

Half-Year Financial Report

As at June 30, 2016



EULER HERMES
Business insured. Success ensured.

REPORT OF THE GROUP MANAGEMENT BOARD	3
Key events of the period.....	3
Subsequent events.....	4
Activity of Euler Hermes Group SA	5
Euler Hermes Group consolidated results.....	5
Solvency II economic ratio.....	10
Euler Hermes implemented its own internal model.....	10
Solvency II economic ratio as of June 30, 2016.....	11
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	13
Consolidated balance sheet	13
Consolidated income statement	14
Consolidated statement of other comprehensive income	15
Consolidated statement of cash flows	16
Consolidated statements of changes in equity.....	18
Notes to the consolidated financial statements	19
Note 1 Significant events.....	19
Note 2 IFRS accounting and valuation rules.....	20
Note 3 Goodwill	22
Note 4 Investment and operating property.....	23
Note 5 Financial investments.....	24
Note 6 Investments accounted for at equity method.....	29
Note 7 Cash and cash equivalents	30
Note 8 Technical reserves	31
Note 9 Breakdown of operating income.....	32
Note 10 Other operating revenues and expenses	33
Note 11 Earnings per share.....	33
Note 12 Segment data.....	33
Note 13 Related parties	39
Note 14 Commitments given and received.....	40
Note 15 Subsequent events	40
STATUTORY AUDITORS' REPORT ON THE 2016 HALF-YEAR FINANCIAL INFORMATION ...	41
DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT	43

REPORT OF THE GROUP MANAGEMENT BOARD

For the 1st half ended June 30, 2016

Key events of the period

The following significant events occurred in the first semester 2016:

Changes in the share capital and in share ownership

On May 18, 2016, Euler Hermes repurchased 2,200,000 shares from Allianz Vie representing 4.9% of the share capital of the Company, at a price of EUR 75.94 per share.

On May 23, 2016, the company cancelled 2,200,000 shares repurchased from Allianz Vie on 18 May 2016, together with 500,542 treasury shares it already held. i.e. a total of 2,700,542 shares representing approximately 6.33% of the shares of the Company post cancellation.

Following the sale of Allianz Vie's shares and the cancellation by the Company of 2,700,542 shares, the Allianz Group's shareholding was reduced from 67.8% to 63% of the Euler Hermes share capital and voting rights.

As at June 30, 2016, the Allianz group owned 26,864,230 shares out of a total of 42,641,635 shares, corresponding to 63% of the share capital of Euler Hermes Group. Consequently, Euler Hermes Group is integrated into the Allianz consolidation scope.

As at June 30, 2016, Euler Hermes Group's share capital was composed of 42,641,635 shares, including 618,689 shares held in treasury stock.

Disposal of Bürgel group

The disposal for the sales of 100% of the Bürgel group, was closed on February 26, 2016. This followed 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.

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.

Productivity plan in Germany

As part of the project "Inspire 2020", Euler Hermes Deutschland started a voluntary leaver program (VLP) on April 6, 2016. The program allows full time employees two possibilities; cancellation and severance payments or partial retirement starting at the age of 55 years or later. At the end of June 2016, Euler Hermes Deutschland has reserved €2.3 millions for the employees that have signed the leaving contracts under the VLP.

Productivity plan in France

An early retirement voluntary program agreement has been signed on June 28, 2016 between the entities of UES France and the trade unions. Under this agreement, employees meeting some eligibility requirements can, on a voluntary basis, be fully exempted of activity for a period of maximum 42 months before the legal age of retirement and receive a replacement allowance paid by the employer.

Subsequent events

No subsequent events occurred since June 30, 2016 closing which would impact the assumptions of the half-year closing.

Activity of Euler Hermes Group SA

Euler Hermes Group SA is the parent company of the Euler Hermes group. It generates a large part of its revenues from shareholdings.

As described above in the paragraph “Key events of the period”, on May 18, 2016 Euler Hermes Group SA repurchased 4.9% of its own shares under the share placement completed by Allianz Vie of its 8.6% stake in Euler Hermes. On May 23, 2016, the company cancelled the 2,200,000 shares repurchased from Allianz Vie on 18 May 2016, together with 500,542 treasury shares it already held. i.e. a total of 2,700,542 shares representing approximatively 6.33% of the shares of the Company post cancellation.

As at June 30, 2016, the statutory net income of “Euler Hermes Group” amounts to €787.2 million, versus €204.8million for the same period last year. This result is closely driven by the exceptional upstream dividend from the operational entities, which was the main source of revenues for “Euler Hermes Group”.

Euler Hermes Group consolidated results

Turnover

<i>In € million</i>	<i>Turnover</i>	<i>H1 2016</i>	<i>H1 2015 published</i>	<i>Variation %</i>	<i>H1 2015 (1)</i>	<i>Variation % (1)</i>
Regions						
	Germany, Switzerland, Austria	353.3	376.1	-6.1%	360.1	-1.9%
	France	208.7	200.7	4.0%	200.7	4.0%
	Northern Europe	269.1	286.1	-5.9%	281.6	-4.4%
	Med. countries, Middle East and Africa	178.2	173.6	2.6%	173.2	2.9%
	Americas	167.7	164.4	2.0%	166.1	1.0%
	Asia Pacific	75.1	71.5	5.0%	69.6	7.9%
	Inward from non-consolidated OE's and other (2)	49.0	65.4	-25.0%	49.1	0.0%
	Euler Hermes Group	1,301.1	1,337.7	-2.7%	1,300.3	0.1%

Area contribution : After intra-region eliminations & before inter-region eliminations

(1) At constant exchange rates and pro forma (collection entities reported in the regions and excluding Bürgel entities)

(2) Corporate entities + inter-region eliminations

At €1,301 million at end of June, turnover was down 2.7% compared to half-year 2015 published figures. The sale of Bürgel in February 2016, retroactive to January 1st, accounts for most of the decrease (€18.9 million service revenues); foreign exchange also contributed negatively. At constant scope and constant FX, the topline is stable compared to H1 last year.

Premiums were down by -2.2% and -0.9% at constant exchange rates.

DACH and Northern Europe showed negative growth, while the US and Asia slowed as did World Programs. This is a natural consequence of the risk and commercial action plans implemented (exposure reduction or cancellation of non-profitable policies). France posted positive growth for the second consecutive quarter, and MMEA still showed good growth, thanks to successful initiatives in Italy.

<i>In € million</i>	<i>Turnover</i>	<i>H1 2016</i>	<i>H1 2015 published</i>	<i>Variation %</i>	<i>H1 2015 (1)</i>	<i>Variation % (1)</i>
	Earned Premiums	1,097.1	1,122.3	-2.2%	1,107.1	-0.9%
	Service revenues	204.0	215.4	-5.3%	193.3	5.5%
	Turnover	1,301.1	1,337.7	-2.7%	1,300.3	0.1%

(1) At constant exchange rates and pro forma (collection entities reported in the regions and excluding Bürgel entities)

Service revenues decreased by -5.3% compared to published figure last year, impacted by the sale of Euler Hermes stake in Bürgel (€18.9 million of service revenues in H1 2015). At constant scope and constant exchange rates, service revenues were up by 5.5%.

Earned premiums

<i>In € millior.</i>	H1 2016	H1 2015	Variation %
Gross earned premiums	1,097.1	1,122.3	-2.2%
Ceded premiums	-318.3	-329.3	-3.3%
Net earned premiums	778.8	793.0	-1.8%
Cession rate	29.0%	29.3%	

While gross earned premiums decreased by 2.2% compared to last year, net earned premiums declined by -1.8%, reflecting the decrease in premiums ceded to reinsurers on the quota share treaty.

Claims costs

<i>In € million</i>	H1 2016	H1 2015	Variation %
Gross claims costs current attachment year	-624.9	-624.2	0.1%
Gross claims costs previous attachment years	72.1	132.8	-45.7%
Total gross claims costs	-552.8	-491.5	12.5%
Ceded claims costs	138.0	110.5	24.9%
Total net claims costs	-414.8	-381.0	8.9%
	H1 2016	H1 2015	
Net claims ratio, current attachment year	-61.1%	-59.5%	
Net claims ratio, previous attachment years	7.8%	11.5%	
Net claims ratio	-53.3%	-48.0%	

Gross claims costs for the current attachment year amounted €624.9 million, at the same level as the first half of 2015. The gross claims ratio current year is at 56.9%, up +1.3 points compared to same period last year.

H1 2015 however was at a pretty low level since the crisis in emerging countries started in 3Q 2015. The risk action plans launched end 2015 showed results and the gross loss ratio 2Q 2016 is on the decrease for the third quarter in a row.

In net terms, the claims ratio on the current attachment year followed the same trend and deteriorated by +0.6pt between H1 2015 and H1 2016.

Gross claims costs for previous attachment years amounted to €72.1 million, lower by €60.7 million due to some mid-size cases on attachment year 2015.

In net terms, claims ratio on previous attachment years stood at 7.8%, down 3.8 points compared to last year.

Overall the net claims ratio for all attachment years was 53.3%, increasing by 5.3 points compared to last year.

Technical expenses

<i>In € million</i>	H1 2016	H1 2015	Variation %
Contract acquisition expenses	235.0	238.6	-1.5%
Administration expenses	116.7	105.9	10.2%
Other ordinary income and expenses	182.0	205.5	-11.4%
Total gross operating expenses	533.7	550.0	-3.0%
of which non technical expenses	5.2	5.0	3.0%
Total gross technical expenses	528.5	545.0	-3.0%

Gross technical expenses were down -3.0%, in line with topline evolution which is -2.7%.

