ALLIANZ SE
Form 6-K
August 11, 2008
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rules 13a-16 or 15d-16 under

the Securities Exchange Act of 1934

for the period ended June 30, 2008

Commission file Number: 1-15154

ALLIANZ SE

Königinstrasse 28

80802 Munich

Germany

(Address of principal executive offices)

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

Form 20-F x Form 40-F ¨

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

Yes ¨ No x

THIS REPORT ON FORM 6-K (EXCEPT FOR ANY NON-GAAP FINANCIAL MEASURE AS SUCH TERM IS DEFINED IN REGULATION G UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED) SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM S-8 (FILE NO. 333-13462 AND NO. 333-139900) AND ON FORM F-3 (FILE NO. 333-151308) OF ALLIANZ SE AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED. FOR THE AVOIDANCE OF DOUBT, THE DISCLOSURE CONTAINING ANY NON-GAAP FINANCIAL MEASURE CONTAINED IN THE ATTACHED REPORT, INCLUDING WITHOUT LIMITATION REFERENCES TO CONSOLIDATED OPERATING PROFIT AND OPERATING PROFIT AS IT RELATES TO THE ALLIANZ GROUP, INCLUDING THE TABLES ENTITLED OPERATING PROFIT ON PAGE 2 AND PAGE 4 (AS IT RELATES TO THE ALLIANZ GROUP) AND THE SECTION ENTITLED RECONCILIATION OF CONSOLIDATED OPERATING PROFIT AND INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS IN EARNINGS , AND TO ANY OTHER NON-GAAP FINANCIAL MEASURES, IS NOT INCORPORATED BY REFERENCE INTO THE ABOVE-MENTIONED REGISTRATION STATEMENTS FILED BY ALLIANZ SE.

Table of Contents

Table of Contents

Content

Group Management Report

Executive Summary and Outlook	2
Property-Casualty Insurance Operations	12
Life/Health Insurance Operations	18
Banking Operations	24
Asset Management Operations	28
Corporate Activities	32
Balance Sheet Review	34
Other Information	38

Condensed Consolidated Interim Financial Statements for the Second Quarter and the First Half of 2008

Detailed Index	41
Condensed Consolidated Interim Financial Statements	42
Notes to the Condensed Consolidated Interim Financial Statements	47

Allianz Share

Development of the Allianz share price since January 1, 2008

indexed on the Allianz share price in

Source: Thomson Financial Datastream

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

Basic Allianz share information

Share type	Registered share with restricted transfer
Denomination	No-par-value share
Stock exchanges	All German stock exchanges, London, Paris, Zurich, Milan, New York
Security Codes	WKN 840 400

	ISIN DE 000 840 400 5
Bloomberg	ALV GY
Reuters	ALVG.DE

Investor Relations

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

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Table of Contents

Allianz Group Key Data

		Three months ended June 30, 2008	2007	Change from previous year	Six months ended June 30, 2008	2007	Change from previous year
INCOME STATEMENT							
Total revenues [1]	mn	22,037	24,337	(9.5)%	49,690	53,660	(7.4)%
Operating profit [2]	mn	2,104	3,288	(36.0)%	3,960	6,158	(35.7)%
Net income	mn	1,542	2,140	(27.9)%	2,690	5,380	(50.0)%
SEGMENTS							
Property-Casualty							
Gross premiums written	mn	9,842	9,982	(1.4)%	23,552	24,093	(2.2)%
Operating profit [2]	mn	1,683	1,894	(11.1)%	3,162	3,161	0.0%
Net income	mn	1,822	1,380	32.0%	2,879	2,560	12.5%
Combined ratio	%	93.5	92.9	0.6 pts	94.1	94.8	(0.7) pts
Life/Health							
Statutory premiums	mn	10,729	11,758	(8.8)%	23,056	24,084	(4.3)%
Operating profit [2]	mn	703	758	(7.3)%	1,292	1,508	(14.3)%
Net income	mn	425	479	(11.3)%	877	1,032	(15.0)%
Statutory expense ratio	%	12.2	9.6	2.6 pts	10.5	8.4	2.1 pts
Banking							
Operating revenues	mn	694	1,850	(62.5)%	1,472	3,951	(62.7)%
Operating profit [2]	mn	(568)	448	n.m.	(1,024)	1,148	n.m.
Net income	mn	(552)	411	n.m.	(1,090)	1,036	n.m.
Cost-income ratio	%	172.0	72.3	99.7 pts	164.1	69.4	94.7 pts
Asset Management							
Operating revenues	mn	738	797	(7.4)%	1,465	1,577	(7.1)%
Operating profit [2]	mn	281	325	(13.5)%	522	637	(18.1)%
Net income	mn	120	134	(10.4)%	198	233	(15.0)%
Cost-income ratio	%	61.9	59.2	2.7 pts	64.4	59.6	4.8 pts
BALANCE SHEET							
Total assets as of June 30, [3]	mn	1,016,396	1,061,149	(4.2)%	1,016,396	1,061,149	(4.2)%
Shareholders equity as of June 30, [3]	mn	40,457	47,753	(15.3)%	40,457	47,753	(15.3)%
Minority interests as of June 30, [3]	mn	3,398	3,628	(6.3)%	3,398	3,628	(6.3)%
SHARE INFORMATION							
Basic earnings per share		3.44	4.85	(29.1)%	5.98	12.32	(51.5)%
Diluted earnings per share		3.39	4.75	(28.6)%	5.85	12.08	(51.6)%
Share price as of June 30, [3]		111.90	147.95	(24.4)%	111.90	147.95	(24.4)%
Market capitalization as of June 30, [3]	bn	50.6	66.6	(24.0)%	50.6	66.6	(24.0)%
OTHER DATA							
Third-party assets under management as of June 30, [3]	bn	740	765	(3.3)%	740	765	(3.3)%

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

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

3) 2007 figures as of December 31, 2007.

1

Table of Contents

Executive Summary and Outlook [1)]

Revenues were 7.4 % lower as a tough environment resulted in a slowdown in sales of unit-linked life insurance products and a net dealing loss in Banking.

Operating profit decreased by 1.2 billion mainly attributable to Banking. Other segments were resilient.

Net income was 0.6 billion lower as a result of reduced operating profit.

Capital position remains strong.

1) The Allianz Group operates and manages its activities primarily through four operating segments: Property-Casualty, Life/Health, Banking and Asset Management. Effective January 1, 2006, in addition to our four operating segments and with retrospective application, we introduced a fifth business segment named Corporate.

2) Does not include minority interests.

Table of Contents

Allianz Group s Consolidated Results of Operations

In the second quarter of 2008 (2Q 2008), we recorded revenues of 22,037 million, and delivered 2,104 million of operating profit and 1,542 million of net income. Compared to the second quarter of 2007 (2Q 2007), results declined significantly.

Operating profit declined by 36.0 % to 2,104 million. This shortfall is almost entirely due to banking operations. Mark-downs on asset-backed securities (ABS), counterparty default adjustments on monoliners and mark-to-market valuations of other trading positions led to a net dealing loss at Dresdner Bank of 627 million after a net trading income of 351 million a year ago. In contrast, operating profit from our insurance and Asset Management businesses was resilient despite the credit crisis.

With income from non-operating items relatively flat at 82 million, net income was almost entirely driven by operating profit.

Total revenues [1)]

Total revenues Segments

in mn

Total revenues decreased by 9.5 % to 22,037 million. On an internal basis[2)], growth declined by 7.4 %. This was due to decreased revenues from the sale of unit-linked life insurance products, lower contribution from our bancassurance sales channels and the net dealing loss from our investment bank.

Property-Casualty

At 10,114 million, gross premiums written were 3.1 % ahead of previous year on an internal basis. On a nominal basis, revenues were down by 1.4 % to 9,842 million, mainly reflecting the reclassification of AGF s health business which was transferred to the Life/Health segment. Adjusted for the health business transferred, revenues increased by 1.4 %. With the exception of Italy and Credit Insurance, we saw growth in almost all regions and lines of business, though

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

2) Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 39 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole. Starting in 2Q 2008 we will focus our comments on internal growth, in order to provide more comparable information.

premium growth at Allianz Sach in Germany was flat. A key growth driver was our activities in the emerging markets [1)], where our expansion strategy continued to pay off.

For the first half year, gross premiums written increased by 1.1 % on an internal basis to 23,827 million. Nominal growth amounted to (2.2) %, with premiums of 23,552 million. Adjusted for the health business transferred, the premium growth rate was flat at 0.1 %.

