

**Allianz Finance II B.V.**

Interim financial statements for  
the six-month period ended  
30 June 2011

## **Contents**

Interim report of the Management Board	1
Interim statement of financial position as at 30 June 2011	3
Interim statement of comprehensive income for the six-month period ended 30 June 2011	4
Interim statement of changes in equity for the six-month period ended 30 June 2011	5
Interim statement of cash flows for the six-month period ended 30 June 2011	6
Notes to the interim financial statements for the six-month period ended 30 June 2011	7
Review report	20

## **Interim report of the Management Board**

Allianz Finance II B.V. (the 'Company') was formed on 8 May 2000. The Company's registered office is Amsterdam. The Company is owned by Allianz SE, Munich, Germany.

The principal activity of Allianz Finance II B.V. is to issue bonds on behalf of and under a guarantee by its parent company, Allianz SE. Cash collected through a bond issue is loaned in full to Allianz SE or, if agreed so, to another entity within the Allianz Group. From this activity a profit after taxation of EUR 1.0 million was realised in the first six month period of 2011 (2010: EUR 0.9 million).

The Company has an exposure to credit, liquidity and market risk from its use of financial instruments. Reference is made to note 5 of the interim financial statements for a description about the exposure of the Company to each of these risks.

Administration is carried out by local staff, which is employed by A.C.I.F., Allianz Compagnia Italiana Finanziamenti S.p.A., Amsterdam Branch, and is located in Amsterdam.

During the first six month period of 2011 the following major events occurred:

- On 8 March 2011, the Company issued Subordinated Fixed to Floating Rate Notes in the amount of EUR 2.0 billion guaranteed by Allianz SE. The notes bear interest at a fixed rate of 5.75% per annum until July 2021 and thereafter at a rate of 3.349% per annum above the 3 month EURIBOR. The scheduled maturity date of the notes is 8 July 2041, unless called earlier. The proceeds were loaned in full to Allianz SE.
- On the interest payment date 10 June 2011, the Company fully redeemed an outstanding bond with a nominal amount of USD 0.5 billion. On the same date, the corresponding loan to Allianz SE was redeemed.

Subsequent to the close of the financial period, the Company issued on 7 July 2011 in a private placement EUR 0,5 billion of convertible subordinated notes. The proceeds are fully loaned to Allianz SE.

We as Management Board of the Company hereby declare that, to the best of our knowledge:

- the interim financial statements for the six month period ended 30 June 2011, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

**Allianz Finance II B.V.**

- the interim report of the Management Board includes a fair review information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act.

Amsterdam, 19 July 2011

Management Board:

C. Bunschoten

Dr. S.M. Höchendorfer-Ziegler

J.C.M. Zarnitz

## Interim statement of financial position as at 30 June 2011

	Notes	30 June 2011		31 December 2010	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Non-current assets</b>					
Loans to group companies	6	12,531,459		10,912,771	
Deferred tax assets	7	77		78	
			12,531,536		10,912,849
<b>Current assets</b>					
Other receivables	8	290,939		352,512	
Income tax receivable	9	462		–	
Cash and cash equivalents	10	1		37	
			291,402		352,549
<b>Total assets</b>			<b>12,822,938</b>		<b>11,265,398</b>
<b>Equity</b>					
	11				
Issued capital		2,000		2,000	
Retained earnings		5,347		4,330	
			7,347		6,330
<b>Non-current liabilities</b>					
Bearer bonds	12		12,531,766		10,913,075
<b>Current liabilities</b>					
Income tax payable	9	–		26	
Other liabilities	13	283,825		345,967	
			283,825		345,993
<b>Total liabilities</b>			<b>12,815,591</b>		<b>11,259,068</b>
<b>Total equity and liabilities</b>			<b>12,822,938</b>		<b>11,265,398</b>

The notes on pages 7 to 19 are an integral part of these interim financial statements.

## Interim statement of comprehensive income for the six-month period ended 30 June 2011

	<i>Notes</i>	<b>1 Jan. 2011 - 30 June 2011</b>	<b>1 Jan. 2010 - 30 June 2010</b>
		<b>EUR 1,000</b>	<b>EUR 1,000</b>
Interest income and similar income	15	<b>342,499</b>	308,156
<b>Financial income</b>		<b>342,499</b>	308,156
Interest expense and similar expenses	16	<b>(325,894)</b>	(293,232)
Other financial expenses	17	<b>(15,097)</b>	(13,660)
<b>Financial expenses</b>		<b>(340,991)</b>	(306,892)
<b>Net financial income</b>		<b>1,508</b>	1,264
Operating expenses	18	<b>(163)</b>	(136)
<b>Profit before tax</b>		<b>1,345</b>	1,128
Income tax expense	19	<b>(328)</b>	(277)
<b>Profit for the period</b>		<b>1,017</b>	851
<b>Total comprehensive income for the period</b>		<b>1,017</b>	851
<b>Total comprehensive income attributable to the owners of the company</b>		<b>1,017</b>	851

The notes on pages 7 to 19 are an integral part of these interim financial statements.

