

Half-Year Financial Report

As at June 30, 2017



EULER HERMES
Business insured. Success ensured.

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REPORT OF THE GROUP MANAGEMENT BOARD

For the 1st half ended June 30, 2017

Key events of the period

The following significant events occurred in the first half 2017:

Changes in the share capital and in share ownership

As at June 30, 2017, 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, 2017, Euler Hermes Group's share capital was composed of 42,641,635 shares, including 619,189 shares held in treasury stock.

Digital initiatives

Euler Hermes Group launched various digital initiatives during H1 2017:

- A partnership was signed in March with Flowcast a Fintech company specialized in artificial intelligence (AI) in the United States,
- And on June 7th, Euler Hermes, launched the rollout of its innovative new "EH Sync" portal. Developed in close collaboration with brokers, its features include an advanced mobile-ready, digital interface with 360° policy data views and real-time customized alerts. Reflecting Euler Hermes' digital focus and broker collaboration strategy, EH Sync involved extensive international research and testing throughout the portal's development with more than 200 managers from 25 broker firms. EH Sync is being launched following a successful Netherlands pilot program earlier this year. The first wave of the EH Sync broker portal launch will include the UK, Italy and Belgium with a further rollout in other countries in the coming months.

Subsequent events

The following subsequent event occurred since June 30, 2017, which wouldn't impact the assumptions of the half-year closing:

Agreements signed with PriceWaterhouseCoopers regarding the Export Credit Guarantee business

On March 3, 2017, PriceWaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (« PwC ») and Euler Hermes Deutschland AG (“EH AG”) signed three amendments to reallocate business services within the German export support scheme. Following the closing of deal as of July 1, 2017, Euler Hermes will be fully in charge of the Export Credit Guarantee (“ECG”) service activity and the Untied Loan Guarantee (“ULG”) service activity, while PwC will remain in charge of the Investment Guarantee (“IG”) service activity.

The transfer of PwC employees working in the fields of ECG and ULG to EH AG, related assets and know-how took effect on July 1, 2017.

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.

Euler Hermes Group consolidated results

Turnover

<i>In € million</i>	<i>Turnover</i>	<i>H1 2017</i>	<i>H1 2016</i>	<i>Variation %</i>	<i>H1 2016</i>	<i>Variation %</i>
			<i>published</i>		<i>(1)</i>	<i>(1)</i>
Regions						
Germany, Switzerland, Austria		347.4	353.3	-1.7%	353.2	-1.6%
France		209.1	208.7	0.2%	209.4	-0.1%
Northern Europe		273.1	269.1	1.5%	263.8	3.5%
Med. countries, Middle East and Africa		168.8	178.2	-5.3%	179.2	-5.8%
Americas		173.2	167.7	3.2%	174.3	-0.6%
Asia Pacific		69.3	75.1	-7.7%	77.7	-10.9%
Inward from non-consolidated OE's and other (2)		45.1	49.0	-8.0%	43.3	4.2%
Euler Hermes Group		1,286.0	1,301.1	-1.2%	1,300.8	-1.1%

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

(1) At constant exchange rates and proforma: A new collection business model was set up starting January 2017, impacting intragroup flows within regions (no impact at consolidated level). 2016 has been restated accordingly.

(2) Corporate entities + inter-region eliminations

At €1,286.0 million at the end of June, turnover is down 1.2% compared to half-year 2016 published figures. Foreign exchange impact is overall neutral at Group level. Topline is down, at -1.1% at constant FX with earned premiums decreasing by -0.7% and service revenues by -3.4%.

Premiums were down by -0.8% and -0.7% at constant FX.

Europe resumes growth thanks to specialty lines and encouraging commercial development: Northern Europe posts +3.5% growth proforma and at constant foreign exchange, development of specialty lines in France is in line with expectations, and DACH is progressively regaining ground quarter after quarter. Non mature markets such as Asia and the Middle East are significantly affected by our previously-revised underwriting stance.

<i>In € million</i>	<i>Turnover</i>	<i>H1 2017</i>	<i>H1 2016</i>	<i>Variation %</i>	<i>H1 2016</i>	<i>Variation %</i>
			<i>published</i>		<i>(1)</i>	<i>(1)</i>
Earned Premiums		1,088.8	1,097.1	-0.8%	1,096.6	-0.7%
Service revenues		197.2	204.0	-3.3%	204.2	-3.4%
Turnover		1,286.0	1,301.1	-1.2%	1,300.8	-1.1%

(1) At constant exchange rates

Service revenues decreased by -3.3% and -3.4% at constant FX compared to last year.

Earned premiums

<i>In € million</i>	H1 2017	H1 2016	Variation %
Gross earned premiums	1,088.8	1,097.1	-0.8%
Ceded premiums	-312.7	-318.3	-1.8%
Net earned premiums	776.1	778.8	-0.3%
Cession rate	28.7%	29.0%	

Gross earned premiums decreased by 0.8% compared to last year and net earned premiums declined by -0.3% only. Retention slightly increased due to a more favourable mix of line of business.

Claims costs

<i>In € million</i>	H1 2017	H1 2016	Variation %
Gross claims costs current attachment year	-614.2	-624.9	-1.7%
Gross claims costs previous attachment years	96.7	72.1	34.0%
Total gross claims costs	-517.5	-552.8	-6.4%
Ceded claims costs	115.7	138.0	-16.1%
Total net claims costs	-401.8	-414.8	-3.1%

	H1 2017	H1 2016
Net claims ratio, current attachment year	-60.4%	-61.1%
Net claims ratio, previous attachment years	8.7%	7.8%
Net claims ratio	-51.8%	-53.3%

Gross claims costs current attachment year amounted €614.2 million, on the decrease compared to the first half of 2016. The gross claims ratio current year is at 56.4%, down -0.5 points compared to same period last year. This is the result of continuous risk action plans impact launched in 2015. In net terms, the claims ratio on the current attachment year showed the same trend with a -0.7pt decrease.

Gross claims costs for previous attachment years amounted €96.7 million, higher by €24.6 million compared to last year and the gross claims ratio previous attachment years was 8.9%, up 2.3pt compared to last year. This improvement is due to a more favourable claims environment compared to H1 2016: the group was hit last year by some mid-size cases in some emerging countries, namely Turkey, Gulf countries and Asia.

In net terms, the claims ratio for previous attachment years stands at 8.7%, up only by 0.9pt compared to H1 2016, as reinsurance is slightly less favourable than it was last year.

As a consequence the net claims ratio all attachment years in H1 2017 was 51.8%, down by 1.5pt. compared to last year, and at its lowest level since the third quarter 2015.

Technical expenses

<i>In € million</i>	H1 2017	H1 2016	Variation %
Contract acquisition expenses	234.6	235.0	-0.2%
Administration expenses	118.8	116.7	1.8%
Other ordinary income and expenses	180.3	182.0	-0.9%
Total gross operating expenses	533.8	533.7	0.0%
of which non technical expenses	3.6	5.2	-29.9%
Total gross technical expenses	530.1	528.5	0.3%

Gross technical expenses were slightly up +0.3%. Contract acquisition expenses are lower than last year following topline evolution, other ordinary income and expense are also down in links with lower service related income. Administration expenses include internal investments in digital and support functions, and in process transformations, where underlying productivity gains are not yet visible.

As a result the gross technical expense ratio stood at 30.6%, higher than last year by 1.0pt. due to lower topline. Net technical expenses ratio was 27.1%, up +0.5pt compared to last year thanks to more favourable commission received from reinsurers.

