

**Allianz Finance II B.V.**

**Financial statements for  
the year 2009**

This report was adopted in the General Meeting of  
Shareholders dated 12 February 2010.

## Contents

### Financial report

Report of the Supervisory Board	1
---------------------------------	---

### Financial report

Report of the Management Board	2
Financial statements	4
Balance sheet as at 31 December 2009	4
Statement of comprehensive income for the year 2009	5
Statement of changes in equity for the year 2009	6
Cash flow statement for the year 2009	7
Notes to the 2009 financial statements	8
Other information	22

## **Report of the Supervisory Board**

Pursuant to article 15 of the Articles of Association we are pleased to submit the financial statements for the year 2009 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 auditor's report is included in the other information section.

We recommend you to adopt the financial statements.

Amsterdam, 12 February 2010

Supervisory Board:

M. Diekmann (chairman)

Dr. P. Achleitner

S. 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. From this activity a profit after taxation of EUR 2.3 million was realised in 2009 (2008: EUR 3.4 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 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 financial year 2009 the following major events occurred:

- On 2 April 2009, a senior bond with a nominal value of USD 0.4 billion matured. On the same date the corresponding loan was repaid.
- On 22 July 2009, Allianz Finance II B.V. issued a senior bond with a nominal value of EUR 1.5 billion due 22 July 2019. The proceeds were loaned in full to Allianz SE on the same date.
- On 28 August 2009, Allianz SE ceded a loan from Allianz Finance II B.V. to Allianz Jupiter 4 B.V. with a nominal value of EUR 125.0 million.

We as Management Board of the Company hereby state that to our knowledge:

- the financial statements 2009 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.

**Allianz Finance II B.V.**

## **Outlook 2010**

For the time being no major financial developments are envisaged.

Amsterdam, 12 February 2010

Management Board:

Dr. S.M. Höchendorfer-Ziegler

H.J.J. Schoon

H.D.A. Wentzel

## Balance sheet as at 31 December 2009

		2009		2008	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Non-current assets</b>					
Loans to group companies	6	10,874,638		9,396,014	
Deferred tax assets	7	76		69	
			10,874,714		9,396,083
<b>Current assets</b>					
Loans to group companies	6	—		287,414	
Other receivables	8	349,918		319,356	
Cash and cash equivalents	9	15		63	
			349,933		606,833
			11,224,647		10,002,916
<b>Equity</b>					
	10				
Issued capital		2,000		2,000	
Retained earnings		1,794		1,463	
			3,794		3,463
<b>Non-current liabilities</b>					
Bearer bonds	11		10,874,936		9,396,284
<b>Current liabilities</b>					
Bearer bonds		—		287,414	
Income tax payable	12	30		248	
Other liabilities	13	345,887		315,507	
			345,917		603,169
<b>Total liabilities</b>			11,220,853	9,999,453	
<b>Total equity and liabilities</b>			11,224,647	10,002,916	

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

## Statement of comprehensive income for the year 2009

		2009		2008	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Interest income and similar income	15	577,282		538,353	
Income from derivatives		–		133,474	
Other financial income	15	41		96	
Result on disposal of group company		–		590	
<b>Financial income</b>			577,323		672,513
Interest expense and similar expenses	16	548,438		510,465	
Expenses from derivatives		–		133,474	
Other financial expenses	17	25,461		23,900	
<b>Financial expenses</b>			573,899		667,839
<b>Net financial income</b>			3,424		4,674
<b>Operating expenses</b>	18		307		257
<b>Profit before tax</b>			3,117		4,417
Income tax expense	19		786		1,061
<b>Profit for the year</b>			2,331		3,356
Other comprehensive income			–		–
<b>Total comprehensive income for the year</b>			2,331		3,356
<b>Total comprehensive income attributable to the owners of the company</b>			2,331		3,356

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

## Statement of changes in equity for the year 2009

	2009 EUR 1,000	2008 EUR 1,000
Income and expense directly recognised in equity	–	–
Comprehensive income for the year	<u>2,331</u>	<u>3,356</u>
<b>Total changes in equity for the year</b>	<b><u>2,331</u></b>	<b><u>3,356</u></b>

