Allianz Finance II B.V.

Financial statements for the year 2006

This report was adopted in the General Meeting of Shareholders dated 2 March 2007.

Contents

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 2006 as drawn up by the Managing Board for your adoption.

The financial statements, which both the Supervisory Board and the Managing 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, 2 March 2007

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 the Company 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 Ltd. and is located in Amsterdam.

Out of the finance activity the profit for the year amounts to EUR 2.0 million.

During the financial year 2006 the following major events occurred:

- During the year 2006, the RWE exchangeable bond with a nominal value of EUR 1,075.0 million was exchanged in parts up to an amount of EUR 1,074.2 million by delivering 20.9 million shares of RWE AG and a payment in cash of EUR 27.6 million. On 20 December 2006, the outstanding balance of EUR 0.8 million was redeemed by a payment in cash.
- On 3 March 2006, the Company issued 5.375% Undated Subordinated Fixed Rate Callable Bonds with a nominal amount of EUR 800.0 million. The proceeds were loaned in full to Allianz SE on the same date.
- On 12 October 2006, the General Meeting of Shareholders decided to authorise the Company to issue 1,980 shares with a nominal value of EUR 1,000 each to its sole shareholder Allianz SE. To effect the issuing, the share premium and retained earnings reserves were reduced by EUR 30,000 and EUR 1,950,000, respectively.
- On 14 November 2006, the General Meeting of Shareholders decided to declare an interim dividend payable on 20 December 2006 for the amount of EUR 2.0 million.
- On 23 November 2006, the Company issued a 4.0% senior unsecured bond with a nominal amount of EUR 1,500.0 million with a maturity date of 23 November 2016. The proceeds were loaned in full to Allianz SE on the same date.

Outlook 2007

On 29 January 2007, the Company published that an early redemption of 64.35% of nominal EUR 1,261,534,500 BITES bonds issued in February 2005 will take place with Munich Re shares. The number of outstanding bonds, 300,000, will remain unchanged. This partial redemption means that each outstanding BITES bond will be reduced to 35.65% of the principal value.
The delivery of Munich Re shares will take place on 9 March 2007.

On 29 November 2007, a senior bond and the corresponding loan will come due, with a nominal amount of EUR 1.1 billion.

Amsterdam, 2 March 2007

Management Board:

Dr. S.M. Höchendorfer-Ziegler

H.J.J. Schoon

H.D.A. Wentzel

Balance sheet as at 31 December 2006

		2006		2005	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Non-current assets					
Loans to group companies	*5*	**9,165,372**		8,031,934	
Deferred tax assets	*6*	**54**		108	
			9,165,426		8,032,042
Current assets					
Loans to group companies	*5*	**1,098,384**		1,064,170	
Derivatives	*7*	**752,132**		649,322	
Other receivables	*8*	**270,420**		224,663	
Income tax receivable	*9*	**–**		30	
Cash and cash equivalents	*10*	**87**		117	
			2,121,023		1,938,302
Total assets			**11,286,449**		9,970,344
Equity	*11*				
Issued capital		**2,000**		20	
Share premium		**–**		30	
Retained earnings		**715**		2,618	
			2,715		2,668
Non-current liabilities					
Bearer bonds	*12*		**9,165,547**		8,032,073
Current liabilities					
Bearer bonds	*12*	**1,098,393**		1,064,395	
Derivatives	*13*	**752,132**		649,322	
Income tax payable	*9*	**10**		–	
Other liabilities	*14*	**267,652**		221,886	
			2,118,187		1,935,603
Total liabilities			**11,283,734**		9,967,676
Total equity and liabilities			**11,286,449**		9,970,344