The decrease in gross technical expenses was linked to strict cost monitoring, cost savings actions implemented in second half 2015, and postponed investments.

The gross technical expense ratio stood at 29.6%, higher than last year by 0.2 point. At constant scope and constant FX, the gross technical expense ratio was exactly on par with last year.

<i>In € million</i>	H1 2016	H1 2015	Variation %
Gross technical expenses	-528.5	-545.0	-3.0%
Service revenues	204.0	215.4	-5.3%
Gross technical expenses net of service revenues	-324.5	-329.5	-1.5%
Gross earned premiums	1,097.1	1,122.3	-2.2%
Commissions received from reinsurers	117.6	115.6	1.8%
Premiums ceded	-318.3	-329.3	-3.3%
Net technical expenses	-206.9	-214.0	-3.3%
Net premiums	778.8	793.0	-1.8%
Gross technical expenses ratio	29.6%	29.4%	
Net technical expenses ratio	26.6%	27.0%	

Reinsurance commission was up by €2.0 million between June 2015 and June 2016 whereas premiums ceded decreased by € 11.0 million. Consequently, the net technical expense ratio was down by 0.4 point.

Net technical result

<i>In € million</i>	H1 2016	H1 2015	Variation %
Net earned premiums	778.8	793.0	-1.8%
Net claims costs	-414.8	-381.0	8.9%
Net technical expenses	-206.9	-214.0	-3.3%
Other non technical charges	-5.2	-5.0	3.0%
Net technical result ⁽¹⁾	151.9	193.1	-21.3%
Net combined ratio	79.8%	75.0%	

(1) Net technical result = current operating income before net investment income

At €151.9 million, the net technical result was €41.2 million below last year due to lower net premiums and a higher net combined ratio.

Net investment income

<i>In € million</i>	H1 2016	H1 2015	Variation %
Revenues from investment property	3,1	1,7	83,6%
Revenues from equity and debt securities	25,9	31,3	-17,1%
Revenues from securities-Bonds	19,9	25,4	-21,6%
Revenues from securities-equities	6,0	5,9	1,9%
Other financial income	8,7	8,7	-0,7%
Investment income	37,7	41,7	-9,6%
Investment management charges	-5,9	-5,3	12,6%
Net change in foreign currency	-3,5	6,7	-151,9%
Net gain and loss on sales of investments less impairment and amortisation	21,1	16,5	27,8%
Net investment income (excluding financing expenses)	49,3	59,7	-17,3%

The net investment income (before financing expenses) amounted to €49.3 million compared to €59.7 million last year.

The current investment income was at €37.7 million, a lower level than last year, strongly impacted by low yields.

Net change in foreign currency contributed negatively, with a loss of €3.5 million for the first semester of 2016, compared to a gain of €6.7 million last year. This is caused mainly by the weakening of the GBP.

Net realized gains were higher by €4.6 million compared to half year 2015, thanks mainly to the low interest rates.

At end of June 2016, the market value of the Group's investment portfolio decreased by €109.7 million compared to end of 2015, to €4,508.4 million, after payment of €198.3 millions of dividend in June.

In € million	June 30, 2016					December 31, 2015				
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Unrealized gains and losses	Historical value	Revaluation reserve	Net carrying amount	Fair value	Unrealized gains and losses
- Equities	242.8	13.7	256.5	256.5	-	248.2	22.3	270.5	270.5	-
- Bonds	2,595.2	92.8	2,688.0	2,688.0	-	2,924.2	68.6	2,992.8	2,992.8	-
- Loans, deposits and other financial investments	685.5	-	685.5	694.8	9.2	755.2	-	755.2	769.4	14.2
Total financial investments	3,523.5	106.5	3,630.0	3,639.2	9.2	3,927.6	90.9	4,018.5	4,032.6	14.2
Investment property	-	-	78.0	265.6	187.6	-	-	79.0	240.1	161.1
Cash	-	-	603.5	603.5	-	-	-	345.4	345.4	-
Total	3,523.5	106.5	4,311.5	4,508.4	196.9	3,927.6	90.9	4,442.8	4,618.1	175.3

Current operating income

In € million	H1 2016	H1 2015	Variation %
Net technical result	151.9	193.1	-21.3%
Net investment income (excluding financing expenses)	49.3	59.7	-17.3%
Current operating income	201.3	252.7	-20.4%

As a result of lower net technical result and lower net investment result, the current operating income was down by €51.4 million to €201.3 million.

Consolidated net Income

<i>In € million</i>	H1 2016	H1 2015	Variation %
Current operating income	201.3	252.7	-20.4%
Other non ordinary operating income and expense	17.8	-1.4	N/A
Financing expenses	-2.7	-4.8	-43.3%
Share of Income from companies accounted by the equity method	8.4	4.0	110.4%
Corporation tax	-54.6	-77.7	-29.8%
Non controlling interests	-0.2	-0.5	-63.1%
Consolidated net income, Group share	170.0	172.4	-1.3%
Tax rate	-24.3%	-31.0%	

After non ordinary items, financing expenses, share of income from companies accounted by the equity method, and corporation tax, consolidated net income Group share stood at €170.0 million, compared to €172.4 million last year.

Other non-ordinary operating income and expenses included a positive one-off gain from the sale of the Bürgel entities (€24.3 million before taxes), partially compensated by restructuring costs booked in H1 2016 for €6.5 million.

The tax result included a €9.7 million one-off tax profit. A 5% quota share of non-deductible expenses on dividend received from subsidiaries located in the EU has been judged as deductible by the European Court of Justice.

Consolidated shareholders' equity

Consolidated shareholders' equity at 30 June 2016 amounted to €2,537.1 million, compared to €2,777.2 million at 31 December 2015, decreasing by €240.1 million. The main changes during the period were shown below.

<i>In € million</i>	Capital stock	Additional paid-in capital	Consolidation reserve and Retained earnings	Revaluation reserve	Other Translation reserve	Treasury stock	Shareholders' equity, Group share	Non controlling interests	Total shareholders' equity
Shareholders' equity as at December 31, 2015 - IFRS	14.5	465.0	2,216.7	65.8	11.0	(57.6)	2,715.4	61.8	2,777.2
Available-for-sale assets (AFS)									
Measurement gain/(loss) taken to shareholders' equity	-	-	-	22.7	-	-	22.7	-	22.7
Impact of transferring realised gains and losses to income	-	-	-	(6.1)	-	-	(6.1)	-	(6.1)
Other changes	-	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on defined benefit plans	-	-	(27.0)	-	-	-	(27.0)	-	(27.0)
Impact of translation differences	-	-	-	(6.1)	(18.8)	-	(24.9)	(0.1)	(24.9)
Components of other comprehensive income net of tax	-	-	(27.0)	10.5	(18.8)	-	(35.2)	(0.1)	(35.3)
Net income for the year	-	-	170.0	-	-	-	170.0	0.2	170.2
Comprehensive income of the period	-	-	143.0	10.5	(18.8)	-	134.8	0.1	134.9
Capital movements	(0.9)	(192.7)	-	-	-	26.8	(166.8)	-	(166.8)
Dividend distributions	-	-	(196.6)	-	-	-	(196.6)	(1.7)	(198.3)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	0.1	0.1	-	0.1
Transaction between shareholder's	-	-	-	-	-	-	-	(10.0)	(10.0)
Other movements	(0.0)	-	0.0	0.0	(0.0)	-	0.0	-	0.0
Shareholders' equity as at June 30th, 2016 - IFRS	13.6	272.3	2,163.1	76.3	(7.8)	(30.7)	2,486.9	50.2	2,537.1

The decrease in the Group share consolidated shareholders' equity was due to the negative impacts of:

- the dividends paid for €-196.6 million
- the impact of the share buy-back and cancellation operations for €-166.8 million;
- the translation differences for €-24.9 million;
- the actuarial losses on defined benefits plan for €-27.0 million

Partially compensated by the positive impacts attributable to:

- the net result generated over the period for €+170.0 million excluding non-controlling interests;
- the revaluation of the investment portfolio and measurement gain taken to shareholder's equity for €+16.6 million

The share of the non-controlling interests decreased by €11.6 million following the share buy-back operation.

Solvency II economic ratio

Euler Hermes implemented its own internal model

As part of the Allianz Group, Euler Hermes has been authorized by BaFin (the lead supervisor for the Allianz Group) upon the review and proposal by the local supervisors NBB (National Bank of Belgium) for Euler Hermes SA and CAA (Commissariat aux Assurances) for EH Re SA to use an internal model instead of a standard model to estimate the solvency capital requirement for its main entities (Euler Hermes SA, Euler Hermes North America, Euler Hermes Re AG and Euler Hermes Re SA).

Euler Hermes opted for the use of an internal model for the following reasons:

- despite an adequate representation of the risk (ordinary risk and non ordinary risk, recession/ large loss events), the calibration of the actuarial components is not representing the Euler Hermes risk profile. Euler Hermes specific underwriting parameters, which are based on Euler Hermes loss history, show specific parameters circa 30% below EIOPA calibration.
- the standard formula does not allow for a geographical diversification between regions while Euler Hermes considers that the various regions of presence are not correlated
- the standard formula does not allow to take into account the management actions embedded in the Trade Credit Insurance policy through which Euler Hermes manages its risk
- the standard formula is based on premiums which is not the adequate risk driver of Euler Hermes business

Due to the implementation of an adequate internal model, Euler Hermes has obtained a reduction of circa 35% of its SCR on EH SA.

