Consolidated Financial Statements

For the year ended December 31, 2015

Preliminary version, unaudited financial statements

EULER HERMES
Business insured. Success ensured.

A company of Allianz

Pursuant to Article 28-1 section 5 of (EC) Regulation 809/2004 of the European Commission of April 29, 2004, the Group's consolidated financial statements for the year ending December 31, 2014 (established in accordance with IFRS including comparative data for fiscal 2013 under the same standards) and for the year ending December 31, 2013 (established in accordance with IFRS including comparative data for fiscal 2012 under the same standards) and the related report of the Statutory Auditors are included by reference in this Registration Document. They appear on pages 131 to 210 of the Registration Document of the Company for financial year 2014, as registered by the AMF on March 27, 2015 under no. D. 15-0213 and on pages 123 to 199 of the Registration Document of the Company for financial year 2013, as registered by the AMF on April 30, 2014 under no. D. 14-0469.

Consolidated statement of other comprehensive income

Consolidated statement of financial position

(in € thousands)	Notes	December 31, 2015	December 31, 2014
Goodwill	3	114 852	108 389
Other intangible assets	4	118 728	112 502
Intangible assets		**233 580**	**220 891**
Investment property	5	78 974	75 369
Financial investments	6	4 018 454	3 894 626
Derivatives		15 469	19 011
Investments		**4 112 897**	**3 989 006**
Investments accounted for at the equity method	7	**193 292**	**199 428**
Share of assignees and reinsurers in the technical reserves and financial liabilities	19	**662 811**	**564 279**
Operating property and other property, plant and equipment	5-8	45 124	48 602
Acquisition costs capitalised		76 131	67 753
Deferred tax assets	9	10 564	23 653
Inwards insurance and reinsurance receivables	10	605 041	592 788
Outwards reinsurance receivables	10	21 793	12 082
Corporation tax receivables		20 414	19 811
Other receivables	11	232 318	228 100
Asset classifed as Held for sale	12	37 247	60 670
Other assets		**1 048 632**	**1 053 459**
Cash	13	345 414	332 624
TOTAL ASSETS		**6 596 626**	**6 359 687**
Capital stock		14 510	14 510
Additional paid-in capital		465 007	465 007
Reserves		1 856 619	1 712 679
Net income, group share		302 476	302 060
Revaluation reserve	14	65 772	99 242
Foreign exchange translation		11 037	(12 973)
Shareholders' equity, Group share		**2 715 421**	**2 580 525**
Non controlling interests	15	61 807	62 142
Total shareholders' equity		**2 777 228**	**2 642 667**
Provisions for risks and charges		**365 032**	**383 651**
Bank borrowings		252 242	284 159
Other borrowings		-	-
Borrowings	18	**252 242**	**284 159**
Non-life technical reserves	19	2 387 556	2 177 246
Liabilities related to contracts		**2 387 556**	**2 177 246**
Deferred tax liabilities	9	154 571	163 063
Inwards insurance and reinsurance liabilities	20	219 156	226 992
Outwards reinsurance liabilities	20	107 810	131 477
Corporation tax payables		18 395	60 658
Other payables	21	299 650	289 774
Liabilities classifed as Held for sale	12	14 986	-
Other liabilities		**814 568**	**871 964**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6 596 626**	**6 359 687**

Consolidated income statement

(in € thousands except for the earnings per share)

	Notes	December 31, 2015	December 31, 2014
Premiums written		2 372 473	2 270 416
Premiums refunded		(132 305)	(111 513)
Change in unearned premiums		(34 724)	(32 992)
Earned premiums		**2 205 444**	**2 125 911**
Service revenues		432 931	401 101
Turnover	21	**2 638 375**	**2 527 012**
Investment income		80 613	81 117
Investment management charges		(11 456)	(9 012)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		35 447	21 108
Change in fair value of investments recognised at fair value through profit or loss		(3 892)	210
Change in investment impairment provisions		(48)	(2 984)
Net change in foreign currency		15 679	(5 357)
Net investment income	23	**116 343**	**85 082**
Insurance services expenses		**(1 147 540)**	**(998 671)**
Outwards reinsurance income		555 939	498 812
Outwards reinsurance expenses		(656 407)	(643 876)
Net outwards reinsurance income or expenses	22	**(100 468)**	**(145 064)**
Contract acquisition expenses		**(478 040)**	**(452 940)**
Administration expenses		**(219 261)**	**(207 943)**
Other ordinary operating income	25	**18 601**	**23 595**
Other ordinary operating expenses	25	**(410 226)**	**(394 902)**
CURRENT OPERATING INCOME	22	**417 784**	**436 169**
Other non ordinary operating expenses	26	(4 887)	(24 726)
Other non ordinary operating income	26	4 461	1 682
OPERATING INCOME		**417 358**	**413 125**
Financing expenses		(8 352)	(8 347)
Share of Income from companies accounted for at the equity method	7	18 703	15 718
Corporation tax	27	(123 537)	(116 396)
CONSOLIDATED NET INCOME		**304 172**	**304 100**
o/w			
NET INCOME, GROUP SHARE		**302 476**	**302 060**
Non controlling interests		1 696	2 040
Earnings per share (in euros)	28	**6,85**	**6,86**
Diluted earnings per share (in euros)	28	**6,85**	**6,86**
Earnings per share of continuing activities (in euros)		**6,85**	**6,86**
Diluted earnings per share of continuing acitivies (in euros)		**6,85**	**6,86**

Consolidated statement of other comprehensive income

(in € thousands)

	December 31, 2015	December 31, 2014
NET INCOME, GROUP SHARE	**302 476**	**302 060**
Net income, Non controlling interests	1 695	2 040
Actuarial gains and losses on defined benefit plans net of tax	16 512	(49 723)
Other comprehensive income - Items that may never be reclassified to profit and loss	**16 512**	**(49 723)**
Available-for-sale investments - Reclassification to net income	(31 963)	(20 361)
Tax impact	7 066	5 211
Available-for-sale investments - Changes arising during the period	(19 236)	63 945
Tax impact	5 641	(16 313)
Available-for-sale investments - Miscellanous	-	-
Foreign currency translation adjustments	29 030	35 876
Other comprehensive income - Items that may be reclassified to profit and loss in future periods	**(9 462)**	**68 358**
Other comprehensive income - Non controlling interests share net of tax	59	45
Total comprehensive income	**311 280**	**322 780**
Total comprehensive income, Group share	309 526	320 695
Total comprehensive income, Non controlling interests	1 754	2 085

Consolidated statement of cash flows

(in € thousands)	Notes	December 31, 2015	December 31, 2014
Net income, Group share		**302 476**	**302 060**
Corporation tax		123 537	116 396
Financing expense		8 352	8 347
Minority interests		1 696	2 040
Income (loss) of companies accounted for at the equity method	**7**	(18 703)	(15 718)
Operating income before tax		**417 358**	**413 125**
Allocation to and writebacks of depreciation, amortization and reserves		54 458	82 123
Change in technical reserves		71 075	54 034
Change in deferred acquisition costs		(4 528)	(5 228)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		(2 295)	(1 609)
Realised capital gains/(losses) net of writebacks		(35 758)	(21 471)
Unrealised foreign exchange gain (loss) in company accounts		6 012	11 719
Interest revenues received accrued		3 744	1 929
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		**92 708**	**121 497**
Dividends received from companies accounted for at the equity method	**7**	21 774	10 414
Change in liabilities and receivables relating to insurance and reinsurance transactions		(41 304)	59 914
Change in operating receivables and liabilities		(22 869)	(2 835)
Change in other assets and liabilities		(1 528)	(13 487)
Corporation tax		(147 825)	(181 854)
Cash flow related to operating activities		**(191 752)**	**(127 848)**
CASH FLOW FROM OPERATING ACTIVITIES		**318 314**	**406 774**
Acquisitions of subsidiaries and joint ventures, net of acquired cash		-	(4 667)
Disposals of subsidiaries and joint ventures, net of ceded cash		-	-
Acquisitions of equity interests in companies accounted for at the equity method	**7**	-	-
Disposals of equity method investments		-	-
Merger		-	25
Cash flow linked to changes in the consolidation scope		**-**	**(4 642)**
Disposals of AFS securities		929 673	1 063 955
Matured HTM securities		63	-
Disposals of investment properties		18	165
Disposals of securities held for trading		12 129	2 630
Cash flow linked to disposals and redemptions of investments		**941 883**	**1 066 750**
Acquisitions of AFS securities		(1 140 366)	(1 197 437)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	**5**	(6 021)	(16 832)
Acquisitions of trading securities		(6 489)	(5 900)
Cash flow linked to acquisitions of investments		**(1 152 876)**	**(1 220 169)**
Disposals of other investments and intangible assets (1)		2 667 923	2 733 714
Acquisitions of other investments and intangible assets (1)		(2 607 873)	(2 757 258)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		**60 050**	**(23 544)**
Disposal of Assets classified as Held for sale		60 517	-
Acquisition of Assets classified as Held for sale		(2 027)	-
Cash flow linked to acquisitions and disposals of Assets classified as Held for sale		**58 490**	**-**
CASH FLOW FROM INVESTING ACTIVITIES		**(92 453)**	**(181 605)**

(1) These amounts are mainly composed of short-term cash operations.

Consolidated statement of cash flows

(in € thousands)	Notes	December 31, 2015	December 31, 2014
Increases and decreases in capital		-	-
Change in treasury stock		19 920	(18 041)
Dividends paid		(196 637)	(189 372)
Cash flow linked to transactions with the shareholders		**(176 717)**	**(207 413)**
Changes in loans and subordinated securities		(29 989)	22 682
Issue		*110 010*	*22 682*
Repayment		*(139 999)*	-
Interest paid		(9 636)	(8 263)
Cash flow from Group financing		**(39 625)**	**14 419**
CASH FLOW FROM FINANCING ACTIVITIES		**(216 342)**	**(192 994)**
Impact of foreign exchange differences on cash and cash equivalents		3 597	(130)
Reclassification		(326)	-
Other cash flows linked to restructuring operations		-	(1 261)
OTHER NET CHANGES IN CASH		**3 271**	**(1 391)**
Change in cash flows		**12 790**	**30 784**
Change in cash and cash equivalents		**12 790**	**30 784**
Cash and cash equivalents at begining of period	**13**	**332 624**	**301 840**
Cash and cash equivalents at end of period	**13**	**345 414**	**332 624**

During 2015, the cash position increased by €12,790 thousand.

- Cash flow from operating activities decreased by €88.5 million in 2015 from €406.8 million at the end of December 2014 to €318.3 million at the end of December 2015, mainly due to deterioration of flows related to insurance and reinsurance operations for €101.2 million and the deterioration of flows related to change in operating receivables and payables for €20 million, mitigated by less outflows related to corporate tax paid for €34 million.

- Investment activities contributed to cash outflows for €92.5 million at the end of December 2015 against €181.6 million at the end of December 2014, mainly due to new investments net from disposals in AFS securities for €210.7 million in 2015 against €133.5 million in 2014, less net investment in real estate (€6 million in 2015 against €16.7 million in 2014), and the disposal of assets held for sale for €58.5 million.

- Cash outflows from the financing activities increased from €193 million in 2014 to €216.3 million in 2015. They are mainly related to the payment of dividends (€196.6 million in 2015 against €189.4 million in 2014) and the refund of a loan for €30 million.

Consolidated statement of changes in equity

For the year 2015

(in € thousands)	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity	**14 510**	**465 007**	**2 092 254**	**99 242**	**(12 973)**	**(77 515)**	**2 580 525**	**62 142**	**2 642 667**
Available-for-sale assets (AFS)									
Measurement gain / (loss) taken to shareholders' equity	-	-	-	(13 595)	-	-	**(13 595)**	-	**(13 595)**
Impact of transferring realised gains and losses to income statement	-	-	-	(24 897)	-	-	**(24 897)**	-	**(24 897)**
Actuarial gain / (loss) on defined benefit plans	-	-	16 512	-	-	-	**16 512**	(16)	**16 496**
Impact of translation differences	-	-	-	5 021	24 009	-	**29 030**	75	**29 105**
Components of other comprehensive income net of tax	**-**	**-**	**16 512**	**(33 471)**	**24 009**	**-**	**7 050**	**59**	**7 109**
Net income for the year	**-**	**-**	**302 476**	**-**	**-**	**-**	**302 476**	**1 695**	**304 171**
Comprehensive income of the period	**-**	**-**	**318 988**	**(33 471)**	**24 009**	**-**	**309 526**	**1 754**	**311 280**
Capital movements	-	-	-	-	-	19 461	**19 461**	-	**19 461**
Dividend distributions	-	-	(194 547)	-	-	-	**(194 547)**	(2 089)	**(196 636)**
Cancellation of gains/losses on treasury shares	-	-	-	-	-	459	**459**	-	**459**
Other movements	-	-	(6)	1	1	1	**(3)**	-	**(3)**
Closing Shareholders' equity	**14 510**	**465 007**	**2 216 689**	**65 772**	**11 037**	**(57 594)**	**2 715 421**	**61 807**	**2 777 228**

For the year 2014

(in € thousands)	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity	**14 510**	**465 007**	**2 024 004**	**63 566**	**(45 743)**	**(59 474)**	**2 461 870**	**66 582**	**2 528 452**
Available-for-sale assets (AFS)									
Measurement gain / (loss) taken to shareholders' equity	-	-	-	47 632	-	-	**47 632**	-	**47 632**
Impact of transferring realised gains and losses to income statement	-	-	-	(15 150)	-	-	**(15 150)**	-	**(15 150)**
Actuarial gain / (loss) on defined benefit plans	-	-	(49 723)	-	-	-	**(49 723)**	(61)	**(49 784)**
Impact of translation differences	-	-	-	3 106	32 770	-	**35 876**	106	**35 982**
Components of other comprehensive income net of tax	**-**	**-**	**(49 723)**	**35 588**	**32 770**	**-**	**18 635**	**45**	**18 680**
Net income for the year	**-**	**-**	**302 060**	**-**	**-**	**-**	**302 060**	**2 040**	**304 100**
Comprehensive income of the period	**-**	**-**	**252 337**	**35 588**	**32 770**	**-**	**320 695**	**2 085**	**322 780**
Capital movements	-	-	-	-	-	(17 504)	**(17 504)**	-	**(17 504)**
Dividend distributions	-	-	(184 826)	-	-	-	**(184 826)**	(4 546)	**(189 372)**
Cancellation of gains/losses on treasury shares	-	-	-	-	-	(537)	**(537)**	-	**(537)**
Transaction between shareholders	-	-	729	88	-	-	**817**	(1 979)	**(1 162)**
Other movements	-	-	10	-	-	-	**10**	-	**10**
Closing Shareholders' equity	**14 510**	**465 007**	**2 092 254**	**99 242**	**(12 973)**	**(77 515)**	**2 580 525**	**62 142**	**2 642 667**

As at December 31, 2015, the share capital of Euler Hermes Group consisted of 45,342,177 fully paid-up shares. At the same date Euler Hermes Group holds 1,124,387 treasury shares.

In accordance with IAS 39, available-for-sale (AFS) investments were revaluated at market value with the resulting gain or loss being taken directly to the revaluation reserve with no impact on the consolidated income statement. During the year, the increase in the revaluation reserve totalled €33,469 thousand net of taxes.

The increase in translation reserves by €24,009 thousand during the exercise relates mainly to the US dollar for an impact of €19,801 thousand, the British pound for €3,392 thousand, the Hong Kong dollar for €2,991 thousand, the Singapore dollar for €1,004 thousand and the Brazilian real for €-2,056 thousand.

The non-controlling interests are down by €335 thousand. This is mainly due to the net result for the period for €1,695 thousand and the payment of dividend for €-2,089 thousand.

Notes to the consolidated financial statement

Note 1 Significant events

Share capital and in share ownership

As at December 31, 2015, the Allianz group owned 30,744,048 shares out of a total of 45,342,177 shares, corresponding to 67.8% of the share capital of Euler Hermes Group. Consequently, Euler Hermes Group is integrated into the Allianz consolidation scope.

As at December 31, 2015, Euler Hermes Group's share capital was composed of 45,342,177 shares, including 1,124,387 shares held in treasury stock.

The following significant events occurred in the year 2015:

Sale agreement of Bürgel group with CRIF

Euler Hermes AG and EOS, the international provider of financial services, have announced the signature of an agreement on December 18, 2015 with CRIF, a global company headquartered in Bologna, Italy, providing credit information services, credit and software solutions, for the share purchase of 100% of the Bürgel group. Euler Hermes AG holds respectively 50.1% and 50.4% of the companies Bürgel Wirtschaftsinformationen GmbH & Co. KG and Bürgel Wirtschaftsinformationen Verwaltungs-GmbH while EOS owns the other shares of these joint ventures. The share purchase agreement is subject to the standard conditions precedent. The closing of the deal is expected towards end of February 2016.

Following the signature of the share purchase agreement, the assets and liabilities of the Bürgel group have been classified as assets and liabilities held for sale.

Euler Hermes launches South Africa operations

Euler Hermes is launching services for the South African market, strengthening its presence on the African continent as well as growth markets overall.
Based in Johannesburg, Euler Hermes operations include a re-insurance agreement with Allianz Global Corporate & Specialty (AGCS) South Africa Limited. The collaboration combines Euler Hermes global market presence and trade credit expertise with AGCS's existing South African business relationships and in-depth knowledge of the local business community.

Euler Hermes France launches "EH Fraud Cover": a new insurance policy against company fraud risk

With expertise in credit insurance, collection and bonding, Euler Hermes decided to complement its line of products and services by providing companies with insurance against the risk of fraud and cyberfraud. This move is backed by the more than 30 years' experience and success of this business line in Germany, where Euler Hermes already has a portfolio of more than 7,000 policies. The Group therefore expects a rapid start-up of this activity in France, which will consolidate its position as the fraud insurance leader in Europe.

Distribution agreement between Arkéa Banque Entreprises et Institutionnels and Euler Hermes to secure company cash flow

On June 2015, Arkéa Banque Entreprises et Institutionnels, a subsidiary of Crédit Mutuel Arkéa, and Euler Hermes announced a distribution agreement to offer French companies a comprehensive line of services to address financing challenges and guarantee receivables in France and abroad. Through this new partnership, customers will benefit from an easier access to a complementary service that helps them to secure their cash flow and support their export growth.

Solunion, a Euler Hermes and MAPFRE JV, enlarges operations in Latin America

Solunion, the trade credit insurance joint venture created by Euler Hermes and MAPFRE, has formally launched operations in Panama in October. It is the seventh Latin American country in which Solunion operates, following launches in Uruguay and Peru earlier this year. Solunion offers Panamanian businesses, services and solutions to develop their trade safely both in the domestic market and internationally.

Euler Hermes launches trade credit insurance solution for US small businesses

Euler Hermes has become the US's first trade credit insurer to offer a customized product to protect micro and small businesses from the risk of not being paid by their customers. Euler Hermes has launched Simplicity, a new credit insurance policy designed to help small businesses mitigate their accounts receivable risk in a quick, simple and affordable manner, while at the same time maximizing business growth. Simplicity is designed specifically for businesses from $1 to $5 million in annual sales which are new comers into credit insurance.

Note 2 IFRS accounting and valuation rules

Euler Hermes Group is a company domiciled in France. The Headquarters of Euler Hermes Group are located 1, Place des Saisons 92048 Paris – La Défense Cedex. The consolidated financial statements as at December 31, 2015 include Euler Hermes Group and its subsidiaries (the whole designated as "the Group" and each subsidiary individually as "the entity of the Group") and the quota-share of the Group in its associated companies or joint ventures.

Euler Hermes Group is registered in RCS with the reference number 552 040 594.

The financial statements of the Group as at December 31, 2015 were approved by the Group Management Board of February 16, 2016 and presented to the Supervisory Board of February 17, 2016. They will be submitted for validation to the Shareholders' Meeting of May 25, 2016.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements published as at December 31, 2015 were prepared in accordance with IFRS as adopted by the European Union. International accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at December 31, 2014 as adopted by the European Union;
- Guidance provided in CNC recommendation no. 2013-R05 relating to the format of financial statements prepared by insurance firms under international accounting guidelines.

The financial statements are presented in euros, the functional currency, rounded to the nearest thousand. They have been prepared on a historical cost basis except for asset and liability items relating to insurance policies, which are measured in accordance with the methods already applied by the Group and for financial instruments measured at fair value (financial instruments at fair value through the consolidated income statement and available-for sale financial instruments). Non-current assets and groups of assets held with a view to being sold are measured at the lower of carrying amount and fair value less selling costs.

2.2. Changes in the accounting framework applicable to the Group in 2015

Standards, amendments and interpretations for which application is mandatory from January 1st, 2015 are the following ones:

- IFRIC 21, Levies

IFRIC 21, Levies was published on May 20, 2013 and were adopted by the European Union on June 13, 2014, with mandatory retrospective application from January 1st, 2015 at the latest.

With a view to the first-time application of this standard, the Group undertook an inventory of the levies imposed by the government or government bodies and the trigger event of its exigibility. The procedures performed did not identify any material impact of the first-time application of this standard.

No other new standard, amendment or interpretation with significant impact on the financial statements of the Group, is mandatory for the Group from January 1st, 2015.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective as of January 1st, 2015.

2.3. Consolidation scope

On February 17, 2015, Euler Hermes Group acquired all shares of Euler Hermes Tech stock for the amount of €10 million thus becoming the sole shareholder.
With the decision of February 24, 2015, the sole partner of Euler Hermes Tech decided to dissolve the company without liquidation via a universal transfer of assets and liabilities to the sole partner Euler Hermes Group. This operation, effective April 1, 2015, resulted in the transfer to Euler Hermes Group of all assets and liabilities of Euler Hermes Tech valued at March 31, 2015.

Shares held in Euler Hermes Gestion mutual fund have been fully redeemed by the French branch of Euler Hermes SA (NV) on October 2, 2015.

In the context of an internal restructuring to simplify the Group, Euler Hermes Group sold on October 12, 2015 the shares of Euler Hermes Services to Euler Hermes SA (NV) for €1.283 million.

NV Interpolis Kredietverzekeringen (IKV), 100% owned by Euler Hermes SA (NV) since December 22, 2014, transferred its remaining assets and liabilities to Euler Hermes SA (NV) Nederland Branch on November 1st, 2015 and the withdrawal of its insurance license was officially announced on November 19, 2015 by the National Bank of the Netherlands (DNB). The dissolution was made by the sole shareholder on December 16, 2015.