Life/Health

Statutory premiums from our life/health business decreased by 8.0 % on an internal basis to 11,070 million in the second quarter 2008. On a nominal basis revenues dropped by 8.8 % to 10,729 million. Adjusted for the health business transferred, premiums declined by 10.9 %. Premiums from unit-linked products and revenues from our bancassurance sales channels declined whereas traditional life insurance products recorded strong growth in Germany, Switzerland and Belgium.

On a year-to-date basis the reduction of statutory premiums was lower down 3.8 % to 23,727 million on an internal basis, and down 4.3 % to 23,056 on a nominal basis. Adjusted for the transfer of AGF s health business, premiums declined by 6.5 %.

Banking

In the second quarter, revenues in our banking segment decreased to a nominal 694 million. This development was mainly driven by the financial markets turbulence which led to significant shortfalls, resulting in a net dealing loss of (630) million coming from a gain of 354 million. Net fee and commission income showed weak development for the same reason, whereas net interest income was stable.

In the first six months revenues were down 62.7 % to a nominal 1,472 million, mostly driven by a net dealing loss of 1,192 million, after a gain of 695 million a year earlier.

1) New Europe, Asia-Pacific, South America, Mexico, Middle East, Northern Africa and Africa/Near East.

Asset Management

Net inflows of 33 billion exceeded the prior year performance by far, however negative foreign currency effects alone more than outweighed the high net inflows. With 740 billion as of June 30, 2008 third party assets under management were 25 billion below the year end 2007 level.

Operating revenues dropped by a nominal 7.4 % and 7.1 % on a quarter-over-quarter and year-to-date basis to 738 million and 1,465 million, respectively. A shortfall in net fee and commission income, unfavorable currency effects as well as lower mark-to-market valuation of seed money investments in the United States were the main reasons for this development.

Operating profit

Operating profit Segments

in mn

Operating profit amounted to 2,104 million, a decline of 1,184 million compared to the record quarter of 2Q 2007.

Property-Casualty

Operating profit decreased by 11.1 % to 1,683 million, mainly due to reduced investment income and a high impact from smaller natural catastrophes. Our combined ratio increased to 93.5 %.

4

Table of Contents

On a six months basis, operating profit was stable at 3,162 million.

Life/Health

Despite the tough economic environment, we generated an operating profit of 703 million. Maintaining operating profit on such levels attests to the underlying strength of our business. Nevertheless, turbulence in the financial markets affected our operating profit through higher impairments and lower realized gains.

On a six months basis, operating profit was down by 14.3 % to 1,292 million. In the prior year, we recorded large realized gains in the first quarter due to the favorable market conditions existing at the time.

Banking

As a result of the weak revenue situation operating profit declined by 1,016 million (1H 2008: (2,172) million) leading to an operating loss of 568 million (1H 2008: (1,024) million). We achieved significant cost savings in almost every expense category. Administrative expenses were down 12.7 % to 1,165 million in 2Q 2008 and down 13.2 % to 2,383 million in the first half.

Asset Management

At 281 million, operating profit decreased by 44 million from a year ago in the quarter-over-quarter comparison, with foreign exchange having a significant impact. Operating revenues increased by 4.3% on an internal basis. Underlying operating expenses reflect our continuous investment in business expansion and future growth. The cost-income ratio increased by 2.7 percentage points to 61.9 %. On a year-to-date basis, it amounted to 64.4 %, up 4.8 percentage points.

Corporate Segment

Operating profit amounted to 5 million coming from a loss of 10 million and the operating loss for the first half stood at 71 million, 36.0 % lower than in the respective period in 2007.

Non-operating result

Non-operating items showed a gain of 82 million after a non-operating loss of 90 million a year ago.

Impairments on investments were 498 million higher than in 2Q 2007, however the increase was outweighed by the higher level of realized gains of 604 million. A large portion of these gains resulted from large scale transactions at profits already locked-in in prior years, plus smaller, planned divestment activities. Lower interest expense from external debt and decreased acquisition expenses contributed to the improvement in non-operating items.

We recorded a non-operating gain of 128 million for the first half of 2008, representing a decline of 1,468 million as impairments on investments increased significantly by 894 million and realized gains declined by 791 million. In the prior year, we recorded realized gains net of impairments of 2,446 million stemming primarily from the sales of equity investments in a very favorable market environment.

Net income

Net income of 1,542 million was almost entirely derived from operating profit. Lower income tax expenses mainly resulting from lower income tax rates applied on lower taxable income in 2Q 2008, and lower minorities in earnings due to the minority buy-out at AGF in France completed last year positively contributed to net income development. The effective tax rate was down by 1.5 percentage points to 25.3 %.

On a six months basis, net income of 2,690 million was also derived mainly from operating profit. Lower income tax expenses and reduced minority interests in earnings contributed positively to net income.

5

Table of Contents

Group Management Report Allianz Group Interim Report Second Quarter and First Half of 2008

Earnings per share [1]

in

[1] See note 35 to our condensed consolidated interim financial statements for further details.

Segment Information Total Revenues and Operating Profit

	Property-Casualty		Life/Health		Banking		Asset Management		Corporate		Consolidation		Group	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn	mn
Three months ended June 30,														
Total revenues [1]	**9,842**	**9,982**	**10,729**	**11,758**	**694**	**1,850**	**738**	**797**			**34**	**(50)**	**22,037**	**24,337**
Operating profit (loss)	**1,683**	**1,894**	**703**	**758**	**(568)**	**448**	**281**	**325**	**5**	**(10)**		**(127)**	**2,104**	**3,288**
Non-operating items	626	180	(58)	15	68	39	(89)	(82)	(244)	(74)	(221)	(168)	82	(90)
Income (loss) before income taxes and minority interests in earnings	**2,309**	**2,074**	**645**	**773**	**(500)**	**487**	**192**	**243**	**(239)**	**(84)**	**(221)**	**(295)**	**2,186**	**3,198**
Income taxes	(432)	(578)	(200)	(234)	(37)	(56)	(71)	(101)	184	80	4	31	(552)	(858)
Minority interests in earnings	(55)	(116)	(20)	(60)	(15)	(20)	(1)	(8)	(3)	(4)	2	8	(92)	(200)
Net income (loss)	**1,822**	**1,380**	**425**	**479**	**(552)**	**411**	**120**	**134**	**(58)**	**(8)**	**(215)**	**(256)**	**1,542**	**2,140**
Six months ended June 30,														
Total revenues [1]	**23,552**	**24,093**	**23,056**	**24,084**	**1,472**	**3,951**	**1,465**	**1,577**			**145**	**(45)**	**49,690**	**53,660**
Operating profit (loss)	**3,162**	**3,161**	**1,292**	**1,508**	**(1,024)**	**1,148**	**522**	**637**	**(71)**	**(111)**	**79**	**(185)**	**3,960**	**6,158**
Non-operating items	721	844	(40)	118	116	156	(204)	(204)	(346)	437	(119)	245	128	1,596
Income (loss) before income taxes and minority interests in	**3,883**	**4,005**	**1,252**	**1,626**	**(908)**	**1,304**	**318**	**433**	**(417)**	**326**	**(40)**	**60**	**4,088**	**7,754**

earnings														
Income taxes	(910)	(1,115)	(336)	(435)	(153)	(224)	(117)	(181)	270	55	20	75	(1,226)	(1,825)
Minority interests in earnings	(94)	(330)	(39)	(159)	(29)	(44)	(3)	(19)	(10)	(8)	3	11	(172)	(549)
Net income (loss)	**2,879**	**2,560**	**877**	**1,032**	**(1,090)**	**1,036**	**198**	**233**	**(157)**	**373**	**(17)**	**146**	**2,690**	**5,380**

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

6

Impact of the financial markets turbulence

The crisis in the mortgage market in the United States led to a devaluation of prices for various asset-backed securities (ABS), even for those with a high rating. Primarily, this affected collateralized debt obligations (CDO), and residential mortgage-backed securities especially those originating in the United States (U.S. RMBS).

The turbulence in the financial markets also impacted our business development, however the impact varied in each business segment.

The major impact of this crisis occurs in the Banking segment, with the substantial portion being attributable to some business units of Dresdner Bank s investment banking activities. In contrast, impacts on our insurance operations have been far less severe although sales of our unit-linked life insurance products were depressed by the current market conditions. The investment activities of the insurance segments were only impacted to a very limited extent, reflecting the high quality of the asset bases with no material CDO and subprime exposure. Similarly, the direct impact on our Asset Management segment was of minor importance.

Impact on insurance assets

Of our Property-Casualty asset base, ABS made up 4.7 billion, as of June 30, 2008, which is around 5 %. CDOs accounted for 0.1 billion of this amount. Unrealized losses on CDOs of 3 million were recorded in our equity.

