Allianz Finance II B.V.

Financial statements for the year 2015

This report was adopted in the General Meeting of Shareholders
dated 10 March 2016
This report contains 27 pages

Contents

Financial report

Report of the Supervisory Board

Pursuant to article 22 of the Articles of Association we are pleased to submit the financial statements for the year 2015 as drawn up by the Management Board for your adoption.

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

We recommend you to adopt the financial statements.

Amsterdam, 3 March 2016

Supervisory Board:

Dr. D.F. Wemmer, Chairman

S.J. Theissing

Report of the Management Board

General

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

The principal activity of Allianz Finance II B.V. is to issue bonds on behalf of and under a guarantee by its parent company, Allianz SE. Cash collected through a bond issue is lent in full to Allianz SE or, if agreed so, to another entity within the Allianz Group.

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

Developments and financial performance

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

Total financial income 2015, mainly interest on loans to group companies, amounts to EUR 559.2 million (2014: EUR 620.0 million). Financial expenses 2015 (interest on bonds issued and guarantee commission related to the bonds) amounts to EUR 555.1 million (2014: EUR 615.6 million), resulting in a net financial income in 2015 of EUR 4.1 million (2014: EUR 4.4 million). After deduction of operating expenses, the profit before tax amounts to EUR 3.8 million (2014: EUR 4.1 million). Taking into account corporate income taxes, the net profit 2015 amounts to EUR 2.8 million (2014: EUR 3.1 million).

Shareholders' equity increased by EUR 2.8 million (profit after tax 2015) to EUR 15.6 million at year end 2015. The General Meeting of Shareholders will be asked to approve that the profit after tax for the financial year 2015 of EUR 2.8 million will be added to the reserves.

Net cash flow 2015 arising from financing and operating activities was withdrawn from the cash pool with Allianz SE (EUR 8.0 million). In 2014, a positive net cash flow of EUR 2.7 million was added to the cash pool.

Significant risks

The Company has an exposure to credit, liquidity and market risk from its use of financial instruments. Reference is made to note 5 of the financial statements for a description about the exposure of the Company to each of these risks. Exposure to credit risks and interest rate risks is mainly arising in the course of the Company's business from the issuing of bonds. Based on the currently agreed loan agreement with the parent company, the Company effectively covers its currency and liquidity risks originating from the issuing of bonds and limits its credit risk to Allianz SE or other Allianz related entities.

Male and female split of Board members

The Management Board of the Company consists of 2 members of which 2 are male (100%) and 0 is female (0%). The Supervisory Board of the Company consists of 2 members of which 2 are male (100%) and 0 are female (0%).

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

Management Board declaration

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

- the financial statements 2015 give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company;
- the report of the Management Board gives a true and fair view of the Company as per the balance sheet date and the state of affairs during the financial year to which the report relates; and
- The report of the Management Board describes the material risks the issuer is facing.

Outlook 2016

On 23 November 2016 an outstanding senior bond of nominal EUR 1.5 billion and a loan issued to a group company for an equal amount will become due.

Amsterdam, 3 March 2016

Management Board:

C. Bunschoten

J.C.M. Zarnitz

Statement of financial position as at 31 December 2015

(before profit appropriation)

		2015		2014	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Non-current assets					
Loans to group companies	*6*	**9,918,984**		11,344,080	
Deferred tax assets	*7*	**9**		18	
			9,918,993		11,344,098
Current assets					
Loans to group companies	*6*	**1,498,128**		999,952	
Other receivables	*8*	**326,770**		398,943	
Income tax receivable	*9*	**18**		–	
Cash and cash equivalents	*10*	**17**		42	
			1,824,933		1,398,937
			11,743,926		12,743,035
Equity	*11*				
Share capital		**2,000**		2,000	
Reserves		**10,711**		7,619	
Unappropriated result		**2,845**		3,092	
			15,556		12,711
Non-current liabilities	*12*				
Bearer bonds		**9,408,005**		10,844,154	
Registered note		**500,000**		500,000	
			9,908,005		11,344,154
Current liabilities					
Bearer bonds	*12*	**1,498,135**		999,952	
Income tax payable		–		53	
Other liabilities	*13*	**322,230**		386,165	
			1,820,365		1,386,170
Total liabilities			**11,728,370**		12,730,324
Total equity and liabilities			**11,743,926**		12,743,035

The notes on pages 10 to 22 are an integral part of these financial statements.

