

Allianz Finance II B.V.

Financial statements
for the year 2012

This report was adopted in the General Meeting
of Shareholders dated 22 April 2013.

2012 Allianz Finance II BV 12APR2013.docx

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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 2012 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, 12 April 2013

Supervisory Board:

M. Diekmann, Chairman

M. Zimmerer

S.J. Theissing

Report of the Management Board

General

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

The principal activity of Allianz Finance II B.V. is to issue bonds on behalf of and under a guarantee by its parent company, Allianz SE. Cash collected through a bond issue is loaned in full to Allianz SE or, if agreed so, to another entity within the Allianz Group. From this activity a profit after taxation of EUR 3.3 million was realised in 2012 (2011: EUR 2.2 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 Allianz Europe B.V., and is located in Amsterdam.

During the financial year 2012 the following major events occurred:

- On 14 February 2012, the Company issued 3.50% Fixed Rate Notes in the amount of EUR 1.5 billion guaranteed by Allianz SE. The maturity date of the notes is 14 February 2022. The proceeds were loaned in full to Allianz SE.
- The Company called for redemption in whole of an outstanding bond with a nominal amount of EUR 2.0 billion effective 31 May 2012 in accordance with the terms and conditions of the bond. On the same date, the corresponding loan to a group company was redeemed.
- On maturity date 29 November 2012 an outstanding senior bond of nominal EUR 0.9 billion and a corresponding loan issued to Allianz SE were repaid.

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

- the financial statements 2012 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 2013

On 6 March 2013 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.

Allianz Finance II B.V.

On 13 March 2013 the Company issued approximately EUR 2.1 billion senior bonds guaranteed by Allianz SE, divided in EUR 0.5 billion 1.375% Fixed Rate Notes with maturity date 13 March 2018, EUR 0.75 billion 3.0% Fixed Rate Notes with maturity date 13 March 2028 and GBP 0.75 billion 4.5% Fixed Rate Notes with maturity date 13 March 2043. The proceeds were fully loaned to Allianz group companies.

Amsterdam, 12 April 2013

Management Board:

Dr. S.M. Höchendorfer-Ziegler

C. Bunschoten

J.C.M. Zarnitz

Statement of financial position as at 31 December 2012

		2012		2011
		EUR 1,000	EUR 1,000	EUR 1,000
Non-current assets				
Loans to group companies	6	10,161,651		12,139,664
Deferred tax assets	7	44		57
			10,161,695	12,139,721
Current assets				
Loans to group companies	6	1,499,666		899,344
Income tax receivable	12	–		115
Other receivables	8	395,139		421,789
Cash and cash equivalents	9	17		41
			1,894,822	1,321,289
			12,056,517	13,461,010
Equity				
	10			
Issued capital		2,000		2,000
Retained earnings		4,836		1,532
			6,836	3,532
Non-current liabilities				
	11			
Bearer bonds			9,661,828	11,639,884
Registered note			500,000	500,000
Current liabilities				
Bearer bonds	11	1,499,667		899,351
Income tax payable	12	87		–
Other liabilities	13	388,099		418,243
			1,887,853	1,317,594
Total liabilities			12,049,681	13,457,478
Total equity and liabilities			12,056,517	13,461,010

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

Statement of comprehensive income for the year 2012

		2012		2011	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Interest income and similar income	15	716,323		717,897	
Financial income			716,323		717,897
Interest expense and similar expenses	16	(678,689)		(682,993)	
Other financial expenses	17	(32,929)		(31,581)	
Financial expenses			(711,618)		(714,574)
Net financial income			4,705		3,323
Operating expenses	18		(313)		(398)
Profit before tax			4,392		2,925
Income tax expense	19		(1,088)		(723)
Profit for the year			3,304		2,202
Other comprehensive income			—		—
Total comprehensive income for the year			3,304		2,202
Total comprehensive income attributable to the owners of the Company			3,304		2,202

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

Statement of changes in equity for the year 2012

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 2011	2,000	4,330	6,330
Dividend paid as at 28 December 2011	–	(5,000)	(5,000)
Total comprehensive income	–	2,202	2,202
As at 31 December 2011	2,000	1,532	3,532
As at 1 January 2012	2,000	1,532	3,532
Total comprehensive income	–	3,304	3,304
As at 31 December 2012	2,000	4,836	6,836