Within our Life/Health asset base, ABS amounted to 13.6 billion, as of June 30, 2008, which is 4 % of total Life/Health assets. Of these, 0.2 billion are CDOs. Unrealized losses on CDOs of 12 million were recorded in our equity.

Subprime expenses within CDOs were negligible.

Impact on investment banking activities of Dresdner Bank

Dresdner Bank is engaged in various business activities involving structured products. These comprise ABS of the trading book, credit enhancements, conduits, leveraged buy-out commitments and structured investment vehicles.

Furthermore, Dresdner Bank has sold credit protection for third party ABS and has re-insured these positions with monoline insurers (monoliners).

Net asset-backed securities of the trading book[1)]

As of June 30, 2008, Dresdner Bank carried ABS trading assets of a net notional 6.9 billion. The majority of these ABS are of a high quality, with 68 % of them rated A or better.

Breakdown of exposure by rating class

in %

After write-downs, the net exposure after monoliner protection amounts to 4.6 billion as of June 30, 2008. It contains 0.9 billion CDOs, 0.7 billion U.S. RMBS and 3.0 billion other ABS. Because the financial markets turbulence mainly affected CDOs and U.S. RMBS, these net exposures are classified as critical ABS . We took substantial write-downs on CDOs and U.S. RMBS, recognizing the different quality and characteristics of the assets.

Exposure type	Exposure 1) as of 31/12/2007	Exposure 1) as of 30/06/2008	Markdowns 2Q 2008	Remaining book value as of 30/06/2008
	mn	mn		mn
U.S. RMBS				
Prime	713	664	34	446
Midprime	336	316	62	84
Subprime	617	554	81	149
Total U.S. RMBS	**1,666**	**1,534**	**177**	**679**
CDO				
High grade	1,615	1,508	97	864
Mezzanine	667	622		
Total CDO	**2,282**	**2,130**	**97**	**864**

1) Before markdowns

1) Net of monoline exposures. In respect of the monoliner protection and our indirect ABS exposure please refer to page 8 of this report.

Credit enhancements

Credit enhancements are one or more initiatives taken by the originator in a securitization structure to enhance the security, credit or the rating of the securitized instrument. In this context, Dresdner Bank offered second loss protection for credit investment related conduits (CIRC). This structure primarily contains ABS.

Under the CIRC structures, Dresdner Bank provides second loss protection, whereas the first loss stays with the client. Additionally, the Bank is entitled to sell the portfolio to the market, if the value of this portfolio falls below a pre-defined threshold. Here as well, the exposure was reduced and as of June 30, 2008, was a notional amount of 2.1 billion.

Conduits

A conduit is a special purpose entity that securitizes its financial assets, e.g. receivables, by means of commercial papers.

Since the late nineties, Dresdner Bank has arranged the securitization of third party and own asset portfolios through asset-backed commercial paper programmes (ABCP) via several conduits. The underlying pool of assets exhibits a good quality, with 79 % having at least an A rating. Dresdner Bank has provided liquidity back-up lines of 10.6 billion of which 6.5 billion were undrawn, as of June 30, 2008.

Leveraged buy-out

A leveraged buy-out is a financing transaction involving a significant amount of debt.

Dresdner Bank provides credit lines for these transactions, the bulk of which are typically syndicated. As of June 30, 2008, Dresdner Bank s LBO exposure amounted to 4.2 billion containing drawn and undrawn amounts.

Monoliner

Dresdner Bank has entered into business relations with monoliners companies that guarantee the repayment of a security and the corresponding interest in the event that the issuer defaults in order to hedge the exposure from ABS.

In addition, Dresdner Bank has provided credit protection via Credit Default Swaps (CDS) for ABS exposures. According to our risk policies, most of these CDS positions are re-insured with monoliners.

Only in the case of a default of payment from the underlying assets and a breach of contractual duties of the monoliners, will an ultimate loss occur. This loss amounts to the difference between the guaranteed amount from the monoliner and the value of the underlying assets.

We bought net protection for ABS with a net notional of 13.0 billion, of which 8.9 billion have no primary reference to the US mortgage market. In addition, the secured ABS portfolio contains 4.1 billion of exposures to the US mortgage market, of which we consider 3.3 billion to be critical and expect based on today s knowledge that we have to rely here partially on the monoliner protection. The remaining 0.8 billion are U.S. RMBS.

Dresdner Bank s gross counterparty risk amounted to 2.4 billion. In order to hedge the monoliner default risk, the bank bought Credit Default Swaps from third parties on the various monoliners in a total amount of 0.4 billion, leaving us with net a counterparty exposure of 2.0 billion.

The positive market value of the protection bought from monoliners amounted to 1.1 billion. In addition to that, we built up Counterparty Default Adjustments (CDAs) against the positive market value of 0.4 billion, leaving us with a net book value of 0.7 billion.

Breakdown of net book value

	Mark-to-market	CDA	Net book value as of 30/06/2008
Monoliner 1	490	249	241
Monoliner 2	306	125	181
Monoliner 3	101	2	99
Monoliner 4	68	15	53
Monoliner 5	62	10	52
Monoliner 6	36	15	21
Monoliner 7	17	7	10
Monoliner 8	4	1	3
Monoliner 9			
Total	1,084	424	660

8

The underlyings show a good quality, with 88 % of them being investment grade (having at least an A rating):

Breakdown of exposure by rating class

in %

As disclosed in our subsequent event section on page 88 we have entered into restructuring discussions with one mono-liner.

Structured Investment Vehicles (SIV)

A structured investment vehicle is an entity that primarily invests in long-term, high quality securities. The investments are refinanced by medium term notes (MTN) or commercial papers (CP).

On March 18, 2008, Dresdner Bank and K2 Corporation entered into an agreement through which Dresdner Bank will provide a support facility to the Structured Investment Vehicle K2 for the benefit of the senior note holders. The agreement consists of a U.S.$ 1.5 billion committed revolving mezzanine credit facility and a backstop facility.

We have fully consolidated K2 since the end of 1Q 2008.

K2 has a well diversified portfolio that is predominantly composed of MBS, CLO and ABS and holds no direct exposure to subprime assets or CDOs on ABS/MBS. In the second quarter, the volume of K2 has been further reduced by 34.8 % to 8.8 billion. The remaining assets are of a high quality with 91 % having at least an AA rating.

Risk Management

Risk management is an integral part of our business processes and supports our value-based management. As our internal risk capital model provides management with information which allows for active asset-liability management and monitoring, risk is well controlled and there are no identified risks which could in the future pose a threat to the existence of the Allianz Group.

The impacts from the subprime-crisis are described in the paragraph Impacts from the financial markets turbulence .

The information contained in the risk report in our 2007 Annual Report is still valid.

Events After the Balance Sheet Date

See Outlook below and Note 39 to the consolidated financial statements.

Opportunities

As presented in our 2007 Annual Report, we remain confident that the business prospects for financial service providers remain positive.

Outlook

In macro-economic terms, conditions are challenging for business and consumers. Both are confronted with weak and volatile capital markets, increasing inflation, high oil prices, the risk of recession or even stagflation, a weak U.S. dollar, illiquid credit markets, falling property prices and increasing interest rates. This has created a sentiment of risk-aversion in the minds of consumers and tough trading conditions for businesses.

As discussed in our first quarter 2008 results, the further achievement of our targets was subject to a positive swing in financial markets. This has not materialized up to now. Although our underlying fundamentals remain healthy, these further deteriorating markets also affect Allianz.

We expect this difficult market environment to continue to 2009, therefore our 2006 long-term operating profit growth target of 10 % CAGR[1)] through 2009 cannot be maintained.

Due to expected market conditions accurate earnings predictions, especially for Banking, are not feasible. However our underlying operating profitability in Insurance and Asset Management is stable enough to generate a run rate before Banking of 9 billion plus in 2008 and 2009.

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

Cautionary Note Regarding Forward-Looking Statements

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

1) Compound Annual Growth Rate

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Table of Contents

Property-Casualty Insurance Operations

3.1% internal revenue growth.

Segment s performance is at target level, with strong operating profit of 1.7 billion despite high level of weather-related claims in the second quarter.

Combined ratio of 93.5% achieved.

Earnings Summary

Gross premiums written[1)]

2008 to 2007 second quarter comparison

Gross premiums written on an internal basis were 3.1% ahead of previous year at 10,114 million. We maintained our focus on profitability and selectively wrote only those risks which we believe will generate adequate returns. This disciplined underwriting approach limited the negative pricing impacts stemming from still softening markets, while at the same time achieving organic growth.