2.4. List of consolidated companies

French companies	Consolidation	December 31, 2015		December 31, 2014	
	Method	% control	% interest	% control	% interest
Euler Hermes Group SA [(1)] 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 552 040 594	Held by Allianz SA: 67,80%	Parent company		Parent company	
Bilan Services SNC 25, boulevard des Bouvets - 92000 Nanterre N°Siren : 333 192 631	Full	50,00	50,00	50,00	50,00
Euler Hermes Asset Management SA 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 422 728 956	Full	100,00	100,00	100,00	100,00
Euler Hermes Services SAS 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 414 960 377	Full	100,00	100,00	100,00	100,00
Euler Hermes Crédit France 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 388 236 853	Full	100,00	100,00	100,00	100,00
Euler Hermes Recouvrement France 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 388 238 026	Full	100,00	100,00	100,00	100,00
Euler Hermes Tech SAS 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 388 237 091	Liquidated in 2015 [(2)]			100,00	100,00
Euler Gestion 1, place des Saisons - 92048 Paris-La-Défense Cédex FR0007434980	Liquidated in 2015 [(3)]			100,00	100,00
Euler Hermes World Agency 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 487 550 907	Full	100,00	100,00	100,00	100,00
Gie Euler Hermes SFAC Services 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 393 302 708	Full	100,00	100,00	100,00	100,00
Financière Callisto 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 503 326 514	Full	100,00	100,00	100,00	100,00
Euler Hermes Real Estate 87 rue Richelieu 75002 Paris N°Siren : 488 480 567	Full	60,00	60,00	60,00	60,00
Financière Aldebaran 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 493 467 609	Full	100,00	100,00	100,00	100,00

[(1)] Proportion held is based on a total of 45 342 177 shares (before restatement of treasury shares).
[(2)] Dissolved after the universal equity transmission in Euler Hermes Group SA.
[(3)] Dissolved after total capital redemption from Euler Hermes SA (NV) France Branch.

Full: *Full Integration* ; **Proportional:** *Proportional Integration* ; **Equity:** Equity Method Accounting; **NC:** *Not consolidated*
NB: Percentages of control and interest are determined on the last day of the financial period.

Foreign companies	Country	Consolidation Method	December 31, 2015 % control	December 31, 2015 % interest	December 31, 2014 % control	December 31, 2014 % interest
Euler Hermes Australia Pty Ltd Level 9, Forecourt Building, 2 Market Street Sydney NSW 2000	Australia	Full	100,00	100,00	100,00	100,00
Acredia Versicherung AG Himmelpfortgasse 29 - 1010 Vienne	Austria	Equity	49,00	49,00	49,00	49,00
OeKB EH Beteiligungs- u. Manag Strauchgasse 1-3 - 1011 - Vienne	Austria	Equity	49,00	49,00	49,00	49,00
Euler Hermes SA (NV) Avenue des Arts, Kunstlaan 56 - 1000 Brussels - RC Bruxelles : 45 8033	Belgium	Full	100,00	100,00	100,00	100,00
Euler Hermes Services Belgium SA (NV) Avenue des Arts, Kunstlaan 56 - 1000 Brussels - RC Bruxelles : 45 8033	Belgium	Full	100,00	100,00	100,00	100,00
Euler Hermes Patrimonia 56, avenue des Arts, A - 1000 Bruxelles	Belgium	Full	100,00	100,00	100,00	100,00
Euler Hermes South Express SA Avenue du Port 86C, Box 204 - B - 1000 Bruxelles	Belgium	Full	100,00	100,00	100,00	100,00
Graydon Belgium (NV) Uibreidingstraat 84 Bus 1 - 2500 Berchem	Belgium	Equity	27,50	27,50	27,50	27,50
Euler Hermes Seguros de Crédito SA Av. Paulista, 2.421, 3º and. - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Full	100,00	100,00	100,00	100,00
Euler Hermes Serviços de Gestão de Riscos Ltda Av. Paulista, 2.421, 3º and. - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Full	100,00	100,00	100,00	100,00
Euler Hermes Services Bulgaria 82 Patriarch Evtimii Blvd. - 1463 Sofia	Bulgaria	Full	100,00	100,00	100,00	100,00
Euler Hermes Canada Services 1155, René-Lévesque Blvd West, suite 2810 - Montreal H3B 3Z7	Canada	Full	100,00	100,00	100,00	100,00
Euler Hermes information Consulting (Shanghai) Co., Ltd Unit 2103, Taiping Finance Tower, 488 Middle Yincheng Road, Pudong New Area, Shanghai, 200120, PRC	China	Full	100,00	100,00	100,00	100,00
Euler Hermes Service, Česká republika, s.r.o. Molakova 576/11, 186 00 Prague 8	Czech Republic	Full	100,00	100,00	100,00	100,00
Bürgel Wirtschaftsinformationen GmbH & Co. KG Gasstr.18 - D-22761 Hambourg	Germany	Full	50,10	50,10	50,10	50,10
Bürgel Wirtschaftsinformationen Verwaltungs-GmbH Gasstr.18 - D-22761 Hambourg	Germany	Full	50,40	50,40	50,40	50,40
Euler Hermes Rating Deutschland GmbH Friedensallee 254 - D-22763 Hambourg	Germany	Full	100,00	100,00	100,00	100,00
Euler Hermes Collections GmbH Zeppelin Str. 48 - DE-14471 - Potsdam	Germany	Full	100,00	100,00	100,00	100,00
Euler Hermes Aktiengesellschaft Friedensallee 254 D-22763 - Hambourg	Germany	Full	100,00	100,00	100,00	100,00
Euler Hermes Hellas Credit Insurance SA 16 Laodikias Street - 1-3 Nymfeou Street - 115 28 Athens	Greece	Full	100,00	100,00	100,00	100,00
Euler Hermes Emporiki Services Ltd 16 Laodikias Street - 1-3 Nymfeou Street - 115 28 Athens	Greece	Full	100,00	100,00	100,00	100,00
Euler Hermes Hong Kong Services Limited Suites 403-11, 4/F, Cityplaza 4 - 12 Taikoo Wen Road - Taikoo Shing, Hong Kong	Hong Kong	Full	100,00	100,00	100,00	100,00
Euler Hermes Magyar Követeléskezelő Kft. Kiscelli u.104 - 1037 Budapest	Hungary	Full	100,00	100,00	100,00	100,00
Euler Hermes Services India Private Limited 4th Floor, Voltas House - 23, J N Heredia Marg - Ballard Estate - Mumbai 400 001	India	Full	100,00	100,00	100,00	100,00
Euler Hermes Service Ireland Ltd Block 4, Blackrock Business Park, Craysfort Avenue, Blackrock, Co Dublin	Ireland	Full	100,00	100,00	100,00	100,00
Pimco Funds Ireland Styne House - Upper Hatch Street - Dublin 2	Ireland	Full	100,00	100,00	100,00	100,00
Israël Credit Insurance Company Ltd (ICIC) 2, Shenkar Street - 68010 Israël - Tel Aviv	Israel	Equity	50,00	50,00	50,00	50,00
Euler Hermes Services Italia SRL Via Raffaello Matarazzo,19 - 00139 Rome	Italy	Full	100,00	100,00	100,00	100,00
Euler Hermes Japan Services Ltd New Otani Garden Court 10F, 4-1 Kioi-cho, Chiyoda-ku - Tokyo 102-0094	Japan	Full	100,00	100,00	100,00	100,00
Euler Hermes Korea Non-life Broker Company Limited 51 JongRo-gu, JongRo - Seoul	Korea	Full	100,00	100,00	100,00	100,00
Euler Hermes Ré 19, rue de Bitbourg - L-2015 Luxembourg	Luxembourg	Full	100,00	100,00	100,00	100,00
Euler Hermes Luxembourg Holding SARL 37, rue d'Anvers - L.1130 Luxembourg	Luxembourg	Full	100,00	100,00	100,00	100,00
Euler Hermes Acmar 37, boulevard Abdellatif Ben Kaddour - 20050 Casablanca	Morocco	Full	55,00	55,00	55,00	55,00
Euler Hermes Acmar Services 37, boulevard Abdellatif Ben Kaddour - 20050 Casablanca	Morocco	Full	55,00	55,00	55,00	55,00

Full: *Full Integration* ; **Proportional:** *Proportional Integration* ; **Equity:** Equity Method Accounting; **NC:** *Not consolidated*

NB: Percentages of control and interest are determined on the last day of the financial period.

Notes to the consolidated financial statements

Euler Hermes Services BV	Netherlands	Full	100,00	100,00	100,00	100,00
Pettelaarpark 20 - Postbus 70571 - NL-5216 PD's-Hertogenbosch						
Graydon Creditfink BV	Netherlands	Equity	27,50	27,50	27,50	27,50
Hullenbergweg 260 - 1101 B.V. Amsterdam						
Graydon Holding NV	Netherlands	Equity	27,50	27,50	27,50	27,50
Hullenbergweg 260 - 1101 B.V. Amsterdam						
Graydon Nederland BV	Netherlands	Equity	27,50	27,50	27,50	27,50
Hullenbergweg 260 - 1101 B.V. Amsterdam						
Kisys Krediet Informatie Systemen BV	Netherlands	Equity	27,50	27,50	27,50	27,50
Hullenbergweg 270 - 1101 B.V. Amsterdam						
MarkSelect BV	Netherlands	Equity	27,50	27,50	27,50	27,50
Diemerhof 26 - Postbus 22969 - 1100 DL Amsterdam						
Interpolis Kredietverzekeringen NV	Netherlands	Liquidated in 2015 (4)			100,00	100,00
Pettelaarpark 20 - 5216 PD's Hertogenbosch						
Euler Hermes New Zealand Limited	New Zealand	Full	100,00	100,00	100,00	100,00
Level 1, Lumley Center, 152 Fanshawe Street, Auckland 1010						
Euler Hermes Collections Sp. z o.o.	Poland	Full	100,00	100,00	100,00	100,00
ul. Domaniewska 50B, 02-672 Warsaw						
Towarzystwo Ubezpieczen Euler Hermes SA	Poland	Full	100,00	100,00	100,00	100,00
ul. Domaniewska 50B, 02-672 Warsaw						
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k	Poland	Full	99,98	99,98	99,98	99,98
ul. Domaniewska 50B, 02-672 Warsaw						
Euler Hermes Services Sp. z.o.o.	Poland	Full	100,00	100,00	100,00	100,00
ul. Domaniewska 50B, 02-672 Warsaw						
Companhia de Seguro de Creditos S.A. (COSEC)	Portugal	Equity	50,00	50,00	50,00	50,00
Avenida de Republica, n°58 - 1069-057 Lisboa						
Euler Hermes Services Romania SRL	Romania	Full	100,00	100,00	100,00	100,00
6 Petru Maior street, Sector 1 - Bucarest 011264						
Ooo Euler Hermes Credit Management	Russia	Full	100,00	100,00	100,00	100,00
ul. Krymskij Val3, 2, Office 210 - 119049 Moscou						
LLC "IC" Euler Hermes RU	Russia	Full	100,00	100,00	100,00	100,00
8 Office C08, 4-th Dobryninskiy per.8 - 119049 Moscou						
Euler Hermes Singapore Services Pte Ltd.	Singapore	Full	100,00	100,00	100,00	100,00
12 Marina View - # 14-01 Asia Square Tower 2 - Singapore 018961						
Euler Hermes Services Slovensko, SRO	Slovakia	Full	100,00	100,00	100,00	100,00
Plynarenska 7/A, 82109 Bratislava						
Euler Hermes Services South Africa LTD	South Africa	Full	100,00	100,00	100,00	100,00
The Firs, 2nd Floor, 32A Cradock Avenue, Rosebank, 2196						
Solunion Compañía Internacional de Seguros y Reaseguros SA	Spain	Equity	50,00	50,00	50,00	50,00
Avenida General Peron, 40 - 28020 Madrid						
Euler Hermes Service AB	Sweden	Full	100,00	100,00	100,00	100,00
Klara Norra Kyrkogata 29 - SE 101 34 Stockholm						
Euler Hermes Services Schweiz AG	Switzerland	Full	99,50	99,50	99,50	99,50
Richtiplatz 1 - Postfach CH-8304 Wallisellen						
Euler Hermes Reinsurance AG	Switzerland	Full	100,00	100,00	100,00	100,00
Richtiplatz 1 - Postfach CH-8304 Wallisellen						
Euler Hermes Taïwan Services	Taiwan	Full	100,00	100,00	100,00	100,00
15F, NO.170, Tun Hwa N.RD. - 10548 Taipai						
Euler Hermes Services Tunisia	Tunisia	Full	100,00	100,00	100,00	100,00
6, rue Ibn Hazm, Cité Jardins, Le Belvédère - 1002 Tunis						
Euler Hermes Risk Yönetimi	Turkey	Full	100,00	100,00	100,00	100,00
Büyükdere caddesi Maya Akar Center, B Blok Kat:7 34394 Esentepe, Istanbul						
Euler Hermes Sigorta Anonim Sirketi	Turkey	Full	100,00	100,00	100,00	100,00
Büyükdere caddesi Maya Akar Center B Blok Kat:7 34394 Esentepe, Istanbul						
Euler Hermes Services GCC Limited	United Arab Emirates	Full	100,00	100,00	100,00	100,00
Dubai International Financial Centre - Dubai						
Euler Hermes Services UK Ltd	United Kingdom	Full	100,00	100,00	100,00	100,00
01 , Canada Square - London E14 5DX						
Graydon U.K. Limited	United Kingdom	Equity	27,50	27,50	27,50	27,50
Hyde House, Edgware road - Colindale - Londres NW9 6LW						
Euler Hermes North America Insurance company	United States	Full	100,00	100,00	100,00	100,00
800, Red Brook Boulevard - Owings Mills, MD 21117						
Euler Hermes Services North America, LLC	United States	Full	100,00	100,00	100,00	100,00
800, Red Brook Boulevard - Owings Mills, MD 21117						
Euler Hermes Collection North America Company	United States	Full	100,00	100,00	100,00	100,00
600 South 7th Street – Louisville, KY 40203, USA						
Euler Hermes North America Holding Inc	United States	Full	100,00	100,00	100,00	100,00
Corporation Trust Center, 1209 Orange Street						

(4) Dissolved after the transfer of its remaining assets and liabilities to Euler Hermes SA (NV) Nederland Branch and the withdrawal of its insurance license.

Full: *Full Integration* ; **Proportional:** *Proportional Integration* ; **Equity:** Equity Method Accounting; **NC:** *Not consolidated*
NB: Percentages of control and interest are determined on the last day of the financial period.

According to the German Commercial Code (section 264-b), some companies are exempted from preparing single financial statements as they are included in the consolidated financial statements of the Group.

2.5. Consolidation principles and methods

Business combinations

Business combinations are accounted for using the acquisition method. This method requires identifying the acquirer, determining the acquisition date which is the date on which control is transferred to the Group, recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the investee; and recognising and measuring goodwill or a gain from a bargain purchase. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recorded amount of any non-controlling interests in the acquires; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquires; less
- the net recorded amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recorded immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recorded in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not measured again and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recorded in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquired's employees (acquired's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquired's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions of non-controlling interests

Dilution and accretion transactions in entities controlled by the Group are recognized as transactions in equity, as they are transactions performed by the owners of the company acting in this capacity.
Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the subsidiary’s net assets.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date at which control starts until the date at which control ceases.

Currently the Group has holdings of less than 20% in certain mutual funds which are not consolidated. Controlling of more than 50% in other mutual funds is consolidated using the full consolidation method. This concerns the following mutual funds:

- Euler Hermes Real Estate;
- Euler Hermes Patrimonia;
- PIMCO Funds Ireland;
- Euler Hermes South Express SA.

The Group owns 100% of these mutual funds, except Euler Hermes Real Estate, 60%-owned.

Loss of control

At the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recorded in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date when control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method. Under the equity method, on initial recognition the investment in an associate or a joint venture is recorded at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control begins until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment (including any long-term interests that part form thereof) is reduced to zero, and the recognition of further losses is discontinued except if the Group has an obligation to participate in losses or has made payments on behalf of the investee.

Holdings in such companies are accounted for using the equity method. These companies are:

- OeKB EH Beteiligungs- und Managment AG;
- Graydon Holding N.V.;
- Companhia de Seguro de Creditos SA (COSEC);
- Israel Credit Insurance Company Ltd (ICIC);
- Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA.

Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operation. The consolidated financial statements include the assets that the Group controls, the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

At end of December 2015, Euler Hermes Group holds no longer any jointly controlled operation.

2.6. Eliminations on consolidation

Income and expenses arising from intra-group transactions are eliminated during the preparation of the consolidated financial statements. Income and expenses arising from transactions with joint ventures are eliminated to the extent of the Group's share in the company concerned.

2.7. Financial year and year-end dates

The financial year for all consolidated companies is a 12-months period ending on December 31.

2.8. Use of estimates

The production of the consolidated financial statements of the Group is based on estimates for a part of assets and liabilities items. The management is called upon to review these estimates in the event of changes that may alter the basis on which they have been established or due to the consideration of new information or accrued experience.

The estimates concerning technical provisions are also detailed in the section 4 "Major risk factors and their management within the Group".

The table below summarizes the assessment methods of estimates for the main aggregates of the balance sheet:

	Estimate	Communicated Information
Note 3	Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit's is based on assumptions of capital costs, growth rate to infinity and loss ratio & standard retention rates used in the calculation of the final values.
Note 5	Fair value of real estate held for investments & for use	The fair value of buildings is estimated based on market prices, adjusted, where applicable, to take into account the nature, location or other specific features of the building concerned.
Note 16	Provisions for risks and charges	Provisions for risks and charges are measured in accordance with IAS 37 and are reviewed and ajusted at each balance sheet date to reflect the best estimate at this date.
Note 17	Employee benefits	The related commitments are measured in accordance with IAS 19 Revised and are reviewed yearly by independent actuaries. The commitment is recognized in the balance sheet using the projected unit credit method, based on the group actuarial assumptions.
Note 19	Earned but not recorded premiums reserves	This reserve is established based on the estimate of the amount of premiums expected on the period less the amount of premiums recorded on the period.
Note 19	Provisions for salvages & recoveries	This reserve represents the estimate of potential recoveries on settled claims by a statistical calculation based on the evolution of salvages & recoveries by year of attachment on previous exercises. They take into consideration a provision for administration charges determined in accordance with actual observed expenses.
Note 19	Bonus & profit commission reserve	This reserve is intended to cover the future cost corresponding to premium rebates to be granted to policyholders under the terms of policies giving policyholders a share in their technical positive results.
Note 19	Reserves for claims payable	This reserve corresponds to a statistical estimate of the cost of all outstanding claims, that is to say claims reported but not yet settled.
Note 19	IBNR reserve	IBNR reserves are established to recognize the estimated cost of losses that have occurred but where the Group has not yet been notified. The Group relies on its past experience, adjusted for current trends and any other relevant factors to estimate IBNR reserves. IBNR are estimates based on actuarial and statistical projections of the expected cost of ultimate settlement and administration of claims. The analyses are based on facts and circumstances known at the time, predictions of future events, and other economic factors. IBNR reserves are reviewed and revised periodically as additional information becomes available and actual claims are reported.
Note 31	Stock option plans	The fair value of the liabilities resulting from the Allianz and Euler Hermes Group SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price and Euler Hermes Group share price, until expiry of the obligation. The fair value from SAR and RSU is calculated using the Cox-Ross-Rubinstein binomial valuation model.

2.9. Translation

<u>Translation of transactions denominated in a foreign currency</u>

In accordance with IAS 21, transactions denominated in foreign currencies (currencies other than the operating currency) are translated into the currency used by the Group for operating at the transaction rate; the subsidiaries use average rates (average of monthly closing rates) which are considered as the closest rate at the transaction date in the absence of significant fluctuations.

For each closing, the entity must translate balance sheet items denominated in a foreign currency into its operating currency by means of the following procedures:

- monetary items (notably bond investments, receivables and liabilities and technical insurance reserves) are translated at the closing exchange rate and any resulting gains and losses are recorded in the net income for the year;
- non-monetary items that are measured at historical cost (notably property investments) are translated at the exchange rate prevailing on the transaction date; and
- non-monetary items that are measured at fair value (notably equity investments) are translated at the exchange rate prevailing on the fair-value valuation date.

Translation of the financial statements of foreign companies

The financial statements of foreign subsidiaries are prepared in their operating currency. For each closing, the consolidated income statement and the balance sheet of each entity are translated into euros to facilitate the presentation of the consolidated financial statements, using the following procedure:

- the assets and liabilities of each balance sheet presented are translated at the closing rate;
- the income and expense of each consolidated income statement (including comparatives) are translated at the exchange rates prevailing on the individual transaction dates (in practice, an average exchange rate is used, which is equal to the average of the monthly closing rates for the period, except on the case of significant fluctuations in the exchange rate).

The Group's share of any foreign exchange translation arising from shareholders' equity is recorded within shareholders' equity under "Foreign exchange translation", while the portion relating to third parties is recorded under "Non-controlling interests".

The main exchange rates applied on consolidation for currencies outside the euro zone were as follows:

in € vs currency	December 31, 2015		December 31, 2014	
	closing	average	closing	average
Pound sterling	0,7371	0,7262	0,7760	0,8061
US dollar	1,0863	1,1096	1,2101	1,3286
Swedish krona	9,1583	9,3563	9,4724	9,1017
Brazilian real	4,2976	3,7022	3,2166	3,1216
Hong Kong dollar	8,4189	8,6029	9,3835	10,3029
Swiss franc	1,0874	1,0680	1,2024	1,2145
Polish Zloty	4,2896	4,1836	4,2981	4,1848

2.10. Segment data

A segment of activity is a distinct component of a business that is engaged in the supply of products or services exposed to risks and profitability that differ from those of other sectors of activity. A geographical sector is a distinct component of a business engaged in the supply of products or services in a given economic environment which are exposed to risks and profitability that differ from those of other geographical sectors. In accordance with IFRS 8 – segment data, the sectors raised hereafter to present the segment data were identified on the basis of the internal reporting and correspond to the geographical sectors followed by the management.

