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333-151308) OF ALLIANZ SE AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.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

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.

Allianz SE

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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 %.

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.

7

Table of Contents

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

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 securit