On a nominal basis, gross premiums written were down by 1.4% to 9,842 million with the decline mainly caused by the reclassification of 284 million of AGF s health business to the Life/Health segment, and negative currency translation effects of 307 million. Positive impacts resulting from last year s acquisitions in Russia and Kazakhstan could not compensate for these effects. Adjusted for the health business transferred, revenues were up by 1.4%.

Gross premiums written by region [1)]

in %

1) After elimination of transactions between Allianz Group companies in different geographic regions and different segments. Gross premiums written from our specialty lines have been allocated to the respective geographic regions.

1) In order to provide more comparable information, starting in 2Q 2008 we will comment the development of our gross premiums written on an internal basis, meaning adjusted for foreign currency translation and (de-) consolidation effects.

We grew in most of our markets, with the exception of Italy and global credit insurance. Revenue development at Allianz Sach in Germany was flat.

In Italy, our operations showed a decline in gross premiums written of 108 million or 8.1%. Here, a new regulation led to significantly decreased sales volumes from the agents network. Furthermore, prices in Italy were impacted by the Bersani-law, which resulted in a market-wide price reduction.

Our strategy of expansion into emerging markets [2)] continued to pay off as premiums grew strongly by 173 million on a like-for-like basis. Together, these markets contributed 1,221 million (2Q 2007: 1,048 million) or 12.1% (2Q 2007: 10.7%) to total gross premiums written.

New Europe contributed 81 million to revenue growth, adjusted for the full consolidation of Progress Garant in Russia and ATF-Polis in Kazakhstan. The main driver for the growth was motor insurance business in Poland.

At Allianz Global Corporate & Specialty (AGCS) internal revenues were up by 10.7% or 75 million, driven by new business. This growth was to some extent offset by the currency depreciation of the U.S. Dollar and the GBP compared to the Euro.

2) New Europe, Asia-Pacific, South America, Mexico, Middle East, Northern Africa and Africa/Near East.

Table of Contents

Gross premiums written Internal growth rates[1)]

in %

1) Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.

2) Together with our property-casualty reinsurance business assumed, primarily attributable to Allianz SE, within Germany there was an increase of 3.1 % for 2Q 2008 over 2Q 2007 and a decrease of 0.9 % for 1H 2008 over 1H 2007.

2008 to 2007 first half comparison

For the first six months our gross premiums written on an internal basis increased by 1.1% to 23,827 million. On a nominal basis, revenues were down by 2.2%. Adjusted for the reclassification of 573 million of AGF s health business, revenue growth was flat at 0.1%. The developments in most of our markets were largely consistent with the 2008 to 2007 second quarter comparison, while our operations in Germany and at AGCS showed declining revenues.

Operating profit

Operating profit

in mn

2008 to 2007 second quarter comparison

Operating profit remained strong at 1,683 million, 11.1% below previous year s quarter. The main reason behind this decline is lower investment income, stemming from the upstreaming of excess capital to the parent company Allianz SE, resulting in a lower asset base. In addition, we recorded higher losses from weather-related claims than in 2Q 2007. Administrative expenses were 204 million lower compared to last year s quarter.

We achieved a combined ratio of 93.5%, well inside our target range.

Our accident year loss ratio increased by 1.5 percentage points to 70.9% mostly driven by losses from hailstorms in Germany and the earthquake in China, amounting to 222 million combined, as well as increasing claims inflation. At 4.8% the positive net development in prior years loss reserves was almost unchanged. Overall, the calendar year loss ratio increased by 1.2 percentage points to 66.1%.

Acquisition and administrative expenses decreased by 4.3% to 2,589 million. Further efficiency improvements contributed 43 million to the reduction of administrative expenses. Due to this positive development, our expense ratio improved by 0.6 percentage points to 27.4%.

Interest and similar income was down by 3.6% to 1,331 million. The reason for this was mainly the 2007 equity investments reduction program resulting in an outflow of 5.6 billion. 2.8 billion of these proceeds were used for capital upstreaming to the holding and thereby reduced the segment s asset base and the current dividend income by about 80 million. In addition, we recorded 59 million higher losses from our assets designated at fair value as a result of weak market conditions.

Table of Contents

Group Management Report Allianz Group Interim Report Second Quarter and First Half of 2008

2008 to 2007 first half comparison

On a six months basis, operating profit proved to be stable at 3,162 million. Our expense ratio improved by 1.6 percentage points to 26.7% and our combined ratio was down by 0.7 percentage points to 94.1%.

Non-operating result

2008 to 2007 second quarter comparison

The non-operating result increased to a gain of 626 million. This development was mainly due to much higher net realized gains which were only partly offset by increased impairments of investments.

Net realized gains from investments increased significantly to 961 million compared to the previous year when no major single sales transaction was recorded. In the second quarter 2008 we recorded gains mainly from large scale transactions which were already locked-in in prior years as well as a number of smaller planned divestment activities.

Non-operating net impairments of investments increased to 341 million, reflecting the overall weakness in financial markets.

2008 to 2007 first half comparison

In contrast to the second quarter comparison, the non-operating result decreased by 14.6% to a gain of 721 million for the first six months of 2008. The combined result of significantly lower net realized gains and higher impairments of investments recorded in the first quarter was not outweighed by the positive movements in the second quarter.

Net income

2008 to 2007 second quarter comparison

Net income increased by 32.0% to 1,822 million. Higher non-operating items as well as lower income tax expenses and minority interests in earnings contributed to this improvement.

Income tax expenses were down to 432 million, leading to a reduction of the effective tax rate from 27.9% to 18.7%. This resulted mainly from a higher tax-exempt income than in the second quarter 2007.

Lower minority interests in earnings amounted to 55 million, mainly reflecting the minority buy-out at AGF.

2008 to 2007 first half comparison

For the first six months, net income increased by 12.5% to 2,879 million.

Income taxes were down to 910 million, and the effective tax rate fell from 27.8% to 23.4% for the reason mentioned above.

Minority interests in earnings were also lower on a six months basis, amounting to 94 million.

14

Property-Casualty segment s income statement and ratios[1]

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	mn	mn	mn	mn
Gross premiums written [2]	**9,842**	**9,982**	**23,552**	**24,093**
Ceded premiums written	(1,115)	(1,245)	(2,400)	(2,831)
Change in unearned premiums	721	919	(2,531)	(2,248)
Premiums earned (net)	**9,448**	**9,656**	**18,621**	**19,014**
Interest and similar income	1,331	1,380	2,382	2,386
Operating income from financial assets and liabilities carried at fair value through income (net) [3]	(60)	(1)	(46)	16
Operating realized gains/losses (net) [4]	61	1	58	35
Fee and commission income	293	280	560	552
Other income	7	11	257	95
Operating revenues	**11,080**	**11,327**	**21,832**	**22,098**
Claims and insurance benefits incurred (net)	(6,247)	(6,266)	(12,548)	(12,649)
Changes in reserves for insurance and investment contracts (net)	(70)	(97)	(99)	(178)
Interest expenses	(91)	(92)	(179)	(184)
Loan loss provisions	(1)	(9)	(1)	(9)
Operating impairments of investments (net) [5]	(72)	(5)	(165)	(7)
Investment expenses	(79)	(69)	(202)	(143)
Acquisition and administrative expenses (net)	(2,589)	(2,705)	(4,980)	(5,380)
Fee and commission expenses	(248)	(190)	(496)	(387)
Operating expenses	**(9,397)**	**(9,433)**	**(18,670)**	**(18,937)**
Operating profit	**1,683**	**1,894**	**3,162**	**3,161**
Non-operating income from financial assets and liabilities carried at fair value through income (net) [3]	14	(1)	77	(30)
Non-operating realized gains/losses (net) [4]	961	216	1,333	949
Non-operating impairments of investments (net) [5]	(341)	(23)	(683)	(47)
Amortization of intangible assets	(3)	(4)	(7)	(6)
Restructuring charges	(5)	(8)	1	(22)
Non-operating items	**626**	**180**	**721**	**844**
Income before income taxes and minority interests in earnings	**2,309**	**2,074**	**3,883**	**4,005**
Income taxes	(432)	(578)	(910)	(1,115)
Minority interests in earnings	(55)	(116)	(94)	(330)
Net income	**1,822**	**1,380**	**2,879**	**2,560**
Loss ratio [6] in %	66.1	64.9	67.4	66.5
Expense ratio [7] in %	27.4	28.0	26.7	28.3
Combined ratio [8] in %	**93.5**	**92.9**	**94.1**	**94.8**

1) Since 2008, health business in Belgium and France is shown within Life/Health segment. Prior year balances have not been adjusted.
2) For the Property-Casualty segment, total revenues are measured based upon gross premiums written.
3) The total of these items equals income from financial assets and liabilities carried at fair value through income (net) in the segment income statement included in Note 3 to the condensed consolidated interim financial statements.

