

# Quarterly Financial Information

As at March 31, 2016.

(Unaudited)



**EULER HERMES**  
Business insured. Success ensured.

# Contents

These quarterly financial statements should be read in accordance with the IFRS accounting principles, as described in the last Registration Document published by the group for the financial year 2015, registered by the AMF on April 15, 2016 under no. D. 16-0343.

No new standard, amendment or interpretation with significant impact on the financial statements of the Group, is mandatory from January 1st, 2016. The Group has not early adopted standards and interpretations that are not yet mandatorily effective as of January 1st, 2016.

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# Significant events

## Significant events

The following significant events occurred in the first quarter of 2016:

### Share capital and share ownership

As at March 31, 2016, 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 March 31, 2016, Euler Hermes Group's share capital was composed of 45,342,177 shares, including 1,124,637 shares held in treasury stock.

### Disposal of Bürgel group

Following the signature of an agreement on December 18, 2015 between Euler Hermes AG and EOS the sellers, and CRIF, a global company headquartered in Bologna, Italy, providing credit information services, credit and software solutions, for the sales of 100% of the Bürgel group, the disposal has been closed on February 26, 2016.

The proceeds of the sales net of cash ceded are €34.4 million for Euler Hermes, and the realized gain after tax is €22.4 million. The realized gain has been accounted for in other non-ordinary operation income.

# Consolidated statement of financial position

(in € thousands)	March 31, 2016	December 31, 2015
Goodwill	109 106	114 852
Other intangible assets	119 779	118 728
<b>Intangible assets</b>	<b>228 885</b>	<b>233 580</b>
Investment property	78 617	78 974
Financial investments	3 565 025	4 018 454
Derivatives	8 530	15 469
<b>Investments</b>	<b>3 652 172</b>	<b>4 112 897</b>
<b>Investments accounted for at the equity method</b>	<b>189 223</b>	<b>193 292</b>
<b>Share of assignees and reinsurers in the technical reserves and financial liabilities</b>	<b>638 099</b>	<b>662 811</b>
Operating property and other property, plant and equipment	43 877	45 124
Acquisition costs capitalised	89 289	76 131
Deferred tax assets	20 345	10 564
Inwards insurance and reinsurance receivables	639 512	605 041
Outwards reinsurance receivables	17 300	21 793
Corporation tax receivables	37 812	20 414
Other receivables	249 884	232 318
Asset classified as Held for sale	2 106	37 247
<b>Other assets</b>	<b>1 100 125</b>	<b>1 048 632</b>
Cash	943 226	345 414
<b>TOTAL ASSETS</b>	<b>6 751 730</b>	<b>6 596 626</b>
Capital stock	14 510	14 510
Additional paid-in capital	465 007	465 007
Reserves	2 146 233	1 856 619
Net income, group share	101 218	302 476
Revaluation reserve	65 624	65 772
Foreign exchange translation	(8 291)	11 037
<b>Shareholders' equity, Group share</b>	<b>2 784 301</b>	<b>2 715 421</b>
Non controlling interests	51 626	61 807
<b>Total shareholders' equity</b>	<b>2 835 927</b>	<b>2 777 228</b>
<b>Provisions for risks and charges</b>	<b>358 948</b>	<b>365 032</b>
Bank borrowings	253 520	252 242
Other borrowings	-	-
<b>Borrowings</b>	<b>253 520</b>	<b>252 242</b>
Non-life technical reserves	2 453 141	2 387 556
<b>Liabilities related to contracts</b>	<b>2 453 141</b>	<b>2 387 556</b>
Deferred tax liabilities	168 048	154 571
Inwards insurance and reinsurance liabilities	225 189	219 156
Outwards reinsurance liabilities	88 699	107 810
Corporation tax payables	15 139	18 395
Other payables	353 119	299 650
Liabilities classified as Held for sale	-	14 986
<b>Other liabilities</b>	<b>850 194</b>	<b>814 568</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6 751 730</b>	<b>6 596 626</b>

# Consolidated income statement

(in € thousands except for the earnings per share)