<i>In € million</i>	H1 2017	H1 2016	Variation %
Gross technical expenses	-530.1	-528.5	0.3%
Service revenues	197.2	204.0	-3.3%
Gross technical expenses net of service revenues	-332.9	-324.5	2.6%
Gross earned premiums	1,088.8	1,097.1	-0.8%
Commissions received from reinsurers	122.9	117.6	4.5%
Premiums ceded	-312.7	-318.3	-1.8%
Net technical expenses	-210.0	-206.9	1.5%
Net premiums	776.1	778.8	-0.3%
Gross technical expenses ratio	30.6%	29.6%	
Net technical expenses ratio	27.1%	26.6%	

Net technical result

<i>In € million</i>	H1 2017	H1 2016	Variation %
Net earned premiums	776.1	778.8	-0.3%
Net claims costs	-401.8	-414.8	-3.1%
Net technical expenses	-210.0	-206.9	1.5%
Other non technical charges	-3.6	-5.2	-29.9%
Net technical result ⁽¹⁾	160.6	151.9	5.7%
Net combined ratio	78.8%	79.8%	

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

At €160.6 million, the net technical result increased by €8.7 million compared to last year and the net combined ratio was down 1pt at 78.8%, consequence of the lower net claims ratio.

Net investment income

<i>In € million</i>	H1 2017	H1 2016	Variation %
Revenues from investment property	4.5	3.1	44.5%
Revenues from equity and debt securities	27.4	25.9	5.6%
Revenues from securities-Bonds	21.0	19.9	5.8%
Revenues from securities-equities	6.3	6.0	4.9%
Other financial income	6.8	8.7	-21.6%
Investment income	38.7	37.7	2.5%
Investment management charges	-5.5	-5.9	-6.5%
Net change in foreign currency	2.7	-3.5	-177.4%
Net gain and loss on sales of investments less impairment and amortisation	17.6	21.1	-16.5%
Net investment income (excluding financing expenses)	53.4	49.3	8.5%

The net investment income (before financing expenses) is up +8.5% compared to last year.

The current investment income amounted €38.7 million, up 2.5% compared to last year due to higher revenues from real estate and higher yields from the bonds portfolio.

Net change in foreign currency contributed positively, with a gain of €2.7 million for the first semester of 2017, to be compared with a loss of €3.5 million last year.

Net realized gains were at €17.6 million, compared to 21.1 million last year.

At end of June 2017, the market value of the Group's investment portfolio decreased by €145.4 million compared to end of 2016, to €4,378.7 million, after payment of €197 millions of dividend in June.

<i>In € million</i>	June 30, 2017					December 31, 2016				
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Unrealized gains and losses (unrecognized)	Historical value	Revaluation reserve	Net carrying amount	Fair value	Unrealized gains and losses (unrecognized)
- Equities	261,3	40,2	301,8	301,8	(0,0)	247,6	39,9	287,5	287,5	-
- Bonds	2 843,3	63,7	2 907,1	2 907,1	0,0	2 826,4	75,3	2 901,7	2 901,7	-
- Loans, deposits and other financial investments	493,8	-	493,8	498,1	4,3	602,9	-	602,9	609,8	6,9
Total financial investments	3 598,5	104,0	3 702,7	3 707,0	4,3	3 676,9	115,2	3 792,1	3 799,0	6,9
Investment property	-	-	75,5	278,2	202,6	-	-	76,7	274,9	198,2
Cash	-	-	393,6	393,6	-	-	-	450,3	450,3	-
Total	3 598,5	104,0	4 171,8	4 378,7	206,9	3 676,9	115,2	4 319,1	4 524,2	205,1

Current operating income

<i>In € million</i>	H1 2017	H1 2016	Variation %
Net technical result	160.6	151.9	5.7%
Net investment income (excluding financing expenses)	53.4	49.4	8.3%
Current operating income	214.1	201.3	6.3%

As a result of higher net technical result and higher net investment result, the current operating income was up by €12.8 million to €214.1 million.

Consolidated net Income

<i>In € million</i>	H1 2017	H1 2016	Variation %
Current operating income	214.1	201.3	6.3%
Other non ordinary operating income and expense	-1.4	17.8	N/A
Financing expenses	-3.4	-2.7	24.1%
Share of Income from companies accounted by the equity method	7.0	8.4	-16.4%
Corporation tax	-51.2	-54.6	-6.2%
Non controlling interests	-1.3	-0.2	655.7%
Consolidated net income, Group share	163.8	170.0	-3.7%
Tax rate	-23.7%	-24.3%	

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 €163.8 million, compared to €170.0 million last year.

In H1 2016, 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) and restructuring costs (€6.5 million before taxes).

Consolidated shareholders' equity

Consolidated shareholders' equity at 30 June 2017 amounted to €2,613.6 million, compared to €2,673.0 million at 31 December 2016, decreasing by €59.4 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		Shareholders' equity, Group share	Non controlling interests	Total shareholders' equity
					Translation reserve	Treasury stock			
Shareholders' equity as at December 31, 2016 - IFRS	13.6	272.3	2,275.9	87.4	4.5	(31.3)	2,622.4	50.6	2,673.0
Available-for-sale assets (AFS)									
Measurement gain/(loss) taken to shareholders' equity	-	-	-	11.6	-	-	11.6	-	11.6
Impact of transferring realised gains and losses to income	-	-	-	(19.0)	-	-	(19.0)	-	(19.0)
Other changes	-	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on defined benefit plans	-	-	11.6	-	-	-	11.6	0.0	11.6
Impact of translation differences	-	-	-	(6.1)	(26.1)	-	(32.2)	(0.2)	(32.4)
Components of other comprehensive income net of tax	-	-	11.6	(13.6)	(26.1)	-	(28.0)	(0.2)	(28.2)
Net income for the year	-	-	163.8	-	-	-	163.8	1.3	165.1
Comprehensive income of the period	-	-	175.4	(13.6)	(26.1)	-	135.7	1.1	136.9
Capital movements	-	-	-	-	-	0.6	0.6	-	0.6
Dividend distributions	-	-	(196.7)	-	-	-	(196.7)	(0.3)	(197.0)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	0.1	0.1	-	0.1
Transaction between shareholder's	-	-	-	-	-	-	-	-	-
Other movements	-	-	0.0	0.0	-	-	0.0	-	0.0
Shareholders' equity as at June 30th, 2017 - IFRS	13.6	272.3	2,254.6	73.8	(21.6)	(30.6)	2,562.1	51.4	2,613.6

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

- the dividends paid for €-196.7 million
- the translation differences for €-32.2 million;
- the revaluation of the investment portfolio and measurement gain taken to shareholder's equity for -7.4 million

Partially compensated by the positive impacts attributable to:

- the actuarial losses on defined benefits plan for €11.6 million
- the net result generated over the period for €+163.8 million excluding non-controlling interests;

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 in the standard formula is not representing the Euler Hermes risk profile;
- 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, and;
- the standard formula is based on premiums which is not the adequate risk driver of Euler Hermes business.

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.

In addition, Euler Hermes 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).

To support the management of its solvency ratio, Euler Hermes has implemented a capital ratio framework which defines the target solvency ratio at which Euler Hermes wants to operate. Euler Hermes has fixed its target solvency ratio at 160% within an optimal range between 140% and 170%.

Finally, Euler Hermes has established a strong enterprise risk management framework and efficient reporting processes in line with the Solvency II directive.

Solvency II economic ratio¹ as of June 30, 2017

The estimated Solvency II economic ratio is composed of the Own Funds divided by the Solvency Capital Requirements and stood at 165%¹ as of June 30, 2017.