Statement of comprehensive income for the year 2015

		2015		2014	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Interest income and similar income	*15*	**559,150**		620,043	
Financial income			**559,150**		620,043
Interest expense and similar expenses	*16*	**(526,180)**		(584,637)	
Other financial expenses	*17*	**(28,908)**		(31,040)	
Financial expenses			**(555,088)**		(615,677)
Net financial income			**4,062**		4,366
Operating expenses	*18*		**(244)**		(260)
Profit before tax			**3,818**		4,106
Income tax expense	*19*		**(973)**		(1,014)
Profit for the year			**2,845**		3,092
Other comprehensive income			–		–
Total comprehensive income for the year			**2,845**		3,092
Total comprehensive income attributable to the owners of the Company			**2,845**		3,092

The notes on pages 10 to 22 are an integral part of these financial statements.

Statement of changes in equity for the year 2015

The movements can be summarised as follows:

	Issued capital EUR 1,000	Reserves EUR 1,000	Unappropria-ted result EUR 1,000	Total EUR 1,000
As at 1 January 2014	2,000	4,836	2,783	9,619
Appropriation of result 2013	–	2,783	(2,783)	–
Profit for the year 2014	–	–	3,092	3,092
As at 31 December 2014	2,000	7,619	3,092	12,711
As at 1 January 2015	**2,000**	**7,619**	**3,092**	**12,711**
Appropriation of result 2014	**–**	**3,092**	**(3,092)**	**–**
Profit for the year 2015	**–**	**–**	**2,845**	**2,845**
As at 31 December 2015	**2,000**	**10,711**	**2,845**	**15,556**

The notes on pages 10 to 22 are an integral part of these financial statements.

Statement of cash flows for the year 2015

		2015	2014
		EUR 1,000	EUR 1,000
Cash flow from operating activities			
Cash paid to creditors	*13*	**(262)**	(260)
Income taxes paid	*9*	**(1,021)**	(1,324)
Change in cash pool	*8*	**7,957**	(2,682)
Net cash from operating activities		**6,674**	(4,266)
Cash flow from financing activities			
Bonds redeemed	*12*	**(1,000,000)**	(24,000)
Loans granted to related parties	*6*	**(11,000)**	–
Loans repaid by related parties	*6*	**1,000,000**	24,000
Interest paid	*16*	**(572,476)**	(565,858)
Interest received	*15*	**608,031**	601,048
Guarantee fees paid	*17*	**(31,254)**	(30,930)
Net cash from financing activities		**(6,699)**	4,260
Net (decrease)/increase in cash and cash equivalents		**(25)**	(6)
Cash and cash equivalents at 1 January		**42**	48
Cash and cash equivalents as at 31 December	*10*	**17**	42

The notes on pages 10 to 22 are an integral part of these financial statements.

Notes to the financial statements for the year 2015

1 Reporting entity

Allianz Finance II B.V. (the 'Company') is a company domiciled in the Netherlands and was incorporated on 8 May 2000. The address of the Company's registered office is Amsterdam. The Company is owned by Allianz SE, Munich, Germany, the ultimate parent company. The Company's financial statements are included in the consolidated financial statements of Allianz SE. The principal activity of the Company is to issue bonds under a guarantee by its parent company, Allianz SE. Proceeds collected through a bond issue are loaned in full to Allianz SE or, if agreed so, to another entity within the Allianz Group.

2 Basis of preparation

(a) Statement of compliance

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

The financial statements are authorised for issue by the Management Board on 3 March 2016.

(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 12: non-current liabilities.

(e) Statement of cash flows

The statement of cash flows is prepared using the direct method. Cash flows in foreign currencies are translated into euros at the exchange rates at the dates of the transactions.

3 Significant accounting policies

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

(a) Foreign currency transactions

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

(b) Non-derivative financial instruments

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

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

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

Loans to group companies, bearer bonds and registered notes

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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

(c) Impairment

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

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

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

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

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

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

(d) Finance income and expenses

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

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

(e) Income tax expense

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

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

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

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

(f) Segment reporting

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

(g) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Those which may be relevant are set out below. The company does not plan to adopt these standards early.

IFRS 9 Financial Instruments

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

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. However, IFRS 9 is currently not endorsed yet by the EU.

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

IFRS 15 Revenue from Contracts with Customers

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

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. However, IFRS 15 is currently not endorsed yet by the EU.

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

4 Determination of fair values

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

(a) Bearer bonds

The fair value of bearer bonds, which is determined for disclosure purposes, is determined by reference to their quoted bid price at the reporting date. If no quoted bid price at the reporting date is available, the fair value is based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(b) Registered note

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

c) Other assets and liabilities

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

5 Financial risk management

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

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

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

Exposure to credit risks and interest rate risks is mainly arising in the course of the Company's business from the issuing of bonds. These terms are described in note 12. Based on the currently agreed loan agreements with the parent company, the Company effectively covers its currency and liquidity risks originating from the issuing of bonds and limits its credit risk to Allianz SE or other Allianz related entities.

