

Half-Year Financial Report

As at June 30, 2014



EULER HERMES
Business insured. Success ensured.

A company of **Allianz** 

SUMMARY

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REPORT OF THE GROUP MANAGEMENT BOARD

For the 1st half ended June 30, 2014

Key events of the period

The following significant events occurred in the first semester 2014:

Euler Hermes: AA- rating with stable outlook by Chinese rating agency Dagong Europe

In January 2014, Euler Hermes has received a AA- rating from the leading Chinese credit rating agency Dagong Europe, and is also the first insurance company in Europe to be rated by the agency.

Initiative EH 3.0 launch

At the end of January 2014 Euler Hermes launched the EH 3.0 initiative by leveraging on the increased customer centricity resulting from Excellence. Each Euler Hermes Group Region has launched the EH 3.0 Initiative locally, through a bottom-up approach, with the focus on the needs of customers in local markets. This new three-year program shall significantly sharpen the Euler Hermes customer service focus and create customer value by making Euler Hermes easier to work with.

Euler Hermes increases shareholding in its Greek subsidiary Euler Hermes Hellas Credit Insurance SA

In January 2014, Euler Hermes has bought-back the minority interests of Euler Hermes Hellas Credit Insurance. The Greek subsidiary is now 100% held by the Euler Hermes group.

Creation of Euler Hermes service entities

On January 1st, 2014 Euler Hermes created new companies: Euler Hermes Services Taiwan, Euler Hermes Services G.C.C Ltd, a company located in Dubai and Euler Hermes Services Bulgaria.

Transfer of the Singapore Insurance portfolio to Euler Hermes Europe

In the context of the legal restructuring in the Euler Hermes Group,, the insurance portfolio of the Singapore branch was transferred on June 1st from Euler Hermes Deutschland to Euler Hermes Europe in Belgium.

Change of Company name

Following the Shareholders' Meeting of May, 28 2014, the company name "Euler Hermes S.A." has been changed to Euler "Hermes Group".

Subsequent events

No subsequent events occurred since June 30, 2014 closing which would impact the closing.

Activity report

Turnover

Consolidated turnover by region

<i>In € millior.</i>	<i>Turnover</i>	H1 2014	H1 2013 published	Variation %	H1 2013 (1)	Variation % (1)
Regions						
	Germany, Switzerland, Austria	383.4	399.5	-4.0%	399.3	-4.0%
	France	205.3	206.5	-0.6%	206.5	-0.6%
	Northern Europe	277.3	273.6	1.3%	272.5	1.8%
	Med. countries, Middle East and Africa	163.5	151.7	7.7%	150.2	8.8%
	Americas	125.4	139.0	-9.8%	117.8	6.5%
	Asia Pacific	50.9	47.7	6.7%	43.6	16.8%
	Non consolidated OE's and other (2)	62.8	34.6	N/A	51.6	N/A
	Euler Hermes Group	1,268.6	1,252.7	1.3%	1,241.4	2.2%

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

(1) At constant exchange rates and pro forma (Mexico, Chile and Colombia in 2013 in EH Reinsurance)

(2) Corporate entities + inter-region eliminations

In H1 2014, Euler Hermes' turnover growth is softening. It is up 1.3% compared to H1 2013, to €1,268.6 million.

Foreign exchange headwinds weight negatively on topline growth. At constant exchange rates turnover growth is 2.2%.

Premiums are up 1.9% and 2.7% at constant exchange rates. Good commercial performance in growing markets, new products and a customer retention that remains at 90% are the drivers of growth. They compensate for stronger competitive pressure in mature markets; slightly negative rates, under pressure due to the high profitability of the portfolio as well as volume variation which remains overall flat.