Some other insurance entities of the Group, namely Euler Hermes Poland, Euler Hermes Greece and joint ventures in the scope of Solvency II, could not be integrated in the internal model, because of size and/or length of historical reasons. For these entities, Euler Hermes either uses the standard model or a deduction approach removing both capital and required capital from the solvency ratio of Euler Hermes as a group.

Euler Hermes also includes in the calculation scope of its solvency ratio a banking regulated entity (Euler Hermes Crédit France) and an asset management entity (Euler Hermes Asset Management).

In conjunction with of its solvency ratio, Euler Hermes has implemented a capital ratio framework which defines the target solvency ratio under which Euler Hermes does not want to operate.

Euler Hermes has fixed its target solvency ratio at 160%. This threshold has been determined so that Euler Hermes solvency ratio will remain over 100% even at the peak of a crisis like the 2008-2009 crisis.

Finally, Euler Hermes has established an enterprise risk management framework and reporting processes in line with the Solvency II directive and therefore considers itself Solvency II compliant.

Solvency II economic ratio as of June 30, 2016

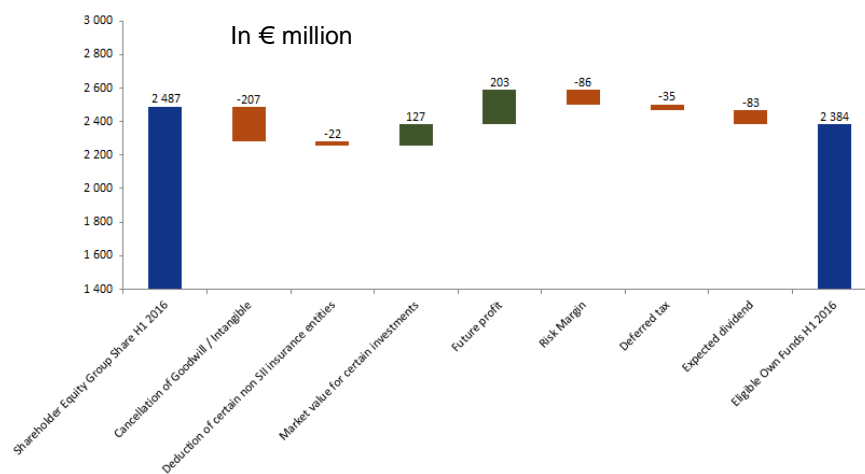
The Solvency II economic ratio is composed of the Own Funds divided by the Solvency Capital Requirements and stood at 165% as of June 30, 2016.

(in € million)	30 June 2016	31 December 2015
Eligible Own Funds	2.384	2.537
Solvency Capital Requirement	1.444	1.466
Solvency II Economic Ratio	165%	173%

a) Eligible Own Funds:

The eligible own funds amounted €2.384 million as of June 30, 2016. Euler Hermes has no leverage and does not use any ancillary own fund.

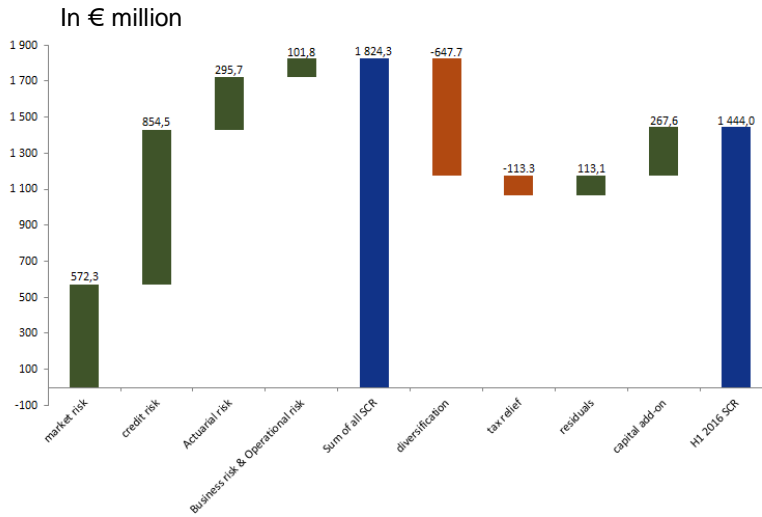
The bridge from Euler Hermes Group IFRS equity to Solvency II Own funds was the following:



b) Solvency Capital Requirement:

The Solvency Capital Requirement amounted €1 444 million as of June 30, 2016. No quantitative risk has been left out the SCR computation.

The solvency ratio (local solvency ratio or Solvency II ratio whenever applicable) for each of EH legal entities or branches operating in Canada and Asia was above the minimum legal threshold.



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(in € thousands)	Notes	June 30, 2016	December 31, 2015
Goodwill	3	107 703	114 852
Other intangible assets		125 479	118 728
Intangible assets		233 182	233 580
Investment property	4	77 975	78 974
Financial investments	5	3 629 993	4 018 454
Derivatives		9 519	15 469
Investments		3 717 487	4 112 897
Investments accounted for at the equity method	6	195 832	193 292
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	651 564	662 811
Operating property and other property, plant and equipment		43 418	45 124
Acquisition costs capitalised		89 122	76 131
Deferred tax assets		19 693	10 564
Inwards insurance and reinsurance receivables		639 553	605 041
Outwards reinsurance receivables		5 865	21 793
Corporation tax receivables		50 367	20 414
Other receivables		252 016	232 318
Asset classified as Held for sale		2 160	37 247
Other assets		1 102 194	1 048 632
Cash	7	603 542	345 414
TOTAL ASSETS		6 503 801	6 596 626
Capital stock		13 645	14 510
Additional paid-in capital		272 307	465 007
Reserves		1 962 371	1 856 619
Net income, group share		170 040	302 476
Revaluation reserve		76 328	65 772
Foreign exchange translation		(7 748)	11 037
Shareholders' equity, Group share		2 486 943	2 715 421
Non controlling interests		50 242	61 807
Total shareholders' equity		2 537 185	2 777 228
Provisions for risks and charges		375 837	365 032
Bank borrowings		254 177	252 242
Other borrowings		-	-
Borrowings		254 177	252 242
Non-life technical reserves	8	2 461 389	2 387 556
Liabilities related to contracts		2 461 389	2 387 556
Deferred tax liabilities		160 332	154 571
Inwards insurance and reinsurance liabilities		190 139	219 156
Outwards reinsurance liabilities		139 551	107 810
Corporation tax payables		34 677	18 395
Other payables		350 514	299 650
Liabilities classified as Held for sale		-	14 986
Other liabilities		875 213	814 568
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6 503 801	6 596 626

Consolidated income statement

(in € thousands excepted for the earnings per share)

June 30,

	Notes	2016	2015
Premiums written		1 237 052	1 284 055
Premiums refunded		(62 109)	(57 811)
Change in unearned premiums		(77 842)	(103 948)
Earned premiums		1 097 101	1 122 296
Service revenues		203 972	215 430
Turnover	9	1 301 073	1 337 726
Investment income		37 723	41 721
Investment management charges		(5 935)	(5 270)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		20 506	20 400
Change in fair value of investments recognised at fair value through profit or loss		549	(3 910)
Change in investment impairment provisions		-	(11)
Net change in foreign currency		(3 495)	6 729
Net investment income		49 348	59 659
Insurance services expenses		(552 783)	(491 469)
Outwards reinsurance income		255 640	226 079
Outwards reinsurance expenses		(318 311)	(329 276)
Net outwards reinsurance income or expenses	9	(62 671)	(103 197)
Contract acquisition expenses		(235 021)	(238 615)
Administration expenses		(116 699)	(105 906)
Other ordinary operating income		9 591	9 083
Other ordinary operating expenses		(191 544)	(214 560)
CURRENT OPERATING INCOME	9	201 294	252 721
Other non ordinary operating expenses	10	(6 494)	(3 227)
Other non ordinary operating income	10	24 337	1 869
OPERATING INCOME		219 137	251 363
Financing expenses		(2 709)	(4 779)
Share of Income from companies accounted for at the equity method	6	8 385	3 986
Corporation tax		(54 597)	(77 740)
CONSOLIDATED NET INCOME		170 216	172 830
o/w			
NET INCOME, GROUP SHARE		170 040	172 353
Non controlling interests		176	477
Earnings per share (in euros)	11	3,89	3,90
Diluted earnings per share (in euros)	11	3,89	3,90
Earnings per share of continuing activities (in euros)		3,89	3,90
Diluted earnings per share of continuing activities (in euros)		3,89	3,90

Consolidated statement of other comprehensive income

(in € thousands)	June 30, 2016	June 30, 2015
NET INCOME, GROUP SHARE	170 040	172 353
Net income, Non controlling interests	176	477
Actuarial gains and losses on defined benefit plans net of tax	(26 997)	(16 078)
Other comprehensive income - Items that may never be reclassified to profit and loss	(26 997)	(16 078)
Available-for-sale investments - reclassification to net income	(12 821)	(19 590)
Tax impact	6 746	4 938
Available-for-sale investments - changes arising during the period	32 504	(5 098)
Tax impact	(9 798)	2 496
Foreign currency translation adjustments	(24 881)	46 440
Other comprehensive income - Items that may be reclassified to profit and loss in future periods	(8 250)	29 186
Other comprehensive income - non controlling interests share net of tax	(60)	89
Total comprehensive income	134 909	186 027
Total comprehensive income, Group share	134 793	185 461
Total comprehensive income, Non controlling interests	116	566

