

# Half-Year Financial Report

As at June 30, 2015



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

A company of **Allianz** 

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# REPORT OF THE GROUP MANAGEMENT BOARD

*For the 1<sup>st</sup> half ended June 30, 2015*

## Key events of the period

The following significant events occurred in the first semester 2015:

### **Changes in the share capital and in share ownership**

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

As at June 30, 2015, Euler Hermes Group's share capital was composed of 45,342,177 shares, including 1,137,836 shares held in treasury stock.

### **Euler Hermes launches South Africa operations**

Euler Hermes is launching services for the South African market, strengthening its presence on the African continent as well as growth markets overall.

Based in Johannesburg, Euler Hermes operations include a re-insurance agreement with Allianz Global Corporate & Specialty (AGCS) South Africa Limited. The collaboration combines Euler Hermes global market presence and trade credit expertise with AGCS's existing South African business relationships and in-depth knowledge of the local business community.

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

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

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

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

## Subsequent events

No subsequent events occurred since June 30, 2015 closing which would impact the assumptions of the half-year closing.

## Activity report

### Turnover

Consolidated turnover by region

<i>In € million</i>	<i>Turnover</i>			<i>H1 2015</i>	<i>H1 2014</i>	<i>Variation %</i>	<i>H1 2014</i>	<i>Variation %</i>
					<i>published</i>		<i>(1)</i>	<i>(1)</i>
<b>Regions</b>								
Germany, Switzerland, Austria				376.1	383.4	-1.9%	386.7	-2.7%
France				200.7	205.3	-2.2%	205.3	-2.2%
Northern Europe				286.1	277.3	3.2%	287.6	-0.5%
Med. countries, Middle East and Africa				173.6	163.5	6.2%	167.4	3.7%
Americas				164.4	125.4	31.1%	150.0	9.6%
Asia Pacific				71.5	50.9	40.4%	59.4	20.4%
Inward from non-consolidated OE's and other (2)				65.4	62.8	N/A	63.9	N/A
<b>Euler Hermes Group</b>				<b>1,337.7</b>	<b>1,268.7</b>	<b>5.4%</b>	<b>1,320.3</b>	<b>1.3%</b>

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

(1) At constant exchange rates

(2) Corporate entities + inter-region eliminations

In H1 2015, Euler Hermes' turnover is up 5.4% compared to H1 2014, to €1,337.7 million, driven by positive foreign exchange trends. At constant exchanges rates turnover is increasing by 1.3%.

Premiums are up 5.5% and 1.2% at constant exchange rates. The strong net new production in growing markets and the multinational segment is compensating for disappointing results in Western Europe, namely France and Germany. Rates variation is negative in all geographic areas, due to the high profitability of the portfolio and insured turnover volume remains flat.

<i>In € million</i>	<i>Turnover</i>			<i>H1 2015</i>	<i>H1 2014</i>	<i>Variation %</i>	<i>H1 2014</i>	<i>Variation %</i>
					<i>published</i>		<i>(1)</i>	<i>(1)</i>
Earned Premiums				1,122.3	1,064.0	5.5%	1,108.8	1.2%
Service revenues				215.4	204.6	5.3%	211.5	1.9%
<b>Turnover</b>				<b>1,337.7</b>	<b>1,268.6</b>	<b>5.4%</b>	<b>1,320.3</b>	<b>1.3%</b>

(1) At constant exchange rates

Service revenues growth is picking up in H1 2015, at 1.9% at constant exchange rates. Service revenues reach €215.4 million driven by information fees increase.

## Earned premiums

<i>In € millior.</i>	H1 2015	H1 2014	Variation %
Gross earned premiums	1,122.3	1,064.0	5.5%
Ceded premiums	-329.3	-320.5	2.7%
<b>Net earned premiums</b>	<b>793.0</b>	<b>743.5</b>	<b>6.7%</b>
Cession rate	29.3%	30.1%	

While gross earned premiums increase by 5.5% compared to last year, net earned premiums rise by 6.7%, reflecting the decrease in premiums ceded to reinsurers on the quota share treaty and cheaper non-proportional reinsurance.

## Claims costs

<i>In € million</i>	H1 2015	H1 2014	Variation %
Gross claims costs current attachment year	-624.2	-626.4	-0.4%
Gross claims costs previous attachment years	132.8	132.9	-0.1%
<b>Total gross claims costs</b>	<b>-491.5</b>	<b>-493.6</b>	<b>-0.4%</b>
Ceded claims costs	110.5	145.6	-24.1%
<b>Total net claims costs</b>	<b>-381.0</b>	<b>-347.9</b>	<b>9.5%</b>
	<b>H1 2015</b>	<b>H1 2014</b>	
<b>Net claims ratio, current attachment year</b>	<b>-59.5%</b>	<b>-63.3%</b>	
<b>Net claims ratio, previous attachment years</b>	<b>11.5%</b>	<b>16.5%</b>	
<b>Net claims ratio</b>	<b>-48.0%</b>	<b>-46.8%</b>	

Gross claims costs current attachment year are at €624.2 million, lower by 0.4% (€2.2 million) compared to the first half of 2014. Gross claims ratio current year is improving by 3.3 points at 55.6% as H1 2014 was impacted by large or mid-size claims. The net claims ratio on the current attachment year improves (+3.8 point) between H1 2014 and H1 2015 following the gross ratio.

Gross claims costs previous attachment years amount to €132.8 million, stable compared to last year (-0.1%).

In net terms, claims ratio on previous attachment years decreases by 5 points, to 11.5% due to a higher cession rate in 2014 than in 2015 due to the mix of claims by line of business and attachment year and to specific cases in 2014.

Overall the net claims ratio all attachment years is at 48.0%, increasing by 1.2 points compared to last year.

## Technical expenses

<i>In € millior.</i>	H1 2015	H1 2014	Variation %
Contract acquisition expenses	238.6	228.7	4.3%
Administration expenses	105.9	98.9	7.1%
Other ordinary income and expenses	205.5	185.1	11.0%
<b>Total gross operating expenses</b>	<b>550.0</b>	<b>512.7</b>	<b>7.3%</b>
of which non technical expenses	5.0	4.6	10.2%
<b>Total gross technical expenses</b>	<b>545.0</b>	<b>508.1</b>	<b>7.2%</b>

Increase in gross technical expenses is 7.2%, above the increase in premiums.

Increase in gross technical expenses is linked to higher average brokerage costs and to the fact that overall growth came from proportionally higher cost regions (Americas and Asia).

As a consequence, the gross technical expense ratio is 29.4%, higher than last year by 0.9 point:

<i>In € million</i>	H1 2015	H1 2014	Variation %
Gross technical expenses	-545.0	-508.1	7.2%
Service revenues	215.4	204.6	5.3%
Gross technical expenses net of service revenues	-329.5	-303.5	8.6%
Gross earned premiums	1,122.3	1,064.0	5.5%
Commissions received from reinsurers	115.6	108.3	6.7%
Premiums ceded	-329.3	-320.5	2.7%
Net technical expenses	-214.0	-195.3	9.6%
Net premiums	793.0	743.5	6.7%
<b>Gross technical expenses ratio</b>	<b>29.4%</b>	<b>28.5%</b>	
<b>Net technical expenses ratio</b>	<b>27.0%</b>	<b>26.3%</b>	

Reinsurance commission is up by €7.3 million between June 2014 and June 2015 and premiums ceded increased by € 8.8 million. Consequently, the net technical expense ratio is up by 0.7 point, in line with the gross ratio.

## Net technical result

<i>In € million</i>	H1 2015	H1 2014	Variation %
Net earned premiums	793.0	743.5	6.7%
Net claims costs	-381.0	-347.9	9.5%
Net technical expenses	-214.0	-195.3	9.6%
Other non technical charges	-5.0	-4.6	10.2%
<b>Net technical result <sup>(1)</sup></b>	<b>193.1</b>	<b>195.8</b>	<b>-1.4%</b>
<b>Net combined ratio</b>	<b>75.0%</b>	<b>73.1%</b>	

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

At €193.1 million, net technical result is €2.7 million below last year due to a higher net combined ratio.

## Net investment income

<i>In € million</i>	H1 2015	H1 2014	Variation %
Revenues from investment property	1.7	1.3	28.4%
Revenues from equity and debt securities	31.3	29.8	5.0%
Revenues from securities-Bonds	25.4	26.5	-4.3%
Revenues from securities-equities	5.9	3.3	79.8%
Other financial income	8.7	10.7	-18.8%
<b>Investment income</b>	<b>41.7</b>	<b>41.9</b>	<b>-0.3%</b>
Investment management charges	-5.3	-4.2	26.7%
Net change in foreign currency	6.7	-0.9	-856.9%
Net gain and loss on sales of investments less impairment and amortisation	16.5	12.0	36.9%
<b>Net investment income (excluding financing expenses)</b>	<b>59.7</b>	<b>48.9</b>	<b>22.1%</b>

The net investment income (before financing expenses) amounts to €59.7 million compared to €48.9 million last year.

The current investment income is stable at €41.7 million, as lower yields on bonds are offset by higher revenues on equities.

Net change in foreign currency contributes positively, with a gain of €6.7 million for the first semester of 2015, compared to a loss of €0.9 million last year.