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

Statement of cash flows for the year 2012

		2012 EUR 1,000	2011 EUR 1,000
Cash flow from operating activities			
Cash paid to creditors	13	(322)	(382)
Income taxes paid	12	(874)	(843)
Change in cash pool	8	(3,257)	2,369
		<hr/>	<hr/>
		(4,453)	1,144
Cash flow from investing activities		–	–
Cash flow from financing activities			
Bonds and private placements issued	11	1,509,825	2,485,100
Bonds redeemed	11	(2,900,000)	(348,214)
Loans granted to group companies	6	(1,509,825)	(2,485,100)
Loans repaid by group companies	6	2,900,000	348,214
Interest bonds paid	16	(695,066)	(599,942)
Interest received	15	732,248	632,411
Guarantee fees	17	(32,753)	(28,606)
Dividend paid	10	–	(5,000)
		<hr/>	<hr/>
		4,429	(1,137)
Net (decrease)/increase in cash and cash equivalents		<hr/>	<hr/>
		(24)	7
Cash and cash equivalents at 1 January		41	37
Effect of exchange rate fluctuations on cash held		–	(3)
		<hr/>	<hr/>
Cash and cash equivalents as at 31 December	9	<hr/> <hr/> 17	<hr/> <hr/> 41

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

Notes to the financial statements for the year 2012

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 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 12 April 2013.

b) Basis of measurement

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

c) Functional and presentation currency

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

d) Use of estimates and judgements

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

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

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

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

3 Significant accounting policies

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

a) Foreign currency transactions

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

b) Non-derivative financial instruments

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

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

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

Loans to group companies and 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 not yet effective for the year ended 31 December 2012. Those newly issued standards and/or interpretations do not have an impact on the Company's financial statements.

4 Determination of fair values

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

a) 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:

- a) Credit risk.
- b) Liquidity risk.
- c) Market risk.

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

a) Credit risk

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

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

b) Liquidity risk

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

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

c) Market risk

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

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

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

6 Loans to group companies

This item relates to interest bearing loans to group companies with a carrying amount of EUR 11.7 billion as at 31 December 2012 (2011: EUR 13.0 billion). The interest bearing loans have stated interest rates of 1.50% to 6.78% (2011: 4.28% to 6.78%).

During the year 2012, one loan with a notional amount of EUR 1.5 billion and one loan with a notional amount of EUR 24 million were issued within the Allianz Group; one loan with a notional amount of EUR 2.0 billion and one loan with a notional amount of EUR 0.9 billion were repaid within the Allianz Group.

As at 31 December 2012, two perpetual loans are outstanding. The non-perpetual loans have scheduled redemption from 2014 to 2041.

7 Deferred tax assets and liabilities

For the year 2011, deferred tax assets and liabilities are attributable to the following:

	Balance as at 1 Jan. 2011 EUR 1,000	Recognised in income EUR 1,000	Balance as at 31 Dec. 2011 EUR 1,000
Loans to group companies	1,472	(401)	1,071
Bearer bonds	(1,394)	380	(1,014)
	<u>78</u>	<u>(21)</u>	<u>57</u>

For the year 2012, deferred tax assets and liabilities are attributable to the following:

	Balance as at 1 Jan. 2012 EUR 1,000	Recognised in income EUR 1,000	Balance as at 31 Dec. 2012 EUR 1,000
Loans to group companies	1,071	(299)	772
Bearer bonds	(1,014)	286	(728)
	<u>57</u>	<u>(13)</u>	<u>44</u>

8 Other receivables

This item mainly relates to accrued interest on loans to group companies of EUR 390.6 million (2011: EUR 420.5 million).

9 Cash and cash equivalents

Cash and cash equivalents are unencumbered.

10 Equity

As at 31 December 2012, the authorised share capital comprised 5,000 (2011: 5,000) ordinary shares with a nominal value of EUR 1,000 each and the issued share capital comprised 2,000 (2011: 2,000) ordinary shares with a nominal value of EUR 1,000 each.

11 Non-current liabilities

The table below provides information about the contractual terms of the Company's bearer bonds. As at 31 December 2012, the Company has 9 bearer bonds with a nominal amount of EUR 11.2 billion outstanding (31 December 2011: 9 bearer bonds with a nominal amount of EUR 12.6 billion). EUR 1.5 billion (31 December 2011: EUR 0.9 billion) is due within one year (reported as current liabilities).

