allianz Leben. We will then have put the shareholder structure

to rights in all the major Allianz companies and in the future will have a very efficient, lean and, from a corporate governance point of view, simple structure. In view of this, it was only logical to take advantage of circumstances in January to announce these transactions because we have the financial means and the management resources to do both. Mr. Achleitner has already explained the details to you. Let me just add that with this very efficient organization we will again considerably strengthen our market position in Europe – not just in France but also in Spain, the Netherlands and Belgium. In addition, we can also improve our position in South America, the Near East and Africa. We see interesting growth opportunities in South America, particularly in Brazil. I'll talk about those in a moment. Moreover, we can round off our portfolio both for our private and our corporate customers with Mondial Assistance and Euler Hermes as specialist insurers. In these areas I see many opportunities for product and solution combinations in cooperation with the banking and insurance segments. The Assistance concept will gain increasing importance not only in Germany but worldwide. We've already assumed a pioneering role in this segment, which we plan to develop further with innovative approaches and solutions. In the past week, AGF, together with Mondial, became the first French insurer to launch a new kind of preventive service to help reduce the risk of dementia and Alzheimer's. The program was developed by Mondial Assistance France in cooperation with scientists at Bordeaux University. It offers people over age 65 a memory test. In this way, customers learn about their cognitive function, allowing them to respond early to risk factors. Where long-term care is required due to Alzheimer's disease, AGF's long-term care policy already offers a one-off payment in addition to a pension. Special care services are also available to assist people with neurological disorders.

We fulfilled one of the wishes of our corporate customers last year with another product idea: For some years now our corporate customers have been asking for a pan-European pension fund product that would allow international companies in Europe to optimize their cross-border company pensions. Last year we were able to launch the product at Allianz Leben in Germany and are now in the process of introducing it in France and Italy and could conceivably offer it in other markets as well. Moreover, we're now selling our centrally developed share-index-linked insurance products not only in Germany and Italy but in eastern European countries as well. In 2006 alone these products generated half a billion euros in premium income.

Chart: Significant simplification of Group structure

You can see in which direction we're thinking and will increasingly act in the future. Thanks particularly to the leaner organization but also to intensified cooperation between local companies; we've created a much stronger basis for international cooperation in Europe. This will enable us in the coming years to respond better to cross-border customer queries, exchange more information between companies better and faster, establish more efficient processes, optimize IT and react far more intensively and quickly to changing customer needs.

This chart never ceases to intrigue me: What did our starting situation look like in 2005, what did we achieve in 2006 and where do we intend to go this year? After all, the European platform is just a starting point for us, our extended home market, as it were. Meanwhile we've diversified our portfolio worldwide, as you'll see on the next chart.

Chart: Global presence with well diversified results

This structure makes us far less dependent on local cycles and transient market fluctuations worldwide. Mr. Perlet has already discussed this in detail with regard to the property and casualty business. What I'd like to stress at this point is that last year we once again optimized our entire portfolio and significantly improved our profitability.

Chart: New structure for the US market

Another example of optimization is our reorganization on the US market. By bundling central administrative tasks such as IT, human resources and legal services in a joint back office, Allianz of America Holding, we are reaping significant cost benefits and improving the efficiency of our work. This will enable the subsidiaries Fireman's Fund and AZ Life to concentrate better on the development and sale of customer-oriented products.

We are thus taking our insurance organization in the NAFTA region to the next level. This solid platform will enable us to improve market opportunities even more and to further enhance the potential for best practice. In this way we will maximize our advantages compared to competitors, and strengthen the basis for further profitable growth.

Let me add just two brief comments regarding our two subsidiaries: In the past we were able to achieve the turnaround for Fireman's Fund, a medium-sized property and casualty insurer in the USA. Not only has the combined ratio steadily improved, but Fireman's Fund now contributes almost one billion US dollars operating profit to the Group's results.

AZ Life, a major provider of pensions on the US market, has seen some tough times as far as new business is concerned. But, as the graph shows, in recent years the company has managed, despite all the obstacles, to achieve a continuous and sound asset base, which is reflected in a 0.5 billion US dollar operating profit contribution to the Group results.

Chart: Strong position in growth markets

Development in the growth markets is rapid: Both in New Europe and in Asia-Pacific we're experiencing double-digit growth rates in premium income. In 2006 the growth markets contributed eight billion euros to the Group's total revenues. One third of this came from New Europe and two-thirds from Asia-Pacific. In both regions we are also enjoying growing customer interest in financial services, such as bank products and pension funds. We recognize that the needs and wishes of customers around the world are becoming increasingly similar and are working hard to develop new profit-generating high-growth segments. The networking of the world's economy is changing mobility and migration patterns, new middle classes are emerging and regions that used to lead a shadowy existence economically are rapidly gaining significance.

Capital accumulation in threshold countries – also as a supplement to social security systems financed by contributions – is becoming increasingly important. We are responding to these developments and are developing new business segments, for example in the Middle East as well as in established industrialized countries like Japan. We are focusing particularly on the so-called BRIC countries: Brazil, Russia, India and China. Whereas revenues from these countries were still vanishingly small just three years ago,

the situation has since changed radically. Thus, non consolidated premium income exceeded 2.0 billion euros in 2006. The BRIC countries' share of the global gross domestic product is expected to increase from 11 percent in 2006 to 20 percent in 2020. And what's even more impressive: The gross domestic product in these countries will swell by 275 percent over the same period.