Net realized gains are higher by €4.5 million compared to half year 2014, thanks to the more favourable bonds and equity markets.

At end of June 2015, the market value of the Group's investment portfolio decreased by €17.4 million compared to end of 2014, to €4,440.5 million, after payment of €194.6 million of dividend in June.

In € million	June 30, 2015					December 31, 2014				
	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	224.9	36.7	261.6	261.6	-	220.2	25.3	245.5	245.5	-
- Bonds	2,644.0	77.9	2,721.9	2,721.9	-	2,708.9	106.9	2,815.9	2,815.9	-
- Loans, deposits and other financial investments	729.7	-	729.7	746.2	16.5	833.2	-	833.2	854.2	21.0
<b>Total financial investments</b>	<b>3,598.6</b>	<b>114.6</b>	<b>3,713.2</b>	<b>3,729.7</b>	<b>16.5</b>	<b>3,762.4</b>	<b>132.2</b>	<b>3,894.6</b>	<b>3,915.6</b>	<b>21.0</b>
Investment property	-	-	78.3	215.1	136.8	-	-	75.4	209.7	134.3
Cash	-	-	495.7	495.7	-	-	-	332.6	332.6	-
<b>Total</b>	<b>3,598.6</b>	<b>114.6</b>	<b>4,287.2</b>	<b>4,440.5</b>	<b>153.3</b>	<b>3,762.4</b>	<b>132.2</b>	<b>4,302.6</b>	<b>4,457.9</b>	<b>155.3</b>

## Current operating income

In € million	H1 2015	H1 2014	Variation %
Net technical result	193.1	195.8	-1.4%
Net investment income (excluding financing expenses)	59.7	48.9	22.1%
<b>Current operating income</b>	<b>252.7</b>	<b>244.7</b>	<b>3.3%</b>

At €252.7 million, the current operating income is up €8.0 million, driven by the positive foreign exchange impact compensating for the deterioration of the net combined ratio.

## Consolidated net Income

In € million	H1 2015	H1 2014	Variation %
<b>Current operating income</b>	<b>252.7</b>	<b>244.7</b>	<b>3.3%</b>
Other non ordinary operating income and expense	-1.4	-2.0	-33.2%
Financing expenses	-4.8	-3.7	28.9%
Share of Income from companies accounted by the equity method	4.0	8.1	-50.9%
Corporation tax	-77.7	-72.3	7.5%
Non controlling interests	-0.5	-1.6	-69.3%
<b>Consolidated net income, Group share</b>	<b>172.4</b>	<b>173.2</b>	<b>-0.5%</b>
<b>Tax rate</b>	<b>-31.0%</b>	<b>-29.3%</b>	

After non ordinary items, financing expenses, share of income from companies accounted by the equity method, and corporation tax, consolidated net income Group share stands at €172.4 million, compared to €173.2 million last year.

The share of income from companies accounted by the equity method includes in H1 2015 an impairment of €3.9 million on the information company Graydon.

## Euler Hermes Group net result

Statutory net income of “Euler Hermes Group” amounts to €204.8 million at 30 June 2015, versus €214.4 million as at 30 June 2014. This result is closely driven by the dividend upstream from the operational entities, main source of revenues of “Euler Hermes Group”.

## Consolidated shareholders' equity

Consolidated shareholders' equity at 30 June 2015 amounts to €2,652.9 million, compared to €2,642.7 million at 31 December 2014, increasing by €10.3 million. The main changes during the period are shown below.

In € million	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, 2014 - IFRS	14.5	465.0	2,092.3	99.2	(13.0)	(77.5)	2,580.5	62.1	2,642.7
Available-for-sale assets (AFS)									
Measurement gain/(loss) taken to shareholders' equity	-	-	-	(2.6)	-	-	(2.6)	0.0	(2.6)
Impact of transferring realised gains and losses to income	-	-	-	(14.7)	-	-	(14.7)	-	(14.7)
Other changes	-	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on defined benefit plans	-	-	(16.1)	-	-	-	(16.1)	-	(16.1)
Impact of translation differences	-	-	-	5.5	41.0	-	46.4	0.0	46.5
<b>Components of other comprehensive income net of tax</b>	-	-	<b>(16.1)</b>	<b>(11.8)</b>	<b>41.0</b>	-	<b>13.1</b>	<b>0.1</b>	<b>13.2</b>
<b>Net income for the year</b>	-	-	<b>172.4</b>	-	-	-	<b>172.4</b>	<b>0.5</b>	<b>172.8</b>
<b>Comprehensive income of the period</b>	-	-	<b>156.3</b>	<b>(11.8)</b>	<b>41.0</b>	-	<b>185.5</b>	<b>0.6</b>	<b>186.0</b>
Capital movements	-	-	-	-	-	18.3	18.3	-	18.3
Dividend distributions	-	-	(194.5)	-	-	-	(194.5)	(0.0)	(194.6)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	0.4	0.4	-	0.4
Transaction between shareholder's	-	-	(0.0)	-	-	-	(0.0)	-	(0.0)
Other movements	-	-	0.1	(0.0)	0.0	0.0	0.1	-	0.1
Shareholders' equity as at June 30th, 2015 - IFRS	14.5	465.0	2,054.0	87.4	28.0	(58.8)	2,590.3	62.7	2,652.9

The increase in the Group share consolidated shareholders' equity is due to the positive impacts of:

- the net result generated over the period for €+172.4 million excluding non-controlling interests;
- the translation differences for €+46.4 million;
- the impact of operations on the treasury shares for €+18.7 million;
- other variation for €+0.1 million;

partially compensated by the negative impacts attributable to:

- the dividends paid for €-194.5 million
- the revaluation of the investment portfolio for €-17.3 million
- the actuarial losses on defined benefits plan for €-16.1 million

The share of the non-controlling interests increases by €0.6 million.



# CONDENSED STATEMENTS

# CONSOLIDATED

# FINANCIAL

## Consolidated balance sheet

(in € thousand)	Notes	June 30, 2015	December 31, 2014
Goodwill	3	116 112	108 389
Other intangible assets		119 326	112 502
<b>Intangible assets</b>		<b>235 438</b>	<b>220 891</b>
Investment property	4	78 290	75 369
Financial investments	5	3 713 225	3 894 626
Derivatives		13 793	19 011
<b>Investments</b>		<b>3 805 308</b>	<b>3 989 006</b>
<b>Investments accounted for at the equity method</b>	<b>6</b>	<b>196 223</b>	<b>199 428</b>
<b>Share of assignees and reinsurers in the technical reserves and financial liabilities</b>	<b>8</b>	<b>598 113</b>	<b>564 279</b>
Operating property and other property, plant and equipment		46 746	48 602
Acquisition costs capitalised		85 968	67 753
Deferred tax assets		24 844	23 653
Inwards insurance and reinsurance receivables		710 316	592 788
Outwards reinsurance receivables		34 691	12 082
Corporation tax receivables		30 597	19 811
Other receivables		235 431	228 100
Asset classified as Held for sale		62 795	60 670
<b>Other assets</b>		<b>1 231 388</b>	<b>1 053 459</b>
Cash	7	495 718	332 624
<b>TOTAL ASSETS</b>		<b>6 562 188</b>	<b>6 359 687</b>
Capital stock		14 510	14 510
Additional paid-in capital		465 007	465 007
Reserves		1 822 914	1 712 679
Net income, group share		172 353	302 060
Revaluation reserve		87 441	99 242
Foreign exchange translation		28 045	(12 973)
<b>Shareholders' equity, Group share</b>		<b>2 590 270</b>	<b>2 580 525</b>
Non controlling interests		62 669	62 142
<b>Total shareholders' equity</b>		<b>2 652 939</b>	<b>2 642 667</b>
<b>Provisions for risks and charges</b>		<b>403 861</b>	<b>383 651</b>
Bank borrowings		252 172	284 159
Other borrowings		-	-
<b>Borrowings</b>		<b>252 172</b>	<b>284 159</b>
Non-life technical reserves	8	2 312 239	2 177 246
<b>Liabilities related to contracts</b>		<b>2 312 239</b>	<b>2 177 246</b>
Deferred tax liabilities		142 866	163 063
Inwards insurance and reinsurance liabilities		236 380	226 992
Outwards reinsurance liabilities		189 037	131 477
Corporation tax payables		55 735	60 658
Other payables		316 959	289 774
<b>Other liabilities</b>		<b>940 977</b>	<b>871 964</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6 562 188</b>	<b>6 359 687</b>

## Consolidated income statement

(in € thousand excepted for the earnings per share)

