Allianz Finance II B.V.

Financial statements
for the year 2014

This report was adopted in the General Meeting
of Shareholders dated 18 March 2015.

Contents

Financial report

Report of the Supervisory Board

Pursuant to article 22 of the Articles of Association we are pleased to submit the financial statements for the year 2014 as drawn up by the Management Board for your adoption.

The financial statements, which both the Supervisory Board and the Management Board have signed, have been audited by KPMG Accountants N.V. The independent auditor's report is included in the other information section.

We recommend you to adopt the financial statements.

Amsterdam, 6 March 2015

Supervisory Board:

M. Diekmann, Chairman

D.F. Wemmer

S.J. Theissing

Report of the Management Board

General

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.

Administration is carried out by local staff, which is employed by Allianz Europe B.V., and is located in Amsterdam.

Developments and financial performance

On 29 August 2014 an outstanding senior bond of nominal EUR 24.0 million and a loan issued to a group company for the same amount were repaid.

Total financial income 2014, mainly interest on loans to group companies, amounts to EUR 620.0 million (2013: EUR 616.8 million). Financial expenses 2014 (interest on bonds issued and guarantee commission related to the bonds) amounts to EUR 615,6 million (2013: EUR 612.5 million), resulting in a net financial income in 2014 of EUR 4.4 million (2013: EUR 4.3 million). After deduction of operating expenses, the profit before tax amounts to EUR 4.1 million (2013: EUR 4.0 million). Taking into account corporate income taxes, the net profit 2014 amounts to EUR 3.1 million (2013: EUR 2.8 million).

Shareholders’ equity increased by EUR 3.1 million (profit after tax 2014) to EUR 12.7 million at year end 2014. The General Meeting of Shareholders will be asked to approve that the profit after tax for the financial year 2014 of EUR 3.1 million will be added to the retained earnings.

Net cash flow arising from financing and operating activities (2014: EUR 2.7 million) was added to the cash pool with Allianz SE (2013: net cash flow EUR 2.8 million).

Significant risks

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 financial statements for a description about the exposure of the Company to each of these risks. Exposure to credit risks and interest rate risks is mainly arising in the course of the Company’s business from the issuing of bonds. Based on the currently agreed loan agreement with the parent company, the Company effectively covers its currency and liquidity risks originating from the issuing of bonds and limits its credit risk to Allianz SE or other Allianz related entities.

Male and female split of Board members

The Management Board of the Company consists of 3 members of which 2 are male (67%) and 1 is female (33%). The Supervisory Board of the Company consists of 3 members of which 3 are male (100%) and 0 are female (0%). The Company complies with the relevant requirements as regards its Management Board which consists at least of 30 per cent of female and at least of 30 per cent of male Board members. As regards the Supervisory Board, the Company underscores the requirements.

The Company is a member of the Allianz Group and as such adopts the Allianz Global Diversity Policy. As a global company, Allianz Group is committed to ensuring diversity through whatever means are most appropriate, legally permitted and likely to be successful. However, whilst we see a significant business benefit in having a Management Board and a Supervisory Board drawn from a diverse range of backgrounds who bring the required expertise, cultural diversity and difference perspectives to Board discussions, we do not believe this is achieved through simple quotas, whether it be gender or otherwise. When selecting candidates, Allianz Group will always choose the most qualified candidate, regardless of gender.

Management Board declaration

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

- the financial statements 2014 give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company;
- the report of the Management Board gives a true and fair view of the Company as per the balance sheet date and the state of affairs during the financial year to which the report relates; and
- The report of the Management Board describes the material risks the issuer is facing.

Outlook 2015

The Company called for redemption in whole of the EUR 1.0 billion 6.5% guaranteed subordinated bond 2002/2025 effective 13 January 2015 in accordance with the terms and conditions of the bond. The corresponding loan to Allianz SE is also redeemed on 13 January 2015.