Consolidated statement of cash flows

June 30,

(in € thousands)	Notes	2016	2015
Net income, Group share		170 040	172 353
Corporation tax		54 597	77 740
Financing expense		2 709	4 779
Minority interests		176	477
(Income) loss of companies accounted for at the equity method	6	(8 385)	(3 986)
Operating income before tax		219 137	251 363
Allocation to and writebacks of depreciation, amortization and reserves		5 720	16 880
Change in technical reserves		73 387	56 909
Change in deferred acquisition costs		(3 648)	(15 006)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		3 447	(694)
Realised capital (gains)/losses net of writebacks		(44 782)	(20 362)
Unrealised foreign exchange (gain) loss in company accounts		1 841	8 385
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		7 350	5 201
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		43 315	51 313
Dividends received from companies accounted for at the equity method	6	9 284	7 773
Change in liabilities and receivables relating to insurance and reinsurance transactions		12 448	(66 192)
Change in operating receivables and liabilities		(2 418)	190
Change in other assets and liabilities		3 087	6 472
Corporation tax		(66 529)	(91 158)
Cash flow related to operating activities		(44 128)	(142 915)
CASH FLOW FROM OPERATING ACTIVITIES		218 324	159 761
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	6	(3 626)	-
Disposals of equity method investments		-	-
Merger		-	-
Cash flow linked to changes in the consolidation scope		30 759	-
Disposals of AFS securities		764 143	630 005
Matured HTM securities		-	-
Disposals of investment properties		-	-
Disposals of securities held for trading		4 860	7 845
Cash flow linked to disposals and redemptions of investments		769 003	637 850
Acquisitions of AFS securities		(451 791)	(518 151)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	4	(364)	(4 214)
Acquisitions of trading securities		(2 519)	(2 024)
Cash flow linked to acquisitions of investments		(454 674)	(524 389)
Disposals of other investments and intangible assets ⁽¹⁾		1 699 342	1 488 419
Acquisitions of other investments and intangible assets ⁽¹⁾		(1 632 912)	(1 390 535)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		66 430	97 884
Disposal of Assets classified as Held for Sale		-	-
Acquisition of Assets classified as Held for Sale		-	-
Cash flow linked to acquisitions and disposals of Assets classified as Held for Sale		-	-
CASH FLOW FROM INVESTING ACTIVITIES		411 518	209 318

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

June 30,

(in € thousands)	Notes	2016	2015
Increases and decreases in capital		(167 068)	-
Change in treasury stock		382	18 732
Dividends paid		(198 314)	(194 587)
Cash flow linked to transactions with the shareholders		(365 000)	(175 855)
Changes in loans and subordinated securities		(760)	(30 566)
<i>Issue</i>		11 663	106 981
<i>Repayment</i>		(12 423)	(137 547)
Interest paid		(2 721)	(6 077)
Cash flow from Group financing		(3 481)	(36 643)
CASH FLOW FROM FINANCING ACTIVITIES		(368 481)	(212 498)
Impact of foreign exchange differences on cash and cash equivalents		(3 233)	6 513
Reclassification		-	-
Other cash flows linked to restructuring operations		-	-
OTHER NET CHANGES IN CASH		(3 233)	6 513
Change in cash flows		258 128	163 094
Change in cash and cash equivalents		258 128	163 094
Cash and cash equivalents at beginning of period	7	345 414	332 624
Cash and cash equivalents at end of period	7	603 542	495 718

During the first semester 2016, the cash position increased by €258.1 million.

- Cash flows from operating activities increased by €58.6 million, from €159.8 million at the end of June 2015 to €218.3 million at the end of June 2016, mainly due to amelioration of flows related to insurance and reinsurance operations for €78.6 million.
- Investment activities contributed to cash inflows up to €411.5 million at the end of June 2016, against €209.3 million at the end of June 2015, mainly due to cash inflows from net disposals in AFS securities for €312.4 million at the end of June 2016 against €111.9 million at the end of June 2015.
- Cash outflows from the financing activities increased from €212.5 million at the end of June 2015 to €368.5 million at the end of June 2016, mainly due to the decrease in capital for Euler Hermes Group.

Consolidated statements of changes in equity

As at June 30, 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
Opening Shareholders' equity	14 510	465 007	2 216 689	65 772	11 037	(57 594)	2 715 421	61 807	2 777 228
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	22 706	-	-	22 706	-	22 706
Impact of transferring realised gains and losses to income statement	-	-	-	(6 075)	-	-	(6 075)	-	(6 075)
Actuarial gain / (loss) on defined benefit plans	-	-	(26 997)	-	-	-	(26 997)	-	(26 997)
Impact of translation differences	-	-	-	(6 085)	(18 796)	-	(24 881)	(60)	(24 941)
Components of other comprehensive income net of tax	-	-	(26 997)	10 546	(18 796)	-	(35 247)	(60)	(35 307)
Net income for the year	-	-	170 040	-	-	-	170 040	176	170 216
Comprehensive income of the period	-	-	143 043	10 546	(18 796)	-	134 793	116	134 909
Capital movements	(865)	(192 700)	-	-	-	26 770	(166 795)	-	(166 795)
Dividend distributions	-	-	(196 640)	-	-	-	(196 640)	(1 674)	(198 314)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	109	109	-	109
Transaction between shareholders	-	-	-	-	-	-	-	(10 007)	(10 007)
Other movements	-	-	34	10	11	-	55	-	55
Closing Shareholders' equity	13 645	272 307	2 163 126	76 328	(7 748)	(30 715)	2 486 943	50 242	2 537 185

As at June 30, 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	-	-	-	(2 602)	-	-	(2 602)	44	(2 558)
Impact of transferring realised gains and losses to income statement	-	-	-	(14 652)	-	-	(14 652)	-	(14 652)
Actuarial gain / (loss) on defined benefit plans	-	-	(16 078)	-	-	-	(16 078)	-	(16 078)
Impact of translation differences	-	-	-	5 456	40 984	-	46 440	45	46 485
Components of other comprehensive income net of tax	-	-	(16 078)	(11 798)	40 984	-	13 108	89	13 197
Net income for the year	-	-	172 353	-	-	-	172 353	477	172 830
Comprehensive income of the period	-	-	156 275	(11 798)	40 984	-	185 461	566	186 027
Capital movements	-	-	-	-	-	18 318	18 318	-	18 318
Dividend distributions	-	-	(194 548)	-	-	-	(194 548)	(39)	(194 587)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	414	414	-	414
Other movements	-	-	68	(3)	34	1	100	-	100
Closing Shareholders' equity	14 510	465 007	2 054 049	87 441	28 045	(58 782)	2 590 270	62 669	2 652 939

As at June 30, 2016, the share capital of Euler Hermes Group consists of 42,641,635 fully paid-up shares, down 2,700,542 as compared to the share capital as at December 31, 2015. This decrease is related to the cancellation of shares in May 2016. This operation, along with the prior shares buyback from Allianz Vie (see Note 1 – Significant events), results in a €166,795 thousand decrease in consolidated shareholder's equity. As at June 30, 2016, Euler Hermes Group holds 618,689 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 period, the increase in the revaluation reserve totalled €10,546 thousand net of taxes.

The decrease in translation reserves by €18,785 thousand during the exercise relates mainly to the pound sterling for €16,718 thousand, the US dollar for an impact of €4,925 thousand and the Brazilian real for €1,662 thousand.

The non-controlling interests are down by €11,565 thousand. This is mainly due to the sale of the Bürgel group.

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the first half 2016:

Changes in the share capital and in share ownership

On May 18, 2016, Euler Hermes repurchased 2,200,000 shares from Allianz Vie representing 4.9% of the share capital of the Company, at a price of EUR 75.94 per share.

On May 23, 2016, the company cancelled 2,200,000 shares repurchased from Allianz Vie on 18 May 2016, together with 500,542 treasury shares it already held. i.e. a total of 2,700,542 shares representing approximately 6.33% of the shares of the Company post cancellation.

Following the sale of Allianz Vie's shares and the cancellation by the Company of 2,700,542 shares, the Allianz Group's shareholding was reduced from 67.8% to 63% of the Euler Hermes share capital and voting rights.

As at June 30, 2016, the Allianz group owned 26,864,230 shares out of a total of 42,641,635 shares, corresponding to 63% of the share capital of Euler Hermes Group. Consequently, Euler Hermes Group is integrated into the Allianz consolidation scope.

As at June 30, 2016, Euler Hermes Group's share capital was composed of 42,641,635 shares, including 618,689 shares held in treasury stock.

Disposal of Bürgel group

The disposal of 100% of the Bürgel group was closed on February 26, 2016. This followed 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.

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.

Creation of a joint-venture with CPPIC

In February 2016, Euler Hermes Hong Kong Services Limited signed an agreement with China Pacific Property Insurance Company (CPPIC) to set up a trade credit insurance joint venture in China: CPPIC Euler Hermes Insurance Sales Co., Ltd.

CPPIC owns 51% of the shares of the joint-venture; Euler Hermes Hong Kong Services Limited owns 49%.