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

Property-Casualty Operations by Geographic Region

The following table sets forth our Property-Casualty gross premiums written, premiums earned (net), operating profit, combined ratio, loss ratio and expense ratio by geographic region for the three and six months ended June 30, 2008 and 2007. Consistent with our general practice, these figures are presented before consolidation adjustments, representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Three months ended June 30,	Gross premiums written				Premiums earned (net)		Operating profit		Combined ratio		Loss ratio		Expense ratio	
	2008 as stated	2007 as stated	2008 internal [1]	2007 internal [1]	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	mn	mn	mn	mn	mn	mn	mn	mn	%	%	%	%	%	%
Germany [2][3]	**2,136**	**1,959**	**2,136**	**2,072**	**2,603**	**2,325**	**357**	**467**	**96.8**	**92.6**	**69.1**	**64.9**	**27.7**	**27.7**
Italy	**1,232**	**1,340**	**1,232**	**1,340**	**1,171**	**1,234**	**301**	**264**	**93.2**	**93.8**	**69.2**	**69.8**	**24.0**	**24.0**
France [4]	**842**	**1,143**	**842**	**836**	**808**	**1,103**	**114**	**163**	**96.1**	**96.8**	**69.1**	**69.3**	**27.0**	**27.5**
United Kingdom	**528**	**613**	**617**	**613**	**443**	**498**	**66**	**64**	**94.6**	**98.5**	**61.5**	**65.3**	**33.1**	**33.2**
Spain	**522**	**502**	**522**	**502**	**469**	**452**	**67**	**65**	**91.6**	**90.9**	**70.4**	**71.3**	**21.2**	**19.6**
Switzerland [2][3]	**124**	**305**	**121**	**115**	**289**	**402**	**26**	**71**	**94.1**	**92.3**	**71.5**	**66.3**	**22.6**	**26.0**
Netherlands	222	228	222	228	203	204	24	32	94.1	89.6	63.6	59.0	30.5	30.6
Austria	197	201	197	201	177	183	28	31	92.2	92.9	68.7	69.6	23.5	23.3
Ireland	163	165	163	165	146	154	29	29	93.0	94.7	65.8	70.0	27.2	24.7
Belgium [5]	73	83	73	73	65	75	13	15	97.3	97.9	59.9	63.1	37.4	34.8
Portugal	71	67	71	67	62	62	10	11	91.6	89.9	64.4	62.7	27.2	27.2
Greece	20	19	20	19	14	12	2	1	93.3	97.1	61.4	65.4	31.9	31.7
Western and Southern Europe	**746**	**763**	**746**	**753**	**667**	**690**	**111 [6]**	**124 [6]**	**93.5**	**92.7**	**65.2**	**65.2**	**28.3**	**27.5**
Russia [7]	261	200	252	200	171	155	4	3	107.6	103.6	64.7	65.0	42.9	38.6
Hungary	118	127	118	127	118	125	11	17	100.2	95.8	70.1	68.2	30.1	27.6
Poland	122	95	109	95	83	61	17	7	82.8	93.0	55.4	57.6	27.4	35.4
Romania	83	83	92	83	33	39	1	5	106.8	86.5	83.7	72.1	23.1	14.4
Slovakia	78	70	73	70	76	68	28	32	71.1	61.6	42.3	35.2	28.8	26.4
Czech Republic	66	54	58	54	52	46	7	13	89.8	75.5	67.8	52.4	22.0	23.1
Bulgaria	28	24	28	24	16	15	1	2	100.1	93.1	57.8	47.1	42.3	46.0
Croatia	25	21	25	21	19	14	1		99.3	105.9	62.2	69.9	37.1	36.0
New Europe [8]	**781**	**674**	**755**	**674**	**568**	**523**	**62**	**74**	**96.2**	**92.0**	**62.6**	**60.1**	**33.6**	**31.9**
Other Europe	**1,527**	**1,437**	**1,501**	**1,427**	**1,235**	**1,213**	**173**	**198**	**94.7**	**91.4**	**64.0**	**62.6**	**30.7**	**28.8**
United States	1,061	1,030	1,230	1,195	743	804	141	189	90.9	87.8	63.4	56.0	27.5	31.8
Mexico [9]	74	53	82	53	21	22	1	2	94.7	94.0	68.7	69.1	26.0	24.9
NAFTA	**1,135**	**1,083**	**1,312**	**1,248**	**764**	**826**	**142**	**191**	**91.0**	**88.0**	**63.6**	**56.4**	**27.4**	**31.6**
Australia	391	390	399	390	303	311	95	84	89.2	90.8	64.5	65.0	24.7	25.8
Other	109	80	110	80	53	39	5	8	97.7	86.0	60.9	51.0	36.8	35.0

Asia-Pacific	**500**	**470**	**509**	**470**	**356**	**350**	**100**	**92**	**90.5**	**90.2**	**64.0**	**63.4**	**26.5**	**26.8**
South America	**244**	**242**	**242**	**219**	**187**	**180**	**22**	**14**	**96.9**	**98.7**	**64.6**	**63.6**	**32.3**	**35.1**
Other	**30**	**22**	**32**	**22**	**16**	**15**	**4**	**1**	10)	10)	10)	10)	10)	10)
Specialty lines														
Allianz Global Corporate & Specialty 2)	**778**	**623**	**775**	**700**	**466**	**462**	**166**	**116**	**81.8**	**94.4**	**57.9**	**74.3**	**23.9**	**20.1**
Credit Insurance	**437**	**446**	**437**	**446**	**333**	**330**	**112**	**161**	**87.3**	**73.1**	**60.2**	**43.4**	**27.1**	**29.7**
Travel Insurance and Assistance Services	**306**	**270**	**306**	**270**	**308**	**266**	**33**	**24**	**89.1**	**107.7**	**53.6**	**58.8**	**35.5**	**48.9**
Subtotal	**10,341**	**10,455**	**10,584**	**10,280**	**9,448**	**9,656**	**1,683**	**1,891**						
Consolidation 11)	(499)	(473)	(470)	(473)				3						
Total	**9,842**	**9,982**	**10,114**	**9,807**	**9,448**	**9,656**	**1,683**	**1,894**	**93.5**	**92.9**	**66.1**	**64.9**	**27.4**	**28.0**

1) Reflect gross premiums written on an internal basis (adjusted for foreign currency translation and (de-)consolidation effects).

2) Effective 1Q 2008, Allianz Risk Transfer AG is shown within Germany and Allianz Global Corporate & Specialty. Prior year balances have not been adjusted.

3) Reinsurance business of Allianz Suisse was transferred to Allianz SE. Effective 1Q 2008, renewal business is shown in Germany, run-off business is shown in Switzerland.

4) Effective 1Q 2008, health business in France is shown within Life/ Health segment. Prior year balances have not been adjusted.

5) Effective 1Q 2008, health business in Belgium is shown within Life/ Health segment. Prior year balances have not been adjusted.

6) Contains 5 mn and 5 mn for 2Q 2008 and 2Q 2007 respectively and 11 mn and 10 mn for 1H 2008 and 1H 2007 respectively from a former operating entity located in Luxembourg. To be continued on page 17.