June 30,

	Notes	2015	2014
Premiums written		1 284 055	1 191 677
Premiums refunded		(57 811)	(49 806)
Change in unearned premiums		(103 948)	(77 846)
<b>Earned premiums</b>		<b>1 122 296</b>	<b>1 064 025</b>
Service revenues		215 430	204 600
<b>Turnover</b>	9	<b>1 337 726</b>	<b>1 268 625</b>
Investment income		41 721	41 869
Investment management charges		(5 270)	(4 158)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		20 400	13 807
Change in fair value of investments recognised at fair value through profit or loss		(3 910)	168
Change in investment impairment provisions		(11)	(1 942)
Net change in foreign currency		6 729	(889)
<b>Net investment income</b>		<b>59 659</b>	<b>48 855</b>
<b>Insurance services expenses</b>		<b>(491 469)</b>	<b>(493 555)</b>
Outwards reinsurance income		226 079	253 931
Outwards reinsurance expenses		(329 276)	(320 477)
<b>Net outwards reinsurance income or expenses</b>	9	<b>(103 197)</b>	<b>(66 546)</b>
<b>Contract acquisition expenses</b>		<b>(238 615)</b>	<b>(228 734)</b>
<b>Administration expenses</b>		<b>(105 906)</b>	<b>(98 883)</b>
<b>Other ordinary operating income</b>		<b>9 083</b>	<b>12 881</b>
<b>Other ordinary operating expenses</b>		<b>(214 560)</b>	<b>(197 964)</b>
<b>CURRENT OPERATING INCOME</b>	9	<b>252 721</b>	<b>244 679</b>
<b>Other non ordinary operating expenses</b>		<b>(3 227)</b>	<b>(2 868)</b>
<b>Other non ordinary operating income</b>		<b>1 869</b>	<b>834</b>
<b>OPERATING INCOME</b>		<b>251 363</b>	<b>242 645</b>
Financing expenses		(4 779)	(3 707)
Share of Income from companies accounted for at the equity method	6	3 986	8 120
Corporation tax		(77 740)	(72 298)
<b>CONSOLIDATED NET INCOME</b>		<b>172 830</b>	<b>174 760</b>
<b>o/w</b>			
<b>NET INCOME, GROUP SHARE</b>		<b>172 353</b>	<b>173 207</b>
Non controlling interests		477	1 553
<b>Earnings per share (in euros)</b>	10	<b>3,90</b>	<b>3,93</b>
<b>Diluted earnings per share (in euros)</b>	10	<b>3,90</b>	<b>3,93</b>
<b>Earnings per share of continuing activities (in euros)</b>		<b>3,90</b>	<b>3,93</b>
<b>Diluted earnings per share of continuing activities (in euros)</b>		<b>3,90</b>	<b>3,93</b>

## Consolidated statement of other comprehensive income

(in € thousand)	June 30,	
	2015	2014
<b>NET INCOME, GROUP SHARE</b>	<b>172 353</b>	<b>173 207</b>
Net income, Non controlling interests	477	1 553
Actuarial gains and losses on defined benefit plans net of tax	(16 078)	(40 555)
<b>Other comprehensive income - Items that may never be reclassified to profit and loss</b>	<b>(16 078)</b>	<b>(40 555)</b>
Available-for-sale investments - reclassification to net income	(19 590)	(13 966)
Tax impact	4 938	3 904
Available-for-sale investments - changes arising during the period	(5 098)	45 903
Tax impact	2 496	(10 947)
Available-for-sale investments - miscellaneous	-	-
Foreign currency translation adjustments	46 440	7 520
<b>Other comprehensive income - Items that may be reclassified to profit and loss in future periods</b>	<b>29 186</b>	<b>32 414</b>
Other comprehensive income - non controlling interests share net of tax	89	20
<b>Total comprehensive income</b>	<b>186 027</b>	<b>166 639</b>
Total comprehensive income, Group share	185 461	165 066
Total comprehensive income, Non controlling interests	566	1 573

## Consolidated statement of cash flows

June 30,

(in € thousand)	Notes	2015	2014
<b>Net income, Group share</b>		<b>172 353</b>	<b>173 207</b>
Corporation tax		77 740	72 298
Financing expense		4 779	3 707
Minority interests		477	1 553
Income (loss) of companies accounted for at the equity method	6	(3 986)	(8 120)
<b>Operating income before tax</b>		<b>251 363</b>	<b>242 645</b>
Allocation to and writebacks of depreciation, amortization and reserves		16 880	20 597
Change in technical reserves		56 909	51 865
Change in deferred acquisition costs		(15 006)	(14 913)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		(694)	905
Realised capital gains/(losses) net of writebacks		(20 362)	(13 807)
Unrealised foreign exchange gain (loss) in company accounts		8 385	695
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		5 201	7 243
<b>Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows</b>		<b>51 313</b>	<b>52 585</b>
Dividends received from companies accounted for at the equity method	6	7 773	10 414
Change in liabilities and receivables relating to insurance and reinsurance transactions		(66 192)	13 327
Change in operating receivables and liabilities		190	22 722
Change in other assets and liabilities		6 472	(2 672)
Corporation tax		(91 158)	(60 282)
<b>Cash flow related to operating activities</b>		<b>(142 915)</b>	<b>(16 491)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>159 761</b>	<b>278 739</b>
Acquisitions of subsidiaries and joint ventures, net of acquired cash		-	(1 241)
Disposals of subsidiaries and joint ventures, net of ceded cash		-	-
Acquisitions of equity interests in companies accounted for at the equity method	6	-	-
Disposals of equity method investments		-	-
Merger		-	-
<b>Cash flow linked to changes in the consolidation scope</b>		<b>-</b>	<b>(1 241)</b>
Disposals of AFS securities		630 005	639 357
Matured HTM securities		-	-
Disposals of investment properties		-	-
Disposals of securities held for trading		7 845	1 495
<b>Cash flow linked to disposals and redemptions of investments</b>		<b>637 850</b>	<b>640 852</b>
Acquisitions of AFS securities		(518 151)	(635 738)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	4	(4 214)	(6 698)
Acquisitions of trading securities		(2 024)	(5 034)
<b>Cash flow linked to acquisitions of investments</b>		<b>(524 389)</b>	<b>(647 470)</b>
Disposals of other investments and intangible assets <sup>(1)</sup>		1 488 419	1 191 254
Acquisitions of other investments and intangible assets <sup>(1)</sup>		(1 390 535)	(1 238 605)
<b>Cash flow linked to acquisitions and disposals of other investments and intangible assets</b>		<b>97 884</b>	<b>(47 351)</b>
Disposal of Assets classified as Held for Sale		-	-
Acquisition of Assets classified as Held for Sale		(2 027)	-
<b>Cash flow linked to acquisitions and disposals of Assets classified as Held for Sale</b>		<b>(2 027)</b>	<b>-</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>209 318</b>	<b>(55 210)</b>

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

June 30,

(in € thousand)	Notes	2015	2014
Increases and decreases in capital		-	(1)
Change in treasury stock		18 732	(16 650)
Dividends paid		(194 587)	(186 548)
<b>Cash flow linked to transactions with the shareholders</b>		<b>(175 855)</b>	<b>(203 199)</b>
Change in non voting shares		-	-
Changes in loans and subordinated securities		(30 566)	24
<i>Issue</i>		<i>106 981</i>	<i>(1 845)</i>
<i>Repayment</i>		<i>(137 547)</i>	<i>1 869</i>
Interest paid		(6 077)	(4 906)
<b>Cash flow from Group financing</b>		<b>(36 643)</b>	<b>(4 882)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>(212 498)</b>	<b>(208 081)</b>
Impact of foreign exchange differences on cash and cash equivalents		6 513	(26)
Reclassification		-	10
Other cash flows linked to restructuring operations		-	(1 261)
<b>OTHER NET CHANGES IN CASH</b>		<b>6 513</b>	<b>(1 277)</b>
<b>Change in cash flows</b>		<b>163 094</b>	<b>14 171</b>
<b>Change in cash and cash equivalents</b>		<b>163 094</b>	<b>14 171</b>
Cash and cash equivalents at beginning of period	7	332 624	301 840
Cash and cash equivalents at end of period	7	495 718	316 011

During the first semester 2015, the cash position increased by €163,094 thousand.

- Cash flow from operating activities decreased by €118.9 million, from €278.7 million at the end of June 2014 to €159.8 million at the end of June 2015, mainly due to deterioration of flows related to insurance and reinsurance operations for €-79.5 million and of flows related to corporate tax paid for €-30.9 million.
- Investment activities contributed to cash inflows up to €209.3 million at the end of June 2015, against €-55.2 million at the end of June 2014, mainly due to net disposals in AFS securities for €111.9 million at the end of June 2015 against €3.6 million at the end of June 2014 and due to net disposals of short-term securities for €97.9 million at the end of June 2015 against €-47.4 million at the end of June 2014.
- Cash outflows from the financing activities decreased from €-208.1 million at the end of June 2014 to €-212.5 million at the end of June 2015, mainly due to the payment of the dividends.