2.11. Goodwill and other intangible assets

Goodwill

For business combinations made prior to March 31, 1998, goodwill is recognised on the basis of the presumed cost, which corresponds to the carrying amount calculated by reference to the accounting rules used prior to the date of transition to IFRS.
For business combinations made with effect from March 31, 1998 goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see § Business combinations of the note 2.5. Consolidation principles and methods.
The values of the identifiable assets and liabilities acquired may be adjusted within a period of 12 months beginning on the acquisition date.

Goodwill is recorded at acquisition cost less any accumulated impairment write-down.
In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

With effect from January 1st 2004, goodwill is no longer amortized in accordance with IFRS 3, but instead is subject to impairment testing, at least once a year or whenever an indication of loss in value occurs (*see § 2.12. "Impairment"*).

For the purposes of impairment testing, goodwill is allocated to Cash-Generating Units or to groups of Cash-Generating Units (*see the impairment test procedure in § 2.12. "Impairment"*).
For each closing, the carrying amount of the Cash Generating Unit (or groups of Cash Generating Units) to which the goodwill relates is compared with its recoverable value, which represents the highest value between the fair value of the Cash Generating Unit less any selling costs and its value in use. The value in use is defined as the present value of future cash flows of the concerned subsidiary as

identified in the business plans including the terminal value. Details of the method used to calculate the value in use are presented in Note 3 “Goodwill”.

Other intangible assets

An intangible asset is a non-monetary asset that has no physical substance and which has to be identifiable as a separate asset, owned and controlled and held to provide future economic benefits.
An asset complies to the criterion of identification in the definition of intangible assets when it meets one of the following two conditions: it is separable (i.e. it can be sold, transferred, conceded, rented out or exchanged), or it arises from contractual or legal rights, regardless of whether or not these rights are separable.

Other intangible assets acquired by the Group are recorded at cost less any accumulated amortization and write-downs.

Subsequent expenditure relating to recognised intangible assets is capitalised only to the extent that it contributes to increasing, and not simply maintaining, the future economic benefits represented by the intangible asset to which it relates. All other expenditure is recorded as an expense in the consolidated income statement when incurred.

Intangible assets with a defined useful life are amortized on a straight-line basis over their estimated useful lives. The amortization charge is recorded in the consolidated income statement.

The Group records under this heading software that is developed in-house or acquired externally and contract portfolios registered in application of IFRS 4.

Software developed in-house or acquired externally are amortized over 5 years.

Costs relating to the development phase are capitalised provided that the entity can demonstrate the following: the technical feasibility of the project, its intention to complete and use the intangible asset, its capacity to use it, how the intangible asset will generate future economic benefits, the availability of resources to complete the development and its capacity to reliably measure the costs associated with the intangible asset.

2.12. Impairment

Goodwill

In accordance with IFRS 3, goodwill is not amortized but is subject to impairment tests which are performed on a systematic annual basis and as soon as there is any indication of loss in value. Impairment tests are performed for each Cash Generating Unit (CGU) or group of CGUs to which goodwill is related. The CGUs correspond to some of the main subsidiaries or branches of areas presented in the segment analysis. An impairment loss of goodwill is recognised when the highest of the Cash Generating Unit’s value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (net asset including goodwill)

The main assumptions used to determine the value in use are as follows: indefinite renewal of policies, perpetual growth rate for 1% depending on the CGU concerned, and a cost of capital between 3.89% and 5.53% depending on the CGU. With effect from 2006, the cost of capital rate used is determined by geographic region. The model is based on the projected 3-year budget prepared by management with a final year based on normalised management ratios (combined ratios and target retention rates).

Furthermore, since the Group has organized its reinsurance activities with the settlement of a Group reinsurance region, the scope of the Cash Generating Units has been extended to include internal reinsurance activities contracted by the CGU with this Group reinsurance region, as well as the share of related shareholders’ equity.

The calculation parameters adopted as at December 31, 2015 are detailed per CGU in the Note 3 “Goodwill”.

The impairment loss recorded in the consolidated income statement is allocated in priority to the goodwill related to the Cash Generating Unit, and is then allocated, for the outstanding part, on a pro rata basis to the other assets of the Cash Generating Unit. Goodwill impairment loss is never written back.

Other intangible assets

All other intangible assets are subject to an impairment test if there is any indication of loss in value. Any impairment loss recognised for an asset other than goodwill is written back if the estimate of the recoverable value has increased since the recognition of the last impairment loss. However, the write back cannot be such that the carrying amount of the asset exceeds the carrying amount that would have been determined, net of amortization, if impairment had not been recognised.

2.13. Property assets

Distinction between investment property and operating property

An investment property is a property asset (land or building) owned by the Group for the purpose of generating rental income or capital appreciation, as opposed to being for the purpose of use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business. Investment property is recorded in the balance sheet under “Investments.

The Group’s operating property is included within property plant and equipment.

Recognition and measurement

The Group recognises property (held for investment or operating purposes) in accordance with the cost method. This means that each property asset must be recorded at an amount equal to the cost on the acquisition date (purchase price, including non-recoverable taxes and other expenses directly attributable to the acquisition such as transfer taxes and legal fees) plus any subsequent expenditure that can be capitalised under IAS 16 and less any accumulated depreciation calculated in accordance with IAS 16 and any impairment relating to the application of IAS 36.

The Group has identified four categories of property assets that apply to both investment property and operating property:

- housing;
- warehouses and commercial premises;
- offices;
- high-rise buildings.

The depreciable balance sheet amount corresponds to the acquisition cost (including expenditure that can be capitalised) less any residual value, where applicable, and any impairment. When the historical acquisition cost determined in this manner exceeds the residual value, a depreciation charge is recorded. The residual value corresponds to the amount that the business would currently obtain by selling an asset that has already reached the age and condition of an asset at the end of its useful life, net of any costs relating to its disposal.

For each category of property assets, and in addition to land, the Group has identified six significant components, each of which has a different useful life and must therefore be subject to a depreciation schedule according to their respective useful lives. The table below shows, for each category of property assets, the general allocation rules for each component and the depreciation period and the residual value, where applicable. Acquisition expenses of properties are allocated to the components and depreciated over the same period.

	Housing	**Warehouses and commercial premises**	**Offices**	**High-rise buildings**
Component	**Depr. period**	**Depr. period**	**Depr. period**	**Depr. period**
Load-bearing structures and walls	100 years	30 years	100 years	70 years
Non-load-bearing windows and facades, roofs and terraces, internal constructions	40 years	30 years	40 years	40 years
A/C engineering, plumbing and networks, electrical engineering	25 years	20 years	25 years	25 years
Centralised technical management, fire safety and other safety features	25 years	20 years	25 years	25 years
Lifting gear	25 years	20 years	25 years	25 years
Major maintenance work	10 years	10 years	10 years	10 years

Properties are valued periodically by independent experts. The fair value of buildings is estimated based on market prices adjusted, where applicable to take into account the nature, location or other specific features of the building concerned. The fair value is presented in the Note 5 Investment and operating property.

Impairment

- Investment property

A provision for depreciation of investment property is recorded to reduce the value of the property to the higher of the value in use and the expert valuation decreased from costs of the sale. This provision may be written back through the consolidated income statement in the event of an increase in value.

- Property for own use

When a property's expert valuation is less than its carrying amount, the value in use of the Cash Generating Unit (CGU) to which the property belongs must be determined. A provision for depreciation is recorded in order to reduce the value of the operating property to the higher of the value in use and the expert valuation decreased from costs of the sale. In the event of an increase in value, this depreciation may be written back through the consolidated income statement.

2.14. Other property, plant and equipment

Other property plant and equipment are recorded at cost less accumulated depreciation and impairment write-downs.

The depreciation methods and useful lives are generally as follows:

• IT equipment	straight-line	3 years
• Furniture/fittings	straight-line	10 years
• Motor vehicles	straight-line	5 years

2.15. Financial instruments

Financial investments

In accordance with IFRS, financial investments are analysed between the following categories: financial instruments at fair value through the consolidated income statement, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. The classification is determined on initial recognition of the instrument according to its nature and/or the Group's ownership intention.

The Group's financial investments are mainly classified as available-for-sale investments. The Group has not elected for the option enabling it to value its financial investments at fair value through profit and loss.

Available-for-sale assets (AFS)

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or which are not classified within the other three categories of financial instruments as defined below:

- Initial recognition

Available-for-sale assets are recorded at fair value plus any transaction costs directly related to the acquisition (referred to hereafter as the purchase price). The difference between the purchase price and the redemption value of fixed-income securities is recorded in the consolidated income statement on an actuarial basis over the remaining term of the securities using the effective interest rate method.

- Measurement

On the balance sheet date, available-for-sale assets are measured at their fair value. The difference between the fair value of the securities and their book value (including the actuarial amortization) is recorded as "available-for-sale assets", with a corresponding entry in the revaluation reserve, without any impact on the consolidated income statement.

- Impairment

When objective evidence exists of impairment of an available-for-sale asset, the accumulated loss recorded directly in shareholders' equity is removed from shareholders' equity and recorded in the consolidated income statement.

The criteria deemed to indicate impairment of available-for-sale shareholders' equity instruments are as follows (Not cumulative criterion):

- at the closing date significant impairment is presumed when the fair value of an available-for-sale equity instrument is more than 20% below the average acquisition cost of the securities;
- lasting impairment is presumed when the fair value is less than the acquisition cost for more than 9 months.

The amount of the accumulated loss removed from shareholders' equity and recorded in the consolidated income statement is equal to the difference between the acquisition cost (net of any capital repayment and any write-downs) and the current fair value, less any impairment of this financial asset previously recorded in the consolidated income statement.

Any relevant decrease in the fair value of a stock already impaired is complementarily accounted through the consolidated income statement.

Impairment recorded on a shareholders' equity instrument is never written back to the consolidated income statement prior to de-recognition of the instrument.

For debt instruments, impairment is accounted through net income only in case of a recorded risk of the issuer's default.

- Disposal

In the event of disposal, the amounts recorded in the revaluation reserve are recorded in the consolidated income statement.

Held-to-maturity assets (HTM)

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables, which the Group has the clear intention and the capacity to hold until their maturity.

- Initial recognition

On initial recognition, held-to-maturity assets are recorded at fair value plus any transaction costs directly related to the acquisition.

- Measurement

On the balance sheet date, held-to-maturity investments are measured at their amortized cost using the effective interest rate method. Premiums and discounts are included in the amortized cost calculation and are recorded in the consolidated income statement on an actuarial basis over the term of the financial asset.

Assets held for trading purposes

A financial asset is classified as held for trading purposes if it is:

- acquired or held mainly with a view to being sold or redeemed in the short term; or
- part of a portfolio of identified financial instruments that are managed as a whole and for which there is evidence of a recent pattern of short-term profit taking; or
- a derivative instrument (except for a derivative that is a designated and effective hedging instrument).

- Initial recognition

Assets held for trading purposes are recorded at fair value on the acquisition date.

- Measurement

Assets held for trading purposes are measured at fair value. Any change in the fair value of securities held for trading purposes during the period is recorded in the consolidated income statement for the period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not listed on an active market, except for instruments classified at fair value through the consolidated income statement or as available for sale.

- Recognition and measurement

Loans are recorded at fair value plus any directly attributable transaction costs. On the balance sheet date, they are measured at amortized cost using the effective interest rate method. Financial income for the period is recorded by applying the effective interest rate to the amortized cost of the transaction.

- Impairment

When objective evidence of impairment exists (e.g. deterioration in the financial situation of the issuers), the amount of the loss is equal to the difference between the asset's carrying amount and the estimated future cash flows' value, discounted at the original effective interest rate of the financial asset.

Derivatives

A derivative is a financial instrument, or another agreement falling within the scope of application of IAS 39, which has the following three features: (a) its value varies according to an interest rate, a financial instrument price, a specific commodity price, an exchange rate, a price, rate or credit index, a credit rating or another underlying fluctuations; (b) it does not require any net initial investment or any net initial investment which is less than what would be required for other types of contracts that can be expected to react similarly to changes in market conditions; and (c) it is settled in the future.

All derivatives are classified at fair value through the consolidated income statement except when it concerns a designated and effective hedging instrument. In the latter case, the instrument is still measured at fair value but the recognition of the gain or loss follows the procedures applicable to the hedging relationship to which it relates.

Derivatives eligible for fair value hedge accounting (i.e. those used to hedge changes in the fair value of an asset or liability) are recorded as follows:

- the hedging instrument is recorded at fair value and any changes are recorded through the consolidated income statement;
- the carrying amount of the hedged item is adjusted for any gain or loss on the hedged item attributable to the risk hedged, the change being recorded through the consolidated income statement;
- the hedged item is remeasured at market value in respect of the component relating to the risk hedged.

Derivatives eligible for future cash flow hedge accounting are recorded at fair value, with the portion of the change in fair value of the hedging instrument that is considered to constitute an effective hedge being recorded through shareholders' equity. The ineffective portion of the hedge is recorded immediately through the consolidated income statement.

Derivatives that are not eligible for hedge accounting are recorded as free-standing derivatives in the category of assets held for trading purposes. The fair value of free-standing derivatives is therefore recorded in the balance sheet in assets or liabilities, with any changes in the fair value being recorded through the consolidated income statement.

Within the Group, derivatives correspond mainly to hedging instruments linked to the stock option plans included in the Allianz group Equity Incentive (*see note 31 "Stock option plans"*).

2.16. Assets classified as held for sale

Assets are classified as "held for sale" when they are available for immediate sale in their present condition, their sale is highly probable, the management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated. In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", assets or group of assets held for sale are presented separately on the face of the statement of financial position, at the lower of their carrying amount and fair value less costs to sell.

This item includes:

- non-current assets held for sale;
- groups of assets held for sale;
- the total of current and non-current assets related to a business or geographical segment (i.e. to a discontinued operation) itself held for sale.

2.17. Insurance and reinsurance receivables and liabilities

These headings essentially comprise receivables and liabilities arising on insurance and reinsurance transactions, earned premiums not yet written and premium cancellations, net of reinsurance.

2.18. Acquisition costs capitalised

Acquisition costs capitalised relate to insurance policies. They mainly comprise brokerage commissions and expenses incurred by the sales and marketing departments. The capitalised amount is calculated using the same method as for the provision for unearned premiums. As the period covered by contracts is mainly one year at most, these acquisition costs are deferred to the following year. The movement in acquisition costs capitalised is included in acquisition expense reported in the consolidated income statement.

2.19. Current and deferred tax

Tax expense includes current and deferred tax. Current tax and deferred tax are recorded in profit or loss except when it relates to a business combination, or items recorded directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recorded in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recorded for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that does neither affect accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that they will likely not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recorded in the balance sheet as soon as their utilization is considered as probable by the Group.

2.20. Other receivables and operating liabilities

Other receivables and other operating liabilities essentially comprise tax-related receivables and liabilities (other than corporation tax), amounts due to employees, amounts due to suppliers, and receivables and liabilities due from/to the Allianz group.

2.21. Cash and cash equivalents

Cash consists of cash in hand and demand deposits. Bank overdrafts repayable on demand are considered as cash equivalents when they form an integral part of the Group's cash management procedures.

2.22. Provisions for risks and charges

Provisions

Provisions for risks and charges essentially comprise provisions for retirement commitments (*see § 2.23 Employee benefits*). Other provisions are measured using the rules set out in IAS 37, which imply the existence of a present obligation arising from a past event, the probability that an outflow of resources representing economic benefits will be necessary to settle the obligation and a reliable estimate of the obligation amount. They are discounted in the event that the impact proves to be significant.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or otherwise of one or more uncertain future events, that are not under the full control of the business, or a present obligation arising from past events but which is not recognised, either because an outflow of resources is unlikely or because the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset arising from past events and whose existence will be confirmed only by the occurrence or otherwise of one or more uncertain future events that are not under the full control of the business.
Group companies may be concerned by disputes inherent in the exercise of their normal business.

2.23. Employee benefits

The Group contributes, in accordance with the laws and practices of each country, to the constitution of retirement benefits for its employees. The benefits offered to Group staff derive either from defined contribution plans or from defined benefit plans.

- Defined contribution plans involve payments to bodies that release the Group from any future commitments in respect of employees. As such, only the contributions paid or payable in respect of the period are included in the Group's financial statements. Such plans are in place in France, the United States, the United Kingdom and Scandinavia.
- In the case of defined benefit plans, an amount of benefits is paid to the employee upon retirement, this amount generally being determined by one or more factors such as age, number of years' service and salary. Such plans are in place in the following countries: France, Germany, Belgium, the Netherlands, Italy, Scandinavia and the United Kingdom.

The related commitments are measured in accordance with IAS 19 Revised. The commitment is recorded in the balance sheet using the projected unit credit method, based on the Group actuarial assumptions, which are reviewed each year. This method involves assigning an additional unit of rights to benefits for each period of service, with each of these units being measured separately to calculate the final commitment.

The Group has put in place specific assets to cover certain plans. In this case, the commitment is reduced by the amount of the fair value of these assets.

Re-measurement results of the net defined benefit assets/liabilities due to changes in assumptions and to experience adjustments are recognised in other comprehensive income without subsequent reclassification.

Past service cost denotes the change in the present value of the commitment in respect of defined benefits for services rendered during prior years, arising as a result of the introduction of, or the change to, or the reduction of a post-employment benefit plan. For benefit rights that have already been earned, the corresponding amount must be expensed immediately. For benefit rights that are not yet earned, the charge or income is spread on a straight-line basis over the average remaining length of service to be completed for the rights to be earned.

The Group also accrues commitments relating to other long-term benefits (long-service awards, etc.) granted to employees. The provision corresponds to the present value of the commitment and is calculated annually by the Group.

2.24. Share-based payments transactions

The grant-date fair value of share-based payment awards granted to employees is recorded as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recorded as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, so that the amount ultimately recorded as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Allianz and the Group have put in place stock option plans for the benefit of executives of the Group. When exercising their rights, these executives receive a cash amount corresponding to the difference between the market value and the subscription price (Stock Appreciation Rights plans – SAR), or shareholders' equity instruments (this action is possible under Restricted Stock Units plans – RSU).

The fair value of options granted is calculated using the Cox-Ross-Rubinstein valuation model.

2.25. Insurance and reinsurance contracts

Contracts considered as insurance or reinsurance contracts under French accounting standards are analysed in accordance with IFRS between the following categories of contracts:

- insurance and reinsurance contracts falling within the scope of IFRS 4;
- investment contracts with discretionary participation falling within the scope of IFRS 4;
- investment contracts without discretionary participation falling within the scope of IAS 39.

Following a detailed review of its insurance and reinsurance contracts, it was evident that the Group only has contracts in the first category, which covers insurance and reinsurance contracts falling within the scope of IFRS 4. This review also highlighted the absence of any embedded derivatives. In the same way, the Group did not identify service contracts falling within the standard IAS 18.

Definition of insurance contracts

Insurance contracts are contracts under which the insurer accepts significant insurance risk. Insurance risk is a risk, other than a financial risk, that is transferred by the policyholder to the policy issuer (a financial risk is the risk of a future variation of one or several of the following components: specified interest rate, price of financial instrument, price of a good, exchange rate, price or rate index, credit rating or credit index or other flexible component (if it concerns a non-financial component, the component must not be specific to one of the part of the contract). Credit insurance contract are included in IFRS 4 (section B18 (g)).

Measurement of insurance contracts

Other than in the case of the specific exceptions defined in the standard, IFRS 4 permits the continued use of previous accounting principles for the recognition of insurance and reinsurance contracts. Thus, the Group continued to apply the standards defined by CRC 2000-05 related to the consolidation and combination rules from companies regulated by the Insurance Regulations taking into account the following points, which are covered by specific provisions introduced by IFRS 4:

- removal of provisions for equalisation;
- performance of a test for the adequacy of liabilities;
- impairment testing of reinsurance assets;
- identification and separation of embedded derivatives.

For all other aspects, the methods already applied by the Group, in accordance with CRC Regulation no. 2000-05, were retained for the measurement of insurance contracts.

- Analysis by function of expenses relating to contracts

Expenses relating to insurance contracts are initially recorded according to their nature and then analysed by function in the consolidated income statement headings by means of analysis keys based on objective business criteria. Claims settlement expenses are included in contract service charges. Contract acquisition expenses and administration expenses are included in the consolidated income statement.

- Premiums

Premiums correspond to premiums written excluding taxes, before reinsurance and net of cancellations. They are recognised on the date on which the guarantee takes effect and include an estimate of premiums still to be written and an estimate of premiums that will be cancelled after the balance sheet date.

Premiums recorded in turnover stem from the guarantees given to policyholders to cover their trade receivables that arise during the same period as that for which the premium is paid. Given settlement delays, the lag between the triggering event, i.e. bankruptcy of the debtor, and notification of the claim, there is also a lag between recording the premiums and the related claims. This lag is taken into account through the recognition of provisions for claims incurred but not reported (IBNR).

- Provisions for unearned premiums

A provision for unearned premiums, gross of commissions and expenses, is established contract by contract , on a straight-line basis, as a function of the time left to run between the balance sheet date and the premium due date.

- Claims

Claims comprise the following items:

- claims settled during the period relating to the current period or to prior periods, net of received recoveries;
- claims settlement expense, notably settlement service expense and commissions allocated to claims handling.

- Reserves for claims payable

These technical reserves are designed to cover probable losses relating to:

- claims reported but not yet settled at the balance sheet date;
- claims occurring during the period but reported after the balance sheet date and, in respect of trade receivables existing at the balance sheet date and covered by a policy on such date, claims that will occur and will be reported during subsequent periods. These so-called “unknown” or “incurred but not reported” claims are estimated using statistical models that are based in particular on the level of claims observed during prior years and on the analysis of the development of the recent level of claims.

Claims reserves are increased by a provision for administration charges.
Additional information on the measurement of claims reserves is provided in section 4 “Major risk factors and their management within the Group”.

- Estimated recoveries

Recoveries are the result of actions taken by the Group against defaulting debtors in order to fully or partially recover claims paid to policyholders.
Estimated recoveries are a prudent estimate of potential recoveries on settled claims and are recognised as a reduction in the amount of the reserves for claims payable. They take into consideration a provision for administration charges determined in accordance with actual observed expenses.