Productivity plan in Germany

As part of the project "Inspire 2020", Euler Hermes Deutschland started a voluntary leaver program (VLP) on April 6, 2016. The program allows full time employees two possibilities; cancellation and severance payments or partial retirement starting at the age of 55 years or later. At the end of June 2016, Euler Hermes Deutschland has reserved 2.3 M€ for the employees that have signed the leaving contracts under the VLP.

Productivity plan in France

An early retirement voluntary program agreement has been signed on June 28, 2016 between the entities of UES France and the trade unions. Under this agreement, employees meeting some eligibility requirements can, on a voluntary basis, be fully exempted of activity for a period of maximum 42 months before the legal age of retirement and receive a replacement allowance paid by the employer.

Note 2 IFRS accounting and valuation rules

Euler Hermes Group SA is a company domiciled in France. The Headquarters of Euler Hermes Group SA are located 1, Place des Saisons 92048 Paris – La Défense Cedex. The condensed consolidated financial statements for the period from January 1st, 2016 to June 30, 2016 include Euler Hermes Group SA 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 SA is registered in RCS with the reference number 552 040 594.

The financial statements of the Euler Hermes group as at June 30, 2016 were approved by the Group Management Board on August 1, 2016 and presented to the Supervisory Board on August 2, 2016.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19th, 2002, the condensed consolidated financial statements published as at June 30th, 2016 were prepared in accordance with IAS 34 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. These interim financial statements should be read in conjunction with the consolidated financial statements of the group as at December 31st, 2015, prepared in accordance with IFRS standards as adopted by the European Union.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at June 30, 2016 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 2016

Standards, amendments and interpretations for which application is mandatory from January 1st, 2016 :

No new standard, amendment or interpretation with significant impact on the financial statements of the Group, is mandatory for the Group from January 1st, 2016.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective as of January 1st, 2016.

2.3. Consolidation scope

Due to the closing of the disposal of the Bürgel group on February 26, 2016, the companies Bürgel Wirtschaftsinformationen GmbH & Co. KG and Bürgel Wirtschaftsinformationen Verwaltungs-GmbH have been deconsolidated retroactively at January 1, 2016.

2.4. Use of estimates

The production of the condensed consolidated financial statements of the Group is based on estimates for a part of the assets and liabilities items. 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 section 4 "Major risk factors and their management within the Group" of the 2015 Registration Document.

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 4	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 not published	Provisions for risks and charges	Provisions for risks and charges are measured in accordance with IAS 37 and are reviewed and adjusted at each balance sheet date to reflect the best estimate at this date.
Note not published	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 8	Earned but not recorded premiums reserves	This reserve is established based on the estimate of the amount of premiums expected in the period less the amount of premiums recorded on the period.
Note 8	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 8	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 8	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 8	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 not published	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.

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 € thousand)	June 30, 2016					December 31, 2015	
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	67 460	39 030	9 459	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	9 459	6 784	114 852	108 389
Change during the year							
Opening carrying amount	5 820	57 716	35 072	9 459	6 784	114 852	108 389
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	(6 413)	(778)	-	41	(7 150)	6 463
Impairment losses	-	-	-	-	-	-	-
Closing carrying amount	5 820	51 303	34 294	9 459	6 825	107 703	114 852
Closing Balance							
Gross value	6 229	59 989	38 165	9 459	6 825	120 668	128 963
Impairment losses	(409)	(8 686)	(3 871)	-	-	(12 966)	(14 111)
Carrying amount	5 820	51 303	34 294	9 459	6 825	107 703	114 852

As at June, 30th 2016, changes in goodwill are due to the depreciation of the US dollar and the British pound against the euro.

Note 4 Investment and operating property

(in € thousand)	June 30, 2016		December 31, 2015	
	Investment property	Operating property	Investment property	Operating property
Balance at opening 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
Change during the year				
Opening carrying amount	78 974	9 540	75 369	9 579
Acquisitions	332	32	5 885	136
Change in consolidation scope	-	-	-	-
Disposals	-	-	-	(18)
Reclassifications	-	-	371	-
Changes in foreign currency translation adjustments	-	(5)	-	10
Net depreciation	(1 331)	(91)	(2 651)	(167)
Net provisions for impairment	-	-	-	-
Other changes	-	1	-	-
Closing carrying amount	77 975	9 477	78 974	9 540
Balance at the end of the period				
Gross value	103 603	27 390	103 271	27 367
Depreciation	(25 628)	(17 913)	(24 297)	(17 827)
Impairment losses	-	-	-	-
Carrying amount	77 975	9 477	78 974	9 540
Fair value	265 608	22 784	240 070	24 609
Amounts recorded in the income statement				
Investment property	June 30, 2016	Dec 31, 2015		
Rental revenues from investment property	3 131	4 296		
Direct operating expenses relating to property	(1)	-		

The acquisitions of investment property consist of renovations costs of the former headquarter owned by Euler Hermes Real Estate. As at June 30, 2016, these acquisitions amounted to €0.3 million compared to €5.9 million as at December 31, 2015.

Note 5 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)	June 30, 2016						December 31, 2015					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
<u>Held-to-maturity assets</u>												
Bonds	191	-	191	191	-	191	191	-	191	191	-	191
Total Held-to-maturity assets	191	-	191	191	-	191	191	-	191	191	-	191
<u>Available-for-sale assets</u>												
Equities	242 776	13 709	256 485	256 485	2 861 665	82 627	248 182	22 304	270 486	270 486	3 199 712	63 382
Bonds	2 594 986	92 821	2 687 807	2 687 807	-	-	2 924 054	68 554	2 992 608	2 992 608	-	-
Total Available-for-sale assets	2 837 762	106 530	2 944 292	2 944 292	2 861 665	82 627	3 172 236	90 858	3 263 094	3 263 094	3 199 712	63 382
<u>Loans, deposits and other financial investments</u>	685 510	-	685 510	694 754	-	-	755 169	-	755 169	769 364	-	-
Total Loans, deposits and other financial investments	685 510	-	685 510	694 754	-	-	755 169	-	755 169	769 364	-	-
Total Financial investments (excluding investments in consolidated enterprise)	3 523 463	106 530	3 629 993	3 639 237	2 861 665	82 818	3 927 596	90 858	4 018 454	4 032 649	3 199 712	63 573

(in € thousands)	December 31, 2014					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
<u>Held-to-maturity assets</u>						
Bonds	191	-	191	191	191	-
Total Held-to-maturity assets	191	-	191	191	191	-
<u>Available-for-sale assets</u>						
Equities	220 224	25 320	245 544	245 544	2 973 382	87 827
Bonds	2 708 754	106 911	2 815 665	2 815 665	-	-
Total Available-for-sale assets	2 928 978	132 231	3 061 209	3 061 209	2 973 382	87 827
<u>Loans, deposits and other financial investments</u>	833 226	-	833 226	854 230	-	-
Total Loans, deposits and other financial investments	833 226	-	833 226	854 230	-	-
Total Financial investments (excluding investments in consolic	3 762 395	132 231	3 894 626	3 915 630	2 973 573	87 827

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 June 30, 2016. 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)	June 30, 2016		
	Level 1	Level 2	Level 3
Available-for-sale assets	2 898 598	-	45 694

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

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

- HTM bonds, loans, deposits and other financial investments

These 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.

(in € thousands)	June 30, 2016		
	Level 1	Level 2	Level 3
Loans, deposits and other financial investments	-	289 383	405 371

(in € thousands)	December 31, 2015		
	Level 1	Level 2	Level 3
Loans, deposits and other financial investments	-	380 441	388 923

(in € thousands)	December 31, 2014		
	Level 1	Level 2	Level 3
Loans, deposits and other financial investments	-	366 296	487 934

Classification by geographical zone

June 30, 2016

Net carrying amount (in € thousands)	June 30, 2016		Group
	France	Other countries	
Held-to-maturity assets			
Bonds	191	-	191
Total Held-to-maturity assets	191	-	191
Available-for-sale assets			
Equities	58 678	197 807	256 485
Bonds	226 504	2 461 303	2 687 807
Total Available-for-sale assets	285 182	2 659 110	2 944 292
Loans, deposits and other financial inve	84 852	600 658	685 510
Total Loans, deposits and other financ	84 852	600 658	685 510
Total Financial investments	370 225	3 259 768	3 629 993

December 31, 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 financ	135 485	619 684	755 169
Total Financial investments	600 774	3 417 680	4 018 454

December 31, 2014

(in € thousand)

	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

Movements in the periods

(in € thousands)

	June 30, 2016			December 31, 2015	
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Opening carrying amount	191	3 263 094	755 169	4 018 454	3 894 626
Increase in gross value	-	451 791	1 616 064	2 067 855	3 712 143
Decrease in gross value	-	(746 492)	(1 686 517)	(2 433 009)	(3 561 309)
Change in consolidation scope	-	-	-	-	-
Revaluation	-	19 855	-	19 855	(47 399)
Impairment	-	-	-	-	(53)
Changes in foreign currency translation adjustments	-	(32 928)	807	(32 121)	54 811
Reclassifications	-	(19)	-	(19)	(10 167)
Other changes	-	(11 009)	(13)	(11 022)	(24 198)
Closing carrying amount	191	2 944 292	685 510	3 629 993	4 018 454

As at June 30, 2016, the other changes of 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 British pound and the US dollar against the euro.