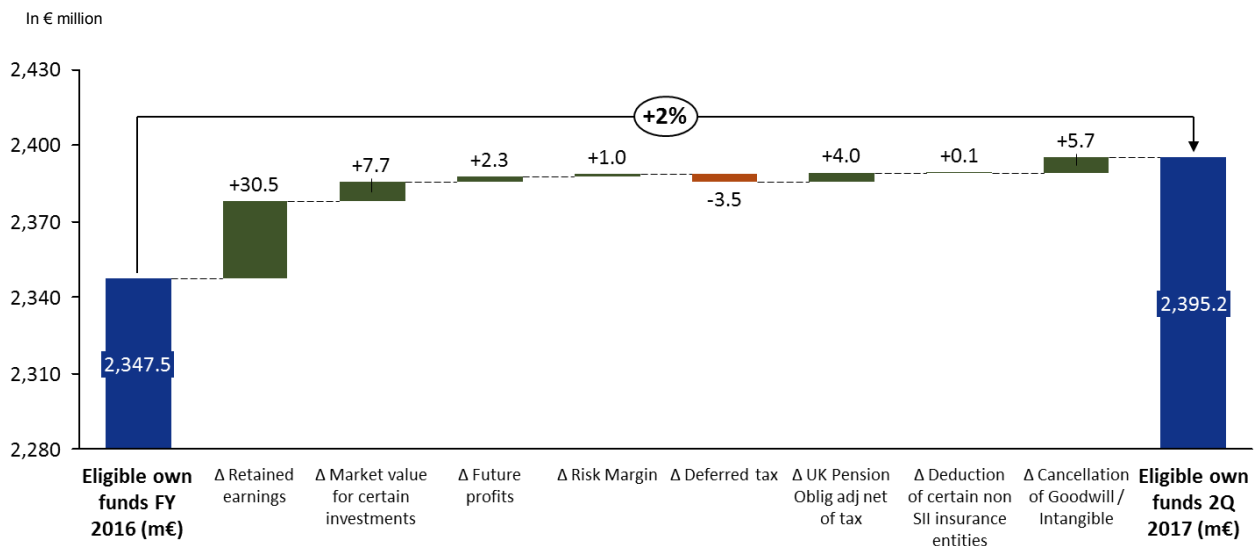
(in € million)	Anticipated ⁽¹⁾ 30 June 2017	31 December 2016
Eligible Own Funds	2.395	2.348
Solvency Capital Requirement	1.452	1.414
Solvency II Economic Ratio	165%¹	166%

¹ Estimated Solvency II ratio: An updated press release shall be released if the ultimate Solvency II ratio deviates by more than 2 points compared to the estimate.

a) Eligible Own Funds:

The Eligible Own Funds 2Q 2017 are increasing by 47.7 m€ (+2%) from 2,347.5 m€ in Q4 2016 to 2,395.2 m€ in H1 2017. The increase is mainly due to:

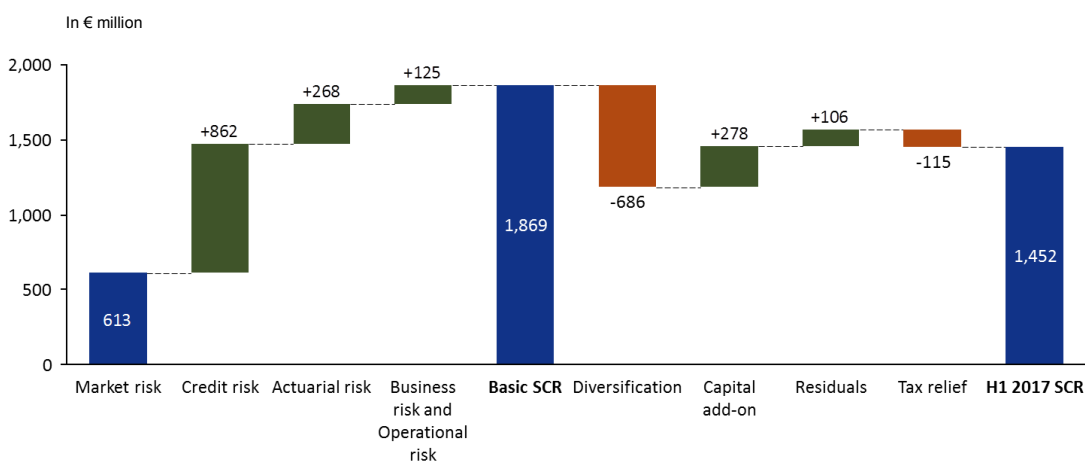
- the Profit and Other Comprehensive Income of the period less dividends (+30.5 m€),
- the positive impact of the market value revaluation of certain investments mainly driven by the Real estate reappraisal (OPCI and other French buildings).



b) Solvency Capital Requirement:

The Solvency Capital Requirement amounted €1 452 million as of June 30, 2017. 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, 2017	December 31, 2016
Goodwill	3	104 242	108 320
Other intangible assets		128 483	126 092
Intangible assets		232 725	234 412
Investment property	4	75 547	76 678
Financial investments	5	3 702 705	3 792 116
Derivatives		12 200	12 358
Investments		3 790 452	3 881 152
Investments accounted for at the equity method	6	199 040	202 019
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	605 249	598 982
Operating property and other property, plant and equipment		44 875	43 161
Acquisition costs capitalised		94 634	85 325
Deferred tax assets		32 670	32 131
Inwards insurance and reinsurance receivables		685 872	636 821
Outwards reinsurance receivables		1 675	58 110
Corporation tax receivables		73 887	75 046
Other receivables		304 711	208 458
Other assets		1 238 324	1 139 052
Cash	7	393 554	450 281
TOTAL ASSETS		6 459 344	6 505 898
Capital stock		13 645	13 645
Additional paid-in capital		272 307	272 307
Reserves		2 060 184	1 957 663
Net income, group share		163 775	286 952
Revaluation reserve		73 790	87 359
Foreign exchange translation		(21 580)	4 470
Shareholders' equity, Group share		2 562 121	2 622 396
Non controlling interests		51 431	50 616
Total shareholders' equity		2 613 552	2 673 012
Provisions for risks and charges		395 304	437 140
Bank borrowings		252 170	252 219
Other borrowings		2 039	2 031
Borrowings		254 209	254 250
Non-life technical reserves	8	2 379 208	2 355 816
Liabilities related to contracts		2 379 208	2 355 816
Deferred tax liabilities		162 486	182 014
Inwards insurance and reinsurance liabilities		217 124	217 961
Outwards reinsurance liabilities		73 983	39 773
Corporation tax payables		33 026	12 033
Other payables		330 452	333 899
Other liabilities		817 071	785 680
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6 459 344	6 505 898

Consolidated income statement

	Notes	June 30, 2017	June 30, 2016
Premiums written		1 232 825	1 237 052
Premiums refunded		(63 525)	(62 109)
Change in unearned premiums		(80 526)	(77 842)
Earned premiums		1 088 774	1 097 101
Service revenues		197 208	203 972
Turnover	9	1 285 982	1 301 073
Investment income		38 692	37 723
Investment management charges		(5 537)	(5 935)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		20 311	20 506
Change in fair value of investments recognised at fair value through profit or loss		(2 715)	549
Change in investment impairment provisions		(14)	-
Net change in foreign currency		2 706	(3 495)
Net investment income	-	53 443	49 348
Insurance services expenses		(517 523)	(552 783)
Outwards reinsurance income		238 620	255 640
Outwards reinsurance expenses		(312 680)	(318 311)
Net outwards reinsurance income or expenses	9	(74 060)	(62 671)
Contract acquisition expenses		(234 649)	(235 021)
Administration expenses		(118 824)	(116 699)
Other ordinary operating income	-	9 611	9 591
Other ordinary operating expenses	-	(189 889)	(191 544)
CURRENT OPERATING INCOME	9	214 091	201 294
Other non ordinary operating expenses	10	(1 397)	(6 494)
Other non ordinary operating income	10	-	24 337
OPERATING INCOME		212 694	219 137
Financing expenses		(3 361)	(2 709)
Share of Income from companies accounted for at the equity method	6	7 009	8 385
Corporation tax	-	(51 237)	(54 597)
CONSOLIDATED NET INCOME		165 105	170 216
o/w			-
NET INCOME, GROUP SHARE		163 775	170 040
Non controlling interests		1 330	176
			-
Earnings per share (in euros)	11	3,90	3,89
Diluted earnings per share (in euros)	11	3,90	3,89
			-
Earnings per share of continuing activities (in euros)		3,90	3,89
Diluted earnings per share of continuing activities (in euros)		3,90	3,89

