

**Allianz Finance II B.V.**

Interim financial statements for  
the six-month period ended  
30 June 2009

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

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

The principal activity of Allianz Finance II B.V. is to issue bonds on behalf of and under a guarantee by its parent company, Allianz SE. Cash collected through a bond issue is loaned in full to Allianz SE or, if agreed so, to another entity within the Allianz Group. From this activity a profit after taxation of EUR 0.7 million was realised in the first six-month period of 2009 (2008: EUR 1.9 million).

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

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

During the first six-month period of 2009, a senior bond with a nominal value of USD 0.4 billion matured. On the same date the corresponding loan was repaid as well.

On 22 July 2009, the Company 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.

We as Management Board of the Company hereby declare that, to the best of our knowledge, the interim financial statements for the six-month period ended 30 June 2009, which have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the interim report of the Management Board includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Amsterdam, 24 August 2009

Management Board:

Dr. S.M. Höchendorfer-Ziegler

H.J.J. Schoon

H.D.A. Wentzel

## Interim balance sheet as at 30 June 2009

	Notes	30 June 2009		31 December 2008	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Non-current assets</b>					
Loans to group companies	6	9,396,084		9,396,014	
Deferred tax assets	7	72		69	
			9,396,156		9,396,083
<b>Current assets</b>					
Loans to group companies	6	—		287,414	
Other receivables	8	180,588		319,356	
Income tax receivable	9	545		—	
Cash and cash equivalents	10	521		63	
			181,654		606,833
<b>Total assets</b>			<b>9,577,810</b>		<b>10,002,916</b>
<b>Equity</b>					
Issued capital	11	2,000		2,000	
Retained earnings		2,128		1,463	
			4,128		3,463
<b>Non-current liabilities</b>					
Bearer bonds	12		9,396,366		9,396,284
<b>Current liabilities</b>					
Bearer bonds		—		287,414	
Income tax payable	9	—		248	
Other liabilities	13	177,316		315,507	
			177,316		603,169
<b>Total liabilities</b>			<b>9,573,682</b>		<b>9,999,453</b>
<b>Total equity and liabilities</b>			<b>9,577,810</b>		<b>10,002,916</b>

The notes on pages 6 to 20 are an integral part of these interim financial statements.

## Interim income statement for the six-month period ended 30 June 2009

	<i>Notes</i>	<b>1 Jan. 2009 - 30 June 2009</b>	<b>1 Jan. 2008 - 30 June 2008</b>
		<b>EUR 1,000</b>	<b>EUR 1,000</b>
Interest income and similar income	15	269,923	258,995
Income from derivatives		—	133,474
Result on sale group companies		—	590
<b>Financial income</b>		<b>269,923</b>	<b>393,059</b>
Interest expense and similar expenses	16	256,935	245,659
Expenses from derivatives		—	133,474
Other financial expenses	17	11,936	11,501
<b>Financial expenses</b>		<b>268,871</b>	<b>390,634</b>
<b>Net financial income</b>		<b>1,052</b>	<b>2,425</b>
Operating expenses	18	174	94
<b>Profit before tax</b>		<b>878</b>	<b>2,331</b>
Income tax expense	19	213	442
<b>Profit for the period</b>		<b>665</b>	<b>1,889</b>

The notes on pages 6 to 20 are an integral part of these interim financial statements.

## Interim statement of recognised income and expense for the six-month period ended 30 June 2009

	<i>Notes</i>	<b>1 Jan. 2009 - 30 June 2009 EUR 1,000</b>	<b>1 Jan. 2008 - 30 June 2008 EUR 1,000</b>
Income and expense directly recognised in equity		—	—
Profit for the six-month period ended 30 June	<i>11</i>	<b>665</b>	<b>1,889</b>
<b>Total recognised income and expense for the period</b>		<b>665</b>	<b>1,889</b>

The notes on pages 6 to 20 are an integral part of these interim financial statements.