Amsterdam, 6 March 2015

Management Board:

Dr. S.M. Höchendorfer-Ziegler

C. Bunschoten

J.C.M. Zarnitz

Statement of financial position as at 31 December 2014

(after profit appropriation)

	Note	2014		2013	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Non-current assets					
Loans to group companies	*6*	**11,344,080**		12,267,099	
Deferred tax assets	*7*	**18**		31	
			11,344,098		12,267,130
Current assets					
Loans to group companies	*6*	**999,952**		24,000	
Other receivables	*8*	**398,943**		393,842	
Cash and cash equivalents	*9*	**42**		48	
			1,398,937		417,890
			12,743,035		12,685,020
Equity	*10*				
Share capital		**2,000**		2,000	
Retained earnings		**10,711**		7,619	
			12,711		9,619
Non-current liabilities	*11*				
Bearer bonds		**10,844,154**		11,767,224	
Registered note		**500,000**		500,000	
			11,344,154		12,267,224
Current liabilities					
Bearer bonds	*11*	**999,952**		24,000	
Income tax payable	*12*	**53**		378	
Other liabilities	*13*	**386,165**		383,799	
			1,386,170		408,177
Total liabilities			**12,730,324**		12,675,401
Total equity and liabilities			**12,743,035**		12,685,020

The notes on pages 8 to 21 are an integral part of these financial statements.

Statement of comprehensive income for the year 2014

		2014		2013	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Interest income and similar income	*15*	**620,043**		616,809	
Financial income			**620,043**		616,809
Interest expense and similar expenses	*16*	**(584,637)**		(581,954)	
Other financial expenses	*17*	**(31,040)**		(30,549)	
Financial expenses			**(615,677)**		(612,503)
Net financial income			**4,366**		4,306
Operating expenses	*18*		**(260)**		(342)
Profit before tax			**4,106**		3,964
Income tax expense	*19*		**(1,014)**		(1,181)
Profit for the year			**3,092**		2,783
Other comprehensive income			–		–
Total comprehensive income for the year			**3,092**		2,783
Total comprehensive income attributable to the owners of the Company			**3,092**		2,783

The notes on pages 8 to 21 are an integral part of these financial statements.

Statement of changes in equity for the year 2014

The movements can be summarised as follows:

	Issued capital EUR 1,000	**Retained earnings EUR 1,000**	**Total EUR 1,000**
As at 1 January 2013	2,000	4,836	6,836
Total comprehensive income	–	2,783	2,783
As at 31 December 2013	2,000	7,619	9,619
As at 1 January 2014	**2,000**	**7,619**	**9,619**
Total comprehensive income	**–**	**3,092**	**3,092**
As at 31 December 2014	**2,000**	**10,711**	**12,711**

The notes on pages 8 to 21 are an integral part of these financial statements.

Statement of cash flows for the year 2014

		2014	2013
		EUR 1,000	EUR 1,000
Cash flow from operating activities			
Cash paid to creditors	*13*	**(260)**	(321)
Income taxes paid	*12*	**(1,324)**	(877)
Change in cash pool	*8*	**(2,682)**	(2,775)
Net cash from operating activities		**(4,266)**	(3,973)
Cash flow from investing activities			–
Cash flow from financing activities			
Bonds and private placements issued	*11*	**–**	2,082,326
Bonds redeemed	*11*	**(24,000)**	(1,500,000)
Loans granted to related parties	*6*	**–**	(2,082,326)
Loans repaid by related parties	*6*	**24,000**	1,500,000
Interest paid	*16*	**(565,858)**	(574,646)
Interest received	*15*	**601,048**	607,960
Guarantee fees paid	*17*	**(30,930)**	(29,310)
Net cash from financing activities		**4,260**	4,004
Net (decrease)/increase in cash and cash equivalents		**(6)**	31
Cash and cash equivalents at 1 January		**48**	17
Cash and cash equivalents as at 31 December	*9*	**42**	48

The notes on pages 8 to 21 are an integral part of these financial statements.

Notes to the financial statements for the year 2014

1 Reporting entity

Allianz Finance II B.V. (the ‘Company’) is a company domiciled in the Netherlands and was incorporated on 8 May 2000. The address of the Company’s registered office is Amsterdam. The Company is owned by Allianz SE, Munich, Germany, the ultimate parent company. The Company’s financial statements are included in the consolidated financial statements of Allianz SE. 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.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements are authorised for issue by the Management Board on 6 March 2015.

(b) Basis of measurement

The 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 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 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 financial statements are described in the following notes:

- Note 6: loans to group companies.
- Note 11: non-current liabilities.

3 Significant accounting policies

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

(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 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, registered notes 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, bearer bonds and registered notes

Loans to group companies, bearer bonds and registered notes are measured at amortised cost. Loans to group companies, bearer bonds and registered notes 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 expense 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 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 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 statement of comprehensive income using the effective interest method.