Consolidated statement of other comprehensive income

(in € thousands)	June 30, 2017	June 30, 2016
NET INCOME, GROUP SHARE	163 775	170 040
Net income, Non controlling interests	1 330	176
Actuarial gains and losses on defined benefit plans net of tax	11 577	(26 997)
Other comprehensive income - Items that may never be reclassified to profit and loss	11 577	(26 997)
Available-for-sale investments - reclassification to net income	(19 989)	(12 821)
Tax impact	968	6 746
Available-for-sale investments - changes arising during the period	12 514	32 504
Tax impact	(935)	(9 798)
Foreign currency translation adjustments	(32 184)	(24 881)
Other comprehensive income - Items that may be reclassified to profit and loss in future periods	(39 626)	(8 250)
Other comprehensive income - non controlling interests share net of tax	(189)	(60)
Total comprehensive income	136 867	134 909
Total comprehensive income, Group share	135 726	134 793
Total comprehensive income, Non controlling interests	1 141	116

Consolidated statement of cash flows

(in € thousands)	Notes	June 30, 2017	June 30, 2016
Net income, Group share		163 775	170 040
Corporation tax		51 237	54 597
Financing expense		3 361	2 709
Minority interests		1 330	176
(Income) loss of companies accounted for at the equity method	6	(7 009)	(8 385)
Operating income before tax		212 694	219 137
Allocation to and writebacks of depreciation, amortization and reserves		7 046	5 720
Change in technical reserves		42 636	73 387
Change in deferred acquisition costs		97	(3 648)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		(102)	3 447
Realised capital (gains)/losses net of writebacks		(20 409)	(44 782)
Unrealised foreign exchange (gain) loss in company accounts		(3 700)	1 841
Interest revenues received accrued		768	7 350
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		26 336	43 315
Dividends received from companies accounted for at the equity method	6	9 922	9 284
Change in liabilities and receivables relating to insurance and reinsurance transactions		37 484	12 448
Change in operating receivables and liabilities		(107 576)	(2 418)
Change in other assets and liabilities		(4 265)	3 087
Corporation tax		(56 127)	(66 529)
Cash flow related to operating activities		(120 562)	(44 128)
CASH FLOW FROM OPERATING ACTIVITIES		118 468	218 324
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		-	-
Cash flow linked to changes in the consolidation scope		-	30 759
Disposals of AFS securities		510 281	764 143
Matured HTM securities		-	-
Disposals of investment properties		-	-
Disposals of securities held for trading		4 640	4 860
Cash flow linked to disposals and redemptions of investments		514 921	769 003
Acquisitions of AFS securities		(567 688)	(451 791)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	4	(311)	(364)
Acquisitions of trading securities		(4 606)	(2 519)
Cash flow linked to acquisitions of investments		(572 605)	(454 674)
Disposals of other investments and intangible assets ⁽¹⁾		651 192	1 699 342
Acquisitions of other investments and intangible assets ⁽¹⁾		(563 409)	(1 632 912)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		87 783	66 430
CASH FLOW FROM INVESTING ACTIVITIES		30 099	411 518

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

(in € thousands)	Notes	June 30, 2017	June 30, 2016
Decreases in capital		-	(167 068)
Transactions between shareholders		-	-
Change in treasury stock		638	382
Dividends paid		(196 982)	(198 314)
Cash flow linked to transactions with the shareholders		(196 344)	365 000
Changes in debts and subordinated securities		(165)	(760)
<i>Issue</i>		1 752	11 663
<i>Repayment</i>		(1 917)	(12 423)
Interest paid		(3 374)	(2 721)
Cash flow from Group financing		(3 539)	(3 481)
CASH FLOW FROM FINANCING ACTIVITIES		(199 883)	(368 481)
Impact of foreign exchange differences on cash and cash equivalents		(5 659)	(3 233)
Reclassification		239	-
OTHER NET CHANGES IN CASH		(5 420)	(3 233)
Change in cash flows		(56 736)	258 128
Change in cash and cash equivalents		(56 736)	258 128
Cash and cash equivalents at beginning of period	7	450 277	345 414
Cash and cash equivalents at end of period	7	393 541	603 542

During the first semester 2017, the cash position decreased by €56.7 million.

- Cash flows from operating activities decreased by €99.8 million, from €218.3 million at the end of June 2016 to €118.5 million at the end of June 2017, mainly due to the increase of operating receivables and liabilities for €107.6 million.
- Investment activities contributed to cash inflows up to €30.1 million at the end of June 2017, against €411.5 million at the end of June 2016, mainly due to cash outflows from net disposals in AFS securities for €-57.4 million at the end of June 2017 against cash inflows of €312.4 million at the end of June 2016.
- Cash outflows from the financing activities decreased from €368.5 million at the end of June 2016 to €199.9 million at the end of June 2017, mainly due to the share buyback which occurred in May 2016.

Consolidated statement of changes in equity

As at June 30, 2017

(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	13 645	272 307	2 275 897	87 359	4 470	(31 282)	2 622 396	50 616	2 673 012
Available-for-sale assets (AFS)									
Measurement gain / (loss) taken to shareholders' equity	-	-	-	11 579	-	-	11 579	-	11 579
Impact of transferring realised gains and losses to income statement	-	-	-	(19 021)	-	-	(19 021)	-	(19 021)
Actuarial gain / (loss) on defined benefit plans	-	-	11 577	-	-	-	11 577	3	11 580
Impact of translation differences	-	-	-	(6 134)	(26 050)	-	(32 184)	(192)	(32 376)
Components of other comprehensive income net of tax	-	-	11 577	(13 576)	(26 050)	-	(28 049)	(189)	(28 238)
Net income for the year	-	-	163 775	-	-	-	163 775	1 330	165 105
Comprehensive income of the period	-	-	175 352	(13 576)	(26 050)	-	135 726	1 141	136 867
Capital movements	-	-	-	-	-	555	555	-	555
Dividend distributions	-	-	(196 656)	-	-	-	(196 656)	(326)	(196 982)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	83	83	-	83
Other movements	-	-	10	7	-	-	17	-	17
Closing Shareholders' equity	13 645	272 307	2 254 603	73 790	(21 580)	(30 644)	2 562 121	51 431	2 613 552

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, 2017, the share capital of Euler Hermes Group consists of 42,641,635 fully paid-up shares. At the same date Euler Hermes Group holds 619,189 treasury shares.

During the period, the decrease in the revaluation reserve totaled €13,569 thousand net of taxes, thereof €11,579 thousand gain due to re-evaluation at market value of available-for-sale (AFS) investments, recorded in revaluation reserve, and €-19,021 thousand realized gains on AFS disposals, recognized in the income statement.

The decrease in translation reserves by €26,050 thousand during the exercise relates mainly to the US dollar for an impact of €-20,511 thousand, the Hong Kong dollar for €-3,341 thousand and the British pound for €-2,435 thousand.

Notes to the condensed consolidated financial statements

Note 1 Significant events

The following significant events occurred in the first half 2017:

Changes in the share capital and in share ownership

As at June 30, 2017, 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, 2017, Euler Hermes Group's share capital was composed of 42,641,635 shares, including 619,189 shares held in treasury stock.

Digital initiatives

Euler Hermes Group launched various digital initiatives during H1 2017 :

- A partnership was signed in March with Flowcast a Fintech company specialized in artificial intelligence (AI) in the United States,
- And on June 7th, Euler Hermes, launched the rollout of its innovative new "EH Sync" portal. Developed in close collaboration with brokers, its features include an advanced mobile-ready, digital interface with 360° policy data views and real-time customized alerts. Reflecting Euler Hermes' digital focus and broker collaboration strategy, EH Sync involved extensive international research and testing throughout the portal's development with more than 200 managers from 25 broker firms. EH Sync is being launched following a successful Netherlands pilot program earlier this year. The first wave of the EH Sync broker portal launch will include the UK, Italy and Belgium with a further rollout in other countries in the coming months.