10

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



## Cash flow statement for the year 2009

		2009 EUR 1,000	2008 EUR 1,000
<b>Cash flow from operating activities</b>			
Cash paid to creditors	13	(246)	(286)
Income taxes paid	12	(1,011)	(879)
Change in cash pool	8	(9)	671
		<hr/> (1,266)	<hr/> (494)
<b>Cash flow from financing activities</b>			
Bonds issued	11	1,477,200	1,491,270
Bonds redeemed	11	(298,686)	–
Interest bonds paid	16	(507,373)	(443,608)
Loans granted to group companies	6	(1,477,200)	(1,491,270)
Loans repaid by group companies	6	298,686	–
Interest received	15	534,561	468,284
Guarantee fees	17	(23,970)	(21,768)
Dividend paid	11	(2,000)	(3,000)
Disposal of group companies		–	608
		<hr/> 1,218	<hr/> 516
<b>Net (decrease)/increase in cash and cash equivalents</b>		<hr/> (48)	<hr/> 22
Cash and cash equivalents at 1 January		<hr/> 63	<hr/> 41
<b>Cash and cash equivalents as at 31 December</b>	10	<hr/> <hr/> 15	<hr/> <hr/> 63

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

## Notes to the 2009 financial statements

### 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 fully 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 were authorised for issue by the Management Board on 12 February 2010.

#### 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 - bearer bonds.

### **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 income statement.

#### **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 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.

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(e).

## **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 income statement.

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 income statement.

## **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. 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 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 income statement 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 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 not yet effective for the year ended 31 December 2009. Those newly issued standards and/or interpretations do not have an impact on the Company's financial statements.

**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 Loans to group companies**

The fair value of loans to group companies, 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.

**b 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.

**c Other assets and liabilities**

For other assets and liabilities the notional amount 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.

**a 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.

**b 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.

**c 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 10.9 billion as at 31 December 2009 (2008: EUR 9.4 billion). The interest bearing loans have stated interest rates of 4.28% to 7.54% (2008: 4.34% to 7.54%) and mature in 3 to 16 years.

- During the year 2009, one loan with a nominal amount of in total USD 0.4 billion was repaid by Allianz SE, Germany.
- On 22 July 2009, Allianz Finance II B.V. issued a senior bond with a nominal value of EUR 1.5 billion due 22 July 2019. The proceeds were loaned in full to Allianz SE on the same date.
- On 28 August 2009, Allianz SE ceded a loan from Allianz Finance II B.V. to Allianz Jupiter 4 B.V. with a nominal value of EUR 125.0 million.

As at 31 December 2009, three subordinated perpetual loans are outstanding. For measurement purposes it is assumed that these loans will be repaid at the first possible repayment date.

**7 Deferred tax assets and liabilities**

For the year 2008, deferred tax assets and liabilities are attributable to the following:

	Balance as at 1 Jan. 2008 EUR 1,000	Recognised in income EUR 1,000	Balance as at 31 Dec. 2008 EUR 1,000
Derivatives assets	(109,181)	109,181	–
Derivatives liabilities	109,181	(109,181)	–
Loans to group companies	3,016	(1,615)	1,401
Bearer bonds	(2,958)	1,626	(1,332)
	<u>58</u>	<u>11</u>	<u>69</u>

## Allianz Finance II B.V.

For the year 2009, deferred tax assets are attributable to the following:

	Balance as at 1 Jan. 2009 EUR 1,000	Recognised in income EUR 1,000	Balance as at 31 Dec. 2009 EUR 1,000
Loans to group companies	1,401	94	1,495
Bearer bonds	(1,332)	(87)	(1,419)
	<u>69</u>	<u>7</u>	<u>76</u>

### 8 Other receivables

This item mainly relates to accrued interest on loans to group companies of EUR 348.8 million (2008: EUR 318.3 million).

### 9 Cash and cash equivalents

Cash and cash equivalents are unencumbered.

### 10 Equity

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 2008	2,000	1,107	3,107
Dividend declared as at 29 November 2007	–	(3,000)	(3,000)
Total comprehensive income	–	3,356	3,356
As at 31 December 2008	<u>2,000</u>	<u>1,463</u>	<u>3,463</u>
As at 1 January 2009	<b>2,000</b>	<b>1,463</b>	<b>3,463</b>
Dividend paid as at 15 December 2009	–	(2,000)	(2,000)
Total comprehensive income	–	2,331	2,331
As at 31 December 2009	<u><b>2,000</b></u>	<u><b>1,794</b></u>	<u><b>3,794</b></u>

As at 31 December 2009, the authorised share capital comprised 5,000 (2008: 5,000) ordinary shares with a nominal value of EUR 1,000 each and the issued share capital comprised 2,000 (2008: 2,000) ordinary shares with a nominal value of EUR 1,000 each.