- Other technical reserves

A provision for current risks is established by risk category in addition to the provision for unearned premiums when claims are likely to arise after the balance sheet date and relating to contracts underwritten before that date and the related acquisition costs and administration charges are not covered by the provision for unearned premiums.

- Test for the adequacy of liabilities

For each closing, insurance contract liabilities net of related assets (acquisition costs capitalised and portfolio securities) are subject to a test for the adequacy of liabilities. The methods previously applied by the Group and retained under IFRS 4 (including notably the measurement of claims reserves on the basis of the non-discounted ultimate cost and the methods for establishing the provision for current risks) constitute a satisfactory test for the adequacy of liabilities given the minimum requirements specified by IFRS 4.

Reinsurance contracts

- Acceptances

Insurance acceptances (inwards reinsurance) are recognised on a case-by-case basis based on the actual or estimated results for the year. Technical reserves correspond to the amounts advised by the assignors.

- Assignments

Assigned reinsurance contracts (outwards reinsurance) are recognised in accordance with the terms of the various treaties. The share of assignees in the technical reserves is measured in the same way as for technical reserves gross of reinsurance appearing in liabilities.

Cash deposits received from reinsurers are recognised in liabilities arising from assigned reinsurance transactions. Receivables due from reinsurers are subject to impairment write-downs if the ceded company will not receive the entire amount due at the end of the contract.

2.26. Borrowings

Borrowings are contractual obligations that require the Group to transfer cash or a financial asset to another entity, or to exchange with another entity a financial asset on potentially unfavourable terms.

The measurement and recognition of borrowings are defined by IAS 39. With the exception of derivatives (*see § 2.15. Financial instruments – Derivatives*), borrowings and other financial liabilities are recorded originally at fair value less any related transaction costs, and are subsequently measured at amortized cost calculated using the effective interest rate.

Borrowings include, within the meaning of IAS 39, borrowings, other financing and bank overdrafts, derivatives and amounts due to suppliers and social security liabilities included in “operating liabilities”.

2.27. Income from ordinary activities

Income from ordinary activities can comprise items measured and recorded in accordance with IFRS 4, IAS 18 or IAS 39. This aggregate has a broader meaning than turnover as it also incorporates investment income.
Turnover comprises earned premiums and commissions and other operating revenues.

Premiums

Credit insurance premiums included in turnover correspond to written premiums excluding taxes, less premiums cancelled during the period and an estimate of written premiums that will be cancelled after the balance sheet date. They are increased by an estimate of the portion of premiums to be written that are earned during the period and adjusted by the movement in provisions for unearned premiums, which corresponds to the share of written premiums covering the period after the balance sheet date. Premium refunds granted to policyholders are presented on a separate line as a deduction from turnover.

Service revenues comprise enquiry and monitoring charges invoiced in respect of risk management and prevention on behalf of policyholders, and fees for the collection of disputed receivables. They also include income relating to the export guarantee activity managed on behalf of the German State and other technical income.

Investment income

Investment income is recorded in accordance with IAS 39, IAS 17 or IAS 18 depending on its type.

- Investment income net of management expense

This income is mainly composed of the following categories:

- net income from property;
- net income from securities;
- other financial income (bank credit interest, income from other investments);
- foreign exchange gains and losses;
- investment management charges.

- Capital gains and losses on disposals of investments

Capital gains and losses on disposals of securities or property are recorded in the consolidated income statement. Shares exchanged under a public share exchange offer result in the recognition of a capital gain on exchange.

- Change in fair value of investments recognised at fair value through the consolidated income statement

Differences in fair value recorded for the current period less any differences from the previous period are recognised. These essentially concern the remeasurement of derivatives.

- Change in investment impairment charges

The impairment charges notably concern write-downs of investments and write-backs following a disposal, and charges for the depreciation and impairment of investment property.

2.28. Insurance services expenses

Insurance services expenses include the net cost of claims, i.e. claims settled during the period less recoveries received, the movement in claims reserves net of projected recoveries, expenses incurred or to be incurred for the management of claims payments and collections.
The recognition principles applied to these items are those set out in IFRS 4 and are described in § 2.25. Insurance and reinsurance contracts – Measurement of insurance contracts.

2.29. Net outwards reinsurance income or expense

This heading comprises the share of assignments and retrocessions of earned premiums, claims paid, changes in claims reserves, bonuses and commissions received from reinsurers.
The recognition principles applied to these items are those set out in IFRS 4 and are described in § 2.25. Insurance and reinsurance contracts – Reinsurance contracts.

2.30. Administration expense and Contract acquisition expenses

Administration expenses mainly comprise salary costs and costs relating to the IT systems affected to the administration of the contracts.

Contract acquisition expenses comprise primarily wage costs related to acquisition of contracts, brokerage commissions, fees for opening files, spending on commercial networks.

2.31. Other ordinary operating income and expense

Other ordinary operating income and expense correspond mainly to the Group's service revenue and expense.

2.32. Other operating income and expense

These revenue and expense items arise from a major event that occurred during the accounting period and was such that it would have distorted the interpretation of the Group's performance. Therefore, they consist of very few items that are unusual in nature, occur infrequently, and are for significant amounts.

2.33. Financing expense

The recognition principles applied to this item are those set out in IAS 39.
Financing expense consists of expenses relating to the following items:

- long-term financial liabilities: capital borrowings from the general public, e.g. in the form of bonds, or from banks or financial institutions (medium or long-term loans, leases, etc.);
- short-term financial liabilities of the same type as above including issues of short-term negotiable debt securities to investors;
- fair-value hedging instruments recorded in the balance sheet and relating to liabilities representing the gross borrowings described above;
- accrued interest on balance sheet items representing gross borrowings.

2.34. Earnings per share

Earnings per share are calculated by dividing the Group share of the net income or loss by the weighted average number of ordinary shares in issue during the year less treasury shares. An ordinary share is a shareholders' equity instrument that is subordinated to all other categories of shareholders' equity instruments.

Dilution implies a reduction in the earnings per share as a result of the assumption that convertible instruments are converted, equity options and subscription warrants are exercised, and ordinary shares are issued if certain specific conditions are met.

Note 3 Goodwill

In accordance with IFRS 3, goodwill is not amortized but is subject to impairment tests which are performed on a systematic annual basis and as soon as there is any indication of loss in value.

(in € thousands)	December 31, 2015						December 31, 2014
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	64 141	35 039	9 459	6 757	121 625	111 695
Impairment losses	(409)	(9 274)	(3 554)	-	-	(13 236)	(12 206)
Carrying amount	**5 820**	**54 867**	**31 485**	**9 459**	**6 757**	**108 389**	**99 489**
Change during the year							
Opening carrying amount	**5 820**	**54 867**	**31 485**	**9 459**	**6 757**	**108 389**	**99 489**
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	1	-	1	-
Other changes	-	-	-	-	-	-	1 217
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	2 849	3 587	-	27	6 463	7 682
Impairment losses	-	-	-	-	-	-	-
Closing carrying amount	**5 820**	**57 716**	**35 072**	**9 460**	**6 784**	**114 852**	**108 389**
Closing Balance							
Gross value	6 229	67 460	39 030	9 460	6 784	128 963	121 625
Impairment losses	(409)	(9 744)	(3 958)	-	-	(14 111)	(13 236)
Carrying amount	**5 820**	**57 716**	**35 072**	**9 460**	**6 784**	**114 852**	**108 389**

At year-end 2015, changes in goodwill are mainly due to the appreciation of US dollar and British pound against euro.

At year-end 2014, following the purchase of shares held by minority shareholders of NV Interpolis Kredietverzekeringen, a goodwill has been recognized for €1,217 thousand.

<u>Method of impairment tests</u>

In accordance with IAS 36, the Group performs impairment tests of the goodwill by comparing the value in use of the cash generated units (CGU) including goodwill and the carrying value (contribution of Group consolidated net asset including goodwill).

The value in use is the actual value of future cash flows as presented in the business plan of the concerned entity including the terminal value.

The main assumptions for the calculation of the value in use are the perpetuity growth rate, which is defined by CGU, and the cost of capital, which is defined by geographical area. The model is built on a 3-year forecast prepared by the CGU and validated by Group management, plus a final year built on targeted combined ratio and retention rate. Moreover, with the creation of a Group reinsurance region, the scope of the CGU has been extended to include internal reinsurance activities occurring between the CGU and the Group reinsurance region, and consequently to include also a part of the Group reinsurance region’s contribution to Group consolidated net asset.

The parameters used to calculate the CGU’s valuations are presented in the table below.

Results of impairment tests

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Cost of capital (net of tax)	4,86%	5,23%	5,53%	4,23%	4,06%	3,89%
of which, risk-free rate	*1,60%*	*1,96%*	*2,27%*	*0,97%*	*0,79%*	*0,63%*
of which, risk premium (bêta = 0.653)	*3,27%*	*3,27%*	*3,27%*	*3,27%*	*3,27%*	*3,27%*
Effective tax rate	48,0%	20,0%	35,0%	34,0%	25,0%	31,0%
Normalised return on financial portfolio	1,03%	1,03%	1,87%	1,03%	1,03%	1,03%
Gross combined ratio	89,0%	85,0%	84,0%	88,0%	81,0%	76,0%
Target retention rate	31,3%	28,6%	29,1%	29,7%	31,4%	34,9%
Perpetual growth	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
Value in use (in € million)	**510,6**	**511,0**	**795,8**	**144,7**	**210,6**	**2 520,5**
Contribution to group consolidated net asset (in € million)	**322,4**	**216,3**	**363,6**	**74,9**	**54,2**	**938,3**
Surplus (or deficit)	**188,1**	**294,7**	**432,3**	**69,8**	**156,4**	**1 582,2**

Sensitivity of impairment tests

Sensitivity analyses were performed on the impairment tests, assuming deviation in some calculation parameters:

- Sensitivity on long-term growth: the impairment tests were performed with same methodology but assuming a -0.5 point decrease in perpetual growth rate. For all CGUs, the result of this sensitivity test led to a value in use still higher than the carrying value. These valuations support the fact that no complementary goodwill impairment is recognised.
- Sensitivity on cost of capital: the impairment tests were performed with same methodology but assuming a +0.5 point increase in the cost of capital. For all CGUs, the result of this sensitivity test led to a value in use still higher than the carrying value. These valuations support the fact that no complementary goodwill impairment is recognised.
- Sensitivity on gross combined ratio: the impairment tests were performed with the same methodology but assuming a +3 points increase in the target gross combined ratio, of which +2 points on gross loss ratio and +1 point on gross cost ratio. The result of this sensitivity test led to a value in use still higher than the carrying value for all CGUs. These valuations support the fact that no complementary goodwill impairment is recognised.

Break even parameters

The following table presents for each CGU the change in each of the key parameters taken individually, where the estimated value in use breaks even with its contribution to Group consolidated net asset.

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Perpetual growth	-1,9%	-6,5%	-6,7%	-2,6%	-12,9%	-5,3%
Cost of capital	7,4%	11,5%	11,8%	7,5%	14,5%	9,4%
Gross combined ratio	100,6%	105,7%	108,9%	102,2%	109,3%	106,9%

Note 4 Other intangible assets and contracts portfolio

(in € thousands)	December 31, 2015				December 31, 2014			
	Contract porfolio	IT development and software	Other intangible assets	Total	Contract porfolio	IT development and software	Other intangible assets	Total
Opening balance								
Gross value	3 133	293 835	33 459	330 427	3 945	237 308	33 132	274 385
Amortization	(2 716)	(193 555)	(21 654)	(217 925)	(3 944)	(161 031)	(20 425)	(185 400)
Impairment	-	-	-	-	-	-	-	-
Carrying amount	**417**	**100 280**	**11 805**	**112 502**	**1**	**76 277**	**12 707**	**88 985**
Change during the year								
Opening carrying amount	**417**	**100 280**	**11 805**	**112 502**	**1**	**76 277**	**12 707**	**88 985**
Acquisitions	-	35 681	417	36 098	4 427	36 901	1 104	42 432
Expenses capitalised	-	-	-	-	-	-	-	-
Changes in consolidation scope	-	-	-	-	-	145	39	184
Disposals	(430)	(210)	(270)	(910)	(3 597)	(1 055)	(1 129)	(5 781)
Reclassifications	-	(5 661)	(7 195)	(12 856)	-	6 123	-	6 123
Foreign exchange differences	11	1 153	164	1 328	-	976	215	1 191
Net amortization	2	(16 175)	(1 261)	(17 434)	(414)	(19 087)	(1 124)	(20 625)
Net provisions for impairment	-	-	-	-	-	-	(7)	(7)
Other changes	-	-	-	-	-	-	-	-
Closing carrying amount	**-**	**115 068**	**3 660**	**118 728**	**417**	**100 280**	**11 805**	**112 502**
Closing balance								
Gross value	2 703	309 340	26 783	338 826	3 133	293 835	33 459	330 427
Amortization	(2 703)	(194 272)	(23 123)	(220 098)	(2 716)	(193 555)	(21 654)	(217 925)
Impairment	-	-	-	-	-	-	-	-
Carrying amount	**-**	**115 068**	**3 660**	**118 728**	**417**	**100 280**	**11 805**	**112 502**

In 2015, as in 2014, the increase of IT development and software results mainly from the capitalization of internally developed Group applications and purchased software for internal projects.

The main Group applications developments are:

- in 2014 : Galileo (Commercial), FIT+1 (Accounting), Convergence and Bonding (Commercial);
- in 2015 : Galileo (Commercial), Bonding (Commercial), the migration project of the Euler Hermes network to Allianz.

Depreciation in 2015 is mainly related to internally developed software Galileo (Commercial) and FIT+1 (Accounting).

The reclassification in 2015 for €-12.9 million is due to the reclassification as Held for sale of the other intangible assets and IT development and software of Bürgel group following the share sale agreement signed for 2016.

The reclassification in 2014 for €6.1 million was due to Group applications developments that were classified as tangible assets under construction until the previous year.

Note 5 Investment and operating property

(in € thousands)	December 31, 2015		December 31, 2014	
	Investment property	Operating property	Investment property	Operating property
Balance at opening period				
Gross value	97 015	27 230	78 531	141 336
Depreciation	(21 646)	(17 651)	(18 300)	(44 855)
Impairment losses	-	-	-	(6 797)
Carrying amount	**75 369**	**9 579**	**60 231**	**89 684**
Change during the year				
Opening carrying amount	75 369	9 579	60 231	89 684
Acquisitions	5 885	136	16 676	156
Change in consolidation scope	-	-	-	-
Disposals	-	(18)	(367)	(66)
Reclassifications	371	-	(167)	(78 099)
Changes in foreign currency translation adjustements	-	10	-	104
Net depreciation	(2 651)	(167)	(1 004)	(2 200)
Net provisions for impairment	-	-	-	-
Other changes	-	-	-	-
Closing carrying amount	**78 974**	**9 540**	**75 369**	**9 579**
Balance at the end of the period				
Gross value	103 271	27 367	97 015	27 230
Depreciation	(24 297)	(17 827)	(21 646)	(17 651)
Impairment losses	-	-	-	-
Carrying amount	**78 974**	**9 540**	**75 369**	**9 579**
Fair value	**240 070**	**24 609**	**209 650**	**24 652**

Amounts recorded in the income statement		
Investment property	**Dec 31, 2015**	**Dec 31, 2014**
Rental revenues from investment property	4 296	2 645
Direct operating expenses relating to property	-	(157)

The acquisitions of investment property consist of renovations costs of the former headquarter owned by Euler Hermes Real Estate. In 2015, these costs amounted to €5.9 million compared to €16.7 million in 2014.

During 2015, due to the start of renting, the building located rue Euler has been amortized for an amount of €1.7 million.

As at December 31, 2014, the reclassification of €-78 million net book value represents the recognition of three operating properties into assets held for sale: a total of €-75.7 million for two buildings in Germany and €-2.4 million for a building in the USA.

Note 6 Financial investments

Classification by accounting method

For an instrument that is listed on an active market, the fair value is the bid price on the valuation date for an asset held or a liability to be issued and the offer price for an asset intended to be purchased or a liability intended to be held. If such prices are not available, the fair value is estimated based on the most recent transaction price.

If there is not any active market for a given financial instrument, the Group estimates the fair value by using a valuation technique. Valuation techniques include the use of recent transactions under normal competitive conditions between informed and consenting parties, where available, reference to the current fair value of another instrument that is identical in substance, the analysis of discounted cash flows and option valuation models.

Classification by investment category

(in € thousands)	December 31, 2015						December 31, 2014					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets												
Bonds	191	-	191	191	-	191	191	-	191	191	191	-
Total Held-to-maturity assets	**191**	**-**	**191**	**191**	**-**	**191**	**191**	**-**	**191**	**191**	**191**	**-**
Available-for-sale assets												
Equities	248 182	22 304	270 486	270 486	3 199 712	63 382	220 224	25 320	245 544	245 544	2 973 382	87 827
Bonds	2 924 054	68 554	2 992 608	2 992 608	-	-	2 708 754	106 911	2 815 665	2 815 665		
Total Available-for-sale assets	**3 172 236**	**90 858**	**3 263 094**	**3 263 094**	**3 199 712**	**63 382**	**2 928 978**	**132 231**	**3 061 209**	**3 061 209**	**2 973 382**	**87 827**
Loans, deposits and other financial investments	755 169	-	755 169	769 364	-	-	833 226	-	833 226	854 230	-	-
Total Loans, deposits and other financial investments	**755 169**	**-**	**755 169**	**769 364**	**-**	**-**	**833 226**	**-**	**833 226**	**854 230**	**-**	**-**
Total Financial investments (excluding investments in consolidated enterprise)	**3 927 596**	**90 858**	**4 018 454**	**4 032 649**	**3 199 712**	**63 573**	**3 762 395**	**132 231**	**3 894 626**	**3 915 630**	**2 973 573**	**87 827**

(in € thousands)	December 31, 2013					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets						
Bonds	191	-	191	191	191	-
Total Held-to-maturity assets	**191**	**-**	**191**	**191**	**191**	**-**
Available-for-sale assets						
Equities	154 054	27 007	181 061	181 061	2 775 856	61 913
Bonds	2 596 674	60 033	2 656 707	2 656 707		
Total Available-for-sale assets	**2 750 728**	**87 040**	**2 837 768**	**2 837 768**	**2 775 856**	**61 913**
Loans, deposits and other financial investments	837 917	-	837 917	837 917	-	-
Total Loans, deposits and other financial investments	**837 917**	**-**	**837 917**	**837 917**	**-**	**-**
Total Financial investments (excluding investments in consoli	**3 588 836**	**87 040**	**3 675 876**	**3 675 876**	**2 776 047**	**61 913**

Concerning the non-listed investments, the Group estimates the fair value by using a valuation technique. Valuation techniques include the use of recent transactions under normal competitive conditions between informed and consenting parties, where available, reference to the current fair value of another instrument that is identical in substance, the analysis of discounted cash flows and option valuation models. The non-listed investments are mainly German mortgage bonds.

There was no significant impact of impairment on the Group portfolio as of December 31, 2015. The Group does not hold any financial assets such as “dynamic treasury mutual funds” or “subprime investments”.

Fair value hierarchy

- Available-for-sale assets

The level 1 is mainly composed of listed bonds and stocks on an active market.

The level 3 is mainly composed of participation in non-listed real estate funds, non-consolidated shares and of Moroccan non-listed government bonds.

(in € thousands)	December 31, 2015		
	Level 1	Level 2	Level 3
Available-for-sale assets	3 217 155	-	45 939

(in € thousands)	December 31, 2014		
	Level 1	Level 2	Level 3
Available-for-sale assets	3 012 930	-	48 279

(in € thousands)	December 31, 2013		
	Level 1	Level 2	Level 3
Available-for-sale assets	2 797 634	-	40 134

- Other financial investments

The HTM bonds, loans and other investments are valued at amortized cost. Their hierarchical ranking is mainly level 3 except for the non-listed German mortgage bonds classified in level 2 for €380 million.

Classification by geographical zone

2015

Net carrying amount (in € thousands)	France	Other countries	Group
Held-to-maturity assets			
Bonds	191	-	191
Total held-to-maturity assets	**191**	**-**	**191**
Available-for-sale assets			
Equities	64 430	206 056	270 486
Bonds	400 668	2 591 940	2 992 608
Total Available-for-sale assets	**465 098**	**2 797 996**	**3 263 094**
Loans, deposits and other financial inve	135 485	619 684	755 169
Total loans, deposits and other financi	**135 485**	**619 684**	**755 169**
Total Financial investments	**600 774**	**3 417 680**	**4 018 454**

2014

Net carrying amount (in € thousands)	France	Other countries	Group
Held-to-maturity assets			
Bonds	191	-	191
Total held-to-maturity assets	**191**	**-**	**191**
Available-for-sale assets			
Equities	96 763	148 781	245 544
Bonds	501 769	2 313 896	2 815 665
Total Available-for-sale assets	**598 532**	**2 462 677**	**3 061 209**
Loans, deposits and other financial inve	109 599	723 627	833 226
Total loans, deposits and other financi	**109 599**	**723 627**	**833 226**
Total Financial investments	**708 322**	**3 186 304**	**3 894 626**

2013

Net carrying amount (in € thousands)	France	Other countries	Group
Held-to-maturity assets			
Bonds	191	-	191
Total held-to-maturity assets	**191**	**-**	**191**
Available-for-sale assets			
Equities	84 024	97 037	181 061
Bonds	489 308	2 167 399	2 656 707
Total Available-for-sale assets	**573 332**	**2 264 436**	**2 837 768**
Loans, deposits and other financial inve	112 116	725 801	837 917
Total loans, deposits and other financi	**112 116**	**725 801**	**837 917**
Total Financial investments	**685 639**	**2 990 237**	**3 675 876**

Movements in the periods

(in € thousands)	December 31, 2015				December 31, 2014
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Opening carrying amount	**191**	**3 061 209**	**833 226**	**3 894 626**	**3 675 876**
Increase in gross value	-	1 140 366	2 571 777	**3 712 143**	**3 912 264**
Decrease in gross value	-	(895 086)	(2 666 223)	**(3 561 309)**	**(3 770 416)**
Change in consolidation scope	-	-	-	**-**	**5 264**
Revaluation	-	(47 399)	-	**(47 399)**	**43 667**
Impairment	-	(53)	-	**(53)**	**(2 984)**
Changes in foreign currency translation adjustements	-	39 320	15 491	**54 811**	**54 236**
Reclassifications	-	(10 167)	-	**(10 167)**	**-**
Other changes	-	(25 096)	898	**(24 198)**	**(23 281)**
Closing carrying amount	**191**	**3 263 094**	**755 169**	**4 018 454**	**3 894 626**

In 2015, the reclassifications of “Available for sale” investments are related to the transfer to “Held for sale” of the assets of the Bürgel group. The other changes of assets available for sale investments are mainly explained by the amortization of premiums and discounts of bonds. The changes in foreign currency translations are mainly due to the appreciation of the US dollar and British pound against euro.