## Consolidated statement of changes in equity

As at June 30, 2015

(in € thousand)	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
<b>Opening Shareholders' equity</b>	<b>14 510</b>	<b>465 007</b>	<b>2 092 254</b>	<b>99 242</b>	<b>(12 973)</b>	<b>(77 515)</b>	<b>2 580 525</b>	<b>62 142</b>	<b>2 642 667</b>
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	(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
<b>Components of other comprehensive income net of tax</b>	-	-	<b>(16 078)</b>	<b>(11 798)</b>	<b>40 984</b>	-	<b>13 108</b>	<b>89</b>	<b>13 197</b>
<b>Net income for the year</b>	-	-	<b>172 353</b>	-	-	-	<b>172 353</b>	<b>477</b>	<b>172 830</b>
<b>Comprehensive income of the period</b>	-	-	<b>156 275</b>	<b>(11 798)</b>	<b>40 984</b>	-	<b>185 461</b>	<b>566</b>	<b>186 027</b>
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
<b>Closing Shareholders' equity</b>	<b>14 510</b>	<b>465 007</b>	<b>2 054 049</b>	<b>87 441</b>	<b>28 045</b>	<b>(58 782)</b>	<b>2 590 270</b>	<b>62 669</b>	<b>2 652 939</b>

As at June 30, 2014

	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
<b>Shareholders' equity</b>	<b>14 510</b>	<b>465 007</b>	<b>2 024 004</b>	<b>83 538</b>	<b>(45 745)</b>	<b>(58 474)</b>	<b>2 481 870</b>	<b>88 582</b>	<b>2 570 452</b>
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	34 956	-	-	34 956	-	34 956
Impact of transferring realised gains and losses to income statement	-	-	-	(10 052)	-	-	(10 052)	-	(10 052)
Actuarial gain / (loss) on defined benefit plans	-	-	(40 555)	-	-	-	(40 555)	-	(40 555)
Impact of translation differences	-	-	-	(4)	7 524	-	7 520	20	7 544
<b>Other comprehensive income net of tax</b>	-	-	<b>(40 555)</b>	<b>24 896</b>	<b>7 524</b>	-	<b>(5 141)</b>	<b>20</b>	<b>20</b>
<b>Net income for the year</b>	-	-	<b>173 207</b>	-	-	-	<b>173 207</b>	<b>1 665</b>	<b>1 665</b>
<b>Comprehensive income of the period</b>	-	-	<b>132 652</b>	<b>24 896</b>	<b>7 524</b>	-	<b>168 066</b>	<b>1 685</b>	<b>1 673</b>
Capital movements	-	-	-	-	-	(18 633)	(18 633)	-	(18 633)
Dividend distributions	-	-	(184 825)	-	-	-	(184 825)	(1 723)	(1 723)
Impact of components of share-based payment plans	-	-	-	-	-	-	-	-	-
Revaluation of treasury shares	-	-	-	-	-	(1 20)	(1 20)	-	(1 20)
Other movements	-	-	733	(20)	-	-	713	(2 003)	(1 290)
<b>Shareholders' equity</b>	<b>14 510</b>	<b>465 007</b>	<b>1 872 813</b>	<b>83 438</b>	<b>(38 219)</b>	<b>(78 124)</b>	<b>2 428 223</b>	<b>84 428</b>	<b>2 512 651</b>

As at June 30, 2015, the share capital of Euler Hermes Group consisted of 45,342,177 fully paid-up shares. At the same date Euler Hermes Group holds 1,137,836 treasury shares.

In accordance with IAS 39, available-for-sale (AFS) investments were revaluated at market value with the resulting gain or loss being taken directly to the revaluation reserve with no impact on the consolidated income statement. During the year, the decrease in the revaluation reserve totalled €11,798 thousand net of taxes.

The increase in translation reserves by €40,984 thousand during the exercise relates mainly to the pound sterling for €18,438 thousand, the US dollar for an impact of €15,239 thousand, the Hong Kong dollar for €2,544 thousand and the Singapore dollar for €1,595 thousand.

The non-controlling interests are up by €566 thousand. This is mainly due to the net result for the period for €477 thousand.

## Notes to the consolidated financial statements

### Note 1 Significant events

The following significant events occurred in the first half 2015:

#### Changes in the share capital and in share ownership

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

As at June 30, 2015, Euler Hermes Group's share capital was composed of 45,342,177 shares, including 1,137,836 shares held in treasury stock.

#### Euler Hermes launches South Africa operations

Euler Hermes, is launching services for the South African market, strengthening its presence on the African continent as well as growth markets overall.

Based in Johannesburg, Euler Hermes operations include a re-insurance agreement with Allianz Global Corporate & Specialty (AGCS) South Africa Limited. The collaboration combines Euler Hermes global market presence and trade credit expertise with AGCS's existing South African business relationships and in-depth knowledge of the local business community.

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

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

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

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

## 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 consolidated financial statements as at June 30, 2015 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, 2015 were approved by the Group Management Board of July 27, 2015 and presented to the Supervisory Board of July 27, 2015.

### 2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19<sup>th</sup>, 2002, the consolidated financial statements published as at June 30<sup>th</sup>, 2015 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<sup>st</sup>, 2014, 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, 2015 as adopted by the European Union;
- Guidance provided in CNC recommendation no. 2013-R05 relating to the format of financial statements prepared by insurance firms under international accounting guidelines.

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

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

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

- IFRIC 21, Levies

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

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

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

#### Early application of standards

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



### 2.3. Use of estimates

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

The estimates concerning technical provisions are also detailed in the section 4 “Major risk factors and their management within the Group” of the 2014 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 on 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.
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, 2015					December 31, 2014	
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
<b>Opening balance</b>							
Gross value	6 229	64 141	35 039	9 459	6 757	121 625	111 695
Impairment losses	(409)	(9 274)	(3 554)	-	-	(13 236)	(12 206)
<b>Carrying amount</b>	<b>5 820</b>	<b>54 867</b>	<b>31 485</b>	<b>9 459</b>	<b>6 757</b>	<b>108 389</b>	<b>99 489</b>
<b>Change during the year</b>							
Opening carrying amount	5 820	54 867	31 485	9 459	6 757	108 389	99 489
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	1 217
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	5 138	2 708	-	(123)	7 723	7 682
Impairment losses	-	-	-	-	-	-	-
<b>Closing carrying amount</b>	<b>5 820</b>	<b>60 005</b>	<b>34 194</b>	<b>9 459</b>	<b>6 634</b>	<b>116 112</b>	<b>108 388</b>
<b>Closing Balance</b>							
Gross value	6 229	70 126	38 053	9 459	6 633	130 501	121 625
Impairment losses	(409)	(10 122)	(3 858)	-	-	(14 389)	(13 236)
<b>Carrying amount</b>	<b>5 820</b>	<b>60 005</b>	<b>34 194</b>	<b>9 459</b>	<b>6 633</b>	<b>116 112</b>	<b>108 389</b>

As at June, 30<sup>th</sup> 2015, changes in goodwill are due to the appreciation of US Dollar and British Pound against Euro.

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

**Note 4 Investment and operating property**

(in € thousand)	June 30, 2015		December 31, 2014	
	Investment property	Operating property	Investment property	Operating property
<b>Balance at opening period</b>				
Gross value	97 015	27 230	78 531	141 336
Depreciation	(21 646)	(17 651)	(18 300)	(44 855)
Impairment losses	-	-	-	(6 797)
<b>Carrying amount</b>	<b>75 369</b>	<b>9 579</b>	<b>60 231</b>	<b>89 684</b>
<b>Change during the year</b>				
Opening carrying amount	75 369	9 579	60 231	89 684
Acquisitions	4 214	-	16 676	156
Change in consolidation scope	-	-	-	-
Disposals	-	-	(367)	(66)
Reclassifications	-	-	(167)	(78 099)
Changes in foreign currency translation adjustments	-	6	-	104
Net depreciation	(1 295)	(93)	(1 004)	(2 200)
Net provisions for impairment	-	-	-	-
Other changes	2	-	-	-
<b>Closing carrying amount</b>	<b>78 290</b>	<b>9 493</b>	<b>75 369</b>	<b>9 579</b>
<b>Balance at the end of the period</b>				
Gross value	101 230	27 242	97 015	27 230
Depreciation	(22 940)	(17 749)	(21 646)	(17 651)
Impairment losses	-	-	-	-
<b>Carrying amount</b>	<b>78 290</b>	<b>9 493</b>	<b>75 369</b>	<b>9 579</b>
<b>Fair value</b>	<b>215 099</b>	<b>23 421</b>	<b>209 650</b>	<b>24 652</b>
<b>Amounts recorded in the income statement</b>				
<b>Investment property</b>	<b>June 30, 2015</b>	<b>Dec 31, 2015</b>		
Rental revenues from investment property	1 705	2 645		
Direct operating expenses relating to property	-	(157)		

The acquisitions of investment property consist of renovations costs of the former headquarter owned by Euler Hermes Real Estate. As at June 30, 2015, these costs amounted to €4.2 million compared to €16.7 million as at December 31, 2014.