(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 adjustments	-	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

As at December 31, 2015, the other changes in 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 British pound and the US dollar against the 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
<i>(in € thousands)</i>				
Spain	2016	4 841	4 693	-148
Spain	2017	5 067	5 003	-64
Spain	2018	24 829	25 630	801
Spain	2019	21 143	22 931	1 788
Spain	2020	20 477	21 003	526
Total		76 357	79 260	2 903

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 Euler Hermes, has the following exposure to the sovereign debt of peripheral European countries:

Country	Maturity	Acquisition value	Market value	Unrealized gains or losses
<i>(in € thousands)</i>				
Spain	2018	2 859	2 967	108
Spain	2019	2 418	2 480	62
Spain	2024	2 507	2 671	164
Italy	2018	965	1 004	39
Italy	2020	1 585	1 585	0
Italy	2024	2 478	2 657	179
Portugal	2016	4 524	4 523	-1
Portugal	2018	3 086	3 223	137
Portugal	2019	2 527	2 483	-44
Portugal	2020	2 555	2 523	-32
Portugal	2021	1 920	1 908	-12
Total		27 424	28 024	600

- 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
<i>(in € thousands)</i>				
Spain	2016	9 283	9 445	162
Spain	2017	3 599	3 581	-18
Spain	2018	6 339	6 743	404
Spain	2019	1 097	1 173	76
Spain	2020	4 085	4 326	241
Spain	2021	1 303	1 278	-25
Spain	2024	2 956	3 061	105
Total		28 662	29 607	945

Note 6 Investments accounted for at equity method

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

Associated entities	Country	% of capital held
OeKB 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%
CPPIC Euler Hermes Insurance Sales Co., Ltd	China	49,00%

Information on equity-accounted investments

Company	June 30, 2016			
	Assets ⁽¹⁾	Shareholders' equity ⁽²⁾	Turnover ⁽³⁾	Net income
Credit insurance companies	886 668	377 754	157 296	16 856
Other companies	44 036	3 069	52 838	-
	930 704	380 823	210 134	16 856

(1) Assets based on IFRS statements as at March 31, 2016, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which the assets are based on IFRS statements as at June 30, 2016.

(2) Equity is determined on the basis of IFRS statements as at March 31, 2016, 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 June 30, 2016.

(3) The turnover corresponds to the turnover in the IFRS statements as at March 31, 2016 plus to ¼ of 2015 total turnover, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which turnover is as at June 30, 2016.

Company	December 31, 2015		June 30, 2015	
	Assets ⁽⁴⁾	Shareholders' equity ⁽⁵⁾	Turnover ⁽⁶⁾	Net income
Credit insurance companies	833 994	342 181	154 513	17 656
Other companies	44 036	3 069	26 419	(3 069)
	878 030	345 250	180 933	14 587

(4) 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.

(5) 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.

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

Movements during the period

(in € thousands)	June 30, 2016	December 31, 2015
Opening carrying amount	193 292	199 428
Increases	3 626	-
Decreases	-	-
Reclassifications	-	-
Share of income for the period	8 385	22 649
Dividends paid	(9 284)	(21 774)
Impairment	-	(3 946)
Foreign exchange differences	(15)	734
Other changes	(172)	(3 799)
Closing carrying amount	195 832	193 292

Increases correspond to the creation in first half 2016 of the joint-venture CPPIC Euler Hermes Insurance Sales Co., Ltd.

Dividends paid correspond to dividends from OeKB EH Beteiligungs - und Management A.G. for €5.7 million and from Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for €3.6 million.

The at-equity investments on Graydon Holding N.V. have been impaired for €3.9 million in 2015.

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 income)

(in € thousands)	June 30, 2016	December 31, 2015
Credit insurance companies	187 447	169 799
Other companies	-	844
Quote part de capitaux propres	187 447	170 643

Contribution to income

(in € thousands)	June 30, 2016	June 30, 2015
Credit insurance companies	8 385	23 493
Other companies	-	(844)
Quote part de résultat	8 385	22 649

Note 7 Cash and cash equivalents

(in € thousand)	June 30, 2016	December 31, 2015
Cash in bank and at hand	537 424	289 433
Cash pooling	66 118	55 981
Total cash	603 542	345 414
Total cash in balance sheet	603 542	345 414
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	-	-
Total cash and cash equivalents	603 542	345 414

Note 8 Technical reserves

(in € thousand)	December 31, 2015	Allowance net of writebacks	Foreign exchange differences	Changes in consolidation scope	Other changes	June 30, 2016
Reserve for unearned premiums	447 107	77 852	(13 259)	-	(2 969)	508 731
Reserve for claims net of forecasts of recoveries	1 773 829	52 709	(24 493)	-	(940)	1 801 105
Reserve for no-claims bonuses and rebates	166 620	(12 946)	(1 604)	-	(517)	151 553
Gross technical reserves	2 387 556	117 615	(39 356)	-	(4 426)	2 461 389
Reserve for unearned premiums	75 379	8 624	(1 471)	-	(36 048)	46 484
Reserve for claims net of forecasts of recoveries	552 180	31 422	(9 644)	-	(1 064)	572 894
Reserve for no-claims bonuses and rebates	35 252	(2 062)	(438)	-	(566)	32 186
Reinsurers' share of technical reserves	662 811	37 984	(11 553)	-	(37 678)	651 564
Net technical reserves	1 724 745	79 631	(27 803)	-	33 252	1 809 825

Claims reserves

(in € thousand)	June 30, 2016			December 31, 2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	2 030 535	(655 452)	1 375 083	2 056 108	(643 732)	1 412 376
Current period	595 878	(146 992)	448 886	1 182 754	(354 679)	828 075
Prior periods	1 434 657	(508 460)	926 197	873 354	(289 053)	584 301
Recoveries to be received	(229 430)	82 558	(146 872)	(282 279)	91 552	(190 727)
Current period	(35 345)	7 406	(27 939)	(110 008)	23 916	(86 092)
Prior periods	(194 085)	75 152	(118 933)	(172 271)	67 636	(104 635)
Claims reserves	1 801 105	(572 894)	1 228 211	1 773 829	(552 180)	1 221 649

Breakdown by type of reserve

(in thousand)	June 30, 2016			December 31, 2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	508 731	(46 484)	462 247	447 107	(75 379)	371 728
Claims reserves	1 801 105	(572 894)	1 228 211	1 773 829	(552 180)	1 221 649
of which, reserves for known claims	1 342 366	(470 428)	871 938	1 239 977	(388 536)	851 441
of which, reserves for late claims	603 129	(174 381)	428 748	729 144	(244 024)	485 120
of which, reserves for claims handling expenses	85 377	(10 642)	74 735	87 229	(11 173)	76 056
of which, other technical reserves	(337)	-	(337)	(242)	1	(241)
of which, recoveries to be received	(229 430)	82 558	(146 872)	(282 279)	91 552	(190 727)
No-claims bonuses and rebates	151 553	(32 186)	119 367	166 620	(35 252)	131 368
Technical reserves	2 461 389	(651 564)	1 809 825	2 387 556	(662 811)	1 724 745

Note 9 Breakdown of operating income

(in € thousands)

	June 30, 2016			June 30, 2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 237 052	(351 227)	885 825	1 284 055	(379 746)	904 309
Premiums refunded	(62 109)	15 196	(46 913)	(57 811)	13 448	(44 363)
Gross premiums written - credit insurance	1 174 943	(336 031)	838 912	1 226 244	(366 298)	859 946
Change in unearned premiums	(77 842)	17 720	(60 122)	(103 948)	37 022	(66 926)
Earned premiums	1 097 101	(318 311)	778 790	1 122 296	(329 276)	793 020
Service revenues	203 972	-	203 972	215 430	-	215 430
Turnover	1 301 073	(318 311)	982 762	1 337 726	(329 276)	1 008 450
Net investment income	49 348	-	49 348	59 659	-	59 659
Claims paid	(446 943)	105 013	(341 930)	(456 564)	121 717	(334 847)
Claims reserves expenses	(53 794)	31 890	(21 904)	16 082	(11 589)	4 493
Claims handling expenses	(52 046)	1 093	(50 953)	(50 987)	391	(50 596)
Insurance services expenses	(552 783)	137 996	(414 787)	(491 469)	110 519	(380 950)
Brokerage commissions	(125 271)	-	(125 271)	(119 522)	-	(119 522)
Other acquisition costs	(126 994)	-	(126 994)	(132 692)	-	(132 692)
Change in acquisition costs capitalised	17 244	-	17 244	13 599	-	13 599
Contract acquisition expenses	(235 021)	-	(235 021)	(238 615)	-	(238 615)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expenses	(116 699)	-	(116 699)	(105 906)	-	(105 906)
Commissions received from reinsurers	-	117 644	117 644	-	115 560	115 560
Other ordinary operating income and expenses	(181 953)	-	(181 953)	(205 477)	-	(205 477)
Current operating income	263 965	(62 671)	201 294	355 918	(103 197)	252 721

Cost of claims

(in € thousand)

	June,					
	2016			2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	663 054	(157 117)	505 937	687 487	(166 716)	520 771
of which, claims paid	39 614	(8 626)	30 988	46 162	(11 937)	34 225
of which, claims reserves	579 358	(147 415)	431 943	595 158	(152 942)	442 216
of which, claims handling expenses	44 082	(1 076)	43 006	46 167	(1 837)	44 330
Recoveries for the current period	(38 154)	7 937	(30 217)	(63 268)	14 733	(48 535)
Recoveries received	(2 704)	400	(2 303)	(3 324)	1 436	(1 887)
Change in reserves for recoveries	(35 451)	7 537	(27 914)	(59 944)	13 297	(46 647)
Cost of claims from prior periods	(86 096)	3 634	(82 462)	(125 381)	39 137	(86 244)
of which, claims paid	482 033	(120 360)	361 673	475 116	(129 118)	345 998
of which, claims reserves	(576 093)	124 011	(452 082)	(605 317)	166 809	(438 508)
of which, claims handling expenses	7 964	(17)	7 947	4 820	1 446	6 266
Recoveries from prior periods	13 979	7 550	21 529	(7 369)	2 327	(5 042)
Recoveries received	(72 000)	23 573	(48 427)	(61 390)	17 901	(43 489)
Change in reserves for recoveries	85 979	(16 023)	69 956	54 021	(15 574)	38 447
Cost of claims	552 783	(137 996)	414 787	491 469	(110 519)	380 950

Note 10 Other operating revenues and expenses

(in € thousands)	June 30, 2016	June 30, 2015
Other non-ordinary operating income	24 337	1 869
Other non-ordinary operating expenses	(6 494)	(3 227)
Other non-ordinary operating income and expenses	17 843	(1 358)

In first half 2016, the other non-ordinary operating income mainly consist of the €22.4 million realized gain (net of taxes) on the disposal of the Bürgel group. The other non-ordinary operating expenses are related to restructuring costs in Germany.