Income statement for the year 2006

		2006		2005	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Interest income and similar income	*16*	**509,069**		519,703	
Income from derivatives		**570,177**		604,924	
Other financial income		**–**		45	
Financial income			**1,079,246**		1,124,672
Interest expense and similar expenses	*17*	**483,731**		494,493	
Expenses from derivatives		**570,177**		604,924	
Other financial expenses	*18*	**22,120**		22,030	
Financial expenses			**1,076,028**		1,121,447
Net financial income			**3,218**		3,225
Operating expenses	*19*		**310**		264
Profit before tax			**2,908**		2,961
Income tax expense	*20*		**861**		938
Profit for the year			**2,047**		2,023

Cash flow statement for the year 2006

		2006 EUR 1,000	2005 EUR 1,000
Cash flow from operating activities			
Cash paid to creditors	*14*	**(300)**	(239)
Income taxes paid	*9*	**(767)**	(1,537)
Change in cashpool	*8*	**318**	(616)
Net cash from operating activities		**(749)**	(2,392)
Cash flow from financing activities			
Bonds issued	*12*	**2,264,890**	2,612,836
Bonds redeemed	*12*	**(29,166)**	–
Interest bonds paid	*17*	**(391,662)**	(339,411)
Loans granted to Allianz SE	*5*	**(2,264,890)**	(2,612,836)
Loans repaid by Allianz SE	*5*	**29,166**	–
Interest received	*16*	**414,546**	358,002
Guarantee fees	*18*	**(20,120)**	(16,239)
Dividend paid	*11*	**(2,000)**	–
Net cash from financing activities		**764**	2,352
Net decrease in cash and cash equivalents	*10*	**15**	(40)
Cash and cash equivalents at 1 January	*10*	**117**	112
Effect of exchange rate fluctuations on cash held		**(45)**	45
Cash and cash equivalents as at 31 December		**87**	117

Statement of recognised income and expense for the year 2006

		2006	2005
		EUR 1,000	EUR 1,000
Income and expense directly recognised in equity		**–**	–
Profit for the year		**2,047**	2,023
Total recognised income and expense for the year	*11*	**2,047**	2,023

Notes to the 2006 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 owned by Allianz SE, Munich, Germany. The principal activity of the Company is to issue bonds 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.

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 approved by the Board of Management on 2 March 2007.

(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 5 – 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 financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at exchange rates at the dates of 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 compromise 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, bearer bonds and loans from group companies 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(d).

(c) Derivative financial instruments

The Company holds derivative financial instruments. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

The method used to measure fair values is described further in note 4.

(d) 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 a 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.

(e) 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.

(f) 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.

(g) Segment reporting

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

(h) 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 as at 31 December 2006, and have not been applied in preparing these financial statements:

- IFRS 7 *Financial Instruments: Disclosures* and the *Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures* require extensive disclosures about the significance of financial instruments for an entity’s financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Company’s 2007 financial statements, will require extensive additional disclosures with respect to Company’s financial instruments and share capital.

- IFRIC 9 *Reassessment of Embedded Derivatives* requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Company's 2007 financial statements, is not expected to have any impact on the financial statements.

Other newly issued standards and/or interpretations are not applicable 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) Loans to group companies

The fair value of loans to group companies and loans from 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) Derivatives

The fair value of derivatives is determined as the difference between the carrying value of the bond/loan and the fair value of the bond/loan.

(d) Other assets and liabilities

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

5 Loans to group companies

This item relates to interest bearing loans with a carrying amount of EUR 10.3 billion as at 31 December 2006 (2005: EUR 9.3 billion). The interest bearing loans have stated interest rates of 1.03% to 7.54% (2005: 1.03% to 7.54%) and mature in 1 to 19 years.

During the year ended 31 December 2006, two loans with a nominal amount of in total EUR 2.3 billion were issued to Allianz SE. Furthermore, one loan, with a nominal value of EUR 1.1 billion, was repaid to Allianz SE.

As at 31 December 2006, three subordinated perpetual loans are outstanding. For measurement purposes it is assumed that these loans will be repaid at the first possible repayment date.