## 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 € thousand)	June 30, 2015						December 31, 2014					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
<b>Held-to-maturity assets</b>												
Bonds	191	-	191	191	-	191	191	-	191	191	191	-
<b>Total Held-to-maturity assets</b>	<b>191</b>	<b>-</b>	<b>191</b>	<b>191</b>	<b>0</b>	<b>191</b>	<b>191</b>	<b>-</b>	<b>191</b>	<b>191</b>	<b>191</b>	<b>-</b>
<b>Available-for-sale assets</b>												
Equities	224 909	36 718	261 627	261 627	2 895 122	88 201	220 224	25 320	245 544	245 544	2 973 382	87 827
Bonds	2 643 834	77 862	2 721 696	2 721 696	-	-	2 708 754	106 911	2 815 665	2 815 665	-	-
<b>Total Available-for-sale assets</b>	<b>2 868 743</b>	<b>114 580</b>	<b>2 983 323</b>	<b>2 983 323</b>	<b>2 895 122</b>	<b>88 201</b>	<b>2 928 978</b>	<b>132 231</b>	<b>3 061 209</b>	<b>3 061 209</b>	<b>2 973 382</b>	<b>87 827</b>
<b>Loans, deposits and other financial investments</b>												
	729 711	-	729 711	746 171	-	-	833 226	-	833 226	854 230	-	-
<b>Total Loans, deposits and other financial investments</b>	<b>729 711</b>	<b>-</b>	<b>729 711</b>	<b>746 171</b>	<b>-</b>	<b>-</b>	<b>833 226</b>	<b>-</b>	<b>833 226</b>	<b>854 230</b>	<b>-</b>	<b>-</b>
<b>Total Financial investments (excluding investments in consolidated enterprise)</b>	<b>3 598 645</b>	<b>114 580</b>	<b>3 713 225</b>	<b>3 729 685</b>	<b>2 895 122</b>	<b>88 392</b>	<b>3 762 395</b>	<b>132 231</b>	<b>3 894 626</b>	<b>3 915 630</b>	<b>2 973 573</b>	<b>87 827</b>

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

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 (*Pfandbriefe*).

There was no significant impact of impairment on the Group portfolio as of June 30, 2015. The Group does not hold any financial assets such as "dynamic treasury mutual funds" or "subprime investments".

### Fair value hierarchy

#### - Available-for-sale assets

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

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

(in € thousand)		June 30, 2015		
	Level 1	Level 2	Level 3	
Available-for-sale assets	2 942 233	-		41 090

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

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

#### - Other financial investments

The HTM bonds, loans and other investments are valued at amortized cost. Their hierarchical ranking is mainly level 3 except for the non-listed German mortgage bonds (*Pfandbriefe*) classified in level 2 for €387 million.

### Classification by geographical zone

#### June 30, 2015

(in € thousand)			
	France	Other Countries	Group
<b>Held-to-maturity assets</b>			
Bonds	191	-	191
<b>Total held-to-maturity assets</b>	<b>191</b>	<b>-</b>	<b>191</b>
<b>Available-for-sale assets</b>			
Equities	88 433	173 194	261 627
Bonds	420 503	2 301 193	2 721 696
<b>Total Available-for-sale assets</b>	<b>508 936</b>	<b>2 474 387</b>	<b>2 983 323</b>
Loans, deposits and other financial inve	115 875	613 836	729 711
<b>Total loans, deposits and other financi</b>	<b>115 875</b>	<b>613 836</b>	<b>729 711</b>
<b>Total Financial investments</b>	<b>625 002</b>	<b>3 088 223</b>	<b>3 713 225</b>

**December 31, 2014**

(in € thousand)

	France	Other Countries	Group
Held-to-maturity assets			
Bonds	191	-	191
<b>Total held-to-maturity assets</b>	<b>191</b>	<b>-</b>	<b>191</b>
Available-for-sale assets			
Equities	96 763	148 781	245 544
Bonds	501 769	2 313 896	2 815 665
<b>Total Available-for-sale assets</b>	<b>598 532</b>	<b>2 462 677</b>	<b>3 061 209</b>
Loans, deposits and other financial inve:	109 599	723 627	833 226
<b>Total loans, deposits and other financi:</b>	<b>109 599</b>	<b>723 627</b>	<b>833 226</b>
<b>Total Financial investments</b>	<b>708 322</b>	<b>3 186 304</b>	<b>3 894 626</b>

**December 31, 2013**

(in € thousand)

	France	Other Countries	Group
Held-to-maturity assets			
Bonds	191	-	191
<b>Total held-to-maturity assets</b>	<b>191</b>	<b>-</b>	<b>191</b>
Available-for-sale assets			
Equities	84 024	97 037	181 061
Bonds	489 308	2 167 399	2 656 707
<b>Total Available-for-sale assets</b>	<b>573 332</b>	<b>2 264 435</b>	<b>2 837 767</b>
Loans, deposits and other financial inve:	112 116	725 801	837 917
<b>Total loans, deposits and other financi:</b>	<b>112 116</b>	<b>725 801</b>	<b>837 917</b>
<b>Total Financial investments</b>	<b>685 639</b>	<b>2 990 236</b>	<b>3 675 875</b>

Movements in the periods

(in € thousand)

	June 30, 2015			December 31, 2014	
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
<b>Opening carrying amount</b>	<b>191</b>	<b>3 061 209</b>	<b>833 226</b>	<b>3 894 626</b>	<b>3 675 876</b>
Increase in gross value	-	518 151	1 375 892	<b>1 894 043</b>	<b>3 912 264</b>
Decrease in gross value	-	(610 421)	(1 487 121)	<b>(2 097 542)</b>	<b>(3 770 416)</b>
Change in consolidation scope	-	-	-	-	<b>5 264</b>
Revaluation	-	(23 601)	-	<b>(23 601)</b>	<b>43 667</b>
Impairment	-	10	-	<b>10</b>	<b>(2 984)</b>
Changes in foreign currency translation adjustments	-	50 192	6 827	<b>57 019</b>	<b>54 236</b>
Reclassifications	-	-	-	-	-
Other changes	-	(12 217)	887	<b>(11 330)</b>	<b>(23 281)</b>
<b>Closing carrying amount</b>	<b>191</b>	<b>2 983 323</b>	<b>729 711</b>	<b>3 713 225</b>	<b>3 894 626</b>

As at June 30, 2015, the other changes of assets available for sale investments are mainly explained by the amortization of premiums and discounts of bonds. The changes in foreign currency translations are mainly due to the appreciation of the British Pound and the US Dollar against Euro.

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

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

#### Exposure of the Group to European sovereign debt

- The Group does not have exposure to the sovereign debts in the following countries anymore: Greece, Ireland, Hungary, and Turkey. The Group (without joint-ventures) has a limited exposure to the Spanish sovereign debt:

Country	Maturity	Acquisition value	Market value	Unrealized Gains or Losses
<i>(in € thousand)</i>				
Spain	2016	14 452	14 980	528
Spain	2017	9 933	10 371	438
Spain	2018	29 755	31 110	1 355
Spain	2019	21 866	22 742	876
Spain	2020	20 162	20 621	459
<b>Total</b>		<b>96 168</b>	<b>99 824</b>	<b>3 656</b>

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 € thousand)</i>				
Spain	2018	2 910	2 987	77
Spain	2019	2 423	2 432	9
Spain	2024	2 519	2 553	34
Italy	2018	3 478	3 558	80
Portugal	2015	912	922	10
Portugal	2016	8 798	8 972	174
Portugal	2018	3 122	3 300	178
<b>Total</b>		<b>24 162</b>	<b>24 724</b>	<b>562</b>

- 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 € thousand)</i>				
Espagne	2016	6 363	6 569	206
Espagne	2017	3 612	3 623	11
Espagne	2018	6 403	6 840	437
Espagne	2019	1 129	1 167	38
Espagne	2021	1 293	1 246	-47
Espagne	2024	2 938	2 837	-101
Espagne	2025	2 440	2 218	-222
<b>Total</b>		<b>24 178</b>	<b>24 500</b>	<b>322</b>

## 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%

### Information on equity-accounted investments

<i>(in € thousand)</i>	June 30, 2015			
	Assets (1)	Shareholders' equity (2)	Turnover (3)	Net income
Credit insurance companies	837 106	377 463	154 513	17 656
Other companies	44 036	3 069	26 419	(3 069)
	<b>881 142</b>	<b>380 532</b>	<b>180 933</b>	<b>14 587</b>

- (1) Assets based on IFRS statements as at March 31, 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 June 30, 2015, and for Graydon Holding N.V. for which the assets are based on IFRS statements as at September 30, 2014.
- (2) Equity is determined on the basis of IFRS statements as at March 31, 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 June 30, 2015.
- (3) 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.

<i>(in € thousand)</i>	December 31, 2014		June 30, 2014	
	Assets (4)	Shareholders' equity (5)	Turnover (6)	Net income
Credit insurance companies	777 693	358 855	162 468	17 909
Other companies	44 036	19 233	29 761	(2 807)
	<b>821 729</b>	<b>378 088</b>	<b>192 229</b>	<b>15 102</b>

- (4) Assets based on IFRS statements as at September 30, 2014, 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, 2014.
- (5) Equity is determined on the basis of IFRS statements as at September 30, 2014, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which equity is determined on the basis of IFRS statements as at December 31, 2014.
- (6) The turnover corresponds to the turnover in the IFRS statements as at March 31, 2014 plus to ¼ of 2013 total turnover, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which turnover is as at June 30, 2014.



Movements during the period

(in € thousand)	June 30, 2015	December 31, 2014
<b>Opening carrying amount</b>	<b>199 428</b>	<b>193 853</b>
Increases	-	4 716
Decreases	-	(4 490)
Reclassifications	-	-
Share of income for the period	7 932	15 718
Dividends paid	(7 773)	(10 414)
Impairment	(3 946)	-
Foreign exchange differences	1 626	137
Other changes	(1 044)	(92)
<b>Closing carrying amount</b>	<b>196 223</b>	<b>199 428</b>

Dividends paid correspond to dividends from OeKB EH Beteiligungs - und Management A.G. for €4.8 million and from Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for €3.0 million.