Note 11 Earnings per share

Earnings per share

	June 30,	
	2016	2015
Distributable net income (in thousand of euros)	170 040	172 353
Weighted average number of ordinary shares before dilution	43 675 785	44 163 558
Earnings per share (in euros)	3,89	3,90
Distributable net income (in thousand of euros)	170 040	172 353
Weighted average number of ordinary shares after dilution	43 675 785	44 163 558
Diluted earnings per share (in euros)	3,89	3,90

The dilution impact takes into account the exercise of options. The average number of shares resulting from dilution is at zero both in first half 2015 and first half 2016.

The decrease in weighted average number of ordinary shares is mainly related to the cancellation of 2,700,542 treasury shares in May 2016 (see Note 1 – Significant events).

Note 12 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 pro forma analysis for 2015 segment data has been performed to take into account the 2016 disposal of the Bürgel group and the relocation, effective from January 1st, 2016, of collection services entities from the Group Services segment to their geographical origin segments.

Profit & loss by segment – Six months ended June 2016

(in € thousands)

Six months ended June 30, 2016

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	337 232	182 486	255 890	150 246	155 227	71 102	917 209	-	(832 340)	1 237 052
Premiums refunded	(31 820)	(13 225)	(11 616)	(32)	(2 588)	(819)	(47 067)	-	45 058	(62 109)
Change in unearned premiums	(26 011)	(3 824)	(22 900)	(8 203)	(8 748)	(9 775)	(89 140)	-	90 759	(77 842)
Earned premiums - non-Group	279 401	165 437	221 374	142 011	143 891	60 508	781 002	-	(696 523)	1 097 101
Services revenues - non-Group	73 912	43 217	47 728	36 164	23 839	14 543	-	47 198	(82 629)	203 972
Turnover - intra-sectoral	353 313	208 654	269 102	178 175	167 730	75 051	781 002	47 198	(779 152)	1 301 073
Investment income	18 083	13 975	748	7 654	3 523	(405)	8 463	799 608	(802 301)	49 348
<i>Of which, dividends</i>	<i>(92)</i>	<i>(2 033)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(798 938)</i>	<i>801 062</i>	<i>(1)</i>
Total ordinary income	371 396	222 629	269 850	185 829	171 253	74 646	789 465	846 806	(1 581 453)	1 350 421
Insurance services expenses	(109 729)	(88 684)	(107 854)	(89 274)	(60 363)	(43 339)	(372 649)	663	318 446	(552 783)
Outwards reinsurance income	122 509	91 732	124 151	94 447	80 534	41 581	246 978	-	(546 292)	255 640
Outwards reinsurance expenses	(182 203)	(112 717)	(160 798)	(104 746)	(105 076)	(44 851)	(304 444)	-	696 524	(318 311)
Other income and expenses	(139 624)	(81 555)	(113 571)	(70 642)	(66 177)	(41 477)	(264 325)	(65 680)	309 378	(533 673)
Total other income and expenses	(309 047)	(191 224)	(258 072)	(170 215)	(151 082)	(88 086)	(694 440)	(65 017)	778 056	(1 149 127)
CURRENT OPERATING INCOME	62 349	31 405	11 778	15 614	20 171	(13 440)	95 025	781 789	(803 397)	201 294
Other non ordinary operating expenses and income	19 370	1 129	(597)	-	-	-	-	3	(2 062)	17 843
OPERATING INCOME	81 719	32 534	11 181	15 614	20 171	(13 440)	95 025	781 792	(805 459)	219 137
Financing expenses	(48)	(1 182)	(156)	(24)	(14)	-	(331)	(2 190)	1 236	(2 709)
Share of Income from companies accounted by the equity method	2 161	3 752	-	-	-	(57)	-	2 529	-	8 385
Corporation tax	(21 052)	(10 293)	(2 938)	(6 087)	(7 574)	(561)	(14 760)	8 677	(9)	(54 597)
CONSOLIDATED NET INCOME	62 780	24 811	8 087	9 503	12 583	(14 058)	79 934	790 808	(804 232)	170 216
NET INCOME, GROUP SHARE	62 772	24 947	8 087	9 199	12 583	(14 058)	79 934	790 808	(804 232)	170 040
Non controlling interests	8	(136)	-	304	-	-	-	-	-	176

Profit & loss by segment – Six months ended June 2015

(in € thousands)

Six months ended June 30, 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	342 407	183 853	282 587	160 231	156 634	66 539	931 295	-	(839 491)	1 284 055
Premiums refunded	(29 544)	(12 263)	(11 882)	(1 571)	(1 763)	1 009	(45 572)	-	43 775	(57 811)
Change in unearned premiums	(27 001)	(8 203)	(26 715)	(17 340)	(8 863)	(9 873)	(101 292)	-	95 339	(103 948)
Earned premiums - non-Group	285 862	163 387	243 990	141 320	146 008	57 675	784 431	-	(700 377)	1 122 296
Services revenues - non-Group	90 206	37 323	42 069	32 301	18 403	13 779	-	70 970	(89 621)	215 430
Turnover - intra-sectoral	376 068	200 710	286 059	173 621	164 411	71 454	784 431	70 970	(789 998)	1 337 726
Investment income	15 434	19 390	222	1 651	5 268	(896)	22 426	224 702	(228 538)	59 659
<i>Of which, dividends</i>	<i>(158)</i>	<i>-</i>	<i>(1)</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(226 848)</i>	<i>227 006</i>	<i>-</i>
Total ordinary income	391 502	220 100	286 281	175 272	169 679	70 558	806 857	295 672	(1 018 536)	1 397 385
Insurance services expenses	(75 167)	(68 235)	(124 845)	(93 261)	(70 087)	(32 123)	(358 614)	(1 296)	332 159	(491 469)
Outwards reinsurance income	114 195	83 120	151 218	88 173	87 248	38 133	234 242	-	(570 250)	226 079
Outwards reinsurance expenses	(187 451)	(111 158)	(174 005)	(98 248)	(105 760)	(43 441)	(309 590)	-	700 377	(329 276)
Other income and expenses	(159 912)	(78 015)	(113 620)	(66 468)	(60 681)	(39 390)	(273 500)	(86 126)	327 714	(549 998)
Total other income and expenses	(308 335)	(174 288)	(261 252)	(169 804)	(149 280)	(76 821)	(707 462)	(87 422)	790 000	(1 144 664)
CURRENT OPERATING INCOME	83 167	45 812	25 029	5 468	20 399	(6 263)	99 395	208 250	(228 536)	252 721
Other non ordinary operating expenses and income	(773)	-	(525)	-	-	-	-	(61)	1	(1 358)
OPERATING INCOME	82 394	45 812	24 504	5 468	20 399	(6 263)	99 395	208 189	(228 535)	251 363
Financing expenses	(140)	(1 746)	(25)	(103)	(37)	-	(425)	(3 836)	1 533	(4 779)
Share of Income from companies accounted by the equity method	(2 254)	3 422	-	-	-	-	-	2 818	-	3 986
Corporation tax	(25 451)	(16 204)	(4 494)	(2 994)	(7 993)	(1 067)	(17 806)	(1 731)	-	(77 740)
CONSOLIDATED NET INCOME	54 549	31 284	19 985	2 371	12 369	(7 330)	81 164	205 440	(227 002)	172 830
-	-	-	-	-	-	-	-	-	-	-
NET INCOME, GROUP SHARE	54 428	31 607	19 985	1 714	12 369	(7 330)	81 164	205 418	(227 002)	172 353
Non controlling interests	121	(323)	-	657	-	-	-	22	-	477

(in € thousands)