	March 31, 2016	March 31, 2015
Premiums written	674 505	675 738
Premiums refunded	(31 424)	(24 520)
Change in unearned premiums	(86 376)	(86 894)
<b>Earned premiums</b>	<b>556 705</b>	<b>564 324</b>
Service revenues	103 574	106 016
<b>Turnover</b>	<b>660 279</b>	<b>670 340</b>
Investment income	19 233	20 129
Investment management charges	(3 289)	(2 483)
Net gain (loss) on sales of investments less impairment and depreciation writebacks	17 004	8 745
Change in fair value of investments recognised at fair value through profit or loss	757	(3 882)
Change in investment impairment provisions	-	(11)
Net change in foreign currency	(7 969)	5 913
<b>Net investment income</b>	<b>25 736</b>	<b>28 411</b>
<b>Insurance services expenses</b>	<b>(273 223)</b>	<b>(257 936)</b>
Outwards reinsurance income	122 299	113 703
Outwards reinsurance expenses	(164 583)	(161 071)
<b>Net outwards reinsurance income or expenses</b>	<b>(42 284)</b>	<b>(47 368)</b>
<b>Contract acquisition expenses</b>	<b>(118 655)</b>	<b>(118 118)</b>
<b>Administration expenses</b>	<b>(57 723)</b>	<b>(52 010)</b>
<b>Other ordinary operating income</b>	<b>4 299</b>	<b>4 426</b>
<b>Other ordinary operating expenses</b>	<b>(94 597)</b>	<b>(105 505)</b>
<b>CURRENT OPERATING INCOME</b>	<b>103 832</b>	<b>122 239</b>
<b>Other non ordinary operating expenses</b>	<b>(1 076)</b>	<b>(1 357)</b>
<b>Other non ordinary operating income</b>	<b>24 420</b>	<b>187</b>
<b>OPERATING INCOME</b>	<b>127 176</b>	<b>121 069</b>
Financing expenses	(1 440)	(2 623)
Share of Income from companies accounted for at the equity method	2 860	2 575
Corporation tax	(27 447)	(33 462)
<b>CONSOLIDATED NET INCOME</b>	<b>101 149</b>	<b>87 559</b>
<i>o/w</i>		
<b>NET INCOME, GROUP SHARE</b>	<b>101 218</b>	<b>87 122</b>
Non controlling interests	(69)	437
<b>Earnings per share (in euros)</b>	<b>2,29</b>	<b>1,97</b>
<b>Diluted earnings per share (in euros)</b>	<b>2,29</b>	<b>1,97</b>
<b>Earnings per share of continuing activities (in euros)</b>	<b>2,29</b>	<b>1,97</b>
<b>Diluted earnings per share of continuing activities (in euros)</b>	<b>2,29</b>	<b>1,97</b>

## Consolidated statement of other comprehensive income

(in € thousands)	March 31, 2016	March 31, 2015
<b>NET INCOME, GROUP SHARE</b>	<b>101 218</b>	<b>87 122</b>
Net income, Non controlling interests	(69)	437
Actuarial gains and losses on defined-benefit plans net of tax	(12 915)	(18 632)
<b>Other comprehensive income - Items that may never be reclassified to profit and loss</b>	<b>(12 915)</b>	<b>(18 632)</b>
Available-for-sale investments - Reclassification to net income	(10 935)	(13 908)
Tax impact	6 143	5 211
Available-for-sale investments - Changes arising during the period	17 339	60 184
Tax impact	(5 894)	(16 313)
Available-for-sale investments - Miscellaneous	-	-
Foreign currency translation adjustments	(26 130)	56 840
<b>Other comprehensive income - Items that may be reclassified to profit and loss in future periods</b>	<b>(19 477)</b>	<b>92 014</b>
Other comprehensive income - Non controlling interests share net of tax	(105)	107
<b>Total comprehensive income</b>	<b>68 652</b>	<b>161 048</b>
Total comprehensive income, Group share	68 826	160 504
Total comprehensive income, Non controlling interests	(174)	544