(e) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the 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 substantially 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 substantially 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 difference 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 not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. Those which may be relevant are set out below. The company does not plan to adopt these standards early.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

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. If no quoted bid price at the reporting date is available, the fair value is based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(b) Registered note

The fair value of the registered note, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

c) Other assets and liabilities

For other assets and liabilities 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.

Exposure to credit risks and interest rate risks is mainly arising in the course of the Company's business from the issuing of bonds. These terms are described in note 11. Based on the currently agreed loan agreements with the parent company, the Company effectively covers its currency and liquidity risks originating from the issuing of bonds and limits its credit risk to Allianz SE or other Allianz related entities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty 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 to Allianz SE or other entities within the Allianz Group with a carrying amount of EUR 11.4 billion and GBP 750 million as at 31 December 2014 (2013: EUR 11.4 billion and GBP 750 million). The interest bearing loans have stated interest rates varying from 1.66% to 6.78% (2013: 1.50% to 6.78%).

During the year 2014, one loan with a notional amount of EUR 24.0 million was repaid within the Allianz Group. The Company did not issue new loans in 2014.

As at 31 December 2014, one perpetual loan is outstanding. The non-perpetual loans have scheduled redemption from 2016 to 2043, similar to the redemption schedule of the bonds.

A loan of EUR 1.0 billion with a scheduled maturity date in 2025 has been called for redemption effective 13 January 2015 in line with the terms and conditions and has been presented accordingly as current asset.

7 Deferred tax assets and liabilities

For the year 2014, deferred tax assets and liabilities are attributable to the following:

	Balance as at 1 Jan. 2014 EUR 1,000	**Recognised in income EUR 1,000**	**Balance as at 31 Dec. 2014 EUR 1,000**
Loans to group companies	**721**	**55**	**776**
Bearer bonds	**(690)**	**(68)**	**(758)**
	31	**(13)**	**18**

For the year 2013, deferred tax assets and liabilities are attributable to the following:

	Balance as at 1 Jan. 2013 EUR 1,000	Recognised in income EUR 1,000	Balance as at 31 Dec. 2013 EUR 1,000
Loans to group companies	772	(51)	721
Bearer bonds	(728)	38	(690)
	44	(13)	31

8

9 Other receivables

This item mainly relates to accrued interest on loans to group companies of EUR 388.9 million (2013: EUR 386.5 million).

10 Cash and cash equivalents

Cash and cash equivalents are unencumbered.

11 Equity

After amendment of the Articles of Association on 16 September 2013, the Company's capital consists of one or more shares with a nominal value of EUR 1,000 each. As at 31 December 2014, the issued share capital comprised 2,000 (2013: 2,000) ordinary shares with a nominal value of EUR 1,000 each.

12 Non-current liabilities

The table below provides information about the contractual terms of the Company's bearer bonds. As at 31 December 2014, the Company has 10 bearer bonds with a nominal amount of EUR 11.0 billion and GBP 750 million outstanding (31 December 2013: 11 bearer bonds with a nominal amount of EUR 11.0 billion and GBP 750 million). EUR 1.0 billion (31 December 2013: EUR 24 million) is due within one year (reported as current liabilities following the call for redemption of this bearer bond per 13 January 2015.

A private placement of EUR 0.5 billion is outstanding as at 31 December 2014 (31 December 2013: EUR 0.5 billion) with a scheduled maturity date of July 2041 and an interest rate of 6.27%.

For more information about the Company's exposure to interest rate and foreign currency risk, see note 5.

Bearer bonds

Bearer bonds can be specified as follows:

Reference number of bonds	Issue currency	Nominal amount x 1,000	Interest rate %	Date of issuance	(Scheduled) Maturity date	Issue price %	Repayment rate %	Amount as at 31 Dec. 2014 EUR 1,000	Amount as at 31 Dec. 2013 EUR 1,000
15[1)]	EUR	1,000,000	6.500	13-12-2002	13-01-2025	99.27	100.00	**999,952**	998,602
18[2)]	EUR	1,400,000	4.375	17-02-2005	–	98.92	100.00	**1,395,192**	1,392,945
19[3)]	EUR	800,000	5.375	03-03-2006	–	100.00	100.00	**800,000**	800,000
20	EUR	1,500,000	4.000	23-11-2006	23-11-2016	98.98	100.00	**1,496,063**	1,493,993
23	EUR	1,500,000	4.750	22-07-2009	22-07-2019	98.81	100.00	**1,489,235**	1,486,884
24[4)]	EUR	2,000,000	5.750	08-03-2011	08-07-2041	99.66	100.00	**1,990,589**	1,989,151
26	EUR	1,500,000	3.500	14-02-2012	14-02-2022	99.26	100.00	**1,488,818**	1,487,256
27	EUR	24,000	1.212	29-08-2012	29-08-2014	100.00	100.00	**–**	24,000
28	EUR	500,000	1.375	13-03-2013	13-03-2018	99.89	100.00	**499,232**	498,992
29	EUR	750,000	3.000	13-03-2013	13-03-2028	97.95	100.00	**734,298**	733,122
30	GBP	750,000	4.500	13-03-2013	13-03-2043	98.67	100.00	**950,727**	886,279
								11,844,106	11,791,224
Current liabilities (15 / 27)								**(999,952)**	(24,000)
Non-current liabilities								**10,844,154**	11,767,224