Six months ended June 30, 2015 - Pro Forma

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	342 407	183 853	282 587	160 231	156 634	66 539	931 295	-	(839 491)	1 284 055
Premiums refunded	(29 544)	(12 263)	(11 882)	(1 571)	(1 763)	1 009	(45 572)	-	43 775	(57 811)
Change in unearned premiums	(27 001)	(8 203)	(26 715)	(17 340)	(8 863)	(9 873)	(101 292)	-	95 339	(103 948)
Earned premiums - non-Group	285 862	163 387	243 990	141 320	146 008	57 675	784 431	-	(700 377)	1 122 296
Services revenues - non-Group	75 129	37 323	48 178	33 598	23 509	13 779	-	46 896	(81 888)	196 524
Turnover - intra-sectoral	360 991	200 710	292 168	174 918	169 517	71 454	784 431	46 896	(782 265)	1 318 820
Investment income	14 785	19 082	885	1 651	5 325	(896)	22 426	224 745	(228 686)	59 317
<i>Of which, dividends</i>	<i>158</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>226 848</i>	<i>(227 006)</i>	<i>-</i>
Total ordinary income	375 776	219 792	293 053	176 569	174 842	70 558	806 857	271 641	(1 010 951)	1 378 137
Insurance services expenses	(75 523)	(68 235)	(125 682)	(93 428)	(70 087)	(32 123)	(358 614)	65	332 159	(491 468)
Outwards reinsurance income	114 195	83 120	151 218	88 173	87 248	38 133	234 242	-	(570 249)	226 080
Outwards reinsurance expenses	(187 451)	(111 158)	(174 005)	(98 248)	(105 760)	(43 441)	(309 590)	-	700 377	(329 276)
Other income and expenses	(144 595)	(78 015)	(118 182)	(68 246)	(65 820)	(39 390)	(273 500)	(63 373)	319 978	(531 143)
Total other income and expenses	(293 374)	(174 288)	(266 651)	(171 749)	(154 419)	(76 821)	(707 462)	(63 308)	782 265	(1 125 807)
CURRENT OPERATING INCOME	82 402	45 504	26 402	4 820	20 423	(6 263)	99 395	208 333	(228 686)	252 330
Other non ordinary operating expenses and income	(773)	-	(531)	-	519	-	-	(575)	-	(1 360)
OPERATING INCOME	81 629	45 504	25 871	4 820	20 942	(6 263)	99 395	207 758	(228 686)	250 970
Financing expenses	(93)	(1 746)	(136)	(103)	(57)	-	(425)	(3 793)	1 680	(4 673)
Share of Income from companies accounted by the equity method	(2 254)	3 422	-	-	-	-	-	2 818	-	3 986
Corporation tax	(25 898)	(16 177)	(4 908)	(3 611)	(8 226)	(1 067)	(17 806)	4	-	(77 689)
CONSOLIDATED NET INCOME	53 384	31 003	20 827	1 106	12 659	(7 330)	81 164	206 787	(227 006)	172 594
	-	-	-	-	-	-	-	-	-	-
NET INCOME, GROUP SHARE	53 380	31 326	20 805	449	12 659	(7 330)	81 164	206 787	(227 006)	172 234
Non controlling interests	4	(323)	22	657	-	-	-	-	-	360

Depreciation, amortization and provisions by segment

(in € thousands)										
Six months ended June 30, 2016										
	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	1 037	(929)	(496)	2	(27)	(49)	(166)	(152)	-	(780)
(in € thousands)										
Six months ended June 30, 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	(202)	(1 026)	(620)	(20)	(29)	18	(263)	(3 074)	-	(5 216)
(in € thousands)										
Six months ended June 30, 2015 - Pro Forma										
	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	(168)	(993)	(698)	(20)	(29)	18	(263)	(3 063)	-	(5 216)

Balance sheet by segment – Six months ended June 2016

(in € thousands)										
Six months ended June 30, 2016										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	64 079	5 936	34 294	3 396	-	(2)	-	107 703
Other intangible assets	45 672	30 400	25 931	14 855	(137)	2 850	122	10 710	(4 924)	125 479
Investments - insurance businesses	459 686	414 643	961 242	49 490	223 057	103 664	1 471 095	134 631	(100 021)	3 717 487
Investments accounted for by the equity method	65 486	59 616	-	-	-	3 591	-	67 139	-	195 832
Share of assignees and reinsurers in the technical reserves and financial liabilities	284 850	136 232	286 512	258 210	123 280	149 654	492 856	110	(1 080 140)	651 564
Insurance and reinsurance receivables	48 986	89 459	151 912	79 733	117 653	71 607	319 462	(47)	(233 347)	645 418
Other assets	933 332	569 998	321 824	261 572	104 368	51 769	183 878	221 857	(1 588 281)	1 060 317
Total assets	1 838 012	1 300 348	1 811 500	669 796	602 515	386 531	2 467 413	434 398	(3 006 713)	6 503 800
Technical reserves	551 278	250 519	552 872	398 876	292 801	226 450	1 338 627	48	(1 150 082)	2 461 389
Liabilities related to inward insurance and reinsurance transactions	17 575	63 051	52 979	22 303	6 709	16 346	96 611	2 328	(87 763)	190 139
Liabilities related to outward reinsurance transactions	29 111	41 438	67 391	24 884	58 603	35 390	64 489	43	(181 798)	139 551
Other liabilities	462 427	183 178	1 505 612	72 578	47 072	65 652	54 483	359 166	(1 574 631)	1 175 537
Total liabilities	1 060 391	538 186	2 178 854	518 641	405 185	343 838	1 554 210	361 585	(2 994 274)	3 966 616

Balance sheet by segment – Six months ended June 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

(in € thousands)

December 31, 2015 - Pro Forma

	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	35 071	3 347	-	-	-	114 853
Other intangible assets	46 175	25 427	30 887	14 884	1 821	2 762	160	10 072	(13 460)	118 728
Investments - insurance businesses	846 458	780 826	923 015	57 233	251 832	101 583	1 454 282	68 753	(371 108)	4 112 874
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	488 683	203 908	190 298	248 071	79 800	50 570	80 204	157 937	(766 980)	732 491
Total assets	1 793 843	1 274 380	1 703 447	660 837	602 836	347 044	2 305 134	301 382	(2 427 020)	6 561 883
Technical reserves	514 519	239 476	562 092	390 731	298 263	205 805	1 219 545	48	(1 042 925)	2 387 554
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	(171 258)	107 809
Other liabilities	433 997	193 810	708 650	61 393	52 448	58 233	44 829	655 172	(1 118 372)	1 090 160
Total liabilities	1 027 242	524 710	1 356 390	518 884	397 957	294 205	1 434 509	656 809	(2 406 027)	3 804 679

Note 13 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	63,00%
Treasury shares	618 689	1,45%
Sub-total	27 482 919	64,45%
Public (bearer securities)	15 158 716	35,55%
Total	42 641 635	100,00%

Transactions

	2016				2015			
	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	24 318	-	-	68 991	28 909	-	-	69 022
Insurance services expenses	(16 120)	-	-	(34 113)	(28 394)	-	-	(18 718)
Net outward reinsurance income or expenses	(31 692)	-	-	56 340	(42 935)	-	-	(1 878)
Financing expenses	-	-	-	-	-	-	-	-
Other net income/(expenses)	(13 495)	-	-	(29 406)	(9 072)	-	-	(28 052)

Receivables and liabilities

	2016				2015			
	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)	66 118	-	-	-	34 781	-	-	-
Net operating receivables	6 481	-	153	2 497	9 231	-	153	3 293
Operating liabilities	(58)	-	(371)	619	(3 957)	-	(243)	459

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.

Note 14 Commitments given and received

(in € thousands)	June 30, 2016	December 31, 2015
Commitments received	9 086	9 200
Deposits, sureties and other guarantees	9 086	9 200
Commitments given	25 779	29 136
Deposits, sureties and other guarantees	25 779	29 136
- <i>Commitments to investment funds</i>	15 222	18 139
- <i>Independent guarantee CACIB</i>	3 284	3 125
- <i>Commitments related to offices and cars lease contracts</i>	3 832	4 312
- <i>Commitments to InvestitionsBank Landes Brandenburg</i>	1 857	1 857
- <i>Commitments to Danskebank</i>	201	-
- <i>Commitments associated with membership of an EIG</i>	180	105
- <i>Commitments associated with brokers</i>	1 203	-

The Group is committed to investing directly or through co-investments in mutual funds. The commitment totals €15,222 thousand at end June 2016 against €18,139 thousand at end December 2015.

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. This guarantee has been extended by endorsement to €3,284 thousand at end June 2016.

A commitment has been given by the Group to Cardif to guarantee additional cash contribution to the defined-benefit 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 15 Subsequent events

No subsequent events occurred since June 30, 2016 closing which would impact the assumptions of the quarterly closing.

STATUTORY AUDITORS' REPORT ON THE 2016 HALF-YEAR FINANCIAL INFORMATION

Euler Hermes Group S.A.

Registered office: 1, place des Saisons – 92048 Paris La Défense Cedex

Share capital: € 14 509 496,64

Statutory Auditors' Review Report on the half-yearly consolidated financial statements

For the period from January 1 to June 30, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' General Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Euler Hermes Group SA for the period from January 1 to June 30, 2016
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Group Management Board. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, August 3rd, 2016

KPMG Audit FS II

French original signed by

Xavier Dupuy

Partner

Paris, August 3rd, 2016

Exco Paris Ace

French original signed by

Alain Auvray

Partner

DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I declare that, to the best of my knowledge, the condensed financial statements for the ending semester have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the other companies included in the scope of consolidation, and that the half-year activity report includes a fair review of the important events which occurred during the first six months of the year, their impact on the half-year financial statements, and the main transactions between related parties, together with a description of the principal risks and uncertainties that they face in the remaining six months of the year.

Paris, August 3rd, 2016

Wilfried VERSTRAETE,
Chairman of the Group Management Board