Notes to the condensed consolidated financial statements

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 1, 2017 to June 30, 2017 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, 2017 were approved by the Group Management Board on July 25, 2017 and presented to the Supervisory Board on July 26, 2017.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19, 2002, the condensed consolidated financial statements published as at June 30, 2017 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 31, 2016, 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, 2017 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 2017

Standards, amendments and interpretations for which application is mandatory from January 1, 2017 :

No new standard, amendment or interpretation with significant impact on the financial statements of the Group, is mandatory for the Group from January 1, 2017.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective as of January 1, 2017.

Recently issued IFRS accounting standards

- IFRS 9, Financial Instruments

IFRS 9, “Financial Instruments”, was issued by the IASB in July 2014 and will fully replace IAS 39. IFRS 9 provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces a new impairment model for debt instruments and provides new rules for hedge accounting. The effective date is January 1, 2018.

In 2016, the IASB issued an amendment to IFRS 4 that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2021, provided certain preconditions are met. These preconditions, which relate to insurance being the dominant activity of a reporting entity, are fulfilled by the Group and it is planned to make use of this option. It can be assumed that the main

Notes to the condensed consolidated financial statements

impact from IFRS 9 will arise from the new classification rules leading to more financial instruments being measured at fair value through profit and loss as well as from the new impairment model.

- **IFRS 15, Revenue from Contracts with Customers**

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers". IFRS 15 supersedes IAS 18, IAS 11, and a number of revenue-related interpretations. With the introduction of IFRS 15, the IASB pursued the objective of developing a single revenue standard containing comprehensive principles for recognizing revenue. The effective date is January 1, 2018.

The Group has completed an initial assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements and does not expect that there will be a significant impact.

- **IFRS 16, Leases**

In January 2016, the IASB issued IFRS 16, "Leases", which supersedes IAS 17. IFRS 16 eliminates the classification of leases as either operating or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases under IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases and leases of low-value assets.

The Group has started an initial assessment of the potential impact of the application of IFRS 16 on its consolidated financial statements and does not expect that there will be a significant impact.

The Group currently plans to apply IFRS 16 as of January 1, 2019.

2.3. Consolidation scope

The liquidation of the Pimco Funds Ireland was settled on April 25, 2017, following the transfer of its assets to its parent entities Euler Hermes Reinsurance AG and Euler Hermes SA (NV) on April 20, 2017.

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 2016 Registration Document.

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

Notes to the condensed consolidated financial statements

	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 at 30/06/2017	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 at 30/06/2017	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, 2017					December 31, 2016	
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	58 441	40 198	9 459	6 944	121 271	128 963
Impairment losses	(409)	(8 466)	(4 077)	-	-	(12 952)	(14 111)
Carrying amount	5 820	49 975	36 121	9 459	6 944	108 320	114 852
Change during the year							
Opening carrying amount	5 820	49 975	36 121	9 459	6 944	108 320	114 852
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	(1 363)	(2 717)	-	2	(4 078)	(6 532)
Impairment losses	-	-	-	-	-	-	-
Closing carrying amount	5 820	48 612	33 404	9 459	6 946	104 242	108 320
Closing Balance							
Gross value	6 229	56 853	37 174	9 459	6 946	116 662	121 271
Impairment losses	(409)	(8 241)	(3 770)	-	-	(12 420)	(12 952)
Carrying amount	5 820	48 612	33 404	9 459	6 946	104 242	108 320

As at June, 30 2017, changes in goodwill are due to the depreciation of the US dollar and the British pound against the euro.

Notes to the condensed consolidated financial statements

Note 4 Investment and operating property

(in € thousand)	June 30, 2017		December 31, 2016	
	Investment property	Operating property	Investment property	Operating property
Balance at opening period				
Gross value	103 665	27 420	103 271	27 367
Depreciation	(26 987)	(17 989)	(24 297)	(17 827)
Impairment losses	-	-	-	-
Carrying amount	76 678	9 431	78 974	9 540
Change during the year				
Opening carrying amount	76 678	9 431	78 974	9 540
Acquisitions	200	111	391	44
Change in consolidation scope	-	-	-	-
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Changes in foreign currency translation adjustments	-	(15)	-	4
Net depreciation	(1 333)	(82)	(2 688)	(157)
Net provisions for impairment	-	-	-	-
Other changes	2	1	1	-
Closing carrying amount	75 547	9 446	76 678	9 431
Balance at the end of the period				
Gross value	103 863	27 499	103 665	27 420
Depreciation	(28 316)	(18 053)	(26 987)	(17 989)
Impairment losses	-	-	-	-
Carrying amount	75 547	9 446	76 678	9 431
Fair value	278 157	23 287	274 878	22 782
Amounts recorded in the income statement				
Investment property	June 30, 2017	December 31, 2016		
Rental revenues from investment property	4 523	6 672		
Direct operating expenses relating to property	(1)	(2)		

The acquisitions of investment property consist of renovations costs of the former headquarter owned by Euler Hermes Real Estate. As at June 30, 2017, these acquisitions amounted to €0.2 million compared to €0.4 million as at December 31, 2016.

Notes to the condensed consolidated financial statements

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, 2017						December 31, 2016					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Bonds	191	-	191	191	-	191	191	-	191	191	-	191
Held-to-maturity assets	191	-	191	191	-	191	191	-	191	191	-	191
Equities	261 316	40 243	301 793	301 792	3 059 875	148 813	247 590	39 934	287 524	287 524	3 120 141	68 872
Bonds	2 843 143	63 734	2 906 895	2 906 896	-	-	2 826 177	75 312	2 901 489	2 901 489	-	-
Available-for-sale assets	3 104 459	103 977	3 208 688	3 208 688	3 059 875	148 813	3 073 767	115 246	3 189 013	3 189 013	3 120 141	68 872
Loans, deposits and other financial investments	493 826	-	493 826	498 141	-	498 141	602 912	-	602 912	609 789	-	-
Total Financial investments (excluding investments in consolidated enterprise)	3 598 476	103 977	3 702 705	3 707 020	3 059 875	647 145	3 676 870	115 246	3 792 116	3 798 993	3 120 141	69 063

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, 2017. The Group does not hold any financial assets such as “dynamic treasury mutual funds” or “subprime investments”.

Notes to the condensed consolidated financial statements

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, 2017		
	Level 1	Level 2	Level 3
Available-for-sale assets	3 059 875	-	148 813

(in € thousands)	December 31, 2016		
	Level 1	Level 2	Level 3
Available-for-sale assets	3 118 319	-	70 694

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

- 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 for €189.6 million.