In addition a registered note for an amount of EUR 0.5 billion is outstanding as at 31 December 2012 (31 December 2011: EUR 0.5 billion) with a scheduled maturity date of July 2041 and an interest rate of 6.27%.

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

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Bearer bonds

Bearer bonds can be specified as follows:

Number of bonds	Issue currency	Nominal amount EUR 1,000	Interest rate %	Date of issuance	Redemption date	Issue price %	Repayment rate %	Amount as at 31 Dec. 2012 EUR 1,000	Amount as at 31 Dec. 2011 EUR 1,000
9 ¹⁾	EUR	2,000,000	6.125	31-05-2002	31-05-2022	100.00	100.00	–	1,999,416
10B ²⁾	EUR	900,000	5.625	29-11-2002	29-11-2012	99.70	100.00	–	899,351
15 ³⁾	EUR	1,000,000	6.500	13-12-2002	13-01-2025	99.27	100.00	997,254	995,905
18 ⁴⁾	EUR	1,400,000	4.375	17-12-2005	–	98.92	100.00	1,390,702	1,388,456
19 ⁵⁾	EUR	800,000	5.375	03-03-2006	–	98.00	100.00	800,000	800,000
20	EUR	1,500,000	4.000	23-11-2006	23-11-2016	98.73	100.00	1,491,927	1,489,857
22	EUR	1,500,000	5.000	06-03-2008	06-03-2013	99.42	100.00	1,499,667	1,497,792
23	EUR	1,500,000	4.750	22-07-2009	22-07-2019	98.81	100.00	1,484,536	1,482,186
24 ⁶⁾	EUR	2,000,000	5.750	08-03-2011	08-07-2041	99.66	100.00	1,987,713	1,986,272
26	EUR	1,500,000	3.500	14-02-2012	14-02-2022	99.26	100.00	1,485,696	–
27	EUR	24,000	1.212	29-08-2012	29-08-2014	100.00	100.00	24,000	–
								11,161,495	12,539,235
Current liabilities (bond 22 resp. 10B)								(1,499,667)	(899,351)
Non-Current liabilities								9,661,828	11,639,884

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

- 1) On 31 May 2012, the subordinated bond of EUR 2.0 billion has been redeemed.
- 2) On 29 November 2012, the senior bond of EUR 0.9 billion has been redeemed.
- 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%. 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.

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- 4) The annual interest rate of 4.375% is fixed until 17 February 2017. After this date, it becomes variable at a rate equal to the EURIBOR three-month euro deposits plus 1.73%. The bonds 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.
- 5) 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.
- 6) The annual interest rate of 5.75% is fixed until 8 July 2021. After this date, it becomes variable at a rate equal to EURIBOR three-month euro deposits plus 3.349% per annum. The scheduled maturity date of the bonds is 8 July 2041, unless called earlier.

12 Income tax payable

2011

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

	Balance as at 1 Jan. 2011	Corporation tax (paid)/ received in 2011	Calculated corporation tax in 2011	Late interest/ discount corporation tax	Adjustments corporation tax prior years	Balance as at 31 Dec. 2011
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
2009	(1)	(29)	–	1	–	(29)
2010	27	–	–	–	–	27
2011	–	(806)	702	(9)	–	(113)
	<u>26</u>	<u>(835)</u>	<u>702</u>	<u>(8)</u>	<u>–</u>	<u>(115)</u>

2012

	Balance as at 1 Jan. 2012	Corporation tax (paid)/ received in 2012	Calculated corporation tax in 2012	Late interest/ discount corporation tax	Adjustments corporation tax prior years	Balance as at 31 Dec. 2012
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
2009	(29)	–	–	–	–	(29)
2010	27	(28)	–	1	–	–
2011	(113)	–	–	–	–	(113)
2012	–	(837)	1,076	(10)	–	229
	<u>(115)</u>	<u>(865)</u>	<u>1,076</u>	<u>(9)</u>	<u>–</u>	<u>87</u>

13 Other liabilities

This item can be specified as follows:

	31 Dec. 2012 EUR 1,000	31 Dec. 2011 EUR 1,000
Accrued interest bonds	369,406	399,717
Guarantee fees	18,651	18,475
Accrued expenses other	42	51
	<u>388,099</u>	<u>418,243</u>

14 Financial instruments

Exposure to credit risks, interest rate risks and currency risks is mainly arising in the course of the Company's business from the issuing of bonds. These terms are described in note 5. 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 or to group companies.