<i>In € millior.</i>	<i>Turnover</i>	H1 2014	H1 2013 published	Variation %	H1 2013 (1)	Variation % (1)
	Earned Premiums	1,064.0	1,044.6	1.9%	1,036.5	2.7%
	Service revenues	204.6	208.2	-1.7%	205.1	-0.2%
	Turnover	1,268.6	1,252.7	1.3%	1,241.6	2.2%

(1) At constant exchange rates

Service revenues amount €204.6 million, below last year by 0.2% at constant scope and foreign exchange rates, penalizing turnover growth. The shortfall in service revenues is linked to declining collection revenues following the lower number of claims.

Earned premiums

<i>In € millior.</i>	H1 2014	H1 2013	Variation %
Gross earned premiums	1,064.0	1,044.6	1.9%
Ceded premiums	-320.5	-323.4	-0.9%
Net earned premiums	743.5	721.2	3.1%
Cession rate	30.1%	31.0%	

While gross earned premiums increase by 1.9% compared to last year, net earned premiums rise by 3.1%, 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 2014	H1 2013	Variation %
Gross claims costs current attachment year	-626.4	-610.4	2.6%
Gross claims costs previous attachment years	132.9	100.2	32.5%
Total gross claims costs	-493.6	-510.2	-3.3%
Ceded claims costs	145.6	131.5	10.7%
Total net claims costs	-347.9	-378.6	-8.1%

	H1 2014	H1 2013
Net claims ratio, current attachment year	-63.3%	-63.1%
Net claims ratio, previous attachment years	16.5%	10.6%
Net claims ratio	-46.8%	-52.5%

Gross claims costs current attachment year are at €626.4 million, higher by 2.6% (€16.0 million) compared to the first half of 2013, in line with topline growth. The gross claims ratio current year is stable at 59%. The net claims ratio on the current attachment year remains stable (+0.2 point) between H1 2013 and H1 2014.

Gross claims cost previous attachment years amount to €132.9 million, above last year by 32.5% (€32.7 million). In 2013 the run-offs were negatively impacted by additional reserves on previous attachment years' cases.

Overall the net claims ratio all attachment years is at 46.8%, improving, by 5.7 points compared to last year, mainly driven by the additional run-off.

Technical expenses

<i>In € millior.</i>	H1 2014	H1 2013 <i>published</i>	Variation %	H1 2013 <i>(1)</i>	Variation % <i>(1)</i>
Contract acquisition expenses	228.7	215.0	6.4%	218.0	4.9%
Administration expenses	98.9	107.6	-8.1%	104.6	-5.4%
Other ordinary income and expenses	185.1	176.9	4.6%	176.9	4.6%
Total gross operating expenses	512.7	499.5	2.6%	499.5	2.6%
of which non technical expenses	4.6	3.4	34.7%	3.4	34.7%
Total gross technical expenses	508.1	496.1	2.4%	496.1	2.4%

(1) 2013 pro forma with costs of Mexico, Colombia & Chile reclassified in inward commissions

Increase in gross technical expenses is 2.4%, slightly above the increase in premiums.

Growth in acquisition expenses is driven by higher brokerage fees following strong topline in non-mature markets; and administration expenses are lower than last year mostly thanks to savings.

As a consequence and taking also into account the shortfall in service revenues, the gross technical expense ratio is 28.5%, higher than last year by 0.9 point:

<i>In € million</i>	H1 2014	H1 2013	Variation %
Gross technical expenses	-508.1	-496.1	2.4%
Service revenues	204.6	208.2	-1.7%
Gross technical expenses net of service revenues	-303.5	-288.0	5.4%
Gross earned premiums	1,064.0	1,044.6	1.9%
Commissions received from reinsurers	108.3	115.7	-6.4%
Premiums ceded	-320.5	-323.4	-0.9%
Net technical expenses	-195.3	-172.2	13.4%
Net premiums	743.5	721.2	3.1%
Gross technical expenses ratio	28.5%	27.6%	
Net technical expenses ratio	26.3%	23.9%	

Reinsurance commission is down by €7.4 million between June 2013 and June 2014. Contrary to 2014, 2013 reinsurance commissions included positive run-offs on commissions linked to previous attachment years.