Classification by geographical zone

June 30, 2017

Net carrying amount (in € thousands)	France	Other countries	Group
Bonds	191	-	191
Total Held-to-maturity assets	191	-	191
Equities	65 154	236 639	301 793
Bonds	193 578	2 713 317	2 906 895
Total Available-for-sale assets	258 732	2 949 956	3 208 688
Loans, deposits and other financial investments	82 027	411 799	493 826
Total Loans, deposits and other financial investments	82 027	411 799	493 826
Total Financial investments	340 950	3 361 755	3 702 705

December 31, 2016

Net carrying amount (in € thousands)	France	Other countries	Group
Bonds	191	-	191
Total Held-to-maturity assets	191	-	191
Equities	62 327	225 197	287 524
Bonds	228 859	2 672 630	2 901 489
Total Available-for-sale assets	291 186	2 897 827	3 189 013
Loans, deposits and other financial investments	81 602	521 310	602 912
Total Loans, deposits and other financial investments	81 602	521 310	602 912
Total Financial investments	372 979	3 419 137	3 792 116

Notes to the condensed consolidated financial statements

December 31, 2015

Net carrying amount (in € thousands)	France	Other countries	Group
Bonds	191	-	191
Total Held-to-maturity assets	191	-	191
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 investments	135 485	619 684	755 169
Total Loans, deposits and other financial investments	135 485	619 684	755 169
Total Financial investments	600 774	3 417 680	4 018 454

Movements in the periods

(in € thousands)	June 30, 2017				December 31, 2016
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Opening carrying amount	191	3 189 013	602 912	3 792 116	4 018 454
Increase in gross value	-	567 688	550 300	1 117 988	3 510 981
Decrease in gross value	-	(489 970)	(651 212)	(1 141 182)	(3 727 703)
Change in consolidation scope	-	-	-	-	-
Revaluation	-	(7 865)	-	(7 865)	28 607
Impairment	-	(14)	-	(14)	(414)
Changes in foreign currency translation adjustments	-	(41 191)	(8 170)	(49 361)	(17 363)
Reclassifications	-	(31)	-	(31)	756
Other changes	-	(8 942)	(4)	(8 946)	(21 202)
Closing carrying amount	191	3 208 688	493 826	3 702 705	3 792 116

As at June 30, 2017, 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, 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	-	866 250	2 644 731	3 510 981	3 712 143
Decrease in gross value	-	(926 583)	(2 801 120)	(3 727 703)	(3 561 309)
Change in consolidation scope	-	-	-	-	-
Revaluation	-	28 607	-	28 607	(47 399)
Impairment	-	(414)	-	(414)	(53)
Changes in foreign currency translation adjustments	-	(21 492)	4 129	(17 363)	54 811
Reclassifications	-	756	-	756	(10 167)
Other changes	0	(21 205)	3	(21 202)	(24 198)
Closing carrying amount	191	3 189 013	602 912	3 792 116	4 018 454

As at December 31, 2016, the other changes in 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 depreciation of British pound against euro.

Notes to the condensed consolidated financial statements

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%
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, 2017			
	Assets ⁽¹⁾	Shareholders' equity ⁽²⁾	Turnover ⁽³⁾	Net income
Credit insurance companies	781 876	386 877	144 056	14 108
	781 876	386 877	144 056	14 108

⁽¹⁾ Assets based on IFRS statements as at March 31, 2017, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and CPPIC Euler Hermes Insurance Sales Co., Ltd for which the assets are based on IFRS statements as at June 30, 2017.

⁽²⁾ Equity is determined on the basis of IFRS statements as at March 31, 2017, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and CPPIC Euler Hermes Insurance Sales Co., Ltd for which equity is determined on the basis of IFRS statements as at June 30, 2017.

⁽³⁾ The turnover corresponds to the turnover in the IFRS statements as at March 31, 2017 plus ¼ of 2016 total turnover, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA, Companhia de Seguro de Creditos SA (COSEC) and CPPIC Euler Hermes Insurance Sales Co., Ltd for which turnover is as at June 30, 2017.

Company	December 31, 2016		June 30, 2016	
	Assets ⁽⁴⁾	Shareholders' equity ⁽⁵⁾	Turnover ⁽⁶⁾	Net income
Credit insurance companies	724 008	376 226	157 296	16 856
Other companies	-	-	52 838	-
	724 008	376 226	210 134	16 856

⁽⁴⁾ Assets based on IFRS statements as at September 30, 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 December 31, 2016.

⁽⁵⁾ Equity is determined on the basis of IFRS statements as at September 30, 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 December 31, 2016.

⁽⁶⁾ 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. The turnover of Other companies corresponds to Graydon Holding N.V. which was sold in September 2016.

Notes to the condensed consolidated financial statements

Movements during the period

(in € thousands)	June 30, 2017	December 31, 2016
Opening carrying amount	202 019	193 292
Increases	-	3 570
Share of income for the period	7 009	15 343
Dividends paid	(9 922)	(9 284)
Impairment	-	-
Foreign exchange differences	(454)	423
Other changes	388	(1 325)
Closing carrying amount	199 040	202 019

Dividends paid correspond to dividends from OeKB EH Beteiligungs - und Management A.G. for €5.0 million, from Israël Credit Insurance Company for €2.1 million and from Cosec for € 2.8 million.

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, 2017	December 31, 2016
Credit insurance companies	192 031	186 676
Other companies	-	-
Share of shareholders' equity	192 031	186 676

Contribution to income

(in € thousands)	June 30, 2017	December 31, 2016
Credit insurance companies	7 009	15 343
Other companies	-	-
Share of total income	7 009	15 343

Note 7 Cash and cash equivalents

(in € thousand)	June 30, 2017	December 31, 2016
Cash in bank and at hand	334 374	377 566
Cash pooling	59 180	72 715
Total cash	393 554	450 281
Total cash in balance sheet	393 554	450 281
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(13)	(4)
Total cash and cash equivalents	393 541	450 277

Notes to the condensed consolidated financial statements

Note 8 Technical reserves

(in € thousand)	December 31, 2016	Allowance net of writebacks	Foreign exchange differences	Changes in consolidation scope	Other changes	June 30, 2017
Reserve for unearned premiums	464 764	80 522	(14 909)	-	477	530 854
Reserve for claims net of forecasts of recoveries	1 738 299	(3 799)	(28 304)	-	(193)	1 706 003
Reserve for no-claims bonuses and rebates	152 753	(9 135)	(1 198)	-	(69)	142 351
Gross technical reserves	2 355 816	67 588	(44 411)	-	215	2 379 208
Reserve for unearned premiums	25 183	21 208	(441)	-	1 124	47 074
Reserve for claims net of forecasts of recoveries	542 175	(7 927)	(5 547)	-	(190)	528 511
Reserve for no-claims bonuses and rebates	31 624	(1 720)	(240)	-	-	29 664
Reinsurers' share of technical reserves	598 982	11 561	(6 228)	-	934	605 249
Net technical reserves	1 756 834	56 027	(38 183)	-	(719)	1 773 959

Claims reserves

(in € thousand)	June 30, 2017			December 31, 2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 930 257	(608 723)	1 321 534	1 970 789	(624 369)	1 346 420
Current period	582 538	(142 944)	439 594	1 014 364	(271 582)	742 782
Prior periods	1 347 719	(465 779)	881 940	956 425	(352 787)	603 638
Recoveries to be received	(224 254)	80 212	(144 042)	(232 490)	82 194	(150 296)
Current period	(35 874)	8 191	(27 683)	(66 337)	14 188	(52 149)
Prior periods	(188 380)	72 021	(116 359)	(166 153)	68 006	(98 147)
Claims reserves	1 706 003	(528 511)	1 177 492	1 738 299	(542 175)	1 196 124

Breakdown by type of reserve

(in thousand)	June 30, 2017			December 31, 2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	530 854	(47 074)	483 780	464 764	(25 183)	439 581
Claims reserves	1 706 003	(528 511)	1 177 492	1 738 299	(542 175)	1 196 124
of which, reserves for known claims	1 243 810	(404 693)	839 117	1 293 168	(431 679)	861 489
of which, reserves for late claims	609 062	(195 823)	413 239	604 309	(182 562)	421 747
of which, reserves for claims handling expenses	77 351	(8 208)	69 143	73 364	(10 128)	63 236
of which, other technical reserves	33	1	34	(52)	-	(52)
of which, recoveries to be received	(224 253)	80 212	(144 041)	(232 490)	82 194	(150 296)
No-claims bonuses and rebates	142 351	(29 664)	112 687	152 753	(31 624)	121 129
Technical reserves	2 379 208	(605 249)	1 773 959	2 355 816	(598 982)	1 756 834