## Interim statement of changes in equity for the six-month period ended 30 June 2011

	Issued capital EUR 1,000	Retained earnings EUR 1,000	Total EUR 1,000
As at 1 January 2010	2,000	1,794	3,794
Total recognised income and expense	–	851	851
As at 30 June 2010	<b>2,000</b>	<b>2,645</b>	<b>4,645</b>
As at 1 January 2011	<b>2,000</b>	<b>4,330</b>	<b>6,330</b>
Total recognised income and expense	–	1,017	1,017
As at 30 June 2011	<b>2,000</b>	<b>5,347</b>	<b>7,347</b>

The notes on pages 7 to 19 are an integral part of these interim financial statements.

## Interim statement of cash flows for the six-month period ended 30 June 2011

	<i>Notes</i>	<b>1 Jan. 2011 - 30 June 2011 EUR 1,000</b>	1 Jan. 2010 - 30 June 2010 EUR 1,000
<b>Cash flow from operating activities</b>			
Cash paid to creditors	13,18	(183)	(121)
Income taxes paid	9	(806)	(1,114)
Change in cash pool	8	(1,335)	(1,027)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>(2,324)</b>	<b>(2,262)</b>
<b>Cash flow from financing activities</b>			
Bonds issued	12	1,985,100	–
Bonds redeemed	12	(348,214)	–
Loans granted to group companies	6	(1,985,100)	–
Loans repaid by group companies	6	348,214	–
Interest bonds paid	16	(379,629)	(380,868)
Interest received	15	399,107	400,394
Guarantee fees	17	(17,185)	(16,750)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>2,293</b>	<b>2,776</b>
		<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>		<b>(31)</b>	<b>514</b>
Cash and cash equivalents at 1 January	10	37	15
Effect of exchange rate fluctuations on cash held	10,17	(5)	23
		<hr/>	<hr/>
<b>Cash and cash equivalents as at 30 June</b>	10	<b>1</b>	<b>552</b>
		<hr/>	<hr/>

The notes on pages 7 to 19 are an integral part of these interim financial statements.



## **Notes to the interim financial statements for the six-month period ended 30 June 2011**

### **1 Reporting entity**

Allianz Finance II B.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Amsterdam. The Company is owned by Allianz SE, Munich, Germany, the ultimate parent company. The principal activity of the Company is to issue bonds under a guarantee by its parent company, Allianz SE. Proceeds collected through a bond issue are loaned in full to Allianz SE or, if agreed so, to another entity within the Allianz Group.

These interim financial statements should be read in conjunction with the financial statements as at and for the year ended 31 December 2010 as issued on 16 March 2011.

### **2 Basis of preparation**

#### **(a) Statement of compliance**

The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union (IFRSs).

These interim financial statements were authorised for issue by the Management Board on 19 July 2011.

#### **(b) Basis of measurement**

The interim financial statements have been prepared on the historical cost basis except for financial instruments as described in note 3(b).

#### **(c) Functional and presentation currency**

These interim financial statements are presented in euros, which is the Company's functional currency. All financial information presented in euros has been rounded to the nearest thousand.

#### **(d) Use of estimates and judgements**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the interim financial statements are described in the following notes:

- Note 6 - Loans to group companies.
- Note 12 - Bearer bonds.

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently in all periods presented in these interim financial statements.

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2010.

#### **(a) Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the interim statement of comprehensive income.

#### **(b) Non-derivative financial instruments**

Non-derivative financial instruments comprise loans to group companies, other receivables, cash and cash equivalents, bearer bonds and other liabilities.

Non-derivative financial instruments are recognised initially at cost, which is the fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

***Loans to group companies and bearer bonds***

Loans to group companies and bearer bonds are measured at amortised cost. Loans to group companies and bearer bonds without a fixed redemption date (perpetual) are valued at amortised cost with the assumption that the bond will be redeemed at the first possible redemption date.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any differences between the initial amount recognised and the maturity amount, minus any reduction for impairment.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expenses is discussed in note 3(d).

**(c) Impairment**

At each balance sheet date the Company assesses whether there is objective evidence that financial assets are impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the interim statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the interim statement of comprehensive income.