Chart: Good market position in all four BRIC markets

In **Russia**, just this week we were able to achieve a key milestone following extensive negotiations. With the almost complete takeover of ROSNO, one of the leading insurers in Russia, we were able to decisively improve our position in a populous country that also needs to catch up in terms of modernizing infrastructure and safeguarding prosperity. We are now by far the most important foreign insurer in Russia. This step underlines the importance of the CIS region and of Russia as one of Allianz's core growth markets. We will continue to pursue our strategy of gaining customers in the most important countries of central and eastern Europe and the CIS region.

In **India**, within just six years after setting up a green field operation in Poona, we've become the number two foreign provider in both the life insurance and the property and casualty sectors and are gaining 400,000 new customers every month. Our insurance companies are accelerating their growth almost daily. We're now one of the fastest growing life insurance companies with a market share of 4.5 percent.

In **China**, we also made a great leap forward in 2006. Insurance sales through ICBC branches have so far exceeded even our expectations. In 2006, 60 percent of new business in China was

generated through bancassurance, half of that through cooperation with ICBC. We're expecting an additional boost here in 2007.

The Chinese market offers us huge growth opportunities through regional expansion alone. Until now we were allowed to sell life insurance products in only four provinces but want to extend our presence to others. Growth opportunities in the non-life segment are restricted by certain regulations. The market for motor insurance accounts for 70 percent of the entire market, yet third-party liability insurance can only be sold by local insurers. Foreigners are left solely with supplementary damage insurance. This limits us severely. After all, what customer wants to buy third-party liability insurance from one provider and damage insurance from another? Strong growth potential is also seen in the export credit insurance sector. However, today just 5 percent of all exports from China are covered by credit insurance. Foreign insurers are not yet allowed to offer export credit insurance. However, we're prepared for the day when these hurdles fall. We have the necessary expertise and potential for these business segments.

We've added **Brazil** as a new strategic growth market. We have a stable organization and have attained a promising size there. With a market share of 3.6 percent we rank among the Top 5 international property and casualty insurers. Just under one fourth of our premium income in the BRIC markets, approximately 530 million euros, already comes from Brazil. Last year we enjoyed solid double-digit growth on the previous year at a rate of around a fourth. Starting this year, our company in Brazil is also participating in the Sustainability Program in the area of property and casualty insurance.

Chart: Ambitious targets for 2006 fulfilled

Chart: Effective capital management: total dividend paid will double

Chart: A promise is a promise – the challenge

Chart: Outlook 2007-2009

During one of numerous discussions I've engaged in with employees and investors over the past year, one person remarked: "Allianz is a sleeping giant that has woken up." I believe that description is accurate in many respects. Of course we hadn't been sleeping during previous years, but we've become more conscious of our strength and are now exploiting our strategic opportunities as an international financial services provider more consistently.

In our core markets we're focusing on sustainable profit growth and are tailoring our portfolio to that. Demand for our expertise and products strengthens our resolve to capitalize on growth opportunities in future markets such as the BRIC countries. And we will continue to make the financial services provider more international, more flexible and more closely aligned with customers' needs. Those companies best able to adapt to rapidly changing customer demands will set the trends and be successful. That's where we're positioning ourselves for!

Our impressive performance figures for last year are the best proof of this. Behind those numbers are sound achievements meaning innovative solutions, better and faster service for our customers, sustainable jobs for our employees and competitive returns for our shareholders. The sum of all this is a responsible contribution to society.

We completed our first year as a European Company very successfully, and we not only met, but far surpassed, all our ambitious targets for 2006. We've delivered what we promised and will do so again in the coming years, as you can see from the dividend development and new business targets: With a higher dividend we can reward shareholders who stood by us in hard times. Provided that the Shareholders' Meeting on May 2 approves our proposal, we will double the total dividend paid for the past fiscal year. In the past years we've paid around 10 million euros each year in dividends to our employees, who are also shareholders. For the 2006 fiscal year it will therefore be nearly 20 million euros. Against the background of strong capitalization, we're aiming to further increase the participating interest of our shareholders and catch up with our competitors within two years. With regard to our business targets, which are based on 2006 as a normal year, i.e. partly adjusted for the particularly favorable natural catastrophe trend, we're setting our sights on an average annual operative profit growth of 10 percent from 2007 until 2009. In the property and casualty business our target is a combined ratio of less than 94 percent, while in life insurance the margin for new business is to be above 3 percent. Dresdner Bank is aiming for an average return on risk-adjusted capital of more than 15 percent, from 9.2 percent now. In Asset Management the objective is to grow third party assets by 10 percent, thereby creating the prerequisites for further growth.

Ladies and Gentlemen, with a tailwind of strong 2006 results at our back, a raft of specific challenges for the current fiscal year ahead of us and a clear course for the future, we are well positioned to deliver the sustainable improvements needed while at the same time taking advantage of new business opportunities.

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