Consequently, the net technical expense ratio is up by 2.4 points.

Net technical result

<i>In € million</i>	H1 2014	H1 2013	Variation %
Net earned premiums	743.5	721.2	3.1%
Net claims costs	-347.9	-378.6	-8.1%
Net technical expenses	-195.3	-172.2	13.4%
Other non technical charges	-4.6	-3.4	34.7%
Net technical result ⁽¹⁾	195.8	166.9	17.3%
Net combined ratio	73.1%	76.4%	

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

At €195.8 million, net technical result is €28.9 million above last year, thanks to sound risk management and higher profit retention.

Net investment income

<i>In € million</i>	H1 2014	H1 2013	Variation %
Revenues from investment property	1.3	1.3	-1.2%
Revenues from equity and debt securities	29.8	32.8	-9.0%
Revenues from securities-Bonds	26.5	30.5	-13.1%
Revenues from securities-equities	3.3	2.2	47.9%
Other financial income	10.7	10.7	0.4%
Investment income	41.9	44.8	-6.5%
Investment management charges	-4.2	-3.7	11.5%
Net change in foreign currency	-0.9	2.1	-141.5%
Net gain and loss on sales of investments less impairment and amortisation	12.0	14.2	-15.0%
Net investment income (excluding financing expenses)	48.9	57.3	-14.8%

The net investment income (before financing expenses) amounts to €48.9 million compared to €57.3 million last year.

The current investment income is decreasing by €2.9 million to €41.9 million, linked to lower yields on bonds, partially offset by higher revenues on equities.

Net change in foreign currency also contributes negatively, with a loss of €0.9 million at the end of June 2014, compared to a profit of €2.1 million last year.

Net realized gains are lower by €2.1 million compared to half year 2013, at €12.0 million at June 2014 and mainly come from the bond and stock portfolio.

At end of June 2014, the market value of the Group's investment portfolio increased by €78.4 million compared to end of 2013, to €4,241.8 million, after payment of €186.5 million of dividends in June.

In € million	June 30, 2014					December 31, 2013			
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Unrealized gains and losses	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities	161.3	27.2	188.5	188.5	-	154.1	27.0	181.1	181.1
- Bonds	2,589.1	89.8	2,678.9	2,678.9	-	2,596.9	60.0	2,656.9	2,656.9
- Loans, deposits and other financial investments	866.3	-	866.3	866.3	-	837.9	-	837.9	837.9
Total financial investments	3,616.6	117.1	3,733.7	3,733.7	-	3,588.8	87.0	3,675.9	3,675.9
Investment property	-	-	66.0	192.1	126.1	-	-	60.2	185.4
Cash	-	-	316.0	316.0	-	-	-	302.2	302.2
Total	3,616.6	117.1	4,115.7	4,241.8	126.1	-	-	4,038.3	4,163.4

Ordinary operating income

In € million	H1 2014	H1 2013	Variation %
Net technical result	195.8	166.9	17.3%
Net investment income (excluding financing expenses)	48.9	57.3	-14.8%
Ordinary operating income	244.7	224.3	9.1%

At €244.7 million, the ordinary operating income is up €20.4 million, driven by the increase in the net technical result.

Consolidated net Income

In € million	H1 2014	H1 2013	Variation %
Ordinary operating income	244.7	224.3	9.1%
Other non ordinary operating income and expense	-2.0	29.1	-107.0%
Financing expenses	-3.7	-5.7	-34.8%
Share of Income from companies accounted by the equity method	8.1	2.3	246.7%
Corporation tax	-72.3	-80.7	-10.5%
Non controlling interests	-1.6	-2.9	-47.3%
Consolidated net income, Group share	173.2	166.4	4.1%
Tax rate	-29.3%	-32.3%	

After non ordinary items, financing expenses, share of income from companies accounted by the equity method, and corporate tax, consolidated net income Group share stands at €173.2 million, compared to €166.4 million last year.