6 Deferred tax assets and liabilities

For the year 2005, deferred tax assets and liabilities are attributable to the following:

	Balance as at 1 Jan. 2005 EUR 1,000	Recognised in equity EUR 1,000	Recognised in income EUR 1,000	Balance as at 31 Dec. 2005 EUR 1,000
Derivatives assets	–	10,468	(195,205)	(184,737)
Derivatives liabilities	–	7,031	185,817	192,848
Loans to group companies	–	1,984	(5,321)	(3,337)
Bearer bonds	–	(19,351)	14,685	(4,666)
	–	132	(24)	108

For the year 2006, deferred tax assets and liabilities are attributable to the following:

	Balance as at 1 Jan. 2006 EUR 1,000	**Recognised in income EUR 1,000**	**Balance as at 31 Dec. 2006 EUR 1,000**
Derivatives assets	**(184,737)**	**(8,180)**	**(192,917)**
Derivatives liabilities	**192,848**	**69**	**192,917**
Loans to group companies	**(3,337)**	**5,656**	**2,319**
Bearer bonds	**(4,666)**	**2,401**	**(2,265)**
	108	**(54)**	**54**

7 Derivatives

The changes during the year can be specified as follows:

	2006 EUR 1,000	2005 EUR 1,000
As at 1 January	**649,322**	22,321
Disposal derivatives	**(466,992)**	–
New derivatives	–	22,077
Change in fair value derivatives	**569,802**	604,924
As at 31 December	**752,132**	649,322

This item consists of derivatives related to issued exchangeable bonds which have been fully loaned to Allianz SE under the same conditions. For more information about derivatives see note 13.

8 Other receivables

This item mainly relates to accrued interest on loans to group companies of EUR 269.4 million (2005: EUR 223.3 million).

9 Income tax receivable/(payable)

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

Year	Balance as at 1 Jan. 2006 EUR 1,000	Corporation tax paid/ received in 2006 EUR 1,000	Calculated corporation tax in 2006 EUR 1,000	Late interest/ discount corporation tax 2006 EUR 1,000	Balance as at 31 Dec. 2006 EUR 1,000
2005	**30**	**–**	**–**	**–**	**30**
2006	**–**	**758**	**(807)**	**9**	**(40)**
	30	**758**	**(807)**	**9**	**(10)**

10 Cash and cash equivalents

Cash and cash equivalents are unencumbered.

11 Equity

The movements can be summarised as follows:

	Issued capital EUR 1,000	Share premium EUR 1,000	Retained earnings EUR 1,000	Total EUR 1,000
As at 1 January 2005	20	30	595	645
Total recognised income and expense	–	–	2,023	2,023
As at 31 December 2005	20	30	2,618	2,668
As at 1 January 2006	**20**	**30**	**2,618**	**2,668**
Issuance of shares as at 12 October 2006	**1,980**	**(30)**	**(1,950)**	**–**
Dividend declared as at 14 November 2006	**–**	**–**	**(2,000)**	**(2,000)**
Total recognised income and expense	**–**	**–**	**2,047**	**2,047**
As at 31 December 2006	**2,000**	**–**	**715**	**2,715**

On 12 October 2006, the General Meeting of Shareholders decided to authorise the Company to issue 1,980 shares with a nominal value of EUR 1,000 each to its sole shareholder Allianz SE. To effect the issuing, the share premium and retained earnings reserves were reduced by EUR 30,000 and EUR 1,950,000, respectively.

As at 31 December 2006, the authorised share capital comprised 5,000 (2005: 100) ordinary shares with a nominal value of EUR 1,000 each and the issued share capital comprised 20 (2005: 20) 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 15.