**(d) Finance income and expenses**

Finance income comprises interest income on loans, income on derivatives and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expenses on borrowings, expenses from derivatives and foreign currency losses and impairment losses on financial assets. Interest expenses are recognised in the interim income statement using the effective interest method.

**(e) Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the interim statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(f) Segment reporting**

Segment information is not separately reported because the primary activity of the Company is solely financing the parent company.

**(g) New standards and interpretations**

A number of new standards, amendments to standards and interpretations are not yet effective as at and for the six-month period ended 30 June 2011. Those newly issued standards and/or interpretations are not relevant for the Company.

**4 Determination of fair values**

A number of the accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**(a) Bearer bonds**

The fair value of bearer bonds, which is determined for disclosure purposes, is determined by reference to their quoted bid price at the reporting date.

**(b) Other assets and liabilities**

For other assets and liabilities the carrying value is assumed to reflect the fair value.

## **5 Financial risk management**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

This note presents information about the exposure of the Company to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

### **Credit risk**

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables. The Company's exposure to credit risk is influenced mainly by the default risk of the parent company, Allianz SE.

The Company reviews the creditworthiness of the parent company by reviewing external publications and external ratings. This risk has not occurred yet and no allowance for impairment for incurred losses in respect of receivables is recognised.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Company ensures that it has sufficient cash to meet expected interest payments and/or redemptions of bonds.

## **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company issues bonds. The cash collected through a bond issue is loaned in full to Allianz SE or, if agreed so, to another entity within the Allianz Group. The interest rate on such an intra-group loan is determined on the basis of the coupon of the bond issued and a profit margin (spread). The other conditions of the loan are exactly the same as the issued bond. As a result, market risks are naturally hedged.

No specific sensitivity analyses are included throughout the financial statements because the exposure to the above described risks is very limited or naturally hedged.

## **6 Loans to group companies**

This item relates to interest bearing loans with a carrying amount of EUR 12.5 billion as at 30 June 2011 (31 December 2010: EUR 10.9 billion). The interest bearing loans have stated interest rates varying from 4.28% to 6.78% (31 December 2010: 4.28% to 7.54%). During the first half year 2011, one loan with a notional amount of EUR 2.0 billion was issued within the Allianz Group and one loan with a notional amount of USD 0.5 billion was repaid by Allianz SE. As at 30 June 2011, two perpetual loans are outstanding. The non-perpetual loans mature in 2 to 31 years.

## **7 Deferred tax assets and liabilities**

For the six-month period ended 30 June 2011, deferred tax assets and liabilities are attributable to the following:

	<b>Balance as at 1 Jan. 2011 EUR 1,000</b>	<b>Recognised in income EUR 1,000</b>	<b>Balance as at 30 June 2011 EUR 1,000</b>
Loans to group companies	1,472	(36)	1,436
Bearer bonds	(1,394)	35	(1,359)
	<u>78</u>	<u>(1)</u>	<u>77</u>

## **8 Other receivables**

This item mainly relates to accrued interest on loans to group companies of EUR 286.0 million (31 December 2010: EUR 348.9 million).

## 9 Income tax receivable

This item relates to Dutch income tax and can be specified as follows:

Year	Balance as at 1 Jan. 2011	Corporation tax paid/ (received) In the first six months of 2011	Calculated corporation tax in the first six months of 2011	Late interest/ discount corporation tax in the first six months of 2011	Balance as at 30 June 2011
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
2009	1	–	–	–	1
2010	(27)	–	–	–	(27)
2011	–	806	(327)	9	488
	<u>(26)</u>	<u>806</u>	<u>(327)</u>	<u>9</u>	<u>462</u>

## 10 Cash and cash equivalents

Cash and cash equivalents are unencumbered.

## 11 Equity

As at 30 June 2011, the authorised share capital comprised 5,000 (31 December 2010: 5,000) ordinary shares with a nominal value of EUR 1,000 each and the issued share capital comprised 2,000 (31 December 2010: 2,000) ordinary shares with a nominal value of EUR 1,000 each.

## 12 Bearer bonds

This note provides information about the contractual terms of the Company's interest bearing bonds. For more information about the Company's exposure to interest rate and foreign currency risk, see note 5.

On 8 March 2011, the Company issued a subordinated bond with a nominal amount of EUR 2.0 billion and a scheduled maturity on 8 July 2041. On the interest payment date 10 June 2011, the Company fully redeemed the outstanding bond with a nominal amount of USD 0.5 billion.