Table of Contents

Six months ended June 30,	Gross premiums written				Premiums earned (net)		Operating profit		Combined ratio		Loss ratio		Expense ratio	
	2008 as stated	2007 as stated	2008 internal [1]	2007 internal [1]	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	mn	mn	mn	mn	mn	mn	mn	mn	%	%	%	%	%	%
Germany [2][3]	**6,774**	**6,575**	**6,774**	**6,833**	**5,035**	**4,592**	**952**	**582**	**95.6**	**97.8**	**70.4**	**69.2**	**25.2**	**28.6**
Italy	**2,406**	**2,586**	**2,406**	**2,586**	**2,328**	**2,431**	**467**	**439**	**93.2**	**93.6**	**69.5**	**69.9**	**23.7**	**23.7**
France [4]	**2,236**	**2,838**	**2,236**	**2,215**	**1,639**	**2,217**	**173**	**237**	**97.7**	**99.0**	**70.7**	**71.5**	**27.0**	**27.5**
United Kingdom	**1,034**	**1,152**	**1,188**	**1,152**	**903**	**989**	**124**	**127**	**95.9**	**97.4**	**62.3**	**64.1**	**33.6**	**33.3**
Spain	**1,217**	**1,193**	**1,217**	**1,193**	**931**	**885**	**143**	**135**	**90.3**	**90.5**	**70.2**	**71.3**	**20.1**	**19.2**
Switzerland [2][3]	**898**	**1,272**	**886**	**867**	**598**	**806**	**76**	**122**	**92.4**	**94.9**	**69.7**	**68.3**	**22.7**	**26.6**
Netherlands	520	534	520	534	396	401	43	57	95.7	91.6	65.0	60.6	30.7	31.0
Austria	539	551	539	551	359	366	46	52	94.7	95.1	71.5	73.1	23.2	22.0
Ireland	363	369	363	369	296	305	59	128	91.6	93.9	65.6	69.3	26.0	24.6
Belgium [5]	184	207	184	181	130	150	23	21	96.7	103.5	58.6	69.2	38.1	34.3
Portugal	158	147	158	147	123	124	20	20	90.7	89.7	64.1	61.8	26.6	27.9
Greece	41	40	41	40	27	24	5	4	89.5	91.6	58.8	61.1	30.7	30.5
Western and Southern Europe	**1,805**	**1,848**	**1,805**	**1,822**	**1,331**	**1,370**	**207 [6]**	**292 [6]**	**94.0**	**94.3**	**66.0**	**67.0**	**28.0**	**27.3**
Russia [7]	486	268	310	268	344	199	2	4	104.2	103.8	63.0	65.3	41.2	38.5
Hungary	301	321	306	321	231	251	29	41	97.3	93.9	66.7	66.5	30.6	27.4
Poland	227	181	206	181	159	117	24	12	88.6	94.6	59.3	60.5	29.3	34.1
Romania	175	173	194	173	70	75	4	4	104.8	94.8	79.8	76.3	25.0	18.5
Slovakia	188	175	179	175	143	135	57	60	67.9	64.0	41.4	37.8	26.5	26.2
Czech Republic	149	132	134	132	107	91	19	25	86.0	77.6	63.9	54.9	22.1	22.7
Bulgaria	54	47	54	47	36	31	5	7	89.9	84.9	55.1	42.8	34.8	42.1
Croatia	51	44	51	44	37	29	3	1	96.5	101.7	63.5	69.2	33.0	32.5
New Europe [8]	**1,631**	**1,341**	**1,434**	**1,341**	**1,127**	**928**	**129**	**143**	**94.0**	**91.2**	**61.4**	**60.3**	**32.6**	**30.9**
Other Europe	**3,436**	**3,189**	**3,239**	**3,163**	**2,458**	**2,298**	**336**	**435**	**94.0**	**92.3**	**63.9**	**64.1**	**30.1**	**28.2**
United States	1,833	1,912	2,110	2,077	1,428	1,605	230	355	94.0	89.3	65.0	56.5	29.0	32.8
Mexico [9]	112	91	125	92	40	42	5	7	90.9	89.6	66.1	64.0	24.8	25.6
NAFTA	**1,945**	**2,003**	**2,235**	**2,169**	**1,468**	**1,647**	**235**	**362**	**93.9**	**89.3**	**65.0**	**56.7**	**28.9**	**32.6**
Australia	742	741	747	741	610	615	136	134	96.6	96.5	72.7	71.3	23.9	25.2
Other	211	162	206	162	106	75	8	11	99.2	93.1	60.9	55.6	38.3	37.5
Asia-Pacific	**953**	**903**	**953**	**903**	**716**	**690**	**144**	**145**	**97.0**	**96.1**	**70.9**	**69.6**	**26.1**	**26.5**
South America	**481**	**479**	**473**	**432**	**368**	**347**	**38**	**28**	**97.6**	**99.4**	**64.0**	**64.4**	**33.6**	**35.0**
Other	**69**	**57**	**72**	**57**	**28**	**26**	**6**	**4**	[10]	[10]	[10]	[10]	[10]	[10]
Specialty lines														
Allianz Global Corporate & Specialty [2]	**1,641**	**1,556**	**1,639**	**1,703**	**891**	**929**	**220**	**211**	**88.9**	**94.2**	**64.0**	**70.3**	**24.9**	**23.9**
Credit Insurance	**969**	**934**	**969**	**934**	**675**	**631**	**189**	**278**	**88.2**	**74.6**	**61.7**	**45.8**	**26.5**	**28.8**
Travel Insurance and Assistance Services	**633**	**566**	**633**	**566**	**583**	**526**	**59**	**55**	**91.2**	**104.2**	**55.7**	**56.9**	**35.5**	**47.3**
Subtotal	**24,692**	**25,303**	**24,920**	**24,773**	**18,621**	**19,014**	**3,162**	**3,160**						
Consolidation [11]	(1,140)	(1,210)	(1,093)	(1,210)				1						
Total	**23,552**	**24,093**	**23,827**	**23,563**	**18,621**	**19,014**	**3,162**	**3,161**	**94.1**	**94.8**	**67.4**	**66.5**	**26.7**	**28.3**

7) Effective February 21, 2007, Russian People s Insurance Society Rosno was consolidated following the acquisition of approximately 49.2 % of the shares in ROSNO by the Allianz Group, increasing our holding to approximately 97 %. Effective May 21, 2007, we consolidated Progress Garant for the first time.

8) Contains income and expense items from a management holding in both 2008 and 2007.

9) Effective Q1 2007, life business in Mexico is shown within the Life/Health segment.

10) Presentation not meaningful.

11) Represents elimination of transactions between Allianz Group companies in different geographic regions.

Table of Contents

Life/Health Insurance Operations

Strength of our underlying business reflected in resilient operating profit of 703 million.

Challenging financial markets negatively impacted sales of unit-linked products.

Earnings Summary

Statutory premiums[1]

2008 to 2007 second quarter comparison

At 11,070 million statutory premiums were down 8.0 % on an internal basis compared to the prior year period. The current capital market situation resulted in a significant slow-down in our unit-linked business, that could not be outweighed by positive revenue developments from our traditional life insurance products.

On a nominal basis statutory premiums dropped 8.8 % to 10,729 million. Adjusted for the reclassification of AGF s health business of 284 million from the property-casualty segment revenues were down by 10.9 %.

Statutory premiums by region [1]

in %

[1] After elimination of transactions between Allianz Group companies in different geographic regions and different segments.

[1] In order to provide more comparable information we will comment the development of our gross premiums written on an internal basis; meaning adjusted for foreign currency translation and (de-)consolidation effects starting in 2Q 2008.

Our traditional life insurance business continued to produce dynamic sales with single premium products being the main growth driver. Mostly these benefited from acquisitions of large group insurance contracts e.g. in Germany. Thereby, we achieved premium growth in the German life business (+ 302 million), in Spain (+ 65 million), Austria (+ 44 million) and Switzerland (+ 34 million).

This favorable development partly compensated the downturn in sales of unit-linked products. These were heavily depressed as customers were cautious about these products due to the weak situation in the equity markets.

In Italy, statutory premiums deteriorated by 36.8 % as a result of a shortfall in distribution capacity and the overall weakness of the Italian unit-linked market.

The 10.0 % decline in statutory premiums in the United States was primarily attributable to less business with fixed index annuity products. A year ago we ran a sales promotion which was not repeated this year. In addition, revenues from variable annuity products suffered from weak equity markets.

Revenues in Asia-Pacific were down 11.7 % compared to the prior year period, mainly caused by developments in Taiwan and Korea. In Taiwan new regulations with regards to unitlinked products slowed revenue growth. In addition we lost one of our major local bancassurance partners.

In Korea we started seeing the effects of a strike that has lasted over six months, impacting sales growth and retention.

18

Statutory premiums Internal growth rates[1)]

in %

1) Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.

2008 to 2007 first half comparison

On a year-to-date comparison, statutory premiums were down 3.8 % to 23,727 million . Adjusted for the reclassification of AGF s health business of 573 million, premiums declined by 6.5 %. On a nominal basis revenues decreased by 4.3 %.

Operating profit

Operating profit

in mn

2008 to 2007 second quarter comparison

Operating profit amounted to 703 million proving the strength of our underlying business and its resilience to the tough market environment.

The challenging financial market conditions negatively affected investment income. Net impairments on investments increased by 842 million and realized gains decreased by 373 million.

Operating income from financial assets and liabilities carried at fair value through income showed an expense of 352 million mainly as a result of positive effects from hedge accounting treatment for certain derivative instruments that was not available a year ago.

Due to the reclassification of AGF s health business in France from the Property-Casualty to the Life/Health segment, net claims and insurance benefits incurred increased by 9.2% to 4,540 million.

In aggregate, acquisition and administrative expenses increased by 15.2% to 1,285 million mainly due to higher acquisition expenses resulting from the transfer of the health business. The statutory expense ratio was up by 2.6 percentage points to 12.2%.