(in € thousands)	December 31, 2014				December 31, 2013
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Opening carrying amount	**191**	**2 837 768**	**837 917**	**3 675 876**	**3 767 514**
Increase in gross value	-	1 197 437	2 714 827	**3 912 264**	**3 971 280**
Decrease in gross value	-	(1 042 669)	(2 727 747)	**(3 770 416)**	**(3 932 849)**
Change in consolidation scope	-	5 264	-	**5 264**	**(27 729)**
Revaluation	-	43 667	-	**43 667**	**(44 398)**
Impairment	-	(2 984)	-	**(2 984)**	**(1 158)**
Changes in foreign currency translation adjustements	-	48 517	5 719	**54 236**	**(32 209)**
Reclassifications	-	-	-	**-**	**-**
Other changes	-	(25 791)	2 510	**(23 281)**	**(24 575)**
Closing carrying amount	**191**	**3 061 209**	**833 226**	**3 894 626**	**3 675 876**

In 2014, the change in consolidation scope mainly concerns the full integration of Interpolis Kredietverzekeringen NV's investments as at December 31, 2014. The other changes of assets available for sale investments are mainly explained by the amortization of premiums and discounts of bonds. The changes in foreign currency translations are mainly due to the appreciation of the US dollar and British pound against euro.

Exposure of the Group to European sovereign debt

- The Group does not have exposure to the sovereign debts in the following countries anymore: Greece, Ireland, Hungary and Turkey.

- The Group (without joint-ventures) has a limited exposure to the Spanish sovereign debt:

Country	Maturity	Acquisition value	Market value	Unrealized Gains or Losses
(in € thousands)				
Spain	2016	14 798	14 342	-456
Spain	2017	10 144	10 027	-117
Spain	2018	29 993	30 334	341
Spain	2019	21 143	22 737	1 594
Spain	2020	20 477	20 669	192
Total		**96 555**	**98 109**	**1 554**

All investments mentioned above are recorded at fair value in assets available for sale (AFS).

- Portugal

The Portuguese joint-venture COSEC, accounted for at the equity method within the Group, has the following exposure to the sovereign debt of peripheral European countries:

Country	Maturity	Acquisition value	Market value	Unrealized Gains or Losses
(in € thousands)				
Spain	2018	2 910	2 993	83
Spain	2019	2 423	2 467	45
Spain	2024	2 519	2 619	100
Italy	2018	979	1 014	35
Italy	2024	2 499	2 671	172
Portugal	2016	8 798	8 744	-53
Portugal	2018	3 122	3 309	188
Total		**23 250**	**23 817**	**570**

- Spain

The Spanish joint-venture Solunion, accounted for at the equity method within the Group, has the following exposure to local government debt:

Country	Maturity	Acquisition value	Market value	Unrealized Gains or Losses
(in € thousands)				
Spain	2016	9 283	9 442	158
Spain	2017	3 599	3 647	48
Spain	2018	6 338	6 685	347
Spain	2019	1 097	1 154	56
Spain	2020	4 085	4 402	318
Spain	2021	1 303	1 294	-8
Spain	2024	2 956	2 993	37
Total		**28 661**	**29 617**	**956**

Note 7 Investments accounted for at equity method

The companies accounted for at equity method are the following ones:

Associated entities	Country	% of capital held
OeKB EH Beteiligungs- und Management A.G.	Austria	49,00%
Graydon Holding N.V.	Netherlands	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	50,00%
Israel Credit Insurance Company Ltd	Israel	50,00%
Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA	Spain	50,00%

Information on equity-accounted investments

(in € thousands)	December 31, 2015			
	Assets (1)	Shareholders' equity (2)	Turnover (3)	Net income
Credit insurance companies	833 994	342 181	285 154	47 220
Other companies	44 036	3 069	52 838	(3 069)
	878 030	**345 250**	**337 992**	**44 151**

(1) Assets based on IFRS statements as at September 30, 2015, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which the assets are based on IFRS statements as at December 31, 2015.

(2) Equity is determined on the basis of IFRS statements as at September 30, 2015, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which equity is determined on the basis of IFRS statements as at December 31, 2015.

(3) The turnover corresponds to the turnover in the IFRS statements as at September 30, 2015 plus ¼ of 2014 total turnover, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which turnover is as at December 31, 2015.

(in € thousands)	December 31, 2014			
	Assets (4)	Shareholders' equity (5)	Turnover (6)	Net income
Credit insurance companies	777 693	358 855	302 900	33 196
Other companies	44 036	19 233	55 733	(1 815)
	821 729	**378 088**	**358 633**	**31 381**

(4) Assets based on IFRS statements as at September 30, 2014.

(5) Shareholders' equity based on IFRS statements as at September 30, 2014, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which equity is determined on the basis of IFRS statements as at December 31, 2014.

(6) The turnover corresponds to the turnover in the IFRS statements as at September 30, 2014 plus ¼ of 2013 total turnover,1 except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which turnover is as at December 31, 2014.

Movements during the period

(in € thousands)	December 31, 2015	December 31, 2014
Opening carrying amount	**199 428**	**193 853**
Increases	-	4 716
Decreases	-	(4 490)
Reclassifications	-	-
Share of income for the period	22 649	15 718
Dividends paid	(21 774)	(10 414)
Impairment	(3 946)	-
Foreign exchange differences	734	137
Other changes	(3 799)	(92)
Closing carrying amount	**193 292**	**199 428**

Dividends paid correspond to dividends from Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for €9.0 million, from Israeli Credit Insurance Company Ltd for €5.0 million, from OeKB EH Beteiligungs – u. Management A.G. for €4.8 million and from Compania de Seguro de Creditos S.A. for €3.0 million.

The at-equity investments on Graydon Holding N.V. have been impaired for €3.9 million. The impairment loss has been presented in the consolidated income statement under the line “Share of Income from companies accounted for at the equity method”.

The other changes are mainly due to the change of the revaluation reserves of the investments accounted for at the equity method.

Contribution to shareholders' equity (without 2015 income)

(in € thousands)	December 31, 2015	December 31, 2014
Credit insurance companies	169 799	178 421
Other companies	844	5 289
Share of shareholders' equity	**170 643**	**183 710**

Contribution to income

(in € thousands)	December 31, 2015	December 31, 2014
Credit insurance companies	23 493	16 217
Other companies	(844)	(499)
Share of total income (1)	**22 649**	**15 718**

(1) Contribution gross of the impairment of at-equity investments on Graydon Holding N.V.

Note 8 Operating property and other property and equipment

(in € thousands)	December 31, 2015			December 31, 2014		
	Operating property	**Other property and equipment**	**Total**	**Operating property**	**Other property and equipment**	**Total**
Opening balance						
Gross value	27 230	171 014	198 244	141 336	151 029	292 365
Depreciation	(17 651)	(131 692)	(149 343)	(44 855)	(102 075)	(146 930)
Impairment	-	(299)	(299)	(6 797)	(299)	(7 096)
Carrying amount	**9 579**	**39 023**	**48 602**	**89 684**	**48 655**	**138 339**
Change during the year						
Carrying amount at opening period	**9 579**	**39 023**	**48 602**	**89 684**	**48 655**	**138 339**
Acquisitions	136	15 687	15 823	156	14 336	14 492
Changes in consolidation scope	-	-	-	-	10	10
Disposals	(18)	(7 126)	(7 144)	(66)	(6 990)	(7 056)
Reclassifications	-	(1 914)	(1 914)	(78 099)	(6 125)	(84 224)
Foreign exchange differences	10	573	583	104	611	715
Net depreciation	(167)	(10 656)	(10 823)	(2 200)	(11 459)	(13 660)
Net provisions for impairment	-	-	-	-	0	0
Other changes	-	(3)	(3)	-	(16)	(16)
Carrying amount at closing period	**9 540**	**35 584**	**45 124**	**9 579**	**39 023**	**48 602**
Balance at closing period						
Gross value	27 367	159 620	186 987	27 230	171 014	198 244
Depreciation	(17 827)	(123 737)	(141 564)	(17 651)	(131 692)	(149 343)
Impairment	-	(299)	(299)	-	(299)	(299)
Carrying amount	**9 540**	**35 584**	**45 124**	**9 579**	**39 023**	**48 602**

In 2014 and 2015, the acquisitions and disposals in Other Property and Equipment are mainly due to the renewal of computers, furniture and office equipment.

The reclassification in 2015 for €-1,914 thousands is mainly due for €1,450 thousands of the recognition of operating properties into asset held for sale concerning Bürgel Wirtschaftsinformationen Verwaltungs GmbH and Bürgel Wirtschaftsinformationen GmbH & Co. KG.

As at December 31, 2014, the reclassification of €-78 million net book value represents the recognition of three operating properties into assets held for sale: a total of €-75.7 million for two buildings in Germany and €-2.4 million for one in the USA. These properties were subsequently impaired for €17.2 million – to a carrying value of €58.6 million – and €0.6 million – to a carrying value of €2 million – respectively. The reclassification in 2014 for €6,1 million is mainly due to IT applications developments previously classified in tangible assets under construction that were transferred in intangible assets in 2014.

Note 9 Deferred tax

Breakdown by type of tax

(in € thousands)	December 31, 2015	December 31, 2014
Deferred tax assets	280 920	321 069
Deferred tax liabilities	(424 927)	(460 479)
Net deferred tax	**(144 007)**	**(139 410)**
Tax losses	4 404	5 366
Deferred tax assets linked to revaluation of AFS investments	9 038	12 535
Deferred tax assets - provisions for retirement commitments	176 999	179 658
Deferred tax assets - technical reserves	13 866	14 700
Other deferred tax assets	76 613	108 810
Total deferred tax assets	**280 920**	**321 069**
Deferred tax liabilities linked to revaluation of AFS investments	(25 512)	(36 036)
Deferred tax liabilities - provisions for retirement commitments	(140 276)	(136 500)
Deferred tax liabilities - technical reserves	(208 443)	(194 769)
Other deferred tax liabilities	(50 696)	(93 174)
Total deferred tax liabilities	**(424 927)**	**(460 479)**
Net deferred tax	**(144 007)**	**(139 410)**
After offsetting deferred tax assets and liabilities at tax entity level		
Deferred tax assets	10 564	23 653
Deferred tax liabilities	(154 571)	(163 063)
Net deferred tax	**(144 007)**	**(139 410)**

The decrease in activated tax losses mainly concerns Euler Hermes Collections GmbH for €0.9 million.

The activated tax losses are mainly due to Euler Hermes Re (Luxemburg) for €1.9 million, to Euler Hermes SA (NV) for €1.4 million and to Euler Hermes Collections GmbH for €0.8 million.

Movements in deferred tax by geographical region

(in € thousands)	December 31, 2014	Change through income statement	Change relating to revaluation of AFS inv.	Foreign exchange difference	Other movements	December 31, 2015
France	(21 709)	(6 244)	5 094	-	1	(22 859)
Germany, Austria, Switzerland	(99 524)	3 406	(2 857)	1	684	(98 290)
Northern Europe	(2 916)	(5 383)	1 545	(361)	673	(6 442)
Mediterranean countries, Middle East & Africa	8 525	(141)	(12)	(110)	-	8 262
Asia & Pacific countries	307	78	-	11	0	396
America	1 757	(203)	(201)	1 430	255	3 038
Reinsurance	(37 809)	(1 126)	1 917	(292)	864	(36 447)
Other countries	-	-	-	-	-	-
Group Services / Holdings	11 959	(3 585)	(33)	(6)	-	8 335
Net deferred tax	**(139 410)**	**(13 198)**	**5 452**	**673**	**2 476**	**(144 007)**

The increase in deferred tax liabilities in Northern Europe is mainly due to the decrease in provisions for employee benefits in Euler Hermes Services UK Ltd.

Change in standard tax rate

	December 31, 2015	December 31, 2014
Group rate	28,88%	27,68%
France	34,43% (*)	34,43%
Germany	31,00%	31,00%
Italy	27,50%	27,50%
United Kingdom	21,50%	21,50%
United States	35,00%	35,00%
Netherlands	25,00%	25,00%
Belgium	33,99%	33,99%
Switzerland	17,50%	17,50%
Poland	19,00%	19,00%

The Group tax rate corresponds to the effective tax rate, which is determined on the basis of the effective income tax expenses on income before income taxes.

The reconciliation between the tax rate of the parent company Euler Hermes Group and the effective tax rate in 2015 is provided in Note 27.

(*) The temporary and extraordinary tax contribution equal to 5% of the amount of corporate income tax in France has been increased up to 10.7% for the fiscal year 2013 to fiscal year 2015. The current income tax rate for France is thus 38% for the fiscal year 2014 and 2015. As this extraordinary contribution is temporary, the deferred taxes are not computed with the rate of 38%.

Note 10 Insurance and reinsurance receivables

Breakdown by type

(in € thousands)	December 31, 2015			December 31, 2014
	Gross	Provisions	Net	Net
Receivables from policyholders and agents	303 102	(20 359)	282 743	246 970
Earned premiums not yet written	263 372	-	263 372	275 956
Receivables from guaranteed debtors	19 608	-	19 608	25 131
Receivables from reinsurance transactions	63 022	(1 911)	61 111	56 813
Total credit insurance receivables	**649 104**	**(22 270)**	**626 834**	**604 870**

Receivables from guaranteed debtors are mainly receivables recorded by Euler Hermes SA (NV) in respect of the retail credit activity (which is in run-off of business since 2011), of which €6 million have been recovered during 2015.

Breakdown by maturity

(in € thousands)	December 31, 2015				
	< 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Gross receivables	490 824	8 367	1 268	-	500 459
Reinsurers' share	99 191	7 576	-	-	106 767
Net receivables from guaranteed debtors	19 608	-	-	-	19 608
Total credit insurance receivables	**609 623**	**15 943**	**1 268**	**-**	**626 834**

Provisions for bad debts from policyholders and agents

(in € thousands)	December 31, 2015	December 31, 2014
Balance at opening period	(21 462)	(16 835)
Change in consolidation scope	-	(6)
Provision	(3 493)	(8 290)
Write back	4 661	8 123
Foreign exchange translation	(27)	(10)
Other changes	(38)	(4 444)
Balance at closing period	**(20 359)**	**(21 462)**

Note 11 Other receivables

Breakdown by type

(in € thousands)	December 31, 2015			December 31, 2014
	Gross	Provision	Net	Net
Current account	27 945	-	27 945	20 057
Other taxes receivables	56 534	-	56 534	44 204
Other receivables	142 938	(5 990)	136 948	144 775
of which, accrued interest not due	42 657	-	42 657	47 122
Deferred charges	8 452	-	8 452	11 900
Other adjustment accounts	1 341	-	1 341	1 460
Other assets	1 098	-	1 098	5 704
Total other receivables	**238 308**	**(5 990)**	**232 318**	**228 100**

Breakdown by maturity

(in € thousands)	< 3months	3 months to 1 year	1 to 5 years	> 5 years	Total
Total other receivables	**220 307**	**7 478**	**4 125**	**408**	**232 318**

Note 12 Assets and liabilities held for sale

(in € thousands)	December 31, 2015	December 31, 2014
Asset classifed as Held for sale	37 247	60 670
Liabilities classifed as Held for sale	(14 986)	-

In 2015, the assets and liabilities held for sale are related to Bürgel Group following the signature of the Share Purchase Agreement on December 18, 2015.

In 2014, the Assets held for sale were mainly related to Euler Hermes AG and Euler Hermes Deutschland branch of Euler Hermes SA (NV). These assets consisted in headquarters.

Note 13 Cash and cash equivalents

(in € thousands)	December 31, 2015	December 31, 2014
Cash in bank and at hand	289 433	274 014
Cash pooling	55 981	58 610
Total cash	**345 414**	**332 624**
Total cash in balance sheet	**345 414**	**332 624**
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	-	-
Total cash and cash equivalents	**345 414**	**332 624**

Note 14 Revaluation reserve

(in € thousands)	Investments	Tax	Foreign exchange difference	Associated companies	Other	Revaluation reserve except minority interests	Minority interests	Revaluation reserve
Opening balance	**127 917**	**(33 886)**	**3 264**	**1 014**	**933**	**99 242**	**(1)**	**99 241**
Change in fair market value of asset held for sale transfered through profits & losses (Gross amount) - Group	(31 963)	7 066	-	-	-	**(24 897)**	-	**(24 897)**
Change in fair market value of asset held for sale booked through equity (Gross amount) - Group	(15 439)	4 777	5 021	-	1	**(5 640)**	-	**(5 640)**
Change in fair market value of asset held for sale booked through equity (Gross amount) - Investments accounted for at the equity method	-	-	-	(3 799)	-	**(3 799)**	-	**(3 799)**
Other movements	-	-	-	-	866	**866**	-	**866**
Closing balance	**80 515**	**(22 043)**	**8 285**	**(2 785)**	**1 800**	**65 772**	**(1)**	**65 771**

Note 15 Non-controlling interests

Movements during the year

(in € thousands)	December 31, 2015	December 31, 2014
Non-controlling interests at start of period	**62 142**	**66 582**
Non-controlling interests' share of net income	**1 695**	**2 040**
Components of other comprehensive income	**59**	**45**
Revaluation reserve for financial investments available for sale	-	-
Actuarial gain / (loss) on defined benefit plans	(16)	(61)
Foreign currency translation differences	75	106
Other movements	**(2 089)**	**(6 525)**
Dividends paid to minority shareholders	(2 089)	(4 546)
Capital increases and other movements	-	(1 979)
Non-controlling interests at end of period	**61 807**	**62 142**

The dividends paid to minority shareholders is mainly due to Bürgel Wirtschaftsinformationen GmbH & Co. K. G.

Breakdown by country

(in € thousands)	December 31, 2015	December 31, 2014
Euler Hermes in France	46 411	47 396
Euler Hermes in Germany	10 007	10 714
Euler Hermes in Switzerland	9	15
Euler Hermes in Morocco	5 245	4 017
Euler Hermes in Tunisia	134	-
Non controlling interests	**61 807**	**62 142**

Note 16 Provisions for risks and charges

(in € thousands)	December 31, 2014	Allowance	Write back (used)	Write back (not used)	Reclassification	Other changes	December 31, 2015
Retirement scheme (see Note 17 Employee Benefits for more détails)	**232 714**	**21 738**	**(19 984)**	**(978)**	**(1 666)**	**(18 631)**	**213 193**
Defined-benefit retirement plans	232 714	21 738	(19 984)	(978)	(1 666)	(18 631)	213 193
Other provisions for risks and charges	**150 937**	**49 449**	**(28 397)**	**(16 033)**	**(4 618)**	**501**	**151 839**
Provision for tax litigation in Germany	262	-	-	-	-	5	267
Provision for tax uncertainties	41 449	4 887	(395)	3 115	(257)	15	48 814
Provisions for employee benefits	89 510	38 828	(22 273)	(14 450)	(4 184)	405	87 836
Provision for restructuring	7 731	(909)	(1 802)	(502)	(33)	47	4 532
Provisions for sundry disputes	11 985	6 643	(3 927)	(4 196)	(144)	29	10 390
Total Provisions for risks and charges	**383 651**	**71 187**	**(48 381)**	**(17 011)**	**(6 284)**	**(18 130)**	**365 032**

For the defined-benefit retirement plans, the other changes of €18.6 million mainly consist in changes in assumptions and experiences adjustments and are recognised in other comprehensive income according to IAS 19 Revised.

Note 17 Employee benefits

In accordance with the regulatory environment and collective agreements, the Group has established defined contribution and defined benefit pension plans (company or multi-employer) in favour of employees.

Defined contribution plans

Defined contribution plans are funded through independent pension funds or similar organizations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions.

During the year ended December 31, 2015, the Group recognized expenses for defined contribution plans of €11.0 million (2014: €10.5 million). Additionally, the Group paid contributions for state pension schemes of €29.2 million in 2015 (2014: €27.9 million).

Defined benefit plans

General description of the plans:

- Retirement indemnities (France): the rights in respect of retirement indemnities are defined by the insurance companies' collective agreement. This plan is financed partly by a policy taken out with an insurance company.

- PSAD (France): this is a supplementary retirement benefit plan that was closed in 1978 and covers executives of Euler Hermes France. Contributions are paid by Euler Hermes France to beneficiaries or their surviving spouse (reversion) until their death. The plan is managed by BCAC, which informs Euler Hermes France quarterly of the contributions to be paid.

- Cardif (France): this is a supplementary retirement benefit plan that was closed in 2006 and covers members of the Group Management Board and/or corporate officers of Euler Hermes Group and Euler Hermes France. The contributions are paid by Cardif to the beneficiaries or their surviving spouse (reversion) until their death.

- Euler Hermes SA (NV) (Italy branch): TFR (*Trattamento di Fine Rapporto*) is a pension plan established by Italian legislation that is similar to a defined benefit pension plan. It is valued in accordance with IAS 19 by an independent actuary.
  The following items were taken into account when measuring the commitment at the year-end:
    - the retirement age was taken as 62 years for women and 66 years for men;
    - the probability of leaving the Italy branch within the next five years for employees under 42 years of age has been determined based on historical data;
    - the average life expectancy has been determined based on current statistics;
    - the probability of an early request for TFR has also been calculated using historical data available within the company.

  The assets covering the actuarial liability are included along with the other assets of Euler Hermes SA (NV) (Italy branch) and are not identified separately.

- Euler Hermes SA (NV) (UK branch): the UK branch operates a defined benefit pension plan that covers all employees who had joined the company by December 31, 2001. Under this plan, employees will be granted a pension on retirement, based on a fraction of their final salary and based on their length of service within the company while the plan was open to future accrual. The plan closed to future accrual with effect from December 31, 2012, at which point the link to future salary increases was removed. The company funds these rights through a dedicated fund. The retirement rights are revalued annually based on the constraints set by law, which provides for the mandatory application of different revaluation rates according to the vesting date of the rights. The 2012 closure of the plan has resulted in a curtailment gain of £6.2 million.