- During the year 2006, the RWE exchangeable bond with a nominal value of EUR 1,075.0 million was exchanged in parts up to an amount of EUR 1,074.2 million by delivering 20.9 million shares of RWE AG and a payment in cash of EUR 27.6 million. On 20 December 2006, the outstanding balance of EUR 0.8 million was redeemed by a payment in cash.
- On 3 March 2006, the Company issued 5.375% Undated Subordinated Fixed Rate Callable Bonds in the nominal amount of EUR 800.0 million. The proceeds were loaned in full to Allianz SE on the same date.
- On 23 November 2006, the Company issued a 4.0% senior unsecured bond in the nominal amount of EUR 1,500.0 million with a maturity date of 23 November 2016. The proceeds were loaned in full to Allianz SE on the same date.

For a description of the terms and conditions of outstanding bearer bonds reference is made to the Appendix.

13 Derivatives

The change during the year can be specified as follows:

	2006 **EUR 1,000**	2005 EUR 1,000
Balance as at 1 January	**649,322**	22,321
Disposal of derivatives	**(466,992)**	–
New derivatives	–	22,077
Change in fair value	**569,802**	604,924
Balance as at 31 December	**752,132**	649,322

Written RWE AG call option

In order to meet future obligations with regard to a conversion of the RWE exchangeable bond, the Company has written a call option on 21,431,254 shares RWE AG with an exercise price of EUR 50.1604 on 20 December 2001. The conversion period is 30 January 2002 up to and including 6 December 2006.

During the year 2006, 104,657 bonds with a nominal value of EUR 10,000 were exchanged by delivering 20,864,399 shares of RWE AG. Another 2,758 bonds were exchanged in cash. As at 20 December 2006, the redemption date of the bond, the remaining 84 bonds were redeemed in cash.

As at year-end the bond has been fully redeemed.

Written BITES Derivative

On 18 February 2005, the Company issued EUR 1,261,534,500 Basket Index Tracking Equity-linked Securities (BITES) divided into 300,000 notes.

The Company and the noteholders have the right to exchange the BITES, in whole as well in part, under certain conditions and exceptions at any time during the period 31 March 2005 up to and including 11 January 2008.

The difference between the fair value and the nominal value of the BITES as at the date of issuance is recognised as a derivative in the balance sheet of the Company.

As at 31 December 2006, the fair value of the BITES derivative amounts to EUR 752.1 million (2005: EUR 409.3 million).

14 Other liabilities

This item can be specified as follows:

	2006	2005
	EUR 1,000	EUR 1,000
Accrued interest bonds	**253,894**	210,081
Guarantee fees	**13,708**	11,752
Accrued expenses other	**50**	53
	267,652	221,886

15 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. 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 2006 EUR 1,000	**Fair value 2006 EUR 1,000**	Carrying amount 2005 EUR 1,000	Fair value 2005 EUR 1,000
Loans to group companies *	**10,533,183**	**11,913,644**	9,319,497	10,704,883
Bearer bonds	**(10,263,940)**	**(11,329,358)**	(9,096,468)	(10,434,268)
	269,243	**584,286**	223,029	270,615
Unrecognised gains		**315,043**		47,586

* Interest accrual on loans to group companies are separately recognised in the balance sheet. For comparison purposes, the interest accruals have been included in the carrying amounts for 2005 and 2006 in this overview.

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

Interest rates used for determining fair value

The interest rates for loans to/from group companies used to discount estimated cash flows, where applicable, are based on the government yield curve at 31 December 2006 plus an adequate constant credit spread, range from 3.86% to 4.20%.

16 Interest income and similar income

This item can be specified as follows:

	2006 EUR 1,000	2005 EUR 1,000
Interest loans to group companies	**508,987**	519,686
Other interest income	**82**	17
	509,069	519,703

17 Interest expense and similar expenses

This item can be specified as follows:

	2006 EUR 1,000	2005 EUR 1,000
Interest bearer bonds	**483,731**	486,713
Interest loans from group companies	**–**	7,780
	483,731	494,493

18 Other financial expenses

This item mainly relates to guarantee commission concerning bearer bonds.