# Consolidated statement of cash flows

(in € thousands)	March 31, 2016	March 31, 2015
<b>Net income, Group share</b>	<b>101 218</b>	<b>87 122</b>
Corporation tax	27 447	33 462
Financing expense	1 440	2 623
Minority interests	(69)	437
(Income)/Loss of companies accounted for at the equity method	(2 860)	(2 575)
<b>Operating income before tax</b>	<b>127 176</b>	<b>121 069</b>
Allocation to and writebacks of depreciation, amortization and reserves	(9 479)	(2 341)
Change in technical reserves	80 756	48 831
Change in deferred acquisition costs	6 061	(10 923)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)	2 483	(2 625)
Realised capital (gains)/losses net of writebacks	(41 331)	(8 783)
Unrealised foreign exchange (gain)/loss in company accounts	5 005	3 791
Interest revenues received accrued	6 966	(728)
<b>Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows</b>	<b>50 461</b>	<b>27 222</b>
Dividends received from companies accounted for at the equity method	5 669	4 757
Change in liabilities and receivables relating to insurance and reinsurance transactions	(22 478)	(57 411)
Change in operating receivables and liabilities	13 005	35 948
Change in other assets and liabilities	1 180	3 255
Corporation tax	(36 417)	(35 604)
<b>Cash flow related to operating activities</b>	<b>(39 041)</b>	<b>(49 055)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>138 596</b>	<b>99 236</b>
Acquisitions of subsidiaries and joint ventures, net of acquired cash	-	-
Disposals of subsidiaries and joint ventures, net of ceded cash	34 385	-
Acquisitions of equity interests in companies accounted for at the equity method	-	-
Disposals of equity method investments	-	-
Merger	-	-
<b>Cash flow linked to changes in the consolidation scope</b>	<b>34 385</b>	<b>-</b>
Disposals of AFS securities	528 519	245 496
Matured HTM securities	-	-
Disposals of investment properties	-	-
Disposals of securities held for trading	4 070	7 711
<b>Cash flow linked to disposals and redemptions of investments</b>	<b>532 589</b>	<b>253 207</b>
Acquisitions of AFS securities	(167 623)	(321 415)
Acquisitions of HTM securities	-	-
Acquisitions of investment and operating properties	(324)	(1 569)
Acquisitions of trading securities	135	(505)
<b>Cash flow linked to acquisitions of investments</b>	<b>(167 812)</b>	<b>(323 489)</b>
Disposals of other investments and intangible assets <sup>(1)</sup>	919 048	840 694
Acquisitions of other investments and intangible assets <sup>(1)</sup>	(856 005)	(820 823)
<b>Cash flow linked to acquisitions and disposals of other investments and intangible assets</b>	<b>63 043</b>	<b>19 871</b>
Disposal of Assets classified as Held for sale	-	-
Acquisition of Assets classified as Held for sale	-	-
<b>Cash flow linked to acquisitions and disposals of Assets classified as Held for sale</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>462 205</b>	<b>(50 411)</b>

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

## Consolidated statement of cash flows

(in € thousands)	March 31, 2016	March 31, 2015
Increases and decreases in capital	-	-
Change in treasury stock	39	18 361
Dividends paid	-	-
<b>Cash flow linked to transactions with the shareholders</b>	<b>39</b>	<b>18 361</b>
Changes in loans and subordinated securities	1 033	(722)
<i>Issue</i>	2 175	-
<i>Repayment</i>	(1 142)	(722)
Interest paid	(1 441)	(1 449)
<b>Cash flow from Group financing</b>	<b>(408)</b>	<b>(2 171)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(369)</b>	<b>16 190</b>
Impact of foreign exchange differences on cash and cash equivalents	(2 620)	9 781
Reclassification	-	-
Other cash flows linked to restructuring operations	-	-
<b>OTHER NET CHANGES IN CASH</b>	<b>(2 620)</b>	<b>9 781</b>
<b>Change in cash flows</b>	<b>597 812</b>	<b>74 796</b>
<b>Change in cash and cash equivalents</b>	<b>597 812</b>	<b>74 796</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>345 414</b>	<b>332 624</b>
<b>Cash and cash equivalents at end of period</b>	<b>943 226</b>	<b>407 420</b>

At the end of March 2016, the cash position increased by €597,812 thousand.

- Cash flow from operating activities increased by €39.4 million, from €99.2 million at the end of March 2015 to €138.6 million at the end of March 2016, mainly due to the decrease of the net liabilities from insurance and reinsurance operations.
- Investment activities contributed to cash inflows up to €462.2 million at the end of March 2016, against €-50.4 million at the end of March 2015, mainly due to net disposals in AFS securities for €360.9 million at the end of March 2016 against net acquisitions in AFS securities for €75.9 million at the end of March 2015.
- Cash outflows from the financing activities decreased from €16.2 million at the end of March 2015 to €-0.4 million at the end of March 2016, mainly due to the absence of sales of treasury shares for the beginning of 2016 in comparison with the first quarter of 2015.