Credit risk

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

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

Liquidity risk

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

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

Market risk

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

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

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

6 Loans to group companies

This item relates to interest bearing loans to Allianz SE or other entities within the Allianz Group with a carrying amount of EUR 10.4 billion and GBP 750 million as at 31 December 2015 (2014: EUR 11.4 billion and GBP 750 million). The interest bearing loans have stated interest rates varying from 0.17% to 6.56% (2014: 1.66% to 6.78%).

During the year 2015, one loan with a notional amount of EUR 1.0 billion was repaid within the Allianz Group. The Company issued one loan to Allianz SE with a notional amount of EUR 11.0 million.

As at 31 December 2015, two perpetual loans are outstanding. The non-perpetual loans have scheduled redemption from 2016 to 2043, similar to the redemption schedule of the bonds.

7 Deferred tax assets and liabilities

For the year 2015, deferred tax assets and liabilities are attributable to the following:

	Balance as at 1 Jan. 2015 EUR 1,000	**Recognised in income EUR 1,000**	**Balance as at 31 Dec. 2015 EUR 1,000**
Loans to group companies	**776**	**52**	**828**
Bearer bonds	**(758)**	**(61)**	**(819)**
	18	**(9)**	**9**

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

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

8 Other receivables

This item mainly relates to accrued interest on loans to group companies of EUR 324.6 million (2014: EUR 388.9 million).

9 Income tax receivable

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

2015

	Balance as at 1 Jan. 2015 EUR 1,000	**Corporation tax paid/ (received) in 2015 EUR 1,000**	**Calculated corporation tax in 2015 EUR 1,000**	**Late interest/ discount corporation tax EUR 1,000**	**Adjustments corporation tax prior years EUR 1,000**	**Balance as at 31 Dec. 2015 EUR 1,000**
2014	**(53)**	**71**	**–**	**(2)**	**(16)**	**–**
2015	**–**	**950**	**(948)**	**16**	**–**	**18**
	(53)	**1,021**	**(948)**	**14**	**(16)**	**18**

2014

	Balance as at 1 Jan. 2014	Corporation tax paid/ (received) in 2014	Calculated corporation tax in 2014	Late interest/ discount corporation tax	Adjustments corporation tax prior years	Balance as at 31 Dec. 2014
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
2012	(229)	229	–	(4)	4	–
2013	(149)	155	–	(6)	–	–
2014	–	940	(1,005)	12	–	(53)
	(378)	1,324	(1,005)	2	4	(53)

10 Cash and cash equivalents

Cash and cash equivalents are unencumbered.

11 Equity

The Company’s capital consists of one or more shares with a nominal value of EUR 1,000 each. As at 31 December 2015, the issued share capital comprised 2,000 (2014: 2,000) ordinary shares with a nominal value of EUR 1,000 each.

12 Non-current liabilities

The table below provides information about the contractual terms of the Company’s bearer bonds. As at 31 December 2015, the Company has 9 bearer bonds with a nominal amount of EUR 10.0 billion and GBP 750 million outstanding (31 December 2014: 10 bearer bonds with a nominal amount of EUR 11.0 billion and GBP 750 million). As at 31 December 2015, EUR 1.5 billion is due within one year and reported as current liabilities (31 December 2014: EUR 1.0 million).

Through private placement an amount of EUR 0.5 billion is outstanding as at 31 December (Recent year) (31 December (Previous year): EUR 0.5 billion) with a scheduled maturity date of July 2041. The annual interest rate of 6.271% is fixed until 8 July 2021. After this date it becomes variable at a rate equal to the EURIBOR three-month euro deposits plus 3.147%.

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

Bearer bonds

Bearer bonds can be specified as follows:

Reference number of bonds	Issue currency	Nominal amount x 1,000	Interest rate %	Date of issuance	(Scheduled) Maturity date	Issue price %	Repayment rate %	**Amount as at 31 Dec. 2015 EUR 1,000**	Amount as at 31 Dec. 2014 EUR 1,000
15[1)]	EUR	1,000,000	6.500	13-12-2002	13-01-2025	99.27	100.00	–	999,952
18[2)]	EUR	1,400,000	4.375	17-02-2005	–	98.92	100.00	**1,397,443**	1,395,192
19[3)]	EUR	800,000	5.375	03-03-2006	–	100.00	100.00	**800,000**	800,000
20	EUR	1,500,000	4.000	23-11-2006	23-11-2016	98.98	100.00	**1,498,135**	1,496,063
23	EUR	1,500,000	4.750	22-07-2009	22-07-2019	98.81	100.00	**1,491,589**	1,489,235
24[4)]	EUR	2,000,000	5.750	08-03-2011	08-07-2041	99.66	100.00	**1,992,029**	1,990,589
26	EUR	1,500,000	3.500	14-02-2012	14-02-2022	99.26	100.00	**1,490,382**	1,488,818
28	EUR	500,000	1.375	13-03-2013	13-03-2018	99.89	100.00	**499,472**	499,232
29	EUR	750,000	3.000	13-03-2013	13-03-2028	97.95	100.00	**735,475**	734,298
30	GBP	750,000	4.500	13-03-2013	13-03-2043	98.67	100.00	**1,001,615**	950,727
								10,906,140	11,844,106
Current liabilities (bond 20 / 15)								**(1,498,135)**	(999,952)
Non-current liabilities								**9,408,005**	10,844,154

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

1) The Company called for redemption in whole effective 13 January 2015 in accordance with the terms and conditions of the bond.
2) The annual interest rate of 4.375% is fixed until 17 February 2017. After this date, it becomes variable at a rate equal to the EURIBOR three-month euro deposits plus 1.73%. The bonds can be redeemed (in whole but not in part) on a regular basis at the option of the issuer on 17 February 2017 and on each interest payment date thereafter. For measurement purposes it is assumed that the bond will be redeemed at the first possible redemption date.
3) The annual interest rate of 5.375% is fixed for life. Starting 3 March 2011, the bonds are redeemable (in whole but not in part) at the option of the issuer on each interest payment date. For measurement purposes it is assumed that the bond will be redeemed at the first possible redemption date.
4) The annual interest rate of 5.75% is fixed until 8 July 2021. After this date, it becomes variable at a rate equal to the EURIBOR three-month euro deposits plus 3.349% per annum. The scheduled maturity date of the notes is 8 July 2041, unless called earlier.

13 Other liabilities

This item can be specified as follows:

	2015	2014
	EUR 1,000	EUR 1,000
Accrued interest bonds	**304,532**	366,103
Guarantee fees	**17,654**	20,000
Accrued expenses other	**44**	62
	322,230	386,165

14 Financial instruments

Fair values

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

	Carrying amount 31 Dec. 2015	**Fair value 31 Dec. 2015**	Carrying amount 31 Dec. 2014	Fair value 31 Dec. 2014
	EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Bearer bonds and registered note	**(11,406,140)**	**(12,536,788)**	(12,344,106)	(13,955,908)

Due to the close relationship of the loans to group companies and the bearer bonds and registered note (all market conditions are mirrored), the difference between the fair value and the carrying value of the loans to group companies are estimated not to differ significantly from the difference between the fair value and the carrying value of the bearer bonds and registered note.

The methods used in determining the fair values of the bearer bonds and registered note are described in note 4.

15 Interest income and similar income

This item can be specified as follows:

	2015	2014
	EUR 1,000	EUR 1,000
Interest loans to group companies	**559,117**	619,998
Other interest income	**33**	45
	559,150	620,043

16 Interest expense and similar expenses

This item can be specified as follows:

	2015	2014
	EUR 1,000	EUR 1,000
Interest loans from group companies	**526,179**	584,636
Other interest expenses	**1**	1
	526,180	584,637

17 Other financial expenses

This item mainly relates to guarantee commission concerning bearer bonds.

18 Operating expenses

This item can be specified as follows:

	2015	2014
	EUR 1,000	EUR 1,000
Management fee	**112**	120
Audit fees	**95**	95
Legal and tax fees	**27**	31
Other operating expenses	**10**	14
	244	260

19 Income tax expense

	2015	2014
	EUR 1,000	EUR 1,000
Current tax expense		
Current year	**948**	1,005
Prior years	**16**	(4)
	964	1,001
Deferred tax expense		
Current year	**9**	13
	973	1,014

Reconciliation of effective tax rate

	2015		2014	
	%	EUR 1,000	%	EUR 1,000
Result before taxation		**3,818**		4,106
Tax using the Company's domestic tax rate	**20-25**	**945**	20-25	1,017
Tax effect of:				
• Adjustment taxable interest		**12**		1
Change in estimates related to prior years		**16**		(4)
Taxable profit	**25.5**	**973**	**24.7**	1,014

The domestic tax rate is 20% (for taxable income up to EUR 200 thousand) respectively 25% (for taxable income higher than EUR 200 thousand).