- AVK/APV: Euler Hermes Deutschland, branch of Euler Hermes SA (NV), Euler Hermes AG and Euler Hermes Rating Deutschland GmbH have implemented a defined benefit pension plans for all their employees. The beneficiaries will receive an annuity upon retirement at 65 years old at the latest. These plans are financed in part by external companies, namely Pensionskasse AVK and Unterstützungskasse APV and by contractual trust arrangement namely Methusalem Trust e.V. Employees who leave the company prior to the date provided for may benefit from an annuity of a lower amount than the one initially provided for.

Within the Allianz defined benefit plan in which the Group is involved in Germany, the assumptions for determining the DBO have been updated. The plan has been split into 2 items: on one hand the engagement to pay a fixed annuity to employees, engagement covered by an insurance contract and on the other hand the engagement to pay a compensation for the inflation. As a result, the analysis leads to the conclusion that the engagement to pay the fixed annuity was already fully covered in the absence of profit participation and could be evaluated at the fair value of plan asset. The second part is still valued according to the projected unit credit method as required by IAS 19.
This approach implied a decrease of €40 million in 2014 in the net commitment.

- Euler Hermes SA (NV) (Belgium branch) has implemented a plan that covers the payment to employees of Euler Hermes Credit Insurance Belgium and Euler Hermes Services Belgium SA of a fixed capital amount (equal to a multiple of their salary at 60 years old). It also provides coverage in the event of death – a multiple of salary based on family composition – or invalidity of the employee. The plan was closed in 2012.

- Euler Hermes SA (NV) (Netherlands branch) implemented a defined benefit pension plan for its employees that is managed by Delta Lloyd. The plan was closed at the end of 2012.

- Scandinavia:
  Euler Hermes SA (NV) (Sweden branch): a multi-employer plan that is managed by the life insurance company SPP. Employees begin to accrue pension at 28 years old. Employees can receive a pension as from 65 years old. Employees are then guaranteed 65% of their final salaries,
  Euler Hermes SA (NV) (Norway branch): a multi-employer plan that is managed by the life insurance company Vital. Employees begin to accrue pension from the first day of employment. Employees can receive a pension as from 67 years old. Employees are then guaranteed 70% of their final salaries.

31/12/2015 (in € thousands)	France & Greece			Italy	United-Kingdom	Germany	Belgium	Netherlands	Scandinavia		Total
	Retirement indemnities	PSAD	Cardif						FTP	VITAL	
Actuarial obligation - total - Opening	**(9 662)**	**(3 363)**	**(4 047)**	**(7 556)**	**(225 347)**	**(609 047)**	**(25 071)**	**(18 674)**	**(6 453)**	**(1 889)**	**(911 110)**
Current period service cost	(669)	-	-	(564)	-	(13 209)	(689)	(1 461)	(116)	(135)	(16 843)
Interest on obligation	(145)	(49)	(59)	(61)	(8 597)	(12 194)	(364)	(364)	(197)	(46)	(22 076)
Employee contributions	-	-	-	1	-	(3 144)	(65)	(285)	-	-	(3 493)
Plan amendment	-	-	-	-	-	-	-	-	-	-	-
Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Plan curtailments	-	-	-	-	-	-	-	-	-	-	-
Plan settlements	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains (losses) due to a change in assumptions	638	(24)	230	45	5 086	20 193	1 124	(1 181)	817	82	27 010
Actuarial gains (losses) due to a change in experience	(369)	107	50	-	-	(8 221)	(226)	1 121	284	216	(7 038)
Benefits paid	332	335	166	92	6 146	14 286	1 446	52	172	14	23 041
Currency translation difference	-	-	-	-	(11 962)	-	-	-	(332)	200	(12 094)
Other	-	-	-	-	-	1 616	-	1 323	(77)	250	3 112
Removal of the discretionary clause	-	-	-	-	-	-	-	-	-	-	-
Actuarial obligation - total - Closing	**(9 875)**	**(2 994)**	**(3 660)**	**(8 043)**	**(234 674)**	**(609 720)**	**(23 845)**	**(19 469)**	**(5 902)**	**(1 309)**	**(919 493)**
Fair value of plan assets - total - Opening	**5 561**	**-**	**3 203**	**-**	**217 071**	**412 273**	**18 400**	**15 633**	**5 087**	**1 168**	**678 396**
Interest income on plan assets	80	-	44	-	8 278	8 330	270	299	161	24	17 486
Actuarial gains (losses) due to a change in experience	56	-	(201)	-	1 140	2 052	375	(247)	40	(190)	3 025
Employee contributions	-	-	-	-	-	3 144	65	285	-	-	3 494
Employer contributions	921	-	-	-	6 706	6 014	676	591	-	101	15 009
Acquisitions /disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Plan curtailments	-	-	-	-	-	-	-	-	-	-	-
Plan settlements	-	-	-	-	-	-	-	-	-	-	-
Benefits paid	(249)	-	(166)	-	(6 146)	(9 132)	(1 446)	(52)	65	-	(17 126)
Currency translation difference	-	-	-	-	11 334	-	-	-	257	(125)	11 466
Other	-	-	62	-	-	(42)	-	(1 323)	(156)	(285)	(1 744)
Fair value of plan assets - total - Closing	**6 369**	**-**	**2 942**	**-**	**238 383**	**422 639**	**18 340**	**15 186**	**5 454**	**694**	**710 006**
Net commitments <0	**(3 506)**	**(2 994)**	**(718)**	**(8 043)**	**-**	**(187 081)**	**(5 505)**	**(4 283)**	**(448)**	**(615)**	**(213 193)**
Net commitments >0	**-**	**-**	**-**	**-**	**3 708**	**-**	**-**	**-**	**-**	**-**	**3 708**
Actuarial Gain / Loss - cumulative amount in Other Comprehensive Income											
- Actuarial Gain / Loss - gross - Opening value	(2 047)	281	(409)	(638)	(64 602)	(153 496)	(4 357)	(2 239)	(1 476)	166	(228 817)
- Actuarial Gain / Loss - gross - Movement	325	83	78	45	6 226	14 024	1 273	(317)	1 141	107	22 986
Actuarial Gain / Loss - gross - Closing Value	**(1 722)**	**364**	**(331)**	**(593)**	**(58 376)**	**(139 472)**	**(3 084)**	**(2 556)**	**(335)**	**273**	**(205 831)**
- Actuarial Gain / Loss - Tax effect - Closing value	352	51	114	164	13 370	43 310	801	733	874	(68)	59 701
Actuarial Gain / Loss - Net of tax - Closing value	**(1 370)**	**415**	**(217)**	**(429)**	**(45 006)**	**(96 162)**	**(2 283)**	**(1 823)**	**539**	**205**	**(146 131)**
Expenses for the period	**(734)**	**(49)**	**(15)**	**(625)**	**(318)**	**(17 073)**	**(783)**	**(1 526)**	**(152)**	**(158)**	**(21 433)**
Current period service cost	(669)	-	-	(564)	-	(13 209)	(689)	(1 461)	(116)	(135)	(16 843)
Finance cost (effect of undiscounting)	(145)	(49)	(59)	(61)	(8 597)	(12 194)	(364)	(364)	(197)	(46)	(22 076)
Interest income on plan assets	80	-	44	-	8 279	8 330	270	299	161	24	17 486
Profit/loss on curtailment/settlement	-	-	-	-	-	-	-	-	-	-	-
Asset ceiling limitation	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Actuarial assumptions											
Discounting rates used	2,00%	2,00%	2,00%	2,00%	3,80%	2,25%	2,00%	2,25%	3,80%	2,50%	
Inflation rate used	1,80%	1,80%	1,80%	2,00%	3,30%	1,70%		0,25%	2,00%	2,25%	
Expected rate of salary increase	1,80%	1,80%	1,80%	0,50%		2,10%	2,70%	2,50%	3,00%	2,50%	
Expected rate of increase of medical costs	-	-	-	-	-	-	-	-	-	-	
Rate of increase of benefit used by plan	1,80%	1,80%	1,80%	-	-	-	-	0,25%	-	-	
Plan retirement age	60 or 63	60 or 63	60 or 63	62 and 66 (3)	65	63	60	67	65	65	
Plan residual service period	-	-	-	-	24,5	15	-	17	-	17	
Other significant actuarial assumption used (1)	-	60%	-	-	-	-	-	-	-	-	
Structure of plan assets (2)											
Equities	-	-	-	-	43,70%	9,00%	-	-	8,00%	6,10%	
Bonds	-	-	100,00%	-	24,00%	87,50%	-	-	86,00%	47,50%	
Real estate	100,00%	-	-	-	8,50%	3,10%	-	-	6,00%	-	
Other instruments	-	-	-	-	23,80%	0,40%	-	100,00%	-	31,70%	

(1) the 60% on the PSAD plan corresponds to the reversion rate

(2) Structure of hedging assets by entity. Germany and Netherlands correspond to the statistic of the more significant company.

(3) The retirement age has been taken as 62 years for women and 66 years for men

31/12/2014 (in € thousand)	France & Greece			Italy	United-Kingdom	Germany	Belgium	Netherlands	Scandinavia		Total
	Retirement indemnities	PSAD	Cardif						FTP	VITAL	
Actuarial obligation - total - Opening	**(7 727)**	**(3 380)**	**(3 326)**	**(7 034)**	**(179 045)**	**(517 414)**	**(23 149)**	**(12 772)**	**(6 222)**	**(1 683)**	**(761 752)**
Current period service cost	(907)	-	-	(146)	-	(10 478)	(626)	(575)	638	(671)	(12 765)
Interest on obligation	(249)	(110)	(477)	(103)	(8 238)	(17 846)	(692)	(350)	(227)	(58)	(28 350)
Employee contributions	-	-	-	(453)	-	(3 037)	(64)	(204)	187	18	(3 553)
Plan amendment	-	-	-	-	-	-	-	-	-	-	-
Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Plan curtailments	-	-	-	-	-	-	-	(45)	-	-	(45)
Plan settlements	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains (losses) due to a change in assumptions	(1 069)	(215)	(432)	(288)	(29 878)	(75 349)	(2 071)	(4 268)	(1 504)	129	(114 944)
Actuarial gains (losses) due to a change in experience	(149)	(24)	(8)	(4)	-	1 721	(105)	(369)	(22)	-	1 040
Benefits paid	439	366	166	472	5 972	13 230	1 636	10	-	-	22 291
Currency translation difference	-	-	-	-	(14 156)	-	-	-	697	(125)	(13 585)
Other	-	-	30	-	(3)	126	-	(101)	-	-	52
Removal of the discretionary clause	**-**	**-**	**-**	**-**	**-**	**-**	**(0)**	**-**	**-**	**501**	**500**
Actuarial obligation - total - Closing	**(9 662)**	**(3 363)**	**(4 047)**	**(7 556)**	**(225 347)**	**(609 047)**	**(25 071)**	**(18 674)**	**(6 453)**	**(1 889)**	**(911 110)**
Fair value of plan assets - total - Opening	**4 944**	**-**	**3 233**	**-**	**189 552**	**367 717**	**18 266**	**9 864**	**5 095**	**1 018**	**599 689**
Interest income on plan assets	166	-	104	-	8 736	12 928	555	275	179	31	22 974
Actuarial gains (losses) due to a change in experience	(40)	-	32	-	9 951	29 350	162	4 802	-	(111)	44 146
Employee contributions	-	-	-	-	-	3 037	64	480	(187)	(18)	3 376
Employer contributions	919	-	-	-	1 255	7 776	788	225	169	144	11 275
Acquisitions /disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Plan curtailments	-	-	-	-	-	-	-	(17)	-	-	(17)
Plan settlements	-	-	-	-	-	-	-	-	-	-	-
Benefits paid	(428)	-	(166)	-	(5 972)	(8 493)	(1 636)	(10)	-	-	(16 705)
Currency translation difference	-	-	-	-	14 184	-	-	-	(525)	106	13 764
Other	-	-	-	-	(634)	(42)	201	14	356	(2)	(106)
Fair value of plan assets - total - Closing	**5 561**	**-**	**3 203**	**-**	**217 071**	**412 273**	**18 400**	**15 633**	**5 087**	**1 168**	**678 396**
Net commitments <0	**(4 101)**	**(3 363)**	**(844)**	**(7 556)**	**(8 276)**	**(196 774)**	**(6 671)**	**(3 041)**	**(1 366)**	**(721)**	**(232 714)**
Net commitments >0	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Actuarial Gain / Loss - cumulative amount in Other Comprehensive Income											
- Actuarial Gain / Loss - gross - Opening value	(787)	520	-	(346)	(44 675)	(108 932)	(2 343)	(2 404)	50	148	(158 770)
- Actuarial Gain / Loss - gross - Movement	(1 260)	(239)	(409)	(292)	(19 926)	(44 564)	(2 014)	165	(1 526)	18	(70 047)
Actuarial Gain / Loss - gross - Closing Value	**(2 047)**	**281**	**(409)**	**(638)**	**(64 602)**	**(153 496)**	**(4 357)**	**(2 239)**	**(1 476)**	**166**	**(228 817)**
- Actuarial Gain / Loss - Tax effect - Closing value	681	(94)	136	175	13 889	47 584	1 481	559	369	(42)	64 739
Actuarial Gain / Loss - Net of tax - Closing value	**(1 366)**	**187**	**(273)**	**(463)**	**(50 712)**	**(105 912)**	**(2 876)**	**(1 680)**	**(1 107)**	**124**	**(164 078)**
Expenses for the period	**(990)**	**(110)**	**(373)**	**(249)**	**498**	**(15 402)**	**(763)**	**(745)**	**590**	**(698)**	**(18 242)**
Current period service cost	(907)	-	-	(146)	-	(10 478)	(626)	(645)	638	(671)	(12 835)
Finance cost (effect of undiscounting)	(249)	(110)	(477)	(103)	(8 238)	(17 846)	(692)	(350)	(227)	(58)	(28 350)
Interest income on plan assets	166	-	104	-	8 736	12 928	555	275	179	31	22 974
Profit/loss on curtailment/settlement	-	-	-	-	-	-	-	(45)	-	-	(45)
Asset ceiling limitation	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(0)	(6)	-	20	-	-	14
Actuarial assumptions											
Discounting rates used	2,00%	2,00%	2,00%	2,00%	3,60%	2,00%	3,05%	2,50%	3,70%	-	
Inflation rate used	1,75%	1,75%	1,75%	2,00%	3,15%	1,70%	2,50%	0,20%	2,00%	-	
Expected rate of salary increase	1,85%	1,85%	1,85%	0,50%		2,10%	3,20%	2,50%	3,00%	-	
Expected rate of increase of medical costs	-	-	-	-	-	-	-	-	-	-	
Rate of increase of benefit used by plan	1,75%	1,75%	1,75%	-	-	-	-		-	-	
Plan retirement age	60 or 63	60 or 63	60 or 63	62 or 66 (3)	65	63	60	67	65	67	
Plan residual service period	-	-	-	-	24	15	-	17	-	17	
Other significant actuarial assumption used	-	60%	-	-	-	-	-	-	-	-	
Structure of plan assets											
Shares	-	-	-	-	42,54%	7,70%	-	-	11,00%		
Bonds	-	-	100,00%	-	25,00%	89,40%	-	-	84,00%		
Real estate	100,00%	-	-	-	7,26%	2,70%	-	-	5,00%	-	
Other instruments	-	-	-	-	25,20%	0,20%	-	100,00%			

(1) the 60% on the PSAD plan corresponds to the reversion rate
(2) Structure of hedging assets by entity. Germany and Netherlands correspond to the statistic of the more significant company.
(3) The retirement age has been taken as 62 years for women and 66 years for men

Sensitivity of actuarial assumptions

As far as the Germany scope is concerned (89% of Group net commitments for the defined-benefit retirement plans), an increase of the discount rate by 50 bps would decrease the defined benefit obligation by €39 million. A decrease of 50 bps would lead to an increase of €46 million. An increase or a decrease of the salary by 25 bps would have no material effect on the defined benefit obligation.

Estimation of future benefit payments

The table below presents the estimated future benefit payments that will be met mainly to the benefit of the employee of the German entities, by the pension funds or by the Group:

(in € thousands)	Pension benefits
2015	14 286
2016	14 087
2017	14 924
2018	15 881
2019	16 739
2020	17 209
2021-2025	98 140

Note 18 Borrowings

Breakdown by type

(in € thousands)	December 31, 2015	December 31, 2014
Subordinated debt	**-**	**-**
Term loans and other term borrowings	252 184	284 159
Bank overdraft	58	-
Borrowings from banking sector businesses	**252 242**	**284 159**
Other borrowings	**-**	**-**
Total borrowings	**252 242**	**284 159**

Bank borrowings mainly correspond to the following items:

- 2015 loan of €110 million from BNP Paribas with redemption in June 18, 2020, with fixed annual interest rate of 0.97% (negotiated in June, 2015);
- 2010 loan of €110 million from HSBC with redemption on June 18, 2020, with fixed annual interest rate of 0.97% (previously €125 million loan and 1.885% fixed annual interest rate, renegotiated in June, 2015);
- Credit line of €32 million from AAREAL Bank with redemption on October 22, 2023, with variable annual interest rate Euribor 3M plus 1.55% margin. As at December 2015, this line has been totality drawn down (to €32 million);
- Accrued interest for €0.2 million.

Some borrowings are subject to step-up clauses providing for an increase in the annual interest rate in the event of an external rating downgrade by *Standard & Poor's* or any other equivalent rating agency considered in the loan agreements.

Breakdown by maturity

(in € thousands)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total borrowings	**242**	**-**	**220 000**	**32 000**	**252 242**

Breakdown by maturity for interests to be paid

(in € millions)	2015 (1)	2016
Borrowing 2015 of €110 million maturity 06/18/2020, annual fixed rate to 0.97%	0,53	1,07
Borrowing 2010 of €110 million maturity 06/18/2020, annual fixed rate to 0.97%	0,53	1,07
Total future interest expenses with others than Allianz Group	**1,07**	**2,13**

(1) The annual interest on loans amounts to €2.13 million.

(in € millions)	2015	2016 to 2022 (1)	2023
Borrowing 2013 of €32 million maturity 22/10/2023, Euribor 3M + 1,55% (2)	0,48	3,18	0,38
Total future interest expenses with others than Allianz Group	**0,48**	**3,18**	**0,38**

(1) This interest is accumulated aver 7 years; the annual interest on loans amounts to €0.45 million.
(2) The line of credit of € 32 million maturity October 2023 has been totally drawn down.

Note 19 Technical reserves

(in € thousands)	December 31, 2014	Allowance net of writebacks	Foreign exchange differences	Changes in consolidation scope	Other changes	December 31, 2015
Reserve for unearned premiums	396 221	34 723	16 272	-	(109)	447 107
Reserve for claims net of forecasts of recoveries	1 615 531	133 552	23 180	(5)	1 571	1 773 829
Reserve for no-claims bonuses and rebates	165 494	(811)	1 895	-	42	166 620
Gross technical reserves	**2 177 246**	**167 464**	**41 347**	**(5)**	**1 504**	**2 387 556**
Reserve for unearned premiums	62 695	11 993	690	-	1	75 379
Reserve for claims net of forecasts of recoveries	466 801	82 726	1 996	5	652	552 180
Reserve for no-claims bonuses and rebates	34 783	59	430	-	(20)	35 252
Reinsurers' share of technical reserves	**564 279**	**94 778**	**3 116**	**5**	**633**	**662 811**
Net technical reserves	**1 612 967**	**72 686**	**38 231**	**(10)**	**871**	**1 724 745**

Claims reserves

(in € thousands)	December 31, 2015			December 31, 2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	**2 056 108**	**(643 732)**	**1 412 376**	**1 906 065**	**(565 768)**	**1 340 297**
Current period	1 182 754	(354 679)	828 075	1 010 239	(253 783)	756 456
Prior periods	873 354	(289 053)	584 301	895 826	(311 985)	583 841
Recoveries to be received	**(282 279)**	**91 552**	**(190 727)**	**(290 534)**	**98 967**	**(191 567)**
Current period	(110 008)	23 916	(86 092)	(107 544)	23 585	(83 959)
Prior periods	(172 271)	67 636	(104 635)	(182 990)	75 382	(107 608)
Claims reserves	**1 773 829**	**(552 180)**	**1 221 649**	**1 615 531**	**(466 801)**	**1 148 730**

Breakdown by type of reserve

(in thousands)	December 31, 2015			December 31, 2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	**447 107**	**(75 379)**	**371 728**	**396 221**	**(62 695)**	**333 526**
Claims reserves	**1 773 829**	**(552 180)**	**1 221 649**	**1 615 531**	**(466 801)**	**1 148 730**
of which, reserves for known claims	1 239 977	(388 536)	851 441	1 130 972	(359 647)	771 325
of which, reserves for late claims	729 144	(244 024)	485 120	679 393	(194 256)	485 137
of which, reserves for claims handling expenses	87 229	(11 173)	76 056	95 688	(11 865)	83 823
of which, other technical reserves	(242)	1	(241)	13	-	13
of which, recoveries to be received	(282 279)	91 552	(190 727)	(290 535)	98 967	(191 568)
No-claims bonuses and rebates	**166 620**	**(35 252)**	**131 368**	**165 494**	**(34 783)**	**130 711**
Technical reserves	**2 387 556**	**(662 811)**	**1 724 745**	**2 177 246**	**(564 279)**	**1 612 967**

Note 20 Insurance and reinsurance liabilities

Breakdown by type and by maturity

(in € thousands)	December 31, 2015	December 31, 2014
Policyholders' guarantee deposits and miscellaneous	102 700	114 339
Liabilities due to policyholders and agents	116 456	112 653
Liabilities arising from inward insurance and reinsurance transactions	**219 156**	**226 992**
Liabilities due to reinsurers and assignors	100 244	122 866
Deposits received from reinsurers	7 566	8 611
Outwards reinsurance liabilities	**107 810**	**131 477**
Total insurance and reinsurance liabilities	**326 966**	**358 469**

(in € thousands)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total insurance and reinsurance liabilities	**320 484**	**5 567**	**600**	**315**	**326 966**