All bearer bonds are guaranteed by Allianz SE and are listed on the Luxembourg Stock Exchange.

1) 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. The Company called for redemption in whole effective 13 January 2015 in accordance with the terms and conditions of the bonds. The annual interest rate of 6.50% is fixed until 13 January 2015.

2) 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 can be redeemed (in whole but not in part) on a regular basis 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.

3) 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 next possible redemption date.

4) 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 Income tax payable

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

2014

	Balance as at 1 Jan. 2014	**Corporation tax (paid)/ received in 2014**	**Calculated corporation tax in 2014**	**Late interest/ discount corporation tax**	**Adjustments corporation tax prior years**	**Balance as at 31 Dec. 2014**
	EUR 1,000	**EUR 1,000**	**EUR 1,000**	**EUR 1,000**	**EUR 1,000**	**EUR 1,000**
2012	**229**	**(229)**	**–**	**4**	**(4)**	**–**
2013	**149**	**(155)**	**–**	**6**	**–**	**–**
2014	**–**	**(940)**	**1,005**	**(12)**	**–**	**53**
	378	**(1324)**	**1,005**	**(2)**	**(4)**	**53**

2013

	Balance as at 1 Jan. 2013	Corporation tax (paid)/ received in 2013	Calculated corporation tax in 2013	Late interest/ discount corporation tax	Adjustments corporation tax prior years	Balance as at 31 Dec. 2013
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
2009	(29)	–	–	–	29	–
2011	(113)	(48)	–	2	159	–
2012	229	–	–	–	–	229
2013	–	(820)	980	(11)	–	149
	87	(868)	980	(9)	188	378

14 Other liabilities

This item can be specified as follows:

	31 Dec. 2014	31 Dec. 2013
	EUR 1,000	EUR 1,000
Accrued interest bonds	**366,103**	363,847
Guarantee fees	**20,000**	19,890
Accrued expenses other	**62**	62
	386,165	383,799

15 Financial instruments

Fair values

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

	Carrying amount 31 Dec. 2014	**Fair value 31 Dec. 2014**	Carrying amount 31 Dec. 2013	Fair value 31 Dec. 2013
	EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Bearer bonds and registered note	**(12,344,106)**	**(13,955,908)**	(12,291,224)	(13,295,014)

Due to the close relationship of the loans to group companies and the bearer bonds and registered note (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 and registered note.

The methods used in determining the fair values of the bearer bonds and registered note are described in note 0.

16 Interest income and similar income

This item can be specified as follows:

	2014	2013
	EUR 1,000	EUR 1,000
Interest loans to group companies	**619,998**	616,778
Other interest income	**45**	31
	620,043	616,809

17 Interest expense and similar expenses

This item can be specified as follows:

	2014	2013
	EUR 1,000	EUR 1,000
Interest bearer bonds and registered note	**584,636**	581,954
Other interest expenses	**1**	–
	584,637	581,954

18 Other financial expenses

This item mainly relates to guarantee commission concerning bearer bonds.

19 Operating expenses

This item can be specified as follows:

	2014	2013
	EUR 1,000	EUR 1,000
Management fee	**120**	132
Audit fees	**95**	116
Legal and tax fees	**31**	92
Other operating expenses	**14**	2
	260	342

20 Income tax expense

	2014	2013
	EUR 1,000	EUR 1,000
Current tax expense		
Current year	**1,005**	980
Prior years	**(4)**	188
	1,001	1,168
Deferred tax expense		
Current year	**13**	13
	1,014	1,181

Reconciliation of effective tax rate

	2014		2013	
	%	**EUR 1,000**	%	EUR 1,000
Result before taxation		**4,106**		3,964
Taxable profit		**4,106**		3,964
Corporation tax for the current year		**1,005**		980
Effective tax rate	**24.5**	**1,005**	24.7	980

21 Related parties

The main activity of Allianz Finance II B.V. is to issue bonds. The proceeds are loaned to the parent company (Allianz SE) or to other entities within the Allianz Group. All related party transactions took place at an arm's length basis.