## 11

## 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 2 April 2009, a senior bond with a nominal value of USD 0.4 billion matured.

On 22 July 2009, Allianz Finance II B.V. issued a senior bond with a nominal value of EUR 1.5 billion due 22 July 2019.

Bearer bonds can be specified as follows:

Number of bonds	Issue currency	Nominal amount	Interest rate	Date of issuance	Redemption date	Issue price	Repayment rate	Amount as at 31 Dec. 2009	Amount as at 31 Dec. 2008
			%			%	%	EUR 1,000	EUR 1,000
9 <sup>1)</sup>	EUR	2,000,000,000	6.125	31-05-2002	31-05-2022	100.00	100.00	1,996,695	1,995,463
10B	EUR	900,000,000	5.625	29-11-2002	29-11-2012	99.70	100.00	897,986	897,367
14 <sup>2)</sup>	USD	500,000,000	7.250	10-12-2002	—	100.00	100.00	348,493	359,273
15 <sup>3)</sup>	EUR	1,000,000,000	6.500	13-12-2002	13-01-2025	99.27	100.00	993,421	992,356
18 <sup>4)</sup>	EUR	1,400,000,000	4.375	17-12-2005	—	98.92	100.00	1,384,311	1,382,490
19 <sup>5)</sup>	EUR	800,000,000	5.375	03-03-2006	—	98.00	100.00	795,838	792,491
20	EUR	1,500,000,000	4.000	23-11-2006	23-11-2016	98.73	100.00	1,486,000	1,484,286
21	USD	400,000,000	variable	02-04-2007	02-04-2009	99.99	100.00	—	287,414
22	EUR	1,500,000,000	5.000	06-03-2008	06-03-2013	99.42	100.00	1,494,195	1,492,558
23	EUR	1,500,000,000	4.750	22-07-2009	22-07-2019	98.81	100.00	1,477,997	—
								10,874,936	9,683,698

All bearer bonds are guaranteed by Allianz SE and are either listed on the Luxembourg Stock Exchange or on the Frankfurt Stock Exchange. Interest is paid annually on coupon date, being the date of issuance.

- 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

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

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.

- 2) The bonds are redeemable (in whole but not in part) at the option of the issuer as from 10 March 2008 and on each interest payment date thereafter.
- 3) 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.
- 4) 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.
- 5) The annual interest rate of 5.375% is fixed until 3 March 2011. The bonds are redeemable (in whole but not in part) at the option of the issuer on 3 March 2011 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.  
Pursuant to the terms and conditions of the subordinated bond of EUR 0.8 billion, the triggers with respect to a potential mandatory coupon deferral have been breached as per 30 September 2009. Allianz intends to timely make the relevant coupon payments in accordance with the respective terms and conditions by making use of certain mechanisms as provided for therein.

## 12 Income tax payable

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

	Balance as at 1 Jan. 2008	Corporation tax paid in 2008	Calculated corporation tax	Late interest corporation tax	Adjustments corporation tax prior years	Balance as at 31 Dec. 2008
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
2006	40	(146)	–	15	91	–
2007	15	(16)	–	1	–	–
2008	–	(720)	981	(13)	–	248
	<u>55</u>	<u>(882)</u>	<u>981</u>	<u>3</u>	<u>91</u>	<u>248</u>

  

	Balance as at 1 Jan. 2009	Corporation tax paid in 2009	Calculated corporation tax	Late interest/ discount corporation tax	Adjustments corporation tax prior years	Balance as at 31 Dec. 2009
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
2007	–	(2)	–	–	2	–
2008	248	–	–	–	–	248
2009	–	(996)	791	(13)	–	(218)
	<u>248</u>	<u>(998)</u>	<u>791</u>	<u>(13)</u>	<u>2</u>	<u>30</u>

## 13 Other liabilities

This item can be specified as follows:

	2009 EUR 1,000	2008 EUR 1,000
Accrued interest bonds	330,327	301,498
Guarantee fees	15,500	14,009
Accrued expenses other	60	–
	<u>345,887</u>	<u>315,507</u>

## 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 11. 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:

	Carrying amount 31 Dec. 2009 EUR 1,000	Fair value 31 Dec. 2009 EUR 1,000	Carrying amount 31 Dec. 2008 EUR 1,000	Fair value 31 Dec. 2008 EUR 1,000
Loans to group companies	11,223,444	12,067,072	10,001,707	10,264,931
Bearer bonds	(10,874,936)	10,984,750	(9,683,698)	(8,443,172)
	<u>348,508</u>	<u>(1,082,322)</u>	<u>318,009</u>	<u>1,821,759</u>

The methods used in determining the fair values of financial instruments are described in note 4.