Table of Contents

2008 to 2007 first half comparison

Operating profit for the first half year of 2008 decreased by 14.3% to 1,292 million. The various line item developments were largely consistent with those described for the second quarter.

Non-operating result

2008 to 2007 second quarter comparison

The non-operating result was a loss of 58 million. This was almost entirely made up of realized losses of 47 million arising in Italy and Korea, not shared with policyholders,

2008 to 2007 first half comparison

We recorded a non-operating loss of 40 million compared to a non-operating gain of 118 million a year earlier.

Net income

2008 to 2007 second quarter comparison

Net income amounted to 425 million. Both lower operating profit and the non-operating loss contributed to the 11.3% decline.

The effective tax rate rose by 0.7 percentage points to 31.0% mainly due to lower tax exempted income in 2Q 2008.

Minority interests in earnings were down by 40 million mainly reflecting the minority buy-out at AGF in France.

2008 to 2007 first half comparison

Net income for the first six months of 2008 came to 877 million, 15.0% lower than in the comparison period. Consistent with the development in the second quarter, the decrease stemmed from lower operating profit and the swing in non-operating items.

Income tax expenses were down by 99 million, driven by the lower pre-tax profits. Our effective tax rate remained stable at 26.8%.

As in the second quarter, minority interests in earnings reflected the minority buy-out in France and were 120 million lower than a year earlier.

Life/Health segment s income statement and ratios[1]

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
	mn	mn	mn	mn
Statutory premiums[2]	**10,729**	**11,758**	**23,056**	**24,084**
Ceded premiums written	(124)	(186)	(267)	(379)
Change in unearned premiums	(29)	3	(66)	(24)
Statutory premiums (net)	10,576	11,575	22,723	23,681
Deposits from SFAS 97 insurance and investment contracts	(5,465)	(6,892)	(12,023)	(13,813)
Premiums earned (net)	**5,111**	**4,683**	**10,700**	**9,868**
Interest and similar income	3,814	3,783	7,014	6,938
Operating income from financial assets and liabilities carried at fair value through income (net)[3]	(352)	(668)	(121)	(979)
Operating realized gains/losses (net)[4]	273	646	922	1,734
Fee and commission income	168	164	339	335
Other income	5	9	115	63
Income from fully consolidated private equity investments	3		3	
Operating revenues	**9,022**	**8,617**	**18,972**	**17,959**
Claims and insurance benefits incurred (net)	(4,540)	(4,158)	(9,553)	(8,860)
Changes in reserves for insurance and investment contracts (net)	(1,389)	(2,211)	(3,192)	(4,835)
Interest expenses	(55)	(111)	(125)	(202)
Loan loss provisions	4		6	(3)
Operating impairments of investments (net)[5]	(898)	(56)	(1,878)	(93)
Investment expenses	(82)	(163)	(410)	(359)
Acquisition and administrative expenses (net)	(1,285)	(1,115)	(2,393)	(1,989)
Fee and commission expenses	(70)	(43)	(130)	(105)
Operating restructuring charges[6]		(2)	(1)	(5)
Other expenses	(1)		(1)	
Expenses from fully consolidated private equity investments	(3)		(3)	
Operating expenses	**(8,319)**	**(7,859)**	**(17,680)**	**(16,451)**
Operating profit	**703**	**758**	**1,292**	**1,508**
Non-operating income from financial assets and liabilities carried at fair value through income (net)[3]	(3)	(1)	8	
Non-operating realized gains/losses (net)[4]	(47)	17	(35)	122
Non-operating impairments of investments (net)[5]	(6)		(10)	
Amortization of intangible assets			(1)	(1)
Non-operating restructuring charges[6]	(2)	(1)	(2)	(3)
Non-operating items	**(58)**	**15**	**(40)**	**118**
Income before income taxes and minority interests in earnings	**645**	**773**	**1,252**	**1,626**
Income taxes	(200)	(234)	(336)	(435)
Minority interests in earnings	(20)	(60)	(39)	(159)
Net income	**425**	**479**	**877**	**1,032**
Statutory expense ratio[7] in %	**12.2**	**9.6**	**10.5**	**8.4**

[1] Since 2008, health business in Belgium and France is shown within Life/Health segment. Prior year balances have not been adjusted.

2) For the Life/Health segment, total revenues are measured based upon statutory premiums. Statutory premiums are gross premiums written from sales of life insurance policies, as well as gross receipts from sales of unit linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer s home jurisdiction.

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

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

5) The total of these items equals impairments of investments (net) in the segment income statement included in Note 3 to the condensed consolidated interim financial statements.

6) The total of these items equals restructuring charges in the segment income statement included in Note 3 to the condensed consolidated interim financial statements.

7) Represents acquisition and administrative expenses (net) divided by statutory premiums (net).

Life/Health Operations by Geographic Region

The following table sets forth our Life/Health statutory premiums, premiums earned (net), operating profit and statutory expense ratio by geographic region for the three and six months ended June 30, 2008 and 2007. Consistent with our general practice, these figures are presented before consolidation adjustments, representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Three months ended June 30,	Statutory premiums [1]				Premiums earned (net)		Operating profit		Statutory expense ratio	
	2008 as stated	2007 as stated	2008 internal [2]	2007 internal [2]	2008	2007	2008	2007	2008	2007
	mn	mn	mn	mn	mn	mn	mn	mn	%	%
Germany Life	**3,078**	**2,776**	**3,078**	**2,776**	**2,259**	**2,222**	**175**	**141**	**7.3**	**8.1**
Germany Health [3]	**779**	**783**	**779**	**783**	**778**	**783**	**23**	**41**	**7.7**	**9.4**
Italy	**1,625**	**2,572**	**1,625**	**2,572**	**232**	**255**	**96**	**102**	**7.7**	**5.7**
France [4]	**1,690**	**1,575**	**1,690**	**1,847**	**637**	**390**	**140**	**227**	**19.3**	**15.1**
Switzerland	**206**	**167**	**201**	**167**	**85**	**83**	**17**	**19**	**13.2**	**13.9**
Spain	**233**	**168**	**233**	**168**	**118**	**119**	**31**	**26**	**7.1**	**8.3**
Belgium [5]	185	155	185	166	76	71	22	28	9.3	10.4
Netherlands	98	101	98	101	33	34	12	12	20.1	13.4
Austria	139	95	139	95	68	71	6	6	8.1	8.8
Portugal	31	28	31	28	19	17	3	7	20.7	26.1
Greece	27	25	27	25	17	16	2	1	27.3	23.6
Luxembourg	12	37	12	37	7	7	1	2	16.9	7.6
Western and Southern Europe	492	441	492	452	220	216	46	55 [6]	12.9	12.2
Poland	58	66	52	66	44	16	(1)	3	52.0	19.1
Slovakia	65	64	61	64	43	40	8	9	16.8	12.3
Hungary	51	26	51	26	19	20	3	4	14.0	27.6
Czech Republic	22	24	20	24	15	13		3	22.2	15.5
Croatia	17	17	17	17	10	10			21.9	6.1
Bulgaria	8	7	8	7	7	6	1	1	16.7	16.4
Romania	9	7	9	7	3	4			24.6	41.6
Russia	4	3	4	3	4	3	(4)	(3)	135.4	126.1
New Europe	**234**	**214**	**222**	**214**	**145**	**112**	**7**	**17**	**27.9**	**18.9**
Other Europe	**726**	**655**	**714**	**666**	**365**	**328**	**53**	**72**	**17.8**	**14.4**
Mexico [7]	13	9	15	9	8	8	1	1	13.5	14.0
United States	1,396	1,796	1,617	1,796	254	105	150	88	19.3	9.5
NAFTA	**1,409**	**1,805**	**1,632**	**1,805**	**262**	**113**	**151**	**89**	**19.2**	**9.6**
South Korea	380	466	483	466	186	238	26	24	16.0	17.6
Taiwan	227	544	242	544	22	16	(1)	5	9.4	3.1
Indonesia	48	76	58	76	12	11	2	2	14.7	7.4
Malaysia	32	30	34	29	28	26	1	3	22.7	21.2
Other	237	82	240	82	25	4	(18)	(2)	30.3	10.1
Asia-Pacific	**924**	**1,198**	**1,057**	**1,197**	**273**	**295**	**10**	**32**	**11.4**	**10.0**
South America	**9**	**14**	**9**	**10**	**6**	**8**	**1**		**66.3**	**47.3**
Other	**105**	**98**	**149**	**98**	**95**	**87**	**6**	**18**	[8]	[8]
Subtotal	**10,784**	**11,811**	**11,167**	**12,089**	**5,110**	**4,683**	**703**	**767**		
Consolidation [9]	(55)	(53)	(97)	(53)				(9)		
Total	**10,729**	**11,758**	**11,070**	**12,036**	**5,110**	**4,683**	**703**	**758**	**12.2**	**9.6**

1) 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) Reflect statutory premiums on an internal basis (adjusted for foreign currency translation and (de-)consolidation effects).
3) Loss ratios were 72.1 % and 68.1 % for the three months ended June 30, 2008 and 2007 respectively and 75.7 % and 72.9 % for the six months ended June 30, 2008 and 2007 respectively.
4) Effective 1Q 2008, health business in France is shown within Life/ Health segment. Prior year balances have not been adjusted.
5) Effective 1Q 2008, health business in Belgium is shown within Life/ Health segment. Prior year balances have not been adjusted. To be continued on page 23.