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. 2012 EUR 1,000	Fair value 31 Dec. 2012 EUR 1,000	Carrying amount 31 Dec. 2011 EUR 1,000	Fair value 31 Dec. 2011 EUR 1,000
Bearer bonds and registered note	(11,661,495)	(12,891,310)	(13,039,235)	(12,625,528)

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:

	2012 EUR 1,000	2011 EUR 1,000
Interest loans to group companies	716,294	717,830
Other interest income	29	67
	716,323	717,897

16 Interest expense and similar expenses

This item can be specified as follows:

	2012 EUR 1,000	2011 EUR 1,000
Interest bearer bonds and registered note	<u>678,689</u>	<u>682,993</u>

17 Other financial expenses

This item mainly relates to guarantee commission concerning bearer bonds.

18 Operating expenses

This item can be specified as follows:

	2012 EUR 1,000	2011 EUR 1,000
Management fee	121	94
Audit fees	125	109
Legal and tax fees	59	174
Other operating expenses	8	21
	<u>313</u>	<u>398</u>

19 Income tax expense

	2012 EUR 1,000	2011 EUR 1,000
Current tax expense		
Current year	1,075	702
Deferred tax expense		
Due to temporary differences carrying amount vs. tax base	13	21
	<u>13</u>	<u>21</u>
	<u>1,088</u>	<u>723</u>

Reconciliation of effective tax rate

	2012		2011	
	%	EUR 1,000	%	EUR 1,000
Result before taxation		4,392		2,925
Taxable profit		4,392		2,925
Corporation tax for the year		1,088		723
Effective tax rate	24.8	1,088	24.7	723

20 Related parties

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

As at 31 December 2012, the total amount lent to Allianz SE and other group companies is EUR 8.7 billion (31 December 2011: EUR 7.0 billion) and EUR 3.0 billion (31 December 2011: EUR 6.0 billion), respectively.

For the year 2012, the Company recognized interest for a total amount of EUR 459.9 million (2011: EUR 381.5 million) from Allianz SE and EUR 256.4 million (2011: EUR 336.3 million) from other group companies.

As at 31 December 2012, the Company has a cash pool arrangement with Allianz SE, Munich, Germany of EUR 4.6 million (31 December 2011: EUR 1.3 million).

For the management support the Company has a service contract with Allianz Europe B.V., Amsterdam, Netherlands. During the year 2012, the Company paid a management fee of EUR 0.1 million (2011: EUR 0.1 million).

21 Personnel

The Company did not employ any personnel during the year 2012 (2011: nil).

No remuneration was paid to the Management Board or Supervisory Board during the year 2012 (2011: nil).

22 Contingencies

As at 31 December 2012 and 2011, there are no contingencies to report.

Amsterdam, 12 April 2013

Management Board:

Supervisory Board:

Dr. S.M. Höchendorfer-Ziegler

M. Diekmann, Chairman

C. Bunschoten

M. Zimmerer

J.C.M. Zarnitz

S.J. Theissing

Other information

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

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

Proposal for profit appropriation

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2012 profit after tax: an amount of EUR 3.3 million to be added to the retained earnings.

Subsequent events

On 6 March 2013, 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.

On 13 March 2013, the Company issued approximately EUR 2.1 billion senior bonds guaranteed by Allianz SE, divided in EUR 0.5 billion 1.375% Fixed Rate Notes with maturity date 13 March 2018, EUR 0.75 billion 3.0% Fixed Rate Notes with maturity date 13 March 2028 and GBP 0.75 billion 4.5% Fixed Rate Notes with maturity date 13 March 2043. The proceeds were fully loaned to Allianz group companies

Independent auditor's report

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

Independent auditor's report

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

Report on the financial statements

We have audited the accompanying financial statements 2012 of Allianz Finance II B.V., Amsterdam, which comprise the statement of financial position as at 31 December 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these 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. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 Company'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 2012 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 requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, 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 this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the Report of the Management Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 12 April 2013

KPMG Accountants N.V.

R.W.G. van Teeffelen RA