## Interim cash flow statement for the six-month period ended 30 June 2009

	<i>Notes</i>	<b>1 Jan. 2009 - 30 June 2009 EUR 1,000</b>	<b>1 Jan. 2008 - 30 June 2008 EUR 1,000</b>
<b>Cash flow from operating activities</b>			
Cash paid to creditors	13,18	(164)	(137)
Income taxes paid	9	(1,009)	(733)
Change in cash pool	8	(1,167)	(1,664)
<b>Net cash from operating activities</b>		<b>(2,340)</b>	<b>(2,534)</b>
<b>Cash flow from financing activities</b>			
Bonds issued		–	1,491,270
Bonds redeemed	12	(298,686)	–
Interest bonds paid	16	(384,325)	(315,872)
Loans granted to group companies		–	(1,491,270)
Loans repaid by group companies	6	298,686	–
Interest received	15	404,268	332,731
Guarantee fees	17	(17,121)	(14,457)
Sale of shares		–	608
<b>Net cash from financing activities</b>		<b>2,822</b>	<b>3,010</b>
<b>Net decrease in cash and cash equivalents</b>		<b>482</b>	<b>476</b>
Cash and cash equivalents at 1 January	10	63	41
Effect of exchange rate fluctuations on cash held	10,17	(24)	(13)
<b>Cash and cash equivalents as at 30 June</b>	10	<b>521</b>	<b>504</b>

The notes on pages 6 to 20 are an integral part of these interim financial statements.

## Notes to the interim financial statements for the six-month period ended 30 June 2009

### 1 Reporting entity

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

These interim financial statements should be read in conjunction with the financial statements as at and for the year ended 31 December 2008 as issued on 20 March 2009.

### 2 Basis of preparation

#### (a) Statement of compliance

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

These interim financial statements were authorised for issue by the Management Board on 24 August 2009.

#### (b) Basis of measurement

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

#### (c) Functional and presentation currency

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

### Use of estimates and judgements

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



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

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

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

### **3 Significant accounting policies**

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

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2008.

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

Transactions in foreign currencies are translated into the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the interim 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 cost, which is the fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

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

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

Loans to group companies and bearer bonds are measured at amortised cost.

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) 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 an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the interim 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 interim 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.

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 differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(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**

A number of new standards, amendments to standards and interpretations are not yet effective as at and for the six-month period ended 30 June 2009. Those newly issued standards and/or interpretations are not relevant for the Company.

## **4 Determination of fair values**

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

### **(a) 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) Derivatives**

The fair value of derivatives is determined as the difference between the nominal value of the BITES bond as at the date of issuance and the fair value of the BITES bond. The fair value of the BITES bond is based on the closing price of the Deutscher Aktienindex (DAX) as at reporting date.

### **(d) Other assets and liabilities**

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

## **5 Financial risk management**

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

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

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

### **Credit risk**

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

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

### **Liquidity risk**

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

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

### **Market risk**

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

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

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

## **6 Loans to group companies**

This item relates to interest bearing loans with a carrying amount of EUR 9.4 billion as at 30 June 2009 (31 December 2008: EUR 9.7 billion, including current assets). The interest bearing loans have stated interest rates varying from 4.28% to 7.54% (31 December 2008: 4.28% to 7.54%) and mature in 4 to 16 years.

During the six-month period ended 30 June 2009, one loan with a nominal amount of EUR 0.3 billion (USD 0.4 billion) was repaid by Allianz SE, Germany.

As at 30 June 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 six-month period ended 30 June 2009, deferred tax assets and liabilities are attributable to the following:

	Balance as at 1 Jan. 2009 EUR 1,000	Recognised in income EUR 1,000	Balance as at 30 June 2009 EUR 1,000
Loans to group companies	1,401	37	1,438
Bearer bonds	(1,332)	(34)	(1,366)
	<u>69</u>	<u>3</u>	<u>72</u>

For the year ended 31 December 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
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>

## 8 **Other receivables**

This item mainly relates to accrued interest on loans to group companies of EUR 178.3 million (31 December 2008: EUR 318.2 million).