Six months ended June 30,	Statutory premiums [1]				Premiums earned (net)		Operating profit		Statutory expense ratio	
	2008 as stated	2007 as stated	2008 internal [2]	2007 internal [2]	2008	2007	2008	2007	2008	2007
	mn	mn	mn	mn	mn	mn	mn	mn	%	%
Germany Life	**6,656**	**5,815**	**6,656**	**5,815**	**4,884**	**4,788**	**363**	**332**	**7.3**	**4.6**
Germany Health [3]	**1,553**	**1,563**	**1,553**	**1,563**	**1,554**	**1,563**	**60**	**82**	**8.6**	**9.8**
Italy	**3,254**	**5,402**	**3,254**	**5,402**	**446**	**498**	**127**	**196**	**7.9**	**5.5**
France [4]	**3,902**	**3,065**	**3,902**	**3,618**	**1,334**	**825**	**300**	**362**	**15.9**	**14.4**
Switzerland	**869**	**665**	**857**	**665**	**279**	**278**	**34**	**35**	**5.4**	**6.9**
Spain	**416**	**324**	**416**	**324**	**230**	**229**	**57**	**53**	**8.2**	**9.4**
Belgium [5]	388	349	388	376	165	147	51	71	9.6	8.9
Netherlands	197	214	197	214	66	69	21	23	19.9	12.9
Austria	247	198	247	198	150	139	14	25	9.7	9.4
Portugal	56	50	56	50	38	36	8	17	23.6	28.4
Greece	56	54	56	54	35	32	3	2	24.3	20.2
Luxembourg	35	47	35	47	14	14	2	5	12.4	11.1
Western and Southern Europe	**979**	**912**	**979**	**939**	**468**	**437**	**99**	**142 [6]**	**13.3**	**11.8**
Poland	121	314	110	314	81	44	3	6	45.5	10.5
Slovakia	145	126	137	126	85	80	18	16	12.4	13.6
Hungary	95	56	96	56	39	40	6	8	15.0	23.8
Czech Republic	49	45	44	45	31	26	4	6	19.7	17.6
Croatia	30	29	30	29	20	19	2	2	24.2	10.6
Bulgaria	15	15	15	15	13	13	1	2	20.2	15.3
Romania	16	16	18	16	7	6	1	(1)	27.6	34.1
Russia	8	5	8	5	7	5	(7)	(3)	135.7	133.5
New Europe	**479**	**606**	**458**	**606**	**283**	**233**	**28**	**36**	**25.2**	**14.7**
Other Europe	**1,458**	**1,518**	**1,437**	**1545**	**751**	**670**	**127**	**178**	**17.3**	**12.9**
Mexico [7]	47	16	53	16	15	16	2	2	7.1	15.0
United States	2,740	3,465	3,170	3,465	428	205	155	159	12.5	9.4
NAFTA	**2,787**	**3,481**	**3,223**	**3,481**	**443**	**221**	**157**	**161**	**12.4**	**9.5**
South Korea	864	931	1,047	931	396	490	56	78	13.8	15.8
Taiwan	682	894	735	894	50	30	1	9	7.8	2.8
Indonesia	94	106	110	106	22	22	5	4	13.6	11.4
Malaysia	63	58	67	58	55	49	4	5	18.8	18.2
Other	311	131	318	130	31	9	(28)	(6)	20.2	11.4
Asia-Pacific	**2,014**	**2,120**	**2,277**	**2,119**	**554**	**600**	**38**	**90**	**11.0**	**10.0**
South America	**39**	**47**	**39**	**39**	**35**	**17**	**7**	**(1)**	**24.4**	**27.5**
Other	**215**	**200**	**220**	**200**	**189**	**179**	**22**	**34**	[8]	8
Subtotal	**23,163**	**24,200**	**23,834**	**24,771**	**10,699**	**9,868**	**1,292**	**1,522**		
Consolidation [9]	(107)	(116)	(107)	(117)				(14)		
Total	**23,056**	**24,084**	**23,727**	**24,654**	**10,699**	**9,868**	**1,292**	**1,508**	**10.5**	**8.4**

6) Contains run-off (1) mn 1Q 2007 from our former life insurance business in the United Kingdom which we sold in December 2004.
7) Effective 2007, life business in Mexico is shown within the Life/Health segment.
8) Presentation not meaningful.
9) Represents elimination of transactions between Allianz Group companies in different geographic regions.

Table of Contents

Banking Operations [1)]

Further markdowns on asset-backed securities, counterparty default adjustments on monolines and mark-to-market valuations on other trading positions led to a net dealing loss of 627 million.
Dresdner Bank s loan book quality remained strong.

Earnings Summary

Operating revenues

2008 to 2007 second quarter comparison

Operating revenues of 635 million were significantly down compared to the second quarter 2007, as the ongoing financial market crisis severely impacted our net dealing income again.

Net interest income at 703 million was stable, profiting from the positive development in our Private & Corporate Clients (PCC) division, where deposit business continued to compensate for slight shortfalls in loan business. PCC s deposit business benefited from the shifts within the customer portfolios towards less riskier assets. In the Investment Bank Dresdner Kleinwort (DKIB) we recorded a lower result compared to the prior year period, in which higher income from structured finance transactions was generated. The impact from the accounting treatment for derivative financial instruments which do not qualify for hedge accounting amounted to (12) million (2Q 2007: 6 million).

Net fee and commission income declined 22.3 % to 558 million as a result of low levels of customer activity in the challenging capital markets. This affected mainly PCC s securities business, where our retail customers did fewer transactions, as well as the strategic advisory business at DKIB.

Net dealing income, which comprises net trading income and net income from financial assets and liabilities designated at fair value through income, was severely hit by the market deterioration and turned sharply negative to 627 million after

1) The results of operations of our Banking segment are almost exclusively represented by Dresdner Bank, accounting for 92.0 % and 96.0 % of our total Banking segment s operating revenues for the six months ended June 30, 2008 and 2007, respectively. Accordingly, the discussion of our Banking segment s results of operations relates solely to the operations of Dresdner Bank.

351 million in the prior year period. This development is almost entirely attributable to DKIB. Whereas the direct impact from the credit crisis resulting in mark-downs on ABS at 286 million was significantly lower than in the previous quarters, the ongoing build-up of counter-party default adjustments for monolines of 212 million (net), and other credit crisis related negative impacts of 191 million, both increased.

Additionally, we experienced lower net dealing income stemming from our rates, credit and equity businesses, which all suffered from the current market conditions.

2008 to 2007 first half comparison

Dresdner Bank s operating revenues decreased by 64.3 % to 1,354 million due to the ongoing financial markets turbulence that started in the second half of 2007. The line item developments were largely consistent with those described for the second quarter comparison.

Operating profit (loss)

Operating profit (loss)

in mn

24

2008 to 2007 second quarter comparison

Due to the weak revenue situation, especially in net dealing income as already described, we recorded an operating loss of 566 million compared to an operating profit of 427 million in the same period one year ago. The loss was driven by DKIB which recorded an operating loss of 715 million as a result of the lower net dealing income. PCC produced an operating profit of 121 million and a cost-income-ratio of 81.5 %.

We further reduced our operating expenses. Down 11.4 %, they amounted to 1,135 million. Personnel expenses were reduced by 19.7 % to 643 million, reflecting significantly lower performance-related expenses following the lower revenues. Non-personnel costs, included in administrative expenses, declined by 3.2 % to 461 million due to further efficiency gains and strict adherence to cost discipline, mainly resulting in lower office und IT-costs.

Net loan loss provisions stayed at a moderate level with net additions of 66 million being 4 million higher than in the second quarter 2007.

2008 to 2007 first half comparison

Resulting from the weak revenue situation in the first half of 2008, operating profit turned negative to an operating loss of 1,019 million. Although we managed down our operating expenses by 12.8 %, this development could not outweigh the decline in revenues.