Bearer bonds can be specified as follows:

Numbers of bonds	Issue currency	Nominal amount EUR 1,000	Interest rate %	Date of issuance	Redemption date	Issue price %	Repayment rate %	Amount as at 30 June 2011 EUR 1,000	Amount as at 31 Dec. 2010 EUR 1,000
9 <sup>1)</sup>	EUR	2,000,000	6.125	31-05-2002	31-05-2022	100.00	100.00	<b>1,998,686</b>	1,998,005
10B	EUR	900,000	5.625	29-11-2002	29-11-2012	99.70	100.00	<b>898,980</b>	898,641
14	USD	500,000	7.250	10-12-2002	–	100.00	100.00	–	372,703
15 <sup>2)</sup>	EUR	1,000,000	6.500	13-12-2002	13-01-2025	99.27	100.00	<b>995,152</b>	994,559
18 <sup>3)</sup>	EUR	1,400,000	4.375	17-12-2005	–	98.92	100.00	<b>1,387,195</b>	1,386,218
19 <sup>4)</sup>	EUR	800,000	5.375	03-03-2006	–	98.00	100.00	<b>800,000</b>	799,386
20	EUR	1,500,000	4.000	23-11-2006	23-11-2016	98.73	100.00	<b>1,488,710</b>	1,487,794
22	EUR	1,500,000	5.000	06-03-2008	06-03-2013	99.42	100.00	<b>1,496,814</b>	1,495,924
23	EUR	1,500,000	4.750	22-07-2009	22-07-2019	98.48	100.00	<b>1,480,795</b>	1,479,845
24 <sup>5)</sup>	EUR	2,000,000	5.750	08-03-2011	08-07-2041	99.66	100.00	<b>1,985,434</b>	–
								<b>12,531,766</b>	10,913,075

All bearer bonds are guaranteed by Allianz SE and are listed on the Luxembourg Stock Exchange. Interest is paid annually on coupon date.

- 1) The annual interest rate of 6.125% is fixed until 31 May 2012. After this date, it becomes variable at a rate equal to the EURIBOR three-month euro deposits plus 1.74%, quarterly in arrear on the floating interest payment date falling in February, May, August and November each year. The first such payment is to be made on the floating interest payment date falling in August 2012. The bonds can be redeemed (in whole but not in part) on a regular basis at the option of the issuer on 31 May 2012 and on each interest payment date thereafter. Unless previously redeemed or cancelled, the bonds will be repaid in full on the floating interest payment date falling in May 2022.



## **Allianz Finance II B.V.**

- 2) The annual interest rate of 6.50% is fixed until 13 January 2015. After this date it becomes variable at a rate equal to the EURIBOR three-month euro deposits plus 2.77%, quarterly in arrear on the floating interest payment date falling in January, April, July and October of each year. The first such payment is to be made on the floating interest payment date falling in April 2015. The bonds can be redeemed (in whole but not in part) on a regular basis at the option of the issuer on 13 January 2015 and on each interest payment date thereafter. Unless previously redeemed or cancelled, the bonds will be repaid in full on the floating interest payment date falling in January 2025.
- 3) The annual interest rate of 4.375% is fixed until 17 February 2017. After this date it becomes variable at a rate equal to the EURIBOR three-month euro deposits plus 1.73%. The bonds are redeemable (in whole but not in part) at the option of the issuer on 17 February 2017 and on each interest payment date thereafter. For measurement purposes it is assumed that the bond will be redeemed at the first possible redemption date.
- 4) The annual interest rate of 5.375% is fixed for life. Starting 3 March 2011, the bonds are redeemable (in whole but not in part) at the option of the issuer on each interest payment date. For measurement purposes it is assumed that the bond will be redeemed at the first possible redemption date.
- 5) The annual interest rate of 5.75% is fixed until 8 July 2021. After this date it becomes variable at a rate equal to the EURIBOR three-month euro deposits plus 3.349% per annum.. The scheduled maturity date of the notes is 8 July 2041, unless called earlier.

## 13 Other liabilities

This item can be specified as follows:

	<b>30 June 2011</b>	31 Dec. 2010
	<b>EUR 1,000</b>	EUR 1,000
Accrued interest bonds	<b>270,394</b>	330,429
Guarantee fees	<b>13,416</b>	15,504
Accrued expenses other	<b>15</b>	34
	<b>283,825</b>	345,967

## 14 Financial instruments

Exposure to credit risks, interest rate risks and currency risks is mainly arising in the course of the Company's business from the issuing of bonds. These terms are described in note 12. Based on the currently agreed loan agreements with the parent company, the Company transfers effectively all risks originating from the issuing of bonds to the parent company Allianz SE.