Other non-ordinary income and expenses included last year a one-time gain of €31.7 million on the legal contribution of Spanish and Argentinean entities to the Solunion joint-venture with MAPFRE. This exceptional gain is compensated at end of June 2014 by higher contribution from entities valued at equity and a lower tax ratio.

Euler Hermes Group net result

Statutory net income of the entity "Euler Hermes Group" amounts to €214.4 million at 30 June 2014, versus €220.6 million as at 30 June 2013. This result is closely driven by the dividend upstream from the operational entities, main source of revenues of the entity "Euler Hermes Group".

Consolidated shareholders' equity

Consolidated shareholders' equity at 30 June 2014 amounts to €2,490.7 million, compared to €2,528.5 million at 31 December 2013, decreasing by €37.8 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, 2013 - IFRS	14.5	465.0	2,024.0	63.6	(45.7)	(59.5)	2,461.9	66.6	2,528.5
Available-for-sale assets (AFS)									
Measurement gain/(loss) taken to shareholders' equity	-	-	-	35.0	-	-	35.0	-	35.0
Impact of transferring realised gains and losses to income statement	-	-	-	(10.1)	-	-	(10.1)	-	(10.1)
Other changes	-	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on defined benefit plans	-	-	(40.6)	-	-	-	(40.6)	-	(40.6)
Impact of translation differences	-	-	-	(0.0)	7.5	-	7.5	0.0	7.5
Components of other comprehensive income net of tax	-	-	(40.6)	24.9	7.5	-	(8.1)	0.0	(8.1)
Net income for the year	-	-	173.2	-	-	-	173.2	1.6	174.8
Comprehensive income of the period	-	-	132.7	24.9	7.5	-	165.1	1.6	166.6
Capital movements	-	-	-	-	-	(16.6)	(16.6)	-	(16.6)
Dividend distributions	-	-	(184.8)	-	-	-	(184.8)	(1.7)	(186.5)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	(0.0)	(0.0)	-	(0.0)
Transaction between shareholder's	-	-	0.8	(0.0)	-	-	0.8	(2.0)	(1.2)
Other movements	-	-	-	-	-	-	-	-	-
Shareholders' equity as at June 30th, 2014 - IFRS	14.5	465.0	1,972.6	88.4	(38.2)	(76.1)	2,426.2	64.4	2,490.7

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

- the net result generated over the period for €+173.2 million excluding non-controlling interests
- the revaluation of the investment portfolio for €+24.9 million
- the translation differences for €+7.5 million
- other variation for €0.8 million

offset by the negative impacts attributable to:

- the dividends paid for €-184.8 million
- the transfer of realized gains & losses to P&L for €-10.1 million
- the actuarial losses on defined benefits plan for €-40.6 million
- the impact of operations on the treasury shares for €-16.6 million

The share of the non-controlling interests decreases by €-2.1 million.

CONDENSED STATEMENTS

CONSOLIDATED

FINANCIAL

Consolidated balance sheet

(in € thousand)	Notes	June 30, 2014	December 31, 2013
Goodwill	3	101 833	99 489
Other intangible assets		99 779	88 985
Intangible assets		201 612	188 474
Investment property	4	65 993	60 231
Financial investments	5	3 733 702	3 675 876
Derivatives		16 665	13 801
Investments- insurance businesses		3 816 360	3 749 908
Investments accounted for by the equity method	6	197 145	193 853
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	586 133	529 876
Operating property and other property, plant and equipment		130 790	138 339
Acquisition costs capitalised		73 408	58 501
Deferred tax assets		31 336	24 447
Inwards insurance and reinsurance receivables		644 883	563 542
Outwards reinsurance receivables		47 753	71 813
Corporation tax receivables		16 246	20 161
Other receivables		225 702	221 552
Other assets		1 170 118	1 098 355
Cash	7	316 009	302 190
TOTAL ASSETS		6 287 377	6 062 656
Capital stock		14 510	14 510
Additional paid-in capital		465 007	465 007
Reserves		1 723 282	1 650 801
Net income, group share		173 207	313 729
Revaluation reserve		88 436	63 566
Foreign exchange translation		(38 219)	(45 743)
Shareholders' equity, Group share		2 426 223	2 461 870
Non controlling interests		64 429	66 582
Total shareholders' equity		2 490 652	2 528 452
Provisions for risks and charges		351 965	310 374
Bank borrowings		260 198	261 384
Other borrowings		-	351
Borrowings		260 198	261 735
Non-life technical reserves	8	2 138 756	2 028 682
Liabilities related to contracts		2 138 756	2 028 682
Deferred tax liabilities		233 662	264 903
Inwards insurance and reinsurance liabilities		211 617	192 141
Outwards reinsurance liabilities		197 279	145 300
Corporation tax payables		81 230	46 284
Other payables		322 018	284 785
Other liabilities		1 045 806	933 413
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6 287 377	6 062 656