## 9 Income tax receivable

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

Year	Balance as at 1 Jan. 2009	Corporation tax paid/ received in 2009	Calculated corporation tax in 2009	Late interest/ discount corporation tax 2009	Balance as at 30 June 2009
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
2008	(248)	–	–	–	(248)
2009	–	996	(216)	13	793
	<u>(248)</u>	<u>996</u>	<u>(216)</u>	<u>13</u>	<u>545</u>

Year	Balance as at 1 Jan. 2008	Corporation tax paid/ received in 2008	Calculated corporation tax in 2008	Late interest/ discount corporation tax 2008	Adjustments corporation tax prior years in 2008	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>

## 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	Retained earnings EUR 1,000	Total EUR 1,000
As at 1 January 2008	2,000	1,107	3,107
Dividend paid as at 15 December 2008	–	(3,000)	(3,000)
Total recognised income and expense	–	3,356	3,356
As at 1 January 2009 (carried forward)	<u>2,000</u>	<u>1,463</u>	<u>3,463</u>

	<b>Issued capital EUR 1,000</b>	<b>Retained earnings EUR 1,000</b>	<b>Total EUR 1,000</b>
Brought forward	<b>2,000</b>	<b>1,463</b>	<b>3,463</b>
Total recognised income and expense	<b>–</b>	<b>665</b>	<b>665</b>
As at 30 June 2009	<b>2,000</b>	<b>2,128</b>	<b>4,128</b>

As at 30 June 2009, the authorised share capital comprised 5,000 (31 December 2008: 5,000) ordinary shares with a nominal value of EUR 1,000 each and the issued share capital comprised 2,000 (31 December 2008: 2,000) ordinary shares with a nominal value of EUR 1,000 each.

## **12 Bearer bonds**

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

On 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 as well.



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### Bearer bonds

Bearer bonds can be specified as follows:

Number of bond	Issue currency	Nominal amount	Interest rate %	Date of issuance	Redemption date	Issue price %	Repayment rate %	Amount as at 30 June 2009 EUR 1,000	Amount as at 31 Dec. 2008 EUR 1,000
9 <sup>1)</sup>	EUR	2,000,000,000	6.125	31-05-2002	31-05-2022	100.00	100.00	1,996,064	1,995,463
10 <sup>B</sup>	EUR	900,000,000	5.625	29-11-2002	29-11-2012	99.70	100.00	897,670	897,367
14 <sup>2)</sup>	USD	500,000,000	7.250	10-12-2002	–	100.00	100.00	353,757	359,273
15 <sup>3)</sup>	EUR	1,000,000,000	6.500	13-12-2002	13-01-2025	99.27	100.00	992,875	992,356
17 <sup>4)</sup>	EUR	449,737,049	–	18-02-2005	18-02-2008	100.00	101.75	–	–
18 <sup>5)</sup>	EUR	1,400,000,000	4.375	17-12-2005	–	98.92	100.00	1,383,383	1,382,490
19 <sup>6)</sup>	EUR	800,000,000	5.375	03-03-2006	–	98.00	100.00	794,126	792,491
20	EUR	1,500,000,000	4.000	23-11-2006	23-11-2016	98.73	100.00	1,485,129	1,484,286
21 <sup>7)</sup>	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	1,493,362	1,492,558
								9,396,366	9,683,698

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

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- 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 notes will not bear interest. An annual outperformance premium of 0.75% is payable in arrear, based on the average closing level of the DAX. 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. All notes that have not been previously exchanged will be exchanged at 18 February 2008 for the share elected by Allianz Finance II B.V. In addition, the Company is entitled to pay 1.75% premium which is based on the average level of the DAX.
- 5) 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.
- 6) 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.
- 7) The annual interest rate is variable and equal to the three-month USD Libor, quarterly in arrear on the floating interest payment date falling in January, April, July and October of each year.