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

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

Contribution to shareholders' equity (without income)

(in € thousand)	June 30, 2015	December 31, 2014
Credit insurance companies	187 447	178 421
Other companies	844	5 289
<b>Share of shareholders' equity</b>	<b>188 291</b>	<b>183 710</b>

Contribution to income

(en milliers d'euros)	30 juin 2015	30 juin 2014
Entreprises associées du secteur de l'assurance-crédit	8 776	8 892
Autres entreprises associées	(844)	(772)
<b>Quote part de résultat</b>	<b>7 932</b>	<b>8 120</b>

## Note 7 Cash and cash equivalents

(in € thousand)	June 30, 2015	December 31, 2014
Cash in bank and at hand	460 801	274 014
Cash pooling	34 917	58 610
<b>Total cash</b>	<b>495 718</b>	<b>332 624</b>
<b>Total cash in balance sheet</b>	<b>495 718</b>	<b>332 624</b>
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	-	-
<b>Total cash and cash equivalents</b>	<b>495 718</b>	<b>332 624</b>

## Note 8 Technical reserves

(in € thousand)	December 31, 2014	Allowance net of writebacks	Foreign exchange differences	Changes in consolidation scope	Other changes	June 30, 2015
Reserve for unearned premiums	396 221	103 950	20 966	-	(222)	520 915
Reserve for claims net of forecasts of recoveries	1 615 531	(17 341)	34 309	-	409	1 632 909
Reserve for no-claims bonuses and rebates	165 494	(9 435)	2 357	-	(3)	158 415
<b>Gross technical reserves</b>	<b>2 177 246</b>	<b>77 174</b>	<b>57 632</b>	<b>-</b>	<b>184</b>	<b>2 312 239</b>
Reserve for unearned premiums	62 695	38 096	1 643	-	5	102 440
Reserve for claims net of forecasts of recoveries	466 801	(12 711)	7 650	-	412	462 151
Reserve for no-claims bonuses and rebates	34 783	(1 775)	515	-	1	33 522
<b>Reinsurers' share of technical reserves</b>	<b>564 279</b>	<b>23 610</b>	<b>9 808</b>	<b>-</b>	<b>418</b>	<b>598 113</b>
<b>Net technical reserves</b>	<b>1 612 967</b>	<b>53 564</b>	<b>47 824</b>	<b>-</b>	<b>(234)</b>	<b>1 714 126</b>

### Claims reserves

(in € thousand)	June 30, 2015			December 31, 2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<b>Claims reserves gross of recoveries</b>	<b>1 932 254</b>	<b>(559 509)</b>	<b>1 372 745</b>	<b>1 906 065</b>	<b>(565 768)</b>	<b>1 340 297</b>
Current period	617 049	(155 518)	461 531	1 010 239	(253 783)	756 456
Prior periods	1 315 205	(403 991)	911 214	895 826	(311 985)	583 841
<b>Recoveries to be received</b>	<b>(299 345)</b>	<b>97 358</b>	<b>(201 987)</b>	<b>(290 534)</b>	<b>98 967</b>	<b>(191 567)</b>
Current period	(60 007)	13 290	(46 717)	(107 544)	23 585	(83 959)
Prior periods	(239 338)	84 068	(155 270)	(182 990)	75 382	(107 608)
<b>Claims reserves</b>	<b>1 632 909</b>	<b>(462 151)</b>	<b>1 170 758</b>	<b>1 615 531</b>	<b>(466 801)</b>	<b>1 148 730</b>

### Breakdown by type of reserve

(in thousand)	June 30, 2015			December 31, 2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<b>Reserves for unearned premiums</b>	<b>520 915</b>	<b>(102 440)</b>	<b>418 475</b>	<b>396 221</b>	<b>(62 695)</b>	<b>333 526</b>
<b>Claims reserves</b>	<b>1 632 909</b>	<b>(462 151)</b>	<b>1 170 758</b>	<b>1 615 531</b>	<b>(466 801)</b>	<b>1 148 730</b>
of which, reserves for known claims	1 166 128	(362 255)	803 873	1 130 972	(359 647)	771 325
of which, reserves for late claims	670 857	(186 473)	484 384	679 393	(194 256)	485 137
of which, reserves for claims handling expenses	95 171	(10 781)	84 390	95 688	(11 865)	83 823
of which, other technical reserves	98	-	98	13	-	13
of which, recoveries to be received	(299 345)	97 358	(201 987)	(290 535)	98 967	(191 568)
<b>No-claims bonuses and rebates</b>	<b>158 415</b>	<b>(33 522)</b>	<b>124 893</b>	<b>165 494</b>	<b>(34 783)</b>	<b>130 711</b>
<b>Technical reserves</b>	<b>2 312 239</b>	<b>(598 113)</b>	<b>1 714 126</b>	<b>2 177 246</b>	<b>(564 279)</b>	<b>1 612 967</b>

**Note 9 Breakdown of operating income**

	(in € thousand)					
	June 30,					
	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 284 055	(379 746)	904 309	1 191 677	(361 154)	830 523
Premiums refunded	(57 811)	13 448	(44 363)	(49 806)	12 789	(37 017)
Gross premiums written - credit insurance	1 226 244	(366 298)	859 946	1 141 871	(348 365)	793 506
Change in unearned premiums	(103 948)	37 022	(66 926)	(77 846)	27 888	(49 958)
<b>Earned premiums</b>	<b>1 122 296</b>	<b>(329 276)</b>	<b>793 020</b>	<b>1 064 025</b>	<b>(320 477)</b>	<b>743 548</b>
Service revenues	215 430	-	215 430	204 600	-	204 600
<b>Turnover</b>	<b>1 337 726</b>	<b>(329 276)</b>	<b>1 008 450</b>	<b>1 268 625</b>	<b>(320 477)</b>	<b>948 148</b>
<b>Net investment income</b>	<b>59 659</b>	<b>-</b>	<b>59 659</b>	<b>48 855</b>	<b>-</b>	<b>48 855</b>
Claims paid	(456 564)	121 717	(334 847)	(412 263)	116 971	(295 292)
Claims reserves expenses	16 082	(11 589)	4 493	(37 727)	27 301	(10 426)
Claims handling expenses	(50 987)	391	(50 596)	(43 565)	1 372	(42 193)
<b>Insurance services expenses</b>	<b>(491 469)</b>	<b>110 519</b>	<b>(380 950)</b>	<b>(493 555)</b>	<b>145 644</b>	<b>(347 911)</b>
Brokerage commissions	(119 522)	-	(119 522)	(105 028)	-	(105 028)
Other acquisition costs	(132 692)	-	(132 692)	(136 932)	-	(136 932)
Change in acquisition costs capitalised	13 599	-	13 599	13 226	-	13 226
<b>Contract acquisition expenses</b>	<b>(238 615)</b>	<b>-</b>	<b>(238 615)</b>	<b>(228 734)</b>	<b>-</b>	<b>(228 734)</b>
Impairment of portfolio securities and similar	-	-	-	-	-	-
<b>Administration expenses</b>	<b>(105 906)</b>	<b>-</b>	<b>(105 906)</b>	<b>(98 883)</b>	<b>-</b>	<b>(98 883)</b>
Commissions received from reinsurers	-	115 560	115 560	-	108 287	108 287
<b>Other ordinary operating income and expenses</b>	<b>(205 477)</b>	<b>-</b>	<b>(205 477)</b>	<b>(185 083)</b>	<b>-</b>	<b>(185 083)</b>
<b>Current operating income</b>	<b>355 918</b>	<b>(103 197)</b>	<b>252 721</b>	<b>311 225</b>	<b>(66 546)</b>	<b>244 679</b>

**Cost of claims**

	(in € thousand)					
	June,					
	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<b>Cost of claims for the current period</b>	<b>687 487</b>	<b>(166 716)</b>	<b>520 771</b>	<b>688 156</b>	<b>(169 280)</b>	<b>518 876</b>
of which, claims paid	46 162	(11 937)	34 225	50 686	(13 541)	37 145
of which, claims reserves	595 158	(152 942)	442 216	593 052	(153 553)	439 499
of which, claims handling expenses	46 167	(1 837)	44 330	44 418	(2 186)	42 232
<b>Recoveries for the current period</b>	<b>(63 268)</b>	<b>14 733</b>	<b>(48 535)</b>	<b>(61 740)</b>	<b>13 352</b>	<b>(48 388)</b>
Recoveries received	(3 324)	1 436	(1 887)	(1 393)	302	(1 091)
Change in reserves for recoveries	(59 944)	13 297	(46 647)	(60 347)	13 050	(47 297)
<b>Cost of claims from prior periods</b>	<b>(125 381)</b>	<b>39 137</b>	<b>(86 244)</b>	<b>(132 342)</b>	<b>9 388</b>	<b>(122 954)</b>
of which, claims paid	475 116	(129 118)	345 998	433 620	(130 871)	302 749
of which, claims reserves	(605 317)	166 809	(438 508)	(565 109)	139 445	(425 664)
of which, claims handling expenses	4 820	1 446	6 266	(853)	814	(39)
<b>Recoveries from prior periods</b>	<b>(7 369)</b>	<b>2 327</b>	<b>(5 042)</b>	<b>(519)</b>	<b>897</b>	<b>377</b>
Recoveries received	(61 390)	17 901	(43 489)	(70 650)	27 139	(43 511)
Change in reserves for recoveries	54 021	(15 574)	38 447	70 131	(26 243)	43 888
<b>Cost of claims</b>	<b>491 469</b>	<b>(110 519)</b>	<b>380 950</b>	<b>493 555</b>	<b>(145 644)</b>	<b>347 911</b>

**Note 10 Earnings per share and dividend per share**
Earnings per share

	June 30,	
	2015	2014
Distributable net income (in thousand of euros)	172 353	173 207
Weighted average number of ordinary shares before dilution	44 163 558	44 067 407
<b>Earnings per share (in euros)</b>	<b>3,90</b>	<b>3,93</b>
Distributable net income (in thousand of euros)	172 353	173 207
Weighted average number of ordinary shares after dilution	44 163 558	44 072 733
<b>Diluted earnings per share (in euros)</b>	<b>3,90</b>	<b>3,93</b>

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is zero in 2015 (5,326 in 2014).