Consolidated income statement

(in € thousand excepted for the earnings per share)

June 30,

	Notes	2014	2013
Premiums written		1 191 677	1 194 327
Premiums refunded		(49 806)	(59 077)
Change in unearned premiums		(77 846)	(90 696)
Earned premiums		1 064 025	1 044 554
Service revenues		204 600	208 188
Turnover	9	1 268 625	1 252 742
Investment income		41 869	44 780
Investment management charges		(4 158)	(3 730)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		13 807	15 780
Change in fair value of investments recognised at fair value through profit or loss		168	(1 564)
Change in investment impairment provisions		(1 942)	(63)
Net change in foreign currency		(889)	2 141
Net investment income		48 855	57 344
Insurance services expenses		(493 555)	(510 172)
Outwards reinsurance income		253 931	247 255
Outwards reinsurance expenses		(320 477)	(323 373)
Net outwards reinsurance income or expenses	9	(66 546)	(76 118)
Contract acquisition expenses		(228 734)	(215 024)
Administration expenses		(98 883)	(107 576)
Other ordinary operating income		12 881	11 129
Other ordinary operating expenses		(197 964)	(188 059)
CURRENT OPERATING INCOME	9	244 679	224 266
Other non ordinary operating expenses		(2 868)	(3 963)
Other non ordinary operating income		834	33 091
OPERATING INCOME		242 645	253 394
Financing expenses		(3 707)	(5 683)
Share of Income from companies accounted by the equity method	6	8 120	2 342
Corporation tax		(72 298)	(80 736)
CONSOLIDATED NET INCOME		174 760	169 317
<i>o/w</i>			
NET INCOME, GROUP SHARE		173 207	166 372
Non controlling interests		1 553	2 945
Earnings per share (in euros)	10	3,93	3,78
Diluted earnings per share (in euros)	10	3,93	3,78
Earnings per share of continuing activities (in euros)		3,93	3,78
Diluted earnings per share of continuing activities (in euros)		3,93	3,78

Consolidated statement of other comprehensive income

(in € thousand)	June 30,	
	2014	2013
NET INCOME, GROUP SHARE	173 207	166 372
Net income, Non controlling interests	1 553	2 945
Actuarial gains and losses on defined benefit plans net of tax	(40 555)	(3 550)
Other comprehensive income - Items that may never be reclassified to profit and loss	(40 555)	(3 550)
Available-for-sale investments - reclassification to net income	(13 966)	(12 841)
Tax impact	3 904	3 941
Available-for-sale investments - changes arising during the period	45 903	(36 884)
Tax impact	(10 947)	9 561
Available-for-sale investments - miscellaneous	-	42
Foreign currency translation adjustments	7 520	(10 976)
Other comprehensive income - Items that may be reclassified to profit and loss in future periods	32 414	(47 157)
Other comprehensive income - non controlling interests share net of tax	20	(56)
Total comprehensive income	166 639	118 554
Total comprehensive income, Group share	165 066	115 665
Total comprehensive income, Non controlling interests	1 573	2 889