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. All related party transactions took place at an arm's length basis.

As at 31 December 2015, the total amount lent to Allianz SE and other group companies is EUR 8.0 billion plus GBP 750 million (31 December 2014: EUR 9.0 billion plus GBP 750 million) and EUR 2.4 billion (31 December 2014: EUR 2.4 billion), respectively.

For the year 2015, the Company recognized interest income for a total amount of EUR 460.6 million (2014: EUR 521.4 million) from Allianz SE and EUR 98.6 million (2014: EUR 98.6 million) from other group companies and paid a guarantee commission regarding the bearer bonds to Allianz SE of EUR 28.9 million (2014: EUR 31.0 million).

As at 31 December 2015, the Company has a cash pool arrangement with Allianz SE, Munich, Germany of EUR 2.1 million (31 December 2014: EUR 10.1 million).

For the management support the Company has a service contract with Allianz Europe B.V., Amsterdam, Netherlands. During the year 2015, the Company paid a management fee of EUR 0.1 million (2014: EUR 0.1 million).

21 Personnel

The Company did not employ any personnel during the year 2015 (2014: nil). No remuneration was paid to the Management Board or Supervisory Board during the year 2015 (2014: nil).

22 Contingencies

As at 31 December 2015 and 2014, there are no contingencies to report.

Amsterdam, 3 March 2016

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

Other information

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

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

Appropriation of result 2014

On 18 March 2015, the General Meeting of Shareholders decided to add the profit for the year 2014 to the reserves.

Proposed appropriation of result 2015

Subject to shareholders' approval, management proposes to add the profit for the year 2015 to the reserves. In the financial statements the profit for the year 2015 is included under unappropriated result in equity.

Subsequent events

There have been no events of material financial consequences subsequent to the close of the financial year under review.

Independent auditor's report

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

Independent auditor's report

To: the General Meeting and the Supervisory Board of Allianz Finance II B.V.

Report on the audit of the annual financial statements 2015

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 2015, and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code.

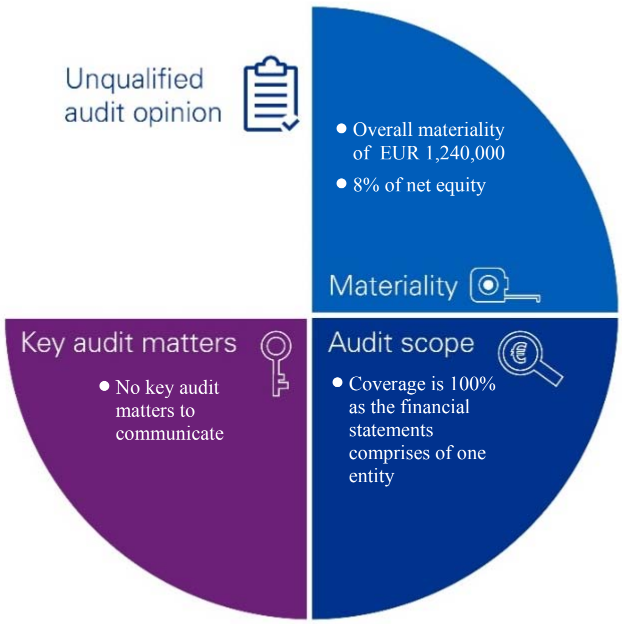
What we have audited
We have audited the financial statements 2015 of Allianz Finance II B.V., based in Amsterdam. The financial statements comprise:

1 the statement of financial position as at 31 December 2015;
2 the following statements for 2015: the statements of comprehensive income, changes in equity and cash flows; and
3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.
We are independent of Allianz Finance II B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary



Materiality

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

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 1,240,000 (2014: EUR 898,400). The materiality is determined with reference to net equity (8%). We consider net equity as the most appropriate benchmark given the nature of the business and the size of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of EUR 62,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management Board and Supervisory Board for the financial statements
The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and 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. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

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

Our responsibilities for the audit of financial statements
Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.
We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Board.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.
We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period. We have not identified any key audit matters.

Report on other legal and regulatory requirements

Report on the Report of the Management Board and the other information

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

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

Engagement

We were engaged by the General Meeting of Shareholders before 2003 for the first time as auditor of Allianz Finance II B.V. and have operated as auditor since then. On 18 March 2015 we were re-appointed by the General Meeting of Shareholders for the year 2015. We will no longer act as auditor of Allianz Finance II B.V. as of the financial reporting year 2016.

Amstelveen, 3 March 2016

KPMG Accountants N.V.

R.W.G. van Teeffelen RA