Note 21 Other liabilities

(in € thousands)	December 31, 2015	December 31, 2014
Tax and social liabilities	153 346	153 119
Other operating liabilities	120 611	108 728
Deferred income	25 630	27 783
Other accrued expenses	-	0
Other liabilities	63	145
Total other liabilities	**299 650**	**289 775**

(in € thousands)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total other liabilities	**292 872**	**6 707**	**51**	**20**	**299 650**

Note 22 Breakdown of operating income

(in € thousands)	December 31, 2015			December 31, 2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	2 372 473	(698 551)	1 673 922	2 270 416	(670 884)	1 599 532
Premiums refunded	(132 305)	29 839	(102 466)	(111 513)	25 743	(85 770)
Gross premiums written - credit insurance	2 240 168	(668 712)	1 571 456	2 158 903	(645 141)	1 513 762
Change in unearned premiums	(34 724)	12 306	(22 418)	(32 992)	1 265	(31 727)
Earned premiums	**2 205 444**	**(656 406)**	**1 549 038**	**2 125 911**	**(643 876)**	**1 482 035**
Service revenues	432 931	-	432 931	401 101	-	401 101
Turnover	**2 638 375**	**(656 406)**	**1 981 969**	**2 527 012**	**(643 876)**	**1 883 136**
Net investment income	**116 343**	**-**	**116 343**	**85 081**	**-**	**85 081**
Claims paid	(907 645)	235 864	(671 781)	(825 893)	238 160	(587 733)
Claims reserves expenses	(142 458)	83 404	(59 054)	(67 486)	34 602	(32 884)
Claims handling expenses	(97 437)	2 574	(94 863)	(105 292)	3 155	(102 137)
Insurance services expenses	**(1 147 540)**	**321 842**	**(825 698)**	**(998 671)**	**275 917**	**(722 754)**
Brokerage commissions	(222 721)	-	(222 721)	(201 018)	-	(201 018)
Other acquisition costs	(263 880)	-	(263 880)	(254 821)	-	(254 821)
Change in acquisition costs capitalised	8 561	-	8 561	2 899	-	2 899
Contract acquisition expenses	**(478 040)**	**-**	**(478 040)**	**(452 940)**	**-**	**(452 940)**
Impairment of portfolio securities and similar	**-**	**-**	**-**	**-**	**-**	**-**
Administration expenses	**(219 261)**	**-**	**(219 261)**	**(207 943)**	**-**	**(207 943)**
Commissions received from reinsurers	**-**	**234 096**	**234 096**	**-**	**222 895**	**222 895**
Other ordinary operating income and expenses	**(391 625)**	**-**	**(391 625)**	**(371 307)**	**-**	**(371 307)**
Current operating income	**518 252**	**(100 468)**	**417 784**	**581 233**	**(145 064)**	**436 169**

Cost of claims

(in € thousands)	December 31, 2015			December 31, 2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	**1 497 999**	**(419 767)**	**1 078 232**	**1 335 823**	**(330 747)**	**1 005 076**
of which, claims paid	257 162	(62 530)	194 632	286 466	(74 860)	211 606
of which, claims reserves	1 146 530	(353 352)	793 178	955 692	(252 284)	703 408
of which, claims handling expenses	94 307	(3 885)	90 422	93 665	(3 603)	90 062
Recoveries for the current period	**(120 035)**	**26 965**	**(93 070)**	**(115 159)**	**25 969**	**(89 190)**
Recoveries received	(10 240)	3 072	(7 168)	(8 705)	2 379	(6 326)
Change in reserves for recoveries	(109 795)	23 893	(85 902)	(106 454)	23 590	(82 864)
Cost of claims from prior periods	**(224 847)**	**65 810**	**(159 037)**	**(268 073)**	**35 103**	**(232 970)**
of which, claims paid	787 335	(213 547)	573 788	707 223	(237 778)	469 445
of which, claims reserves	(1 015 312)	278 046	(737 266)	(986 923)	272 433	(714 490)
of which, claims handling expenses	3 130	1 311	4 441	11 627	448	12 075
Recoveries from prior periods	**(5 577)**	**5 150**	**(427)**	**46 080**	**(6 242)**	**39 837**
Recoveries received	(126 612)	37 141	(89 471)	(159 091)	72 099	(86 992)
Change in reserves for recoveries	121 035	(31 991)	89 044	205 171	(78 341)	126 829
Cost of claims	**1 147 540**	**(321 842)**	**825 698**	**998 671**	**(275 917)**	**722 753**

Note 23 Net financial income

(in € thousands)	December 31, 2015	December 31, 2014
Revenues from investment property	**4 296**	**2 644**
Revenues from equity & debt securities	**59 800**	**58 524**
Available for sale assets through equity	59 800	58 512
Trading assets	-	-
Held to maturity	-	12
Revenues from loans, deposits and other financial investments	**16 309**	**19 703**
Other financial income	**208**	**244**
Investment income	**80 613**	**81 117**
Depreciation of investment property	(2 651)	(1 004)
Investment management expenses	(8 595)	(7 793)
Interest paid to reinsurers	(210)	(215)
Other financial expenses	-	-
Investment expenses	**(11 456)**	**(9 012)**
Profits (losses) on sales of property	**-**	**(363)**
Net profits (losses) on sales of securities	**35 447**	**21 471**
Available for sale assets through equity	34 658	21 286
Trading assets	-	-
Held to maturity	-	-
On sales of loans to banks and customers	789	185
Profits (losses) on sales of participating interests	**-**	**-**
Net gain (loss) on sales of investments less impairment and depreciation write backs	**35 447**	**21 108**
Change in fair value of derivatives	(3 892)	210
Change in fair value of trading assets	-	-
Change in fair value of investments recognised at fair value through the income statement	**(3 892)**	**210**
Reserve for impairment of investments	(48)	(2 984)
Change in impairment of investments	**(48)**	**(2 984)**
Net change in foreign currency	**15 679**	**(5 357)**
Net financial income (excluding financing expense)	**116 343**	**85 082**

The change in fair value of derivatives in 2015 is mostly due to the increase in underlying share prices on “Euler Hermes Group Long term Incentive” and “Allianz group Equity Incentive” stock-option plans, and to the revaluation of financial derivatives in the Group’s asset management entities.

The net losses in foreign currency in 2015 are mainly due to the appreciation of the US dollar and the British pound against euro.

Note 24 Operating leases

The note below presents the rents from the simple rent agreements for which the entities are committed on the future exercises.

(in € thousands)	December 31, 2015						
	United Kingdom	United States	Northern Europe (1)	Germany	France	Asia	Others
Less than 1 year	2 832	3 924	3 919	1 775	18 074	2 190	719
1 to 5 years	8 567	8 612	11 182	2 131	56 965	3 998	1 820
More than 5 years	835	338	770	18	309	0	568
Total	**12 234**	**12 874**	**15 871**	**3 924**	**75 348**	**6 188**	**3 107**

(1) includes the Netherlands, Scandinavia and Belgium

The Group has a rental contract of 9 years since January 1st, 2012 for its *First* Tower headquarter in La Défense, for an annual amount of €10,417 thousand net of rent reduction.

Note 25 Other ordinary operating revenues and expenses

(in € thousands)	December 31, 2015	December 31, 2014
Other ordinary operating income	**18 601**	**23 595**
Other ordinary operating expenses	(402 859)	(381 127)
Employee profit sharing and bonuses	(7 367)	(13 775)
Other ordinary operating expenses	**(410 226)**	**(394 902)**
Other ordinary operating income and expenses	**(391 625)**	**(371 307)**

The other ordinary operating expenses mainly concern expenses related to services activities.

The employee profit sharing and bonuses has decreased by almost 47% in 2015 compared to 2014.
In 2014, an increase by almost 50% had been recorded. It was related to the release of the equalisation reserves in Euler Hermes France after the realization of the legal restructuring project (cross border merger in Euler Hermes SA (NV)). This release explained most of the 2014 increase in the net statutory taxable profit of Euler Hermes France, on which the profit-sharing is calculated.

Note 26 Other operating revenues and expenses

(in € thousands)	December 31, 2015	December 31, 2014
Other non-ordinary operating income	4 461	1 682
Other non-ordinary operating expenses	(4 887)	(24 726)
Other non-ordinary operating income and expenses	**(426)**	**(23 044)**

In 2015, the other non-ordinary operating expenses mainly consist of restructuring expenses for €0.6 million.

In 2014, the other non-ordinary operating expenses consisted of:
- €17.8 million for depreciation of held-for-sale buildings (Hamburg headquarters) ;
- €7 million for restructuring expenses.

Note 27 Corporation tax

Breakdown of tax charge between current income tax and deferred income tax

The tax charge is split as follows:

(in € thousands)	December 31, 2015	December 31, 2014
Current income tax		
France	20 805	87 165
Other countries	89 534	121 291
Subtotal	**110 339**	**208 456**
Deferred income tax		
France	9 830	(71 645)
Other countries	3 368	(20 415)
Subtotal	**13 198**	**(92 060)**
Total Corporation tax as reported in the income statement	**123 537**	**116 396**

In 2014, the cross-border merger of Euler Hermes France in Euler Hermes SA (NV) had resulted in the release of the equalization reserve which generated a payment of current income tax to the French Tax administration and the write-back of the corresponding deferred tax liability.
No equivalent event occurred in 2015: for this reason, the current income tax expense decreases and the deferred tax expense increases with respect to 2014.

Tax proof

The reconciliation between the theoretical tax charge to 34,43% (pre-tax profit multiplied by the applicable tax rate in France for the period concerned) and the effective tax charge to 28,88% is as follows:

(in € thousands)	December 31, 2015	December 31, 2014
Consolidated income before taxes	**427 709**	**420 496**
Theoretical tax rate	34,43%	34,43%
Tax at theoretical tax rate	**-147 260**	**-144 777**
Contribution of companies booked at equity	**7 990**	**5 545**
Impact of differences between group and local tax rates	**32 591**	**37 145**
Local specific taxes	**-9 845**	**-6 019**
Net tax on other items non taxable or non deductible	**-1 497**	**307**
Tax group boni	**1 507**	**1 133**
Dividends	**-10 100**	**-9 696**
Corrections and adjustements on prior years periods	**6 386**	**286**
Deferred tax assets unrecognized and provisions for tax uncertainties	**-2 022**	**-2 322**
Other permanent differences	**-1 288**	**2 002**
Tax at effective tax rate	**-123 537**	**-116 396**
Effective tax rate	**28,88%**	**27,68%**

The main variances are due to:

- the differences in tax rates due to the presence of the Group in countries which have a different theoretical tax rates;
- dividends consist of taxable dividends outside the French Tax Group as well as the additional contribution of 3 % on dividends paid by Euler Hermes Group;
- permanent differences (mainly taxation without basis and unrecognized tax losses);
- reduced rates;
- specific tax positions (mainly adjustments on prior year periods of tax losses).

Note 28 Earnings per share and dividend per share

Earnings per share

	December 31, 2015	December 31, 2014
Distributable net income (in € thousands)	302 476	302 060
Weighted average number of ordinary shares before dilution	44 167 391	44 028 454
Earnings per share (in €)	**6,85**	**6,86**
Distributable net income (in € thousands)	302 476	302 060
Weighted average number of ordinary shares after dilution	44 167 391	44 043 176
Diluted earnings per share (in €)	**6,85**	**6,86**

The dilution impact takes into account the exercise of options.
The average number of shares resulting from dilution is at zero in 2015 (14,722 in 2014).
The net income, Group Share, is used as the basis for this calculation.

Dividend per share

The Management will propose to the Shareholder's Meeting of May 25, 2016 the payment of a dividend of €4.40 per share on the 2015 result.

Note 29 Segment data

Segment assets are operating assets that can be directly attributed or reasonably allocated to a given segment. Segment liabilities are liabilities arising from operations that can be directly attributed or reasonably allocated to a given segment.

Segment profit and loss comprises income and expense resulting from operating activities that are directly attributable to a given segment and the relevant portion of income and expense that can reasonably be assigned to the segment, notably income and expense relating to sales to external customers and income and expense relating to transactions with other segments of the same company.

For the Group the primary segment is the geographical segment as it corresponds to the information presented to the Group's management bodies.

A balance sheet by segment pro-forma as at December 31, 2014 has been performed to take into account that France and Germany have become Branches of Euler Hermes SA (NV) retroactively as at 1st of January 2014.

Notes to the consolidated financial statements

Profit & loss by segment – year-end December 2015

(in € thousands) — **Twelve months ended December 31, 2015**

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	634 178	352 710	508 532	290 410	293 130	120 910	1 671 500	-	(1 498 897)	2 372 473
Premiums refunded	(59 341)	(32 401)	(29 401)	544	(5 417)	(2 357)	(91 399)	-	87 467	(132 305)
Change in unearned premiums	(2 567)	(3 779)	(6 552)	(12 932)	1 892	(4 667)	(21 836)	-	15 717	(34 724)
Earned premiums - non-Group	**572 270**	**316 530**	**472 579**	**278 022**	**289 605**	**113 886**	**1 558 265**	**-**	**(1 395 713)**	**2 205 444**
Services revenues - non-Group	179 669	75 251	84 949	66 173	36 905	29 417	-	140 708	(180 141)	432 931
Turnover - intra-sectoral	**751 939**	**391 781**	**557 528**	**344 195**	**326 510**	**143 303**	**1 558 265**	**140 708**	**(1 575 854)**	**2 638 375**
Investment income	27 581	25 078	19 833	3 902	8 748	(295)	36 599	228 521	(233 624)	116 343
Of which, dividends	*(1 237)*	-	-	-	-	-	-	*(229 361)*	*230 598*	-
Total ordinary income	**779 520**	**416 859**	**577 361**	**348 097**	**335 258**	**143 008**	**1 594 864**	**369 229**	**(1 809 478)**	**2 754 718**
Insurance services expenses	(153 186)	(135 438)	(240 194)	(203 149)	(189 277)	(114 428)	(827 435)	(2 954)	718 521	(1 147 540)
Outwards reinsurance income	230 379	170 781	282 541	194 057	210 469	113 488	549 527	-	(1 195 303)	555 939
Outwards reinsurance expenses	(377 478)	(217 047)	(335 502)	(200 195)	(209 721)	(84 532)	(627 645)	-	1 395 713	(656 407)
Other income and expenses	(316 969)	(151 457)	(226 608)	(134 875)	(120 776)	(79 019)	(541 306)	(174 840)	656 924	(1 088 926)
Total other income and expenses	**(617 254)**	**(333 161)**	**(519 763)**	**(344 162)**	**(309 305)**	**(164 491)**	**(1 446 859)**	**(177 794)**	**1 575 855**	**(2 336 934)**
CURRENT OPERATING INCOME	**162 266**	**83 698**	**57 598**	**3 935**	**25 953**	**(21 483)**	**148 005**	**191 435**	**(233 623)**	**417 784**
Other non ordinary operating expenses and income	(1 336)	-	153	-	-	-	-	2 002	(1 245)	(426)
OPERATING INCOME	**160 930**	**83 698**	**57 751**	**3 935**	**25 953**	**(21 483)**	**148 005**	**193 437**	**(234 868)**	**417 358**
Financing expenses	(278)	(3 448)	(192)	(210)	(40)	-	(761)	(6 450)	3 027	(8 352)
Share of Income from companies accounted by the equity method	954	14 632	-	-	-	-	-	3 118	(1)	18 703
Corporation tax	(50 569)	(31 930)	(13 751)	(4 772)	(10 538)	(1 317)	(11 756)	1 297	(201)	(123 537)
CONSOLIDATED NET INCOME	**111 037**	**62 952**	**43 808**	**(1 047)**	**15 375**	**(22 800)**	**135 488**	**191 402**	**(232 043)**	**304 172**
NET INCOME, GROUP SHARE	**109 902**	**63 701**	**43 808**	**(2 335)**	**15 375**	**(22 800)**	**135 488**	**191 380**	**(232 043)**	**302 476**
Non controlling interests	1 135	(749)	-	1 288	-	-	-	22	-	1 696

Profit & loss by segment – year-end December 2014

(in € thousands) — **Twelve months ended December 31, 2014**

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	636 765	360 795	497 972	261 469	250 121	106 237	1 550 858	-	(1 393 801)	2 270 416
Premiums refunded	(53 941)	(29 007)	(22 021)	5 255	(5 256)	(3 135)	(77 466)	-	74 058	(111 513)
Change in unearned premiums	1 372	(4 003)	(7 465)	(3 210)	(6 615)	(17 840)	(14 390)	-	19 159	(32 992)
Earned premiums - non-Group	**584 196**	**327 785**	**468 486**	**263 514**	**238 250**	**85 262**	**1 459 002**	**-**	**(1 300 584)**	**2 125 911**
Services revenues - non-Group	175 585	71 240	82 254	59 145	28 236	22 983	-	130 254	(168 596)	401 101
Turnover - intra-sectoral	**759 781**	**399 025**	**550 740**	**322 659**	**266 486**	**108 245**	**1 459 002**	**130 254**	**(1 469 180)**	**2 527 012**
Investment income	27 121	24 206	9 761	5 628	5 421	(4 091)	26 178	241 630	(250 772)	85 082
Of which, dividends	*(4 164)*	*(1 281)*	-	-	-	-	-	*(241 130)*	*246 575*	-
Total ordinary income	**786 902**	**423 231**	**560 501**	**328 287**	**271 907**	**104 154**	**1 485 180**	**371 884**	**(1 719 952)**	**2 612 094**
Insurance services expenses	(242 703)	(142 319)	(254 658)	(138 770)	(107 895)	(41 502)	(654 192)	(3 767)	587 135	(998 671)
Outwards reinsurance income	269 894	173 836	292 423	147 565	138 810	56 981	455 933	-	(1 036 630)	498 812
Outwards reinsurance expenses	(383 153)	(221 151)	(332 446)	(188 015)	(171 731)	(66 635)	(581 329)	-	1 300 584	(643 876)
Other income and expenses	(305 933)	(157 929)	(222 292)	(124 158)	(101 660)	(63 019)	(512 421)	(162 865)	618 087	(1 032 190)
Total other income and expenses	**(661 895)**	**(347 563)**	**(516 973)**	**(303 378)**	**(242 476)**	**(114 175)**	**(1 292 009)**	**(166 632)**	**1 469 176**	**(2 175 925)**
CURRENT OPERATING INCOME	**125 007**	**75 668**	**43 528**	**24 909**	**29 431**	**(10 021)**	**193 171**	**205 252**	**(250 776)**	**436 169**
Other non ordinary operating expenses and income	(15 081)	97	502	(16)	-	-	-	(5 766)	(2 780)	(23 044)
OPERATING INCOME	**109 926**	**75 765**	**44 030**	**24 893**	**29 431**	**(10 021)**	**193 171**	**199 486**	**(253 556)**	**413 125**
Financing expenses	(275)	(1 920)	(116)	(721)	(10)	-	(532)	(8 971)	4 198	(8 347)
Share of Income from companies accounted by the equity method	5 345	8 894	(262)	-	-	-	-	1 741	-	15 718
Corporation tax	(34 177)	(25 490)	(10 830)	(8 599)	(9 878)	(3 758)	(33 460)	9 971	(175)	(116 396)
CONSOLIDATED NET INCOME	**80 819**	**57 249**	**32 822**	**15 573**	**19 543**	**(13 779)**	**159 179**	**202 227**	**(249 533)**	**304 100**
	-	-	-	-	-	-	-	-	-	-
NET INCOME, GROUP SHARE	**79 028**	**57 762**	**32 822**	**15 070**	**19 543**	**(13 779)**	**159 179**	**201 968**	**(249 533)**	**302 060**
Non controlling interests	1 791	(513)	-	503	-	-	-	259	-	2 040

Depreciation, amortization and provisions by segment

(in € thousands)	Twelve months ended December 31, 2015									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(376)	(2 044)	(1 298)	(20)	(248)	35	(509)	(2 132)	-	**(6 592)**

(in € thousand)	Twelve months ended December 31, 2014									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(150)	(3 088)	(1 002)	(24)	(25)	(24)	(50)	583	-	**(3 780)**

Balance sheet by segment – year-end December 2015

(in € thousands)	December 31, 2015									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	70 499	5 936	31 119	3 347	-	3 951	-	114 852
Other intangible assets	44 923	25 427	30 673	14 232	1 809	2 762	160	2 571	(3 829)	118 728
Investments - insurance businesses	846 458	780 826	917 850	57 233	255 054	101 583	1 454 282	55 289	(355 678)	4 112 897
Investments accounted for by the equity method	69 027	59 708	-	-	-	-	-	64 557	-	193 292
Share of assignees and reinsurers in the technical reserves and financial liabilities	269 206	131 769	317 215	238 863	127 100	126 069	491 436	110	(1 038 957)	662 811
Insurance and reinsurance receivables	74 294	72 742	171 533	95 850	107 212	62 713	279 052	(47)	(236 515)	626 834
Other assets	515 685	203 908	170 671	245 657	72 394	50 240	80 203	187 190	(758 736)	767 212
Total assets	**1 819 593**	**1 274 380**	**1 678 441**	**657 771**	**594 688**	**346 714**	**2 305 133**	**313 621**	**(2 393 715)**	**6 596 626**
	-	-	-	-	-	-	-	-	-	-
Technical reserves	514 519	239 476	562 092	390 731	298 263	205 805	1 219 545	48	(1 042 923)	2 387 556
Liabilities related to inward insurance and reinsurance transactions	21 463	69 518	49 014	39 427	10 429	16 035	85 196	1 546	(73 472)	219 156
Liabilities related to outward reinsurance transactions	57 263	21 906	36 634	27 333	36 817	14 132	84 939	43	(171 257)	107 810
Other liabilities	439 446	193 809	694 104	57 271	50 429	62 792	44 830	661 687	(1 099 492)	1 104 876
Total liabilities	**1 032 691**	**524 709**	**1 341 844**	**514 762**	**395 938**	**298 764**	**1 434 510**	**663 324**	**(2 387 144)**	**3 819 398**