## 13 Other liabilities

This item can be specified as follows:

	30 June 2009 EUR 1,000	31 Dec. 2008 EUR 1,000
Accrued interest bonds	168,506	301,498
Guarantee fees	8,800	14,009
Accrued expenses other	10	–
	<u>177,316</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. 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 30 June 2009 EUR 1,000	Fair value 30 June 2009 EUR 1,000	Carrying amount 31 Dec. 2008 EUR 1,000	Fair value 31 Dec. 2008 EUR 1,000
Loans to group companies	9,574,416	10,250,827	10,001,707	10,264,931
Bearer bonds	(9,396,366)	(8,889,450)	(9,683,698)	(8,443,172)
	<u>178,050</u>	<u>1,361,377</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 30 June 2009 plus an adequate constant credit spread, range from 1.10% to 4.55% (31 December 2008: 3.68% to 4.61%).

## 15 Interest income and similar income

This item can be specified as follows:

	1 Jan. 2009 - 30 June 2009 EUR 1,000	1 Jan. 2008 - 30 June 2008 EUR 1,000
Interest loans to group companies	269,898	258,932
Other interest income	25	63
	<u>269,923</u>	<u>258,995</u>

## 16 Interest expense and similar expenses

This item can be specified as follows:

	1 Jan. 2009 - 30 June 2009 EUR 1,000	1 Jan. 2008 - 30 June 2008 EUR 1,000
Interest bearer bonds	256,935	245,659

## 17 Other financial expenses

This item mainly relates to guarantee commission concerning bearer bonds.

## 18 Operating expenses

This item can be specified as follows:

	1 Jan. 2009 - 30 June 2009 EUR 1,000	1 Jan. 2008 - 30 June 2008 EUR 1,000
Management fee	75	—
Consultancy fees	91	86
Other operating expenses	8	8
	<u>174</u>	<u>94</u>

## 19 Income tax expense

	1 Jan. 2009 - 30 June 2009 EUR 1,000	1 Jan. 2008 - 30 June 2008 EUR 1,000
<b>Current tax expense</b>		
Current year	216	448
<b>Deferred tax expense</b>		
Due to temporary differences carrying amount vs. tax base	(3)	(6)
	<u>(3)</u>	<u>(6)</u>
	<u>213</u>	<u>442</u>

## 20 Related parties

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

As at 30 June 2009, the total amount lent to Allianz SE, AZ Jupiter 4 B.V. and Allianz Holding France is EUR 3.5 billion (31 December 2008: EUR 3.8 billion) and EUR 4.4 billion (31 December 2008: EUR 4.4 billion) and EUR 1.5 billion (31 December 2008: EUR 1.5 billion), respectively.

For the six-month period ended 30 June 2009, the Company recognised interest for a total amount of EUR 106.8 million (30 June 2008: EUR 181.4 million) from Allianz SE, EUR 123.6 million (30 June 2008: EUR 51.3 million) from AZ Jupiter 4 B.V. and EUR 39.5 million (30 June 2008: EUR 26.2 million) from Allianz Holding France.

Furthermore, the Company paid a management fee of EUR 0.1 million to A.C.I.F. Allianz Compagnia Italiana Finanziamenti S.p.A.

## 21 Personnel

The Company did not employ any personnel during the period (30 June 2008: nil). No remuneration was paid to the Management Board or Supervisory Board in the six-month periods ended 30 June 2009 and 30 June 2008, respectively.

## **22 Contingencies**

As at 30 June 2009 and 31 December 2008, there are no contingencies to report.

## **23 Subsequent events**

On 22 July 2009, the Company 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.

Amsterdam, 24 August 2009

Management Board:

Dr. S.M. Höchendorfer-Ziegler

H.J.J. Schoon

H.D.A. Wentzel

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

## **Review report**

### **Introduction**

We have reviewed the accompanying balance sheet of Allianz Finance II B.V., Amsterdam as at 30 June 2009, and the related income statement, statement of recognised income and expense and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position as at 30 June 2009 and the results of its operations and its cash flows for the six-month period then ended in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 24 August 2009

KPMG ACCOUNTANTS N.V.

M.G. Schönhage RA