The net income, Group Share, is used as the basis for this calculation.

**Note 11 Segment data**

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

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

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

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

## Profit & loss by segment – Six months ended June 2015

(in € thousand)

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
Change in unearned premiums	(27 001)	(8 203)	(26 715)	(17 340)	(8 863)	(9 873)	(101 292)	-	-	(103 948)
<b>Earned premiums - non-Group</b>	<b>285 862</b>	<b>163 387</b>	<b>243 900</b>	<b>141 320</b>	<b>146 008</b>	<b>57 675</b>	<b>784 431</b>	-	<b>(700 377)</b>	<b>1 122 296</b>
Services revenues - non-Group	90 206	37 323	42 069	32 301	18 403	13 779	-	70 970	-	215 430
<b>Turnover - intra-sectoral</b>	<b>376 068</b>	<b>200 710</b>	<b>286 059</b>	<b>173 621</b>	<b>164 411</b>	<b>71 454</b>	<b>784 431</b>	<b>70 970</b>	<b>(789 998)</b>	<b>1 337 726</b>
Investment income	15 434	19 390	222	1 651	5 268	(896)	22 426	224 702	(228 538)	59 659
Of which, dividends	(758)	-	(1)	1	-	-	-	(226 848)	-	227 006
<b>Total ordinary income</b>	<b>391 502</b>	<b>220 100</b>	<b>286 281</b>	<b>175 272</b>	<b>169 679</b>	<b>70 558</b>	<b>806 857</b>	<b>295 672</b>	<b>(1 018 536)</b>	<b>1 397 385</b>
Insurance services expenses	(75 167)	(68 235)	(124 845)	(93 261)	(70 087)	(32 123)	(358 614)	(1 296)	-	332 159
Outwards reinsurance income	114 195	83 120	151 218	88 173	87 248	38 133	234 242	-	-	(570 250)
Outwards reinsurance expenses	(187 451)	(111 558)	(174 005)	(98 248)	(105 760)	(43 441)	(309 590)	-	-	700 377
<b>Net outwards reinsurance income or expenses</b>	<b>(73 256)</b>	<b>(28 038)</b>	<b>(22 787)</b>	<b>(10 075)</b>	<b>(18 512)</b>	<b>(5 308)</b>	<b>(75 348)</b>	-	-	130 127
Other income and expenses	(159 912)	(78 015)	(113 620)	(66 468)	(60 681)	(39 390)	(273 500)	(86 126)	-	327 714
<b>Total other income and expenses</b>	<b>(308 335)</b>	<b>(174 288)</b>	<b>(261 252)</b>	<b>(169 804)</b>	<b>(149 280)</b>	<b>(76 821)</b>	<b>(707 462)</b>	<b>(87 422)</b>	-	<b>790 000</b>
<b>CURRENT OPERATING INCOME</b>	<b>83 167</b>	<b>45 812</b>	<b>25 029</b>	<b>5 468</b>	<b>20 399</b>	<b>(6 263)</b>	<b>99 395</b>	<b>208 250</b>	<b>(228 536)</b>	<b>252 721</b>
Other non ordinary operating expenses	(1 745)	-	(557)	-	-	-	-	(925)	-	(3 227)
Other non ordinary operating income	972	-	32	-	-	-	-	864	1	1 869
Other non ordinary operating expenses and income	(773)	-	(525)	-	-	-	-	(61)	1	(1 358)
<b>OPERATING INCOME</b>	<b>82 394</b>	<b>45 812</b>	<b>24 504</b>	<b>5 468</b>	<b>20 399</b>	<b>(6 263)</b>	<b>99 395</b>	<b>208 189</b>	<b>(228 535)</b>	<b>251 363</b>
Financing expenses	(1 40)	(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)	(11 731)	-	(77 740)
<b>CONSOLIDATED NET INCOME</b>	<b>54 549</b>	<b>31 284</b>	<b>19 985</b>	<b>2 371</b>	<b>12 369</b>	<b>(7 330)</b>	<b>81 164</b>	<b>205 440</b>	<b>(227 002)</b>	<b>172 830</b>
<b>NET INCOME, GROUP SHARE</b>	<b>54 428</b>	<b>31 607</b>	<b>19 985</b>	<b>1 714</b>	<b>12 369</b>	<b>(7 330)</b>	<b>81 164</b>	<b>205 418</b>	<b>(227 002)</b>	<b>172 353</b>
Non controlling interests	121	(323)	-	657	-	-	-	22	-	477

## Profit & loss by segment – Six months ended June 2014

(in € thousand)

Six months ended June 30, 2014

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	342 791	187 177	272 936	146 332	121 308	42 909	838 668	-	(760 444)	1 191 677
Premiums refunded	(24 355)	(14 278)	(8 544)	3 019	(1 648)	(1 106)	(35 941)	-	33 047	(49 806)
Change in unearned premiums	(24 652)	(3 852)	(29 274)	(16 772)	(7 386)	(613)	(77 682)	-	82 385	(77 846)
<b>Earned premiums - non-Group</b>	<b>293 784</b>	<b>169 047</b>	<b>235 118</b>	<b>132 579</b>	<b>112 274</b>	<b>41 190</b>	<b>725 045</b>	-	<b>(645 012)</b>	<b>1 064 025</b>
Services revenues - non-Group	89 617	36 267	42 201	30 777	13 151	9 808	-	66 294	(83 515)	204 600
<b>Turnover - intra-sectoral</b>	<b>383 401</b>	<b>205 314</b>	<b>277 319</b>	<b>163 356</b>	<b>125 425</b>	<b>50 998</b>	<b>725 045</b>	<b>66 294</b>	<b>(728 527)</b>	<b>1 268 625</b>
Investment income	13 573	16 098	2 367	2 854	3 138	519	16 587	241 211	(247 492)	48 855
Of which, dividends	(3 186)	(1 518)	-	-	-	-	-	(240 647)	-	(1)
<b>Total ordinary income</b>	<b>396 974</b>	<b>221 412</b>	<b>279 686</b>	<b>166 210</b>	<b>128 563</b>	<b>51 517</b>	<b>741 632</b>	<b>307 505</b>	<b>(976 019)</b>	<b>1 317 480</b>
Insurance services expenses	(131 088)	(73 590)	(142 355)	(58 368)	(23 643)	(23 238)	(314 910)	(1 563)	-	(493 555)
Outwards reinsurance income	141 050	93 321	156 087	66 556	45 070	27 699	215 408	-	-	(491 260)
Outwards reinsurance expenses	(192 108)	(112 991)	(166 258)	(95 004)	(80 802)	(32 819)	(285 506)	-	-	645 010
<b>Net outwards reinsurance income or expenses</b>	<b>(51 058)</b>	<b>(19 670)</b>	<b>(10 171)</b>	<b>(28 444)</b>	<b>(35 732)</b>	<b>(5 119)</b>	<b>(70 098)</b>	-	-	<b>(66 546)</b>
Other income and expenses	(151 600)	(79 379)	(109 926)	(62 003)	(48 246)	(28 406)	(247 889)	(84 825)	-	299 574
<b>Total other income and expenses</b>	<b>(333 746)</b>	<b>(172 639)</b>	<b>(262 452)</b>	<b>(148 819)</b>	<b>(107 621)</b>	<b>(56 763)</b>	<b>(632 897)</b>	<b>(86 388)</b>	-	<b>(1 072 801)</b>
<b>CURRENT OPERATING INCOME</b>	<b>63 228</b>	<b>48 773</b>	<b>17 234</b>	<b>17 391</b>	<b>20 942</b>	<b>(5 246)</b>	<b>168 735</b>	<b>221 117</b>	<b>(247 495)</b>	<b>244 679</b>
Other non ordinary operating expenses	(508)	-	(617)	-	-	-	-	(1 743)	-	(2 868)
Other non ordinary operating income	163	-	611	-	-	-	-	59	1	834
Other non ordinary operating expenses and income	(345)	-	(6)	-	-	-	-	(1 684)	1	(2 034)
<b>OPERATING INCOME</b>	<b>62 883</b>	<b>48 773</b>	<b>17 228</b>	<b>17 391</b>	<b>20 942</b>	<b>(5 246)</b>	<b>168 735</b>	<b>219 433</b>	<b>(247 494)</b>	<b>242 645</b>
Financing expenses	(94)	(854)	(33)	(84)	(1)	-	(251)	(4 555)	2 165	(3 707)
Share of Income from companies accounted by the equity method	2 427	4 062	(23)	-	-	-	-	1 654	-	8 120
Corporation tax	(21 759)	(16 668)	(3 289)	(5 462)	(8 446)	(2 846)	(17 854)	4 026	-	(72 288)
<b>CONSOLIDATED NET INCOME</b>	<b>43 457</b>	<b>35 313</b>	<b>13 883</b>	<b>11 845</b>	<b>12 495</b>	<b>(8 092)</b>	<b>90 630</b>	<b>220 558</b>	<b>(245 329)</b>	<b>174 780</b>
<b>NET INCOME, GROUP SHARE</b>	<b>42 617</b>	<b>35 339</b>	<b>13 883</b>	<b>11 365</b>	<b>12 495</b>	<b>(8 092)</b>	<b>90 630</b>	<b>220 299</b>	<b>(245 329)</b>	<b>173 207</b>
Non controlling interests	840	(26)	-	480	-	-	-	259	-	1 553