19 Operating expenses

This item can be specified as follows:

	2006 EUR 1,000	2005 EUR 1,000
Management fee	**75**	75
Consultancy fees	**228**	187
Other operating expenses	**7**	2
	310	264

20 Income tax expense

	2006 EUR 1,000	2005 EUR 1,000
Current tax expense		
Current year	**807**	914
Deferred tax expense		
Due to temporary differences carrying amount vs. tax base	**53**	17
Due to change in tax rate	**1**	7
	54	24
	861	938

21 Related parties

The main activity of the Company is to issue bonds. The proceeds are fully loaned to the parent company (Allianz SE). As at 31 December 2006, the total amount lent to Allianz SE is EUR 10.3 billion (2005: EUR 9.1 billion).

For the year ended 31 December 2006, the Company received interest for a total amount of EUR 509.0 million (2005: EUR 519.7 million) from Allianz SE and an amount of EUR 2.0 million of interim dividend 2006 was paid to Allianz SE.

22 Personnel

The Company did not employ any personnel during the year (2005: nil). No remuneration was paid to the Management Board or Supervisory Board in 2006 and 2005.

23 Contingencies

As at 31 December 2006 and 2005, there are no contingencies to report.

Amsterdam, 2 March 2007

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

1 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.

2 Auditor’s report

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

To the Management Board of Allianz Finance II B.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements for the year 2006 of Allianz Finance II B.V., Amsterdam, which comprise the balance sheet as at 31 December 2006, the income statement, cash flow statement and statement of recognised income and expense 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 2006, 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 e 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, 2 March 2007

KPMG ACCOUNTANTS N.V.

M.G. Schönhage RA

Bearer bonds*

Number of bond	Issue currency	Nominal amount	Interest rate %	Redemption date	Issue price %	Repayment rate %	**Amount as at 31 Dec. 2006 EUR 1,000**	Amount as at 31 Dec. 2005 EUR 1,000
8[1)]	EUR	1,074,990,000	1.25	20-12-2006	100.00	102.59	–	1,064,394
9[2)]	EUR	2,000,000,000	6.125	31-05-2022	100.00	100.00	**1,993,216**	1,992,193
10A	EUR	1,100,000,000	4.625	29-11-2007	99.52	100.00	**1,098,393**	1,096,705
10B	EUR	900,000,000	5.625	29-11-2012	99.70	100.00	**896,231**	895,709
14[3)]	USD	500,000,000	7.25	–	100.00	100.00	**377,644**	418,880
15[4)]	EUR	1,000,000,000	6.50	13-01-2025	99.27	100.00	**990,426**	989,553
17[5)]	EUR	1,261,534,500	0.75	18-02-2008	100.00	101.75	**1,261,535**	1,261,535
18[6)]	EUR	1,400,000,000	4.375	–	98.92	100.00	**1,379,087**	1,377,499
19[7)]	EUR	800,000,000	5.375	–	98.00	100.00	**786,353**	–
20	EUR	1,500,000,000	4.00	23-11-2016	98.73	100.00	**1,481,055**	–
							10,263,940	9,096,468

* All bearer bonds are guaranteed by Allianz SE.

1) Each bondholder has the right to exchange each bond during the time period from 30 January 2002 up to and including 6 December 2006 for shares of RWE AG (exchange price EUR 50.1604).

2) 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.

3) The bonds are redeemable (in whole but not in part) at the option of the issuer on 10 March 2008 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 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.

5) Both the Company and each bondholder has the right to exchange each bond up to and including 11 January 2008 for shares BMW AG, Münchener Rückversicherungsgesellschaft AG or Siemens AG. The shares to be delivered to the noteholders will be chosen at the sole discretion of Allianz Finance II B.V.

6) 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 173 BP. 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.

7) The annual interest rate of 5.375% is fixed until 3 March 2011. After this date it becomes variable at a rate equal to the EURIBOR three-month euro deposits. 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.