Notes to the condensed consolidated financial statements

Note 9 Breakdown of operating income

(in € thousands)	June 30, 2017			June 30, 2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 232 825	(361 737)	871 088	1 237 052	(351 227)	885 825
Premiums refunded	(63 525)	14 733	(48 792)	(62 109)	15 196	(46 913)
Gross premiums written - credit insurance	1 169 300	(347 005)	822 295	1 174 943	(336 031)	838 912
Change in unearned premiums	(80 526)	34 324	(46 202)	(77 842)	17 720	(60 122)
Earned premiums	1 088 774	(312 681)	776 093	1 097 101	(318 311)	778 790
Service revenues	197 208	-	197 208	203 972	-	203 972
Turnover	1 285 982	(312 681)	973 301	1 301 073	(318 311)	982 762
Net investment income	53 443	-	53 443	49 348	-	49 348
Claims paid	(466 014)	121 951	(344 063)	(446 943)	105 013	(341 930)
Claims reserves expenses	7 683	(5 877)	1 806	(53 794)	31 890	(21 904)
Claims handling expenses	(59 192)	(357)	(59 549)	(52 046)	1 093	(50 953)
Insurance services expenses	(517 523)	115 717	(401 806)	(552 783)	137 996	(414 787)
Brokerage commissions	(121 686)	-	(121 686)	(125 271)	-	(125 271)
Other acquisition costs	(128 362)	-	(128 362)	(126 994)	-	(126 994)
Change in acquisition costs capitalised	15 399	-	15 399	17 244	-	17 244
Contract acquisition expenses	(234 649)	-	(234 649)	(235 021)	-	(235 021)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expenses	(118 824)	-	(118 824)	(116 699)	-	(116 699)
Commissions received from reinsurers	-	122 904	122 904	-	117 644	117 644
Other ordinary operating income and expenses	(180 278)	-	(180 278)	(181 953)	-	(181 953)
Current operating income	288 151	(74 060)	214 091	263 965	(62 671)	201 294

Cost of claims

(in € thousands)	June 30, 2017			June 30, 2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	656 117	(153 586)	502 531	663 054	(157 117)	505 937
of which, claims paid	41 694	(8 842)	32 852	39 614	(8 626)	30 988
of which, claims reserves	563 352	(143 681)	419 671	579 358	(147 415)	431 943
of which, claims handling expenses	51 071	(1 063)	50 008	44 082	(1 076)	43 006
Recoveries for the current period	(41 930)	8 541	(33 389)	(38 154)	7 938	(30 217)
Recoveries received	(5 670)	281	(5 389)	(2 704)	400	(2 303)
Change in reserves for recoveries	(36 260)	8 260	(28 000)	(35 451)	7 537	(27 914)
Cost of claims from prior periods	(79 212)	4 490	(74 722)	(86 096)	3 634	(82 462)
of which, claims paid	490 294	(148 130)	342 164	482 033	(120 360)	361 673
of which, claims reserves	(577 627)	151 200	(426 427)	(576 093)	124 011	(452 082)
of which, claims handling expenses	8 121	1 420	9 541	7 964	(17)	7 947
Recoveries from prior periods	(17 452)	24 838	7 386	13 979	7 550	21 529
Recoveries received	(60 304)	34 740	(25 564)	(72 000)	23 573	(48 427)
Change in reserves for recoveries	42 852	(9 902)	32 950	85 979	(16 023)	69 956
Cost of claims	517 523	(115 717)	401 806	552 783	(137 996)	414 787

Notes to the condensed consolidated financial statements

Note 10 Other operating revenues and expenses

(in € thousands)	June 30, 2017	June 30, 2016
Other non-ordinary operating income	-	24 337
Other non-ordinary operating expenses	(1 397)	(6 494)
Other non-ordinary operating income and expenses	(1 397)	17 843

The other non-ordinary operating expenses are mainly related to restructuring costs in Germany both in first half 2017 and 2016. 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.

Note 11 Earnings per share

Earnings per share

	June 30, 2017	June 30, 2016
Distributable net income (in € thousands)	163 775	170 040
Weighted average number of ordinary shares before dilution	42 019 492	43 675 785
Earnings per share (in €)	3,90	3,89
<hr/>		
Distributable net income (in € thousands)	163 775	170 040
Weighted average number of ordinary shares after dilution	42 019 492	43 675 785
Diluted earnings per share (in €)	3,90	3,89

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 2017 and 2016.

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.

Notes to the condensed consolidated financial statements

Profit & loss by segment – Six months ended June 2017

(in € thousands)

Six months ended June 30, 2017

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	335 804	185 132	262 494	144 268	161 829	57 147	937 000	-	(850 849)	1 232 825
Premiums refunded	(30 603)	(13 102)	(12 681)	(2 492)	(2 583)	(1 652)	(47 042)	-	46 630	(63 525)
Change in unearned premiums	(27 052)	(6 107)	(24 357)	(9 466)	(10 144)	(2 142)	(106 028)	-	104 770	(80 526)
Earned premiums - non-Group	278 149	165 923	225 456	132 310	149 102	53 353	783 930	-	(699 449)	1 088 774
Services revenues - non-Group	69 240	43 190	47 636	36 500	24 064	15 937	-	60 696	(100 055)	197 208
Turnover - intra-sectoral	347 389	209 113	273 092	168 810	173 166	69 290	783 930	60 696	(799 504)	1 285 982
Investment income	9 552	9 190	8 507	3 912	4 009	1 818	17 459	181 876	(182 880)	53 443
<i>Of which, dividends</i>	(63)	-	-	-	-	-	-	(182 667)	182 730	-
Total ordinary income	356 941	218 303	281 599	172 722	177 175	71 108	801 389	242 572	(982 384)	1 339 425
Insurance services expenses	(133 915)	(78 095)	(100 351)	(58 896)	(59 048)	(48 788)	(350 598)	1 542	310 626	(517 523)
Outwards reinsurance income	163 139	81 506	122 083	54 808	77 662	45 104	241 187	-	(546 869)	238 620
Outwards reinsurance expenses	(195 375)	(108 390)	(164 849)	(95 144)	(107 450)	(40 534)	(300 387)	-	699 449	(312 680)
Other income and expenses	(139 977)	(83 634)	(116 802)	(69 499)	(69 622)	(39 679)	(268 821)	(82 017)	336 300	(533 751)
Total other income and expenses	(306 128)	(188 613)	(259 919)	(168 731)	(158 458)	(83 897)	(678 619)	(80 475)	799 506	(1 125 334)
CURRENT OPERATING INCOME	50 813	29 690	21 680	3 991	18 717	(12 789)	122 770	162 097	(182 878)	214 091
Other non ordinary operating expenses and income	(1 707)	962	(3)	-	-	-	-	-	(649)	(1 397)
OPERATING INCOME	49 106	30 652	21 677	3 991	18 717	(12 789)	122 770	162 097	(183 527)	212 694
Financing expenses	(39)	(1 770)	(130)	(13)	-	-	(407)	(1 153)	151	(3 361)
Share of Income from companies accounted by the equity method	2 466	3 848	-	-	-	(263)	-	957	1	7 009
Corporation tax	(12 936)	(9 394)	(2 468)	(1 805)	(6 871)	(347)	(16 058)	(1 352)	(6)	(51 237)
CONSOLIDATED NET INCOME	38 597	23 336	19 079	2 173	11 846	(13 399)	106 305	160 549	(183 381)	165 105
NET INCOME, GROUP SHARE	38 594	22 472	19 054	1 689	11 846	(13 399)	106 305	160 595	(183 381)	163 775
Non controlling interests	3	864	25	484	-	-	-	(46)	-	1 330

Notes to the condensed consolidated financial statements

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>	(92)	(2 033)	-	-	-	-	-	(798 938)	801 062	(1)
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

Notes to the condensed consolidated financial statements

Depreciation, amortization and provisions by segment

(in € thousands)

Six months ended June 30, 2017

	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	(561)	(1 238)	(1 046)	(64)	(55)	(73)	(530)	(495)	-	(4 062)

(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)