## Depreciation, amortization and provisions by segment

(in € thousand)

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 € thousand)

Six months ended June 30, 2014

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(111)	(1 991)	(510)	(83)	(29)	(13)	(6)	473	-	(2 270)

### Balance sheet by segment – Six months ended June 2015

(in € thousand)

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
Goodwill	-	-	72 758	5 936	30 340	3 226	-	3 852	-	116 112
Other intangible assets	53 288	22 780	28 052	12 078	1 418	2 487	252	2 800	(3 829)	119 326
Investments - insurance businesses	870 157	804 235	722 639	61 294	235 426	70 498	1 310 378	72 916	(342 235)	3 805 308
Investments accounted for by the equity method	65 469	55 358	-	-	-	-	-	75 396	-	196 223
Share of assignees and reinsurers in the technical reserves and financial liabilities	287 111	121 552	329 722	290 312	78 154	71 649	439 409	110	(1 019 906)	598 113
Insurance and reinsurance receivables	58 361	77 286	193 975	91 819	115 144	55 010	371 802	(47)	(218 343)	745 007
Other assets	465 181	175 105	245 100	272 821	81 436	36 245	154 324	153 596	(601 709)	982 099
<b>Total assets</b>	<b>1 799 567</b>	<b>1 256 316</b>	<b>1 592 246</b>	<b>734 260</b>	<b>541 918</b>	<b>239 115</b>	<b>2 276 165</b>	<b>308 623</b>	<b>(2 186 022)</b>	<b>6 562 188</b>
Technical reserves	543 579	242 747	595 854	330 221	245 319	216 691	1 166 257	48	(1 028 477)	2 312 239
Liabilities related to inward insurance and reinsurance transactions	22 428	65 800	58 284	38 389	11 231	15 379	100 587	1 581	(77 299)	236 380
Liabilities related to outward reinsurance transactions	35 357	17 699	64 171	37 476	36 341	17 100	129 411	43	(148 561)	189 037
Other liabilities	486 257	201 147	545 975	65 438	54 754	41 240	59 741	642 193	(925 151)	1 171 594
<b>Total liabilities</b>	<b>1 087 621</b>	<b>527 393</b>	<b>1 264 284</b>	<b>471 524</b>	<b>347 645</b>	<b>290 410</b>	<b>1 455 996</b>	<b>643 865</b>	<b>(2 179 488)</b>	<b>3 909 250</b>

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

(in € thousand)

December 31, 2014

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	67 566	5 936	27 937	3 403	-	3 547	-	108 389
Other intangible assets	53 566	20 245	23 895	10 708	1 197	2 250	344	4 125	(3 828)	112 502
Investments - insurance businesses	998 804	884 534	609 456	57 030	241 695	75 383	1 399 708	84 543	(362 147)	3 989 006
Investments accounted for by the equity method	72 797	54 063	-	-	-	-	-	72 568	-	199 428
Share of assignees and reinsurers in the technical reserves and financial liabilities	271 666	123 214	272 370	256 990	116 781	22 105	372 018	110	(870 975)	564 279
Insurance and reinsurance receivables	55 401	69 650	174 215	79 979	90 734	55 680	260 298	(47)	(181 040)	604 870
Other assets	287 843	115 301	164 560	277 400	73 713	19 403	62 222	155 038	(374 267)	781 213
<b>Total assets</b>	<b>1 740 077</b>	<b>1 267 007</b>	<b>1 312 062</b>	<b>688 043</b>	<b>552 057</b>	<b>178 224</b>	<b>2 094 590</b>	<b>319 884</b>	<b>(1 792 257)</b>	<b>6 359 687</b>
Technical reserves	543 804	241 963	515 131	274 185	274 847	197 275	1 004 720	48	(874 727)	2 177 246
Liabilities related to inward insurance and reinsurance transactions	24 836	69 740	49 332	39 702	7 431	15 163	94 716	1 439	(75 367)	226 992
Liabilities related to outward reinsurance transactions	35 288	12 349	52 539	25 880	38 672	2 268	94 360	43	(129 922)	131 477
Other liabilities	435 425	243 043	329 400	64 333	45 270	30 563	55 731	683 242	(705 702)	1 181 305
<b>Total liabilities</b>	<b>1 039 353</b>	<b>567 095</b>	<b>946 402</b>	<b>404 100</b>	<b>366 220</b>	<b>245 269</b>	<b>1 249 527</b>	<b>684 772</b>	<b>(1 785 718)</b>	<b>3 717 020</b>

### Balance sheet by segment – Year end December 2014 – Published

(in € thousand)

December 31, 2014

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

## Note 12 Related parties

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

	Number of shares	%
Allianz France SA	26 864 230	59,25%
Allianz Vie	3 879 818	8,56%
Treasury shares	1 137 836	2,51%
<b>Sub-total</b>	<b>31 881 884</b>	<b>70,31%</b>
Public (bearer securities)	13 460 293	29,69%
<b>Total</b>	<b>45 342 177</b>	<b>100,00%</b>

## Transactions

(in € thousand)

June 30,

	2015				2014			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating revenues	28 909	-	-	69 022	25 174	-	-	78 096
Insurance services expenses	(28 394)	-	-	(18 718)	(32 838)	-	-	(31 400)
Net outward reinsurance income or expenses	(42 935)	-	-	(1 878)	(31 205)	-	-	(2 897)
Financing expenses	-	-	-	-	-	-	-	-
Other net income/(expenses)	(9 072)	-	-	(28 052)	(8 021)	-	-	(32 572)

## Receivables and liabilities

(in € thousand)

June 30, 2015

June 30, 2014

	June 30, 2015				June 30, 2014			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Current accounts (accrued interests included)	34 781	-	-	-	47 670	-	-	-
Net operating receivables	9 231	-	153	3 293	8 314	-	153	4 677
Operating liabilities	(3 957)	-	(243)	459	(6 437)	-	-	2 223

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 13 Commitments given and received**

(in € thousand)	June 30, 2015	June 30, 2014
<b>Commitments received</b>	<b>5 754</b>	<b>6 400</b>
Deposits, sureties and other guarantees	5 754	6 400
<b>Commitments given</b>	<b>25 811</b>	<b>51 737</b>
Deposits, sureties and other guarantees	25 811	51 737
- Commitments to Société Générale	-	36 519
- Commitments to invest in a logistics fund	8 948	-
- Commitments to invest in Risk Mutual Fund	5 917	6 492
- Independent guarantee CACIB	3 125	3 125
- Commitments related to offices and cars lease contracts	3 843	1 640
- Commitments to InvestitionsBank Landes Brandenburg	1 857	1 857
- Commitments to Danskebank	201	201
- Commitments associated with membership of an EIG	159	153
- Commitments associated with brokers	1 761	1 750

In 2013, a guarantee of € 36.5 million has been granted to the Romanian Bank of Development, BRD, which is a subsidiary of Société Générale Group, in relation to the issuance of bond policies by the Nederland Branch of Euler Hermes SA (NV). This commitment was terminated during the last quarter of 2014.

Euler Hermes SA (NV) and Euler Hermes Reinsurance A.G. are committed to investing in a logistics fund. The commitment of each company accounts for €4,474 thousand as at 30<sup>th</sup> of June 2015.

Euler Hermes France is committed to investing directly or through co-investment in Risk Mutual Fund. The commitment totals €5,917 thousand in June 2015 against €6,492 thousand in June 2014.

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

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

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

**Note 14 Subsequent events**

No subsequent events occurred since June 30, 2015 closing which would impact the assumptions of the quarterly closing.



# STATUTORY AUDITORS' REPORT ON THE 2015 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, 2015

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, 2015?
- 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, on the 30 July 2015

KPMG Audit FS II

French original signed by  
Xavier Dupuy  
Partner

Paris, on the 30 July 2015

ACE – Auditeurs Et Conseils d’Entreprise

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, July 30, 2015

Wilfried VERSTRAETE,  
Chairman of the Group Management Board