### Fair values

The fair values of financial assets and liabilities with a difference between the carrying amount and the fair value, are as follows:

	<b>Carrying amount 30 June 2011 EUR 1,000</b>	<b>Fair value 30 June 2011 EUR 1,000</b>	<b>Carrying amount 31 Dec. 2010 EUR 1,000</b>	<b>Fair value 31 Dec. 2010 EUR 1,000</b>
Bearer bonds	(12,531,766)	(12,612,953)	(10,913,075)	(11,217,465)

Due to the close relationship of the loans to group companies and the bearer bonds (all market conditions are mirrored) the difference between the fair value and the carrying value of the loans to group companies are estimated not to differ significantly from the difference between the fair value and the carrying value of the bearer bonds. The method used in determining the fair values of bearer bonds are described in note 4.

## 15 Interest income and similar income

This item can be specified as follows:

<b>1 Jan. 2011 - 30 June 2011 EUR 1,000</b>	1 Jan. 2010 - 30 June 2010 EUR 1,000
---	--

## Allianz Finance II B.V.

Interest loans to group companies	342,472	308,135
Other interest income	27	21
	<hr/>	<hr/>
	342,499	308,156
	<hr/>	<hr/>

## 16 Interest expense and similar expenses

This item can be specified as follows:

	1 Jan. 2011 - 30 June 2011 EUR 1,000	1 Jan. 2010 - 30 June 2010 EUR 1,000
Interest bearer bonds	325,889	293,232
Other expenses	5	–
	<hr/>	<hr/>
	325,894	293,232
	<hr/>	<hr/>

## 17 Other financial expenses

This item relates to guarantee commission concerning bearer bonds.

## 18 Operating expenses

This item can be specified as follows:

	1 Jan. 2011 - 30 June 2011 EUR 1,000	1 Jan. 2010 - 30 June 2010 EUR 1,000
Management fee	–	75
Audit fees	59	29
Legal and tax fees	99	26
Other operating expenses	5	6
	<hr/>	<hr/>
	163	136
	<hr/>	<hr/>

## 19 Income tax expense

1 Jan. 2011 - 30 June 2011 EUR 1,000	1 Jan. 2010- 30 June 2010 EUR 1,000
--	---

## Allianz Finance II B.V.

### Current tax expense

Current year	327	279
--------------	-----	-----

### Deferred tax expense

Due to temporary differences carrying amount vs. tax base	1	(2)
	<u>1</u>	<u>(2)</u>
	<u>328</u>	<u>277</u>

## 20 Related parties

The main activity of Allianz Finance II B.V. is to issue bonds. The proceeds are fully loaned to the parent company (Allianz SE) or to other entities within the Allianz Group.

As at 30 June 2011, the total amount lent to Allianz SE and to other group companies is EUR 6.5 billion (31 December 2010: EUR 4.9 billion) and EUR 6.0 billion (31 December 2010: EUR 6.0 billion), respectively.

For the six-month period ended 30 June 2011, the Company recognised interest for a total amount of EUR 175.9 million (30 June 2010: EUR 141.7 million) from Allianz SE and EUR 166.5 million (30 June 2010: EUR 166.4 million) from other group companies.

As at 30 June 2011, the Company has a cash pool arrangement with Allianz SE, Munich, Germany of EUR 4.9 million (31 December 2010: EUR 3.6 million).

For the management support the company has a service contract with A.C.I.F. Allianz Compagnia Italiana Finanziamenti S.p.A., Amsterdam branch. As at 30 June 2011, the Company accrued no management fee (30 June 2010: EUR 0.1 million).

## 21 Personnel

The Company did not employ any personnel during the period (30 June 2010: nil).

No remuneration was paid to the Management Board or Supervisory Board in the six-month periods ended 30 June 2011 and 30 June 2010, respectively.

## **22 Contingencies**

As at 30 June 2011 and 31 December 2010, there are no contingencies to report.

Amsterdam, 19 July 2011

Management Board:

C. Bunschoten

Dr. S.M. Höchendorfer-Ziegler

J.C.M. Zarnitz

## **Review report**

To the Board of Directors and the Supervisory Board of Allianz Finance II B.V.

### **Introduction**

We have reviewed the accompanying interim financial information of Allianz Finance II B.V., Amsterdam, which comprises the statement of financial position as at 30 June 2011, the statements of comprehensive income, changes in equity, and cash flows for the period of 6 months ended 30 June 2011, and the notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope**

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 19 July 2011

KPMG ACCOUNTANTS N.V.

M.G. Schönhage RA

### **Subsequent events**

Subsequent to the close of the financial period, the Company issued on 7 July 2011 in a private placement EUR 0.5 billion of convertible subordinated notes. The proceeds are fully loaned to Allianz SE.