Balance sheet by segment – Six months ended June 2017

(in € thousands)

June 30, 2017

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	61 508	5 936	33 404	3 394	-	-	-	104 242
Other intangible assets	48 461	30 336	20 697	16 528	1 655	2 481	65	13 174	(4 914)	128 483
Investments - insurance businesses	331 536	384 140	1 131 722	45 016	248 642	104 209	1 522 690	114 060	(91 563)	3 790 452
Investments accounted for by the equity method	65 603	62 596	-	-	-	2 483	-	68 358	-	199 040
Share of assignees and reinsurers in the technical reserves and financial liabilities	309 083	123 091	263 751	261 992	98 816	146 020	463 726	110	(1 061 340)	605 249
Insurance and reinsurance receivables	56 038	71 378	139 982	99 044	127 316	74 003	341 855	(37)	(222 032)	687 547
Other assets	1 109 751	663 843	211 292	281 250	76 187	58 421	194 953	150 460	(1 801 826)	944 331
Total assets	1 920 472	1 335 384	1 828 952	709 766	586 020	391 011	2 523 289	346 125	(3 181 675)	6 459 344
Technical reserves	552 384	263 097	526 585	417 728	263 077	209 271	1 301 864	48	(1 154 846)	2 379 208
Liabilities related to inward insurance and reinsurance transactions	22 132	52 955	44 540	44 965	7 597	20 260	128 414	(237)	(103 502)	217 124
Liabilities related to outward reinsurance transactions	21 229	17 383	4 506	28 497	52 730	35 728	42 816	43	(128 949)	73 983
Other liabilities	445 745	191 280	1 787 145	70 243	53 564	26 533	54 590	333 167	(1 786 790)	1 175 477
Total liabilities	1 041 490	524 715	2 362 776	561 433	376 968	291 792	1 527 684	333 021	(3 174 087)	3 845 792

Notes to the condensed consolidated financial statements

Balance sheet by segment – Twelve months ended December 2016

(in € thousands)

December 31, 2016

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	62 756	5 936	36 121	3 507	-	-	-	108 320
Other intangible assets	47 966	29 954	20 811	16 288	495	3 029	84	12 379	(4 914)	126 092
Investments - insurance businesses	438 329	416 634	1 059 289	43 295	277 475	128 717	1 488 789	156 656	(128 032)	3 881 152
Investments accounted for by the equity method	68 485	63 400	-	-	-	2 974	-	67 160	-	202 019
Share of assignees and reinsurers in the technical reserves and financial liabilities	273 660	120 390	245 340	259 501	127 646	131 554	447 426	110	(1 006 645)	598 982
Insurance and reinsurance receivables	64 893	80 082	161 909	72 521	119 171	72 850	297 017	(47)	(173 465)	694 931
Other assets	959 504	583 978	252 723	278 553	90 353	50 106	129 370	181 668	(1 631 853)	894 402
Total assets	1 852 837	1 294 438	1 802 828	676 094	651 261	392 737	2 362 686	417 926	(2 944 909)	6 505 898
Technical reserves	527 959	252 266	517 707	413 710	295 961	207 737	1 207 036	48	(1 066 608)	2 355 816
Liabilities related to inward insurance and reinsurance transactions	24 431	53 432	55 964	35 817	9 015	17 484	102 279	2 362	(82 823)	217 961
Liabilities related to outward reinsurance transactions	17 017	17 871	11 960	19 046	70 915	19 351	6 731	43	(123 161)	39 773
Other liabilities	446 501	190 148	1 676 248	60 966	58 088	30 369	52 500	369 021	(1 664 505)	1 219 336
Total liabilities	1 015 908	513 717	2 261 879	529 539	433 979	274 941	1 368 546	371 474	(2 937 097)	3 832 886

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%
Allianz Vie	-	0,00%
Treasury shares	619 189	1,45%
Sub-total	27 483 419	64,45%
Public (bearer securities)	15 158 216	35,55%
Total	42 641 635	100,00%

Transactions

(in € thousands)	June 30, 2017			June 30, 2016		
	Allianz SE & other Allianz companies	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz France SA	Related companies and joint ventures
Operating revenues	24 689	-	73 856	24 318	-	68 991
	(32 454)	-	(31 727)	(16 120)	-	(34 113)
Net outward reinsurance income or expenses	(44 931)	-	(751)	(31 692)	-	56 340
Financing expenses	(3)	-	-	-	-	-
Other net income/(expenses)	(17 323)	-	(31 052)	(13 495)	-	(29 406)
<i>thereof contract acquisition expenses</i>	<i>(8 918)</i>	-	<i>(24 542)</i>	<i>(8 705)</i>	-	<i>(24 849)</i>
<i>thereof other service expenses</i>	<i>(9 276)</i>	-	<i>(6 512)</i>	<i>(1 959)</i>	-	<i>(4 568)</i>
<i>thereof change in fair value of investments recognised at fair value through profit or loss</i>	<i>180</i>	-	-	<i>(3 045)</i>	-	-
<i>thereof net investment income</i>	<i>690</i>	-	<i>3</i>	<i>214</i>	-	<i>11</i>

Receivables and liabilities

(in € thousands)	June 30, 2017			December 31, 2016		
	Allianz SE & other Allianz companies	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz France SA	Related companies and joint ventures
Current accounts (accrued interests included)	62 180	-	-	72 558	-	-
Net operating receivables	5 481	153	5 420	6 748	153	2 017
Borrowings (accrued interests included)	-	-	-	-	-	-
Operating liabilities	(9 145)	(354)	(2 084)	(17 162)	(441)	511

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, 2017	December 31, 2016
Commitments received	7 160	8 932
Deposits, sureties and other guarantees	7 160	8 932
Commitments given	29 477	35 710
Deposits, sureties and other guarantees	29 477	35 710
- <i>Commitments to investment funds</i>	15 771	19 068
- <i>Commitments related to offices and cars lease contracts</i>	-	3 858
- <i>Independent guarantee CACIB</i>	3 284	3 284
- <i>Commitments associated with Allianz China General Insurance Co Ltd</i>	3 233	3 411
- <i>Commitments to InvestitionsBank Landes Brandenburg</i>	1 857	1 857
- <i>Others</i>	5 332	4 232

The Group is committed to investing directly or through co-investments in mutual funds. The commitment totals €15,771 thousand at end June 2017 against €19,068 thousand at end December 2016.

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 €3,233 thousand guarantee has been issued in 2016 to Allianz China General Insurance Co Ltd in order to meet the new insurance regulation in China that requires the local insurer (ie. Allianz China) to obtain a bank guarantee from the reinsurer (Euler Hermes Group) to meet its risks or capital requirements.

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 1, 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 1, 2014 for 5 years.

Note 15 Subsequent eventsAgreements signed with PriceWaterhouseCoopers regarding the Export Credit Guarantee business

On March 3, 2017, PriceWaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (« PWC ») and EH Deutschland AG (“EH AG”) signed three amendments to reallocate business services within the German export support scheme. Following the closing of the deal as of July 1, 2017, Euler Hermes will be fully in charge of the Export Credit Guarantee (“ECG”) service activity and the Untied Loan Guarantee (“ULG”) service activity, while PWC will remain in charge of the Investment Guarantee (“IG”) service activity.

The transfer of PWC employees working in the fields of ECG and ULG to EH AG, and know-how took effect on July 1, 2017.

STATUTORY AUDITORS' REPORT ON THE 2017 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, 2017

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, 2017
- 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. It is not our responsibility to report on the fair presentation and consistency of the prudential Solvency II ratio information with the consolidated financial statements. However we have checked the consistency of this ratio.

Paris La Défense, August 3rd, 2016

Paris, July 27th, 2017

KPMG Audit FS II

Exco Paris Ace

French original signed by

Xavier Dupuy

Partner

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, September 26th, 2017

Wilfried VERSTRAETE,
Chairman of the Group Management Board