### *Interest rates used for determining fair value*

The interest rates for loans to group companies used to discount estimated cash flows, where applicable, are based on the government yield curve at 31 December 2009 plus an adequate constant credit spread, range from 0.84% to 4.01% (2008: range from 3.68% to 4.61%).

## 15 Financial income

This item can be specified as follows:

	2009 EUR 1,000	2008 EUR 1,000
Interest loans to group companies	577,282	538,223
Other financial income	41	130
	<u>577,323</u>	<u>538,353</u>

## 16 Interest expense and similar expenses

This item can be specified as follows:

	2009 EUR 1,000	2008 EUR 1,000
Interest bearer bonds	548,438	510,465

## 17 Other financial expenses

This item mainly relates to guarantee commission concerning bearer bonds.

## 18 Operating expenses

This item can be specified as follows:

	2009 EUR 1,000	2008 EUR 1,000
Management fee	75	75
Consultancy fees	229	169
Other operating expenses	3	13
	307	257

## 19 Income tax expense

	2009 EUR 1,000	2008 EUR 1,000
<b>Current tax expense</b>		
Current year	791	981
Prior years	2	91
	793	1,072
<b>Deferred tax expense</b>		
Due to temporary differences carrying amount vs. tax base	(7)	(11)
	786	1,061

## Reconciliation of effective tax rate

	2009		2008	
	%	EUR 1,000	%	EUR 1,000
Result before taxation		3,117		4,417
Less: Participation exemption		–		590
		<hr/>		<hr/>
Taxable profit		3,117		5,007
		<hr/>		<hr/>
Corporation tax for the year		784		970
Prior-year adjustments		2		91
		<hr/>		<hr/>
		786		1,061
		<hr/>		<hr/>
Effective tax rate	25.2	786	24.0	1,061
	<hr/>	<hr/>	<hr/>	<hr/>

## 20 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.

As at 31 December 2009, the total amount lent to Allianz SE and other group companies is EUR 4.9 billion (31 December 2008: EUR 3.8 billion) and EUR 6.0 billion (31 December 2008: EUR 6.0 billion), respectively.

For the year 2009, the Company received interest for a total amount of EUR 244.4 million (2008: EUR 304.4 million) from Allianz SE and EUR 332.9 million (2008: EUR 233.8 million) from other group companies.

During the year 2009, an amount of EUR 2.0 million regarding interim dividend was paid to Allianz SE (2008: EUR 3.0 million).

## 21 Personnel

The Company did not employ any personnel during the year 2009 (2008: nil). No remuneration was paid to the Management Board or Supervisory Board during the year 2009 (2008: nil).

## **22 Contingencies**

As at 31 December 2009 and 2008, there are no contingencies to report.

Amsterdam, 12 February 2010

Management Board:

Supervisory Board:

Dr. S.M. Höchendorfer-Ziegler

M. Diekmann, Chairman

H.J.J. Schoon

Dr. P. Achleitner

H.D.A. Wentzel

S. Theissing

## **Other information**

### **Provision of the Articles of Association regarding profit appropriation (article 16)**

1. The profits of the Company, according to the annual accounts confirmed by the general meeting, are insofar as they are not to be preserved for the formation or maintenance of reserves prescribed by Law at the disposal of the general meeting which decides about reservation or payments of profits.
2. Dividends may be paid up only to the amount above the sum of the balances between net assets and paid-in capital, increased with reserves which must be maintained by virtue of Law.
3. The general meeting may resolve to pay out an interim dividend with due observance of the provision of paragraph 2.
4. The claim of a shareholder for payment of dividend will expire after a period of five years.

### **Proposal for profit appropriation**

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2009 profit after tax: an amount of EUR 2.3 million to be added to the other reserves.

The result after taxes for 2009 is included under the retained earnings item in equity.

### **Auditor's report**

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



To the Annual General Meeting of Shareholders of Allianz Finance II B.V.

## **Auditor's report**

### **Report on the financial statements**

We have audited the accompanying financial statements 2009 of Allianz Finance II B.V., Amsterdam, which comprise the balance sheet as at 31 December 2009, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility**

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Allianz Finance II B.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

### **Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the Management Board is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 12 February 2010

KPMG ACCOUNTANTS N.V.

M.G. Schönhage RA