As at 31 December 2014, the total amount lent to Allianz SE and other group companies is EUR 9.0 billion plus GBP 750 million (31 December 2013: EUR 9.1 billion plus GBP 750 million) and EUR 2.4 billion (31 December 2013: EUR 2.4 billion), respectively.

For the year 2014, the Company recognized interest income for a total amount of EUR 521.4 million (2013: EUR 509.0 million) from Allianz SE and EUR 98.6 million (2013: EUR 107.8 million) from other group companies and paid a guarantee commission regarding the bearer bonds to Allianz SE of EUR 31.4 million (2013: EUR 30.5 million).

As at 31 December 2014, the Company has a cash pool arrangement with Allianz SE, Munich, Germany of EUR 10.1 million (31 December 2013: EUR 7.4 million).

For the management support the Company has a service contract with Allianz Europe B.V., Amsterdam, Netherlands. During the year 2014, the Company paid a management fee of EUR 0.1 million (2013: EUR 0.1 million).

22 Personnel

The Company did not employ any personnel during the year 2014 (2013: nil).
No remuneration was paid to the Management Board or Supervisory Board during the year 2014 (2013: nil).

23 Contingencies

As at 31 December 2014 and 2013, there are no contingencies to report.

Amsterdam, 6 March 2015

Management Board:	Supervisory Board:
Dr. S.M. Höchendorfer-Ziegler	M. Diekmann, Chairman
C. Bunschoten	D.F. Wemmer
J.C.M. Zarnitz	S.J. Theissing

Other information

Provisions of the Articles of Association governing the appropriation of profit (article 23)

1. The authority to decide over the allocation of profits determined by the adoption of the annual accounts and to make distributions is vested in the General Meeting, with due observance of the limitations prescribed by law.
2. The authority of the General Meeting to make distributions applies to both distributions at the expense of non-appropriated profits and distributions at the expense of any reserves, and to both distributions on the occasion of the adoption of the annual accounts and interim distributions.
3. A resolution to make a distribution will not be effective until approved by the Management Board. The Management Board may only refuse to grant such approval if it knows or reasonably should foresee that after the distribution the Company would not be able to pay its debts as they fall due.

Proposal for profit appropriation

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2014 profit after tax: an amount of EUR 3.1 million to be added to the retained earnings.

Subsequent events

The Company called for redemption in whole of the EUR 1.0 billion 6.5% guaranteed subordinated bond 2002/2025 effective 13 January 2015 in accordance with the terms and conditions of the bond. The corresponding loan to Allianz SE was also redeemed on 13 January 2015.

Independent auditor’s report

The independent auditor’s report is set forth on the following pages.

Independent auditor's report

To: The general meeting of shareholders of Allianz Finance II B.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 of Allianz Finance II B.V. ("the company"), based in Amsterdam.

In our opinion the financial statements give a true and fair view of the financial position of Allianz Finance II B.V. as at December 31, 2014 and of its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements comprise:

1 the statement of financial position as at December 31, 2014;

2 the following statements for 2014: the income statement, the statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Allianz Finance II B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 898,400. The materiality is determined with reference to equity (8%) as solvency is considered more relevant than the profit before tax given the activities of the company as financing entity. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the management board that misstatements in excess of EUR 44,500, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the management board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the management board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the management board is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

For a further description of our responsibilities in respect of an audit of financial statements, we refer to the website of the professional body for accountants in the Netherlands (NBA). www.nba.nl/standardtexts-auditorsreport

Report on other legal and regulatory requirements

Report on the report of the management board and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the report of the management board and other information),:

- We have no deficiencies to report as a result of our examination whether the report of the management board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the report of management board, to the extent we can assess, is consistent with the financial statements.

Engagement

We were appointed before 2008 for the first time as auditor of Allianz Finance II B.V. and operated as auditor since then. On 27 March 2014 we were re-appointed by the General meeting of shareholders for the year 2014. As required by law we will no longer act as audit firm of Allianz Finance II B.V. as of the financial reporting year 2016.

Amstelveen, 6 March 2015

KPMG Accountants N.V.

R.W.G. van Teeffelen RA