Balance sheet by segment – year-end December 2014 – Pro forma

(in € thousands)	December 31, 2014									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	67 566	5 936	27 937	3 403	-	3 547	-	108 389
Other intangible assets	53 566	20 245	23 895	10 708	1 197	2 250	344	4 125	(3 828)	112 502
Investments - insurance businesses	998 804	884 534	609 456	57 030	241 695	75 383	1 399 708	84 543	(362 147)	3 989 006
Investments accounted for by the equity method	72 797	54 063	-	-	-	-	-	72 568	-	199 428
Share of assignees and reinsurers in the technical reserves and financial liabilities	271 666	123 214	272 370	212 723	116 781	66 372	372 018	110	(870 975)	564 279
Insurance and reinsurance receivables	55 401	69 650	174 215	79 979	90 734	55 680	260 298	(47)	(181 040)	604 870
Other assets	287 843	115 301	164 560	255 820	73 713	40 983	62 222	155 038	(374 267)	781 213
Total assets	**1 740 077**	**1 267 007**	**1 312 062**	**622 196**	**552 057**	**244 071**	**2 094 590**	**319 884**	**(1 792 257)**	**6 359 687**
Technical reserves	543 804	241 963	515 131	347 114	274 847	124 346	1 004 720	48	(874 727)	2 177 246
Liabilities related to inward insurance and reinsurance transactions	24 836	69 740	49 332	39 702	7 431	15 163	94 716	1 439	(75 367)	226 992
Liabilities related to outward reinsurance transactions	35 288	12 349	52 539	25 880	38 672	2 268	94 360	43	(129 922)	131 477
Other liabilities	435 425	243 043	329 400	64 333	45 270	30 563	55 731	683 242	(705 702)	1 181 305
Total liabilities	**1 039 353**	**567 095**	**946 402**	**477 029**	**366 220**	**172 340**	**1 249 527**	**684 772**	**(1 785 718)**	**3 717 020**

Balance sheet by segment – year-end December 2014 – Published

(in € thousands)	December 31, 2014									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	67 566	5 936	27 937	3 403	-	3 547	-	108 389
Other intangible assets	53 566	20 245	23 895	10 708	1 197	2 250	344	4 125	(3 827)	112 503
Investments - insurance businesses	899 321	962 499	(378 434)	34 286	140 304	61 670	1 029 851	1 691 692	(452 183)	3 989 006
Investments accounted for by the equity method	72 797	54 063	-	-	-	-	-	72 568	-	199 428
Share of assignees and reinsurers in the technical reserves and financial liabilities	271 666	123 214	272 370	256 990	116 781	22 105	372 018	110	(870 975)	564 279
Insurance and reinsurance receivables	55 401	69 650	174 215	79 979	90 734	55 680	260 298	(47)	(181 040)	604 870
Other assets	287 843	115 301	1 604 984	277 400	73 713	19 403	62 222	155 038	(1 814 692)	781 212
Total assets	**1 640 594**	**1 344 972**	**1 764 596**	**665 299**	**450 666**	**164 511**	**1 724 733**	**1 927 033**	**(3 322 717)**	**6 359 687**
Technical reserves	543 804	241 963	515 131	274 185	274 847	197 275	1 004 720	48	(874 727)	2 177 246
Liabilities related to inward insurance and reinsurance transactions	24 836	69 740	49 332	39 702	7 431	15 163	94 716	1 439	(75 367)	226 992
Liabilities related to outward reinsurance transactions	35 288	12 349	52 539	25 880	38 672	2 268	94 360	43	(129 922)	131 477
Other liabilities	1 088 401	878 603	329 400	165 086	45 270	81 697	55 731	683 242	(2 146 125)	1 181 305
Total liabilities	**1 692 329**	**1 202 655**	**946 402**	**504 853**	**366 220**	**296 403**	**1 249 527**	**684 772**	**(3 226 141)**	**3 717 020**

Note 30 Related parties

Euler Hermes Group is mainly owned by Allianz France SA, which in turn is 100%-owned by the Allianz group.
The breakdown of the Euler Hermes Group shareholding is as follows:

	Number of shares	%
Allianz France SA	26 864 230	59,25%
Allianz Vie	3 879 818	8,56%
Treasury shares	1 124 387	2,48%
Sub-total	**31 868 435**	**70,28%**
Public (bearer securities)	13 473 742	29,72%
Total	**45 342 177**	**100,00%**

Transactions

(in € thousands)	December 31, 2015				December 31, 2014			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating revenues	**54 500**	**-**	**-**	**135 949**	**53 264**	**-**	**-**	**151 265**
Insurance services expenses	**(73 630)**	**-**	**-**	**(73 962)**	**(6 691)**	**-**	**-**	**(62 364)**
Net outward reinsurance income or expenses	**(28 109)**	**-**	**-**	**(1 307)**	**(64 682)**	**-**	**-**	**(5 517)**
Financing expenses	**(6)**	**-**	**-**	**-**	**(157)**	**-**	**-**	**-**
Other net income/(expenses)	**(21 627)**	**-**	**-**	**(51 368)**	**(15 745)**	**-**	**-**	**(51 513)**
thereof contract acquisition expenses	*(18 466)*	-	-	*(43 341)*	*(14 291)*	-	-	*(50 341)*
thereof other service expenses	*(7 363)*	-	-	*(8 054)*	*(3 668)*	-	-	*(1 194)*
thereof change in fair value of investments recognised at fair value through profit or loss	*3 854*	-	-	-	*1 844*	-	-	-
thereof net investment income	*348*	-	-	*27*	*370*	-	-	*22*

Receivables and liabilities

(in € thousands)	December 31, 2015				December 31, 2014			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Current accounts (accrued interests included)	**55 853**	**-**	**-**	**-**	**58 515**	**-**	**-**	**-**
Net operating receivables	**6 400**	**-**	**153**	**2 155**	**6 893**	**-**	**153**	**4 107**
Borrowings (accrued interests included)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Operating liabilities	**(131)**	**-**	**(448)**	**(669)**	**(8 858)**	**-**	**-**	**921**

The current account with Allianz SE corresponds to part of the Group's cash position, which is centralised by Allianz SE under a cash pooling arrangement.

Remuneration of senior executives

Board of Management members and Supervisory Board members represent key personnel to the Group.

The following table summarizes amounts due by the Group in respect of compensation and other benefits granted to the members of the Board of Management.

Group Board of Management members

(in € thousand)	Year ended December 31, 2015	2014
Salaries and other short term benefits for the year	5 456	5 365
Capital gain from SAR/RSU exercise	-	-
Benefits in kind	471	370
Other indemnities	285	255
Total	**6 212**	**5 991**
Share-based attribution (number)		
- Euler Hermes options & LTI EH	7 673	12 171
- AEI (ex RSU)	5 745	7 206

Details related to the stock-options plans are mentioned in Note 31.

No Board of Management member is eligible for a defined-benefit supplementary pension plan (top hat scheme or retraite chapeau).

In addition to being eligible for the AGIRC-ARRCO supplementary pension plan, Frédéric Bizière, Dirk Oevermann, Clarisse Kopff and Paul Overeem are eligible for a supplementary defined-contribution pension plan managed by AG2R/ARIAL Assurances.
Paul Overeem is eligible for a 401(k) pension plan in the United States.

Wilfried Verstraete and Gerd-Uwe Baden are eligible for the Allianz group supplementary defined-contribution retirement plan for senior executives.

The Chapter 2, Paragraph 2.3 of the Registration Document contains detailed disclosures on the various compensation and benefits paid to key management personnel of the Group.

The following table summarizes attendance fees paid by the Group to members of the Supervisory Board being part of Allianz France and/or the Allianz group.

Supervisory board members being part of Allianz France and/or the Allianz group:

(in € thousands)	**December 31, 2015**	**December 31, 2014**
Attendance fees owed by Euler Hermes Group	214	225

Note 31 Stock option plans

Euler Hermes Group stock option plans

Characteristics of the stock option plans

Euler Hermes Group uses the Cox-Ross-Rubinstein model to measure the personnel expense related to options granted.
The assumptions used were as follows:

	Purchase plan
	juin-2008
Fair value of options allocated	6,83
Characteristics	
Date of EGM (Extraordinary General Meeting)	22/05/2006
Period of validity of options	8 ans
Rights vesting period	2 ans
Assumptions	
Risk-free interest rate	4,72%
Expected volatiliy (1)	33%
Rate of return on shares	10,51%

(1) Expected volatility is calculated using historical market prices

Sundry restrictions

- Mixed plans adopted by the EGM of May 22,2006
  The beneficiaries of the scheme are all the employees and corporate officers of Euler Hermes Group and of more than 50%-owned subsidiaries, with permanent or fixed-term employment contracts and at least six months length of service on the options allocation date. The options may be freely exercised after a period of four years from the date of the offer, other than as provided for by Article 91 *ter* of Appendix II to the French General Tax Code (loss of employment , retirement, incapacity or death), depending on the country.

Information on plans currently in effect

As at December 31, 2015, the following options are potentially exercisable:

	Purchase plan (1)
Allocation date	**June-08**
Number of options outstanding	8 306
End of subscription period	June-16
Exercise price of valid options at end of period	55,67

(1) The EGM of May 22, 2006 authorised the allocation of share purchase and/or subscription options to the Group's employees and possibly to its corporate officers. The options granted in September 2006 were purchase options only. The Group Management Board of June 20, 2008 approved the request from the Supervisory Board of June 15, 2008 related to the granting of a purchase plan (authorised by the Combined Shareholder's Meeting of May 22, 2006).

Transactions under the share option plans since January 1st, 2015 may be summarised as follows:

Year ended December 31, 2015	Average exercise price (€)	Number of options	Average price of Euler Hermes Group share on exercise dates (€)	Average residual term (years)	Exercise price range of options still outstanding at end of period (€)
Start of period	**55,67**	**34 906**			
Allocation	-	-			
Exercise	55,67	25 700	91,39		
Cancellation	55,67	900			
End of period	**55,67**	**8 306**		**0,47**	**55,67**

Year ended December 31, 2014	Average exercise price (€)	Number of options	Average price of Euler Hermes Group share on exercise dates (€)	Average residual term (years)	Exercise price range of options still outstanding at end of period (€)
Start of period	**81,36**	**163 993**			
Allocation	-	-			
Exercise	57,59	11 275	57,59		
Cancellation	91,24	117 812			
End of period	**55,67**	**34 906**		**1,47**	**55,7**

Allianz group Equity Incentive plans

The schemes set in place under the *Allianz group Equity Incentives* plan concern executives of Allianz and its subsidiaries worldwide. Starting in 1999, Allianz issued Stock Appreciation Rights (SAR) whose remuneration is entirely and directly a function of Allianz's share price performance. From 2003, Allianz issued Restricted Stock Units (RSU) with a vesting period of four or five years. The remuneration is granted by each entity concerned in accordance with the conditions set by Allianz. The reference price of SAR and RSU for the remuneration of the beneficiaries is the average trading price of Allianz shares over the ten trading days immediately preceding Allianz's Annual Shareholders' Meeting.

Characteristics of the SAR and RSU plans

SAR Plans	06-Mar-08	12-Mar-09	11-Mar-10	Total
Fair value at 31 December 2015 (in €)	**0,00**	**77,94**	**76,19**	
(in € thousands)				
Total commitment	**-**	**207**	**1 192**	**1 399**
Opening commitment	**669**	**385**	**1 259**	**2 313**
Charge recognised during the period	215	-	594	**809**
Exercise of SAR	-884	-178	-661	**-1 723**
Closing commitment	**-**	**207**	**1 192**	**1 399**

RSU Plans	11-Mar-10	10-Mar-11	8-Mar-12	7-Mar-13	13-Mar-14	12-Mar-15	Total
Fair value at 31 December 2015 (in €)	**-**	**-**	**163,55**	**156,14**	**148,61**	**140,65**	
(in € thousands)							
Total commitment	**-**	**-**	**5 172**	**3 935**	**2 520**	**2 257**	**13 884**
Opening commitment	**2 708**	**3 522**	**3 223**	**1 777**	**736**	**-**	**11 966**
Charge recognised during the period	242	371	1 749	1 214	682	837	**5 095**
Exercise of RSU	-2 951	-3 894	-	-	-	-	**-6 845**
Closing commitment	**-0**	**-0**	**4 972**	**2 991**	**1 418**	**837**	**10 216**

- SAR

After a vesting period of two years (except for the March 2010 plan, 4 years), the SAR can be exercised at any time between the second anniversary date and the seventh anniversary date under the following conditions:

- if the Allianz share price exceeds the reference price by at least 20% on the exercise date;
- if during the contractual period, the Allianz share price outperformed the Dow Jones index at least once for a period of five consecutive days.

If these conditions are met, the Allianz group companies must pay in cash the difference between the reference price and the Allianz share price on the exercise date.

- RSU

On the exercise date, after a five-year or four-year vesting period, Allianz can choose to remunerate the RSU in cash or to allocate Allianz shares or other securities granting access to the capital. If it opts for cash remuneration, payment will be made based on the average price of the Allianz share over the ten trading days prior to the end of the vesting period.

Impact on the consolidated financial statements as of December 31, 2015

The fair value of the liabilities resulting from the SAR and RSU plans is reassessed at each balance sheet date based on the Allianz share price, until expiry of the obligation, and is calculated using the Cox-Ross-Rubinstein binomial valuation model. The charge is recognised as the rights are vested, and is thus spread over two years for the SAR (except for March 2010 plan, 4 years) and five years or four years for the RSU. As at December 31, 2015, the liability relating to the SAR and RSU still to be exercised amounted to €11,615 thousand.

Information on plans currently in effect

	Year ended December 31, 2015												
	SAR							RSU					
Allocation date	Rights vesting period (years)	Reference price (€)	SAR at the opening	SAR granted	SAR cancelled	SAR exercised	SAR transfered	Rights vesting period (years)	RSU at the opening	RSU granted	RSU cancelled	RSU exercised	RSU transfered
3/6/08	2	117,38	34 692	-	-	34 692	-	-	-	-	-	-	-
3/12/09	4	51,95	4 942	-	-	2 285	-	-	-	-	-	-	-
3/11/10	4	87,36	25 193	-	-	9 552	-	5	20 426	-	-	19 519	907
3/10/11	-	-	-	-	-	-	-	4	26 740	-	-	25 760	980
3/8/12	-	-	-	-	-	-	-	4	32 831	-	-	-	1 209
3/7/13	-	-	-	-	-	-	-	4	26 008	-	-	-	807
3/13/14	-	-	-	-	-	-	-	4	17 510	-	-	-	555
3/12/15	-	-	-	-	-	-	-	4	-	15 707	-	-	340

<u>Euler Hermes group Long-Term Incentive plans</u>

Euler Hermes Group has implemented five Long-Term Incentive (LTI) plans (in March 2011, in March 2012, in March 2013, in March 2014 and in March 2015). The beneficiaries of the scheme are employees and members of the Board of Management of Euler Hermes Group (under Allianz grade 20 to 15). The Euler Hermes Long-Term Incentive is a variable, long-term equity based plan providing an opportunity for executives and key employees to benefit from the Group's success over the long-term.

The general rules of granting, capping (200% share price growth) and paying out are identical to *Allianz group Equity Incentive Plan* rules.

Characteristics of Euler Hermes Group RSU plan

	Euler Hermes Group RSU plans					
	March 2011	**March 2012**	**March 2013**	**March 2014**	**March 2015**	**Total**
Fair value at December 31, 2015 (in euros)	**83,60**	**83,60**	**83,60**	**83,60**	**83,60**	**-**
(in € thousand)						
Total commitment (excluding social contributions)	**4 102**	**6 146**	**4 872**	**3 115**	**-**	**18 236**
Opening commitment	**3 741**	**4 402**	**2 657**	**1 162**	**-**	**11 962**
Charge recognised during the period	656	1 076	911	570	1 501	4 715
Exercise of options	(4 397)	-	-	-	-	(4 397)
Closing commitment	**-**	**5 478**	**3 568**	**1 732**	**1 501**	**12 279**

The Euler Hermes Group LTI is granted in the form of RSU (Restricted Stock Units) of Euler Hermes Group with a four-year vesting period at the allocation date.

Euler Hermes Group RSU are allocated on the basis of a common Grant Price. This is calculated as the arithmetic average of the Euronext trading closing prices of the Euler Hermes Group stock over the ten trading days following the Euler Hermes Group financial press conference prior to and including the allocation date.

The number of Euler Hermes Group RSU granted to the participants equals the LTI allocation value divided by the fair value at allocation of a single Euler Hermes Group RSU.

The first Euler Hermes Group RSU were granted as of March 1, 2011, the second as of March 1, 2012, the third as of March 1, 2013, the fourth as of March 1, 2014 and the fifth as of March 1, 2015.

After the Vesting Date of the Euler Hermes Group RSU (March 2015 for the first Euler Hermes Group RSU granted, 2016 for the second plan, 2017 for the third plan, 2018 for the fourth plan and 2019 for the fifth plan), each participant will receive from the Company for each EH RSU, as elected by the Company, either

- one Euler Hermes Group share ("Share Settlement"); or
- a cash payment based on of average market value of the Euler Hermes Group share on the Vesting Date ("Cash Settlement").

In both cases, the payout is calculated on the share price at the end of the vesting period.

Information on plans currently in effect:

	Year ended December 31, 2015					
	EH RSU					
Allocation date	Rights vesting period (in years)	RSU at the opening	RSU granted	RSU cancelled	RSU exercised	RSU transfered
March 2011	4	49 070	-	-	- 49 070	-
March 2012	4	73 518	-	- 5 260	-	-
March 2013	4	58 279	-	- 2 850	-	-
March 2014	4	37 261	-	- 1 542	-	-
March 2015	4	-	46 025	-	-	-

The attribution to the Group Management Board is as follows:

- RSU Allianz 5 745
- RSU Euler Hermes Group 7 673

The RSU fair value impact amounting to €1,842 thousand was reallocated to financial expenses.

Note 32 Other information

Group employees (contracted headcount)

The breakdown of Group employees is as follows:

	December 31, 2015	December 31, 2014
Germany & Switzerland	2 107	2 110
France	833	866
Northern Europe	1 399	1 381
Mediterranean Countries & Africa	541	516
America	462	441
Asia Pacific	339	287
Reinsurance entities	19	17
Service Group	766	793
Total Group	**6 466**	**6 411**

The staff numbers shown correspond to the contracted headcount. Employees of equity associates are not included.

Staff expenses

(in € thousands)	2015	2014 at constant exchange rate	2014
Staff expenses	(555 038)	(525 239)	(512 339)
Employee profit-sharing and bonuses	(7 367)	(13 775)	(13 775)
Total staff expenses	(562 405)	(539 014)	(526 114)

Staff costs totalled €562.4 million for the year ended December 31, 2015 against €539 million in 2014 at constant exchange rate. The increase in staff cost in 2015 is mainly due to the conventional salary increase, higher pension costs, and the staff increase in growing areas.

The employee profit sharing and bonuses has decreased by almost 47% in 2015 compared to 2014.

In 2014, an increase by almost 50% has been recorded. It was related to the release of the equalisation reserves in Euler Hermes France after the realization of the legal restructuring project (cross border merger in Euler Hermes SA (NV)). This release explained most of the 2015 increase in the net statutory taxable profit of Euler Hermes France, on which the profit-sharing is calculated.

Remuneration due to members of the Group Board of Management for the year 2015 came to €6,212 thousand (2014: €6,212 thousand).

Note 33 Commitments given and received

(in € thousands)	December 31, 2015	December 31, 2014
Commitments received	**9 200**	**6 975**
Deposits, sureties and other guarantees	9 200	6 975
Commitments given	**29 136**	**35 228**
Deposits, sureties and other guarantees	29 136	35 228
- Commitments to invest in different investment funds	18 139	24 143
- Independent garantee CACIB	3 125	3 125
- Commitments related to offices and cars lease contracts	4 312	4 314
- Commitments to InvestionsBank Landes Brandeburg	1 857	1 857
- Commitments associated with membership of an EIG	105	33

The Group is committed to investing directly or through co-investments in mutual funds. The commitment totals €18,139 thousand at end December 2015 against €24,143 thousand at end December 2014.

A commitment amounting to €3,125 thousand has been given since 2012 in the form of autonomous first demand guarantee in favor of the CACIB Company as a security deposit for rental of *First* Tower in La Défense.

A commitment has been given by the Group to Cardif to guarantee additional cash contribution to the defined benefits pension funds due to index revaluation.

Within the framework agreement relating to the Spanish joint-venture Solunion, the Group and MAPFRE have a mutual liability guarantee commitment.

Letter of comfort Export Credit Guarantee business

Euler Hermes Germany (and PwC) manages the official export credit guarantee scheme on behalf and for account of the German Federal Government. With effect from January 1st, 2014 this business went from Euler Hermes Deutschland AG (now Euler Hermes Deutschland, branch of Euler Hermes SA (NV)) to Euler Hermes AG (the former Euler Hermes Forderungsmanagement AG). Due to this switch Euler Hermes Deutschland signed a binding letter of comfort to the German Federal Ministry for Economic Affairs and Energy. Euler Hermes Deutschland assures that Euler Hermes AG will be capable to fulfill its duties towards the federal government resulting from the business until January 1st, 2014 for 5 years.

Note 34 Auditors' fees

(in € thousands)	KPMG Audit FS II				ACE			
	Amount		%		Amount		%	
	2015	2014	**2015**	2014	**2014**	2013	**2014**	2013
Audit								
o Statutory audit and report on company and consolidated financial statements								
-Issuer	369	354	10%	10%	190	189	42%	43%
-Fully-consolidated subsidiaries	2 863	2 800	76%	76%	240	229	53%	52%
o Other services directly related to appointment as statutory auditor								
-Issuer	165	106	4%	3%	22	19	5%	5%
-Fully-consolidated subsidiaries	326	121	9%	3%	3		1%	
Sub total	**3 723**	**3 382**	**99%**	**91%**	**455**	**441**	**100%**	**100%**
Other services provided to fully-consolidated subsidiaries								
o Legal, tax and social	27	143	1%	4%				
o IT								
o Strategy		150		4%				
o Human resources								
o Other		26		1%				
Sub total	**27**	**318**	**1%**	**9%**				
TOTAL	**3 750**	**3 700**	**100%**	**100%**	**455**	**441**	**100%**	**100%**

Note 35 Subsequent events

No subsequent events occurred since December 31, 2015 closing which would impact the assumptions of the annual closing.

Note 36 Risk Management

The paragraphs from the Risk Management 4.2 to 4.2.5 are part of the Group financial statements. They are included in the section 4 “Major risk factors and their management within the Group” of this Registration Document.