# Consolidated statement of changes in equity

As at March 31, 2016

(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
<b>Opening Shareholders' equity</b>	<b>14 510</b>	<b>465 007</b>	<b>2 216 689</b>	<b>65 772</b>	<b>11 037</b>	<b>(57 594)</b>	<b>2 715 421</b>	<b>61 807</b>	<b>2 777 228</b>
Available-for-sale assets (AFS)									
Measurement gain / (loss) taken to shareholders' equity	-	-	-	11 445	-	-	11 445	-	11 445
Impact of transferring realised gains and losses to income statement	-	-	-	(4 792)	-	-	(4 792)	-	(4 792)
Actuarial gain / (loss) on defined-benefit plans	-	-	(12 915)	-	-	-	(12 915)	-	(12 915)
Impact of translation differences	-	-	-	(6 802)	(19 328)	-	(26 130)	(105)	(26 235)
<b>Components of other comprehensive income net of tax</b>	<b>-</b>	<b>-</b>	<b>(12 915)</b>	<b>(149)</b>	<b>(19 328)</b>	<b>-</b>	<b>(32 392)</b>	<b>(105)</b>	<b>(32 497)</b>
<b>Net income for the year</b>	<b>-</b>	<b>-</b>	<b>101 218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101 218</b>	<b>(69)</b>	<b>101 149</b>
<b>Comprehensive income of the period</b>	<b>-</b>	<b>-</b>	<b>88 303</b>	<b>(149)</b>	<b>(19 328)</b>	<b>-</b>	<b>68 826</b>	<b>(174)</b>	<b>68 652</b>
Capital movements	-	-	-	-	-	(40)	(40)	-	(40)
Dividend distributions	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	79	79	-	79
Transaction between shareholders	-	-	-	-	-	-	-	(10 007)	(10 007)
Other movements	-	-	14	1	-	-	15	-	15
<b>Closing Shareholders' equity</b>	<b>14 510</b>	<b>465 007</b>	<b>2 305 006</b>	<b>65 624</b>	<b>(8 291)</b>	<b>(57 555)</b>	<b>2 784 301</b>	<b>51 626</b>	<b>2 835 927</b>

As at March 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 1,124,637 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 €6,653 thousand net of taxes.

The decrease in translation reserves by €19,328 thousand during the exercise relates mainly to the US dollar for an impact of €11,651 thousand, the pound sterling for €10,365 thousand.

The non-controlling interests are down by €10,181 thousand. This is mainly due to the sale of the Bürgel group.

As at March 31, 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
<b>Opening Shareholders' equity, Group share</b>	<b>14 510</b>	<b>465 007</b>	<b>2 092 254</b>	<b>99 242</b>	<b>(12 973)</b>	<b>(77 515)</b>	<b>2 580 525</b>	<b>62 142</b>	<b>2 642 667</b>
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	43 871	-	-	43 871	-	43 871
Impact of transferring realised gains and losses to income statement	-	-	-	(8 697)	-	-	(8 697)	-	(8 697)
Actuarial gain / (loss) on defined benefit plans	-	-	(18 632)	-	-	-	(18 632)	-	(18 632)
Impact of translation differences	-	-	-	8 203	48 637	-	56 840	107	56 947
<b>Components of other comprehensive income net of tax</b>	<b>-</b>	<b>-</b>	<b>(18 632)</b>	<b>43 377</b>	<b>48 637</b>	<b>-</b>	<b>73 382</b>	<b>107</b>	<b>73 489</b>
<b>Net income for the year</b>	<b>-</b>	<b>-</b>	<b>87 122</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87 122</b>	<b>437</b>	<b>87 559</b>
<b>Comprehensive income of the period</b>	<b>-</b>	<b>-</b>	<b>68 490</b>	<b>43 377</b>	<b>48 637</b>	<b>-</b>	<b>160 504</b>	<b>544</b>	<b>161 048</b>
Capital movements	-	-	-	-	-	17 979	17 979	2	17 981
Dividend distributions	-	-	-	-	-	-	-	-	-
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	382	382	-	382
Transaction between shareholder's	-	-	-	-	-	-	-	-	-
Other movements	-	-	149	(3)	(1)	-	145	-	145
<b>Closing Shareholders' equity, Group share</b>	<b>14 510</b>	<b>465 007</b>	<b>2 160 893</b>	<b>142 616</b>	<b>35 663</b>	<b>(59 154)</b>	<b>2 759 535</b>	<b>62 688</b>	<b>2 822 223</b>