Consolidated statement of cash flows

June 30,

(in € thousand)	Notes	2014	2013
Net income, Group share		173 207	166 372
Corporation tax		72 298	80 736
Financing expense		3 707	5 683
Minority interests		1 553	2 945
Income (loss) of companies accounted for by the equity method	6	(8 120)	(2 342)
Operating income before tax		242 645	253 394
Allocation to and writebacks of depreciation, amortisation and reserves		20 597	15 623
Change in technical reserves		51 865	95 255
Change in deferred acquisition costs		(14 913)	(7 399)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		905	(915)
Realised capital gains/(losses) net of writebacks		(13 807)	(49 832)
Unrealised foreign exchange gain (loss) in company accounts		695	(4 503)
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		7 243	3 752
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		52 585	51 981
Dividends received from companies accounted for by the equity method	6	10 414	19 127
Change in liabilities and receivables relating to insurance and reinsurance transactions		13 327	(49 256)
Change in operating receivables and liabilities		22 722	865
Change in other assets and liabilities		(2 672)	(4 522)
Corporation tax		(60 282)	(54 494)
Cash flow related to operating activities		(16 491)	(88 280)
CASH FLOW FROM OPERATING ACTIVITIES		278 739	217 095
Acquisitions of subsidiaries and joint ventures, net of acquired cash		(1 241)	-
Disposals of subsidiaries and joint ventures, net of ceded cash		-	38 412
Acquisitions of equity interests in companies accounted for by the equity method	6	-	(73 467)
Disposals of equity method investments		-	-
Merger		-	(10)
Cash flow linked to changes in the consolidation scope		(1 241)	(35 066)
Disposals of AFS securities		639 357	492 427
Matured HTM securities		-	-
Disposals of investment properties		-	409
Disposals of securities held for trading		1 495	2 158
Cash flow linked to disposals and redemptions of investments		640 852	494 995
Acquisitions of AFS securities		(635 738)	(503 417)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	4	(6 698)	(2 951)
Acquisitions of trading securities		(5 034)	(3 643)
Cash flow linked to acquisitions of investments		(647 470)	(510 011)
Disposals of other investments and intangible assets (1)		1 191 254	1 880 923
Acquisitions of other investments and intangible assets (1)		(1 238 605)	(1 792 152)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		(47 351)	88 771
CASH FLOW FROM INVESTING ACTIVITIES		(55 210)	38 690

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

June 30,

June 30,

(in € thousand)	Notes	2014	2013
Increases and decreases in capital		(1)	8 166
Change in treasury stock		(16 650)	2 984
Dividends paid		(186 548)	(176 393)
Cash flow linked to transactions with the shareholders		(203 199)	(165 243)
Change in non voting shares		-	-
Changes in loans and subordinated securities		24	986
Interest paid		(4 906)	(9 675)
Cash flow from Group financing		(4 882)	(8 689)
CASH FLOW FROM FINANCING ACTIVITIES		(208 081)	(173 932)
Impact of foreign exchange differences on cash and cash equivalents		(26)	(283)
Reclassification		10	11 300
Other cash flows linked to restructuring operations		(1 261)	-
OTHER NET CHANGES IN CASH		(1 277)	11 017
Change in cash flows		14 171	92 870
Change in cash and cash equivalents		14 171	92 870
Cash and cash equivalents at beginning of period	7	301 840	308 030
Cash and cash equivalents at end of period	7	316 011	400 900

At the end of June 2014, the cash position increased by €14.2 thousand.

- Cash flow from operating activities increased by €61.6 million, from €217.1 million in June 2013 to €287.7 million in June 2014, mainly due to improvement of flows related to the operations of reinsurance.
- Investment activities contributed for €-55.2 million to the cash variation at the end of June 2014, against €38.7 million at the end of June 2013, mainly due to net acquisitions of short-term investments for €-47.4 million in June 2014 compared to net disposals for €88.8 million at the end of June 2013 and due to net cash outflow of €-35.1 million related to changes in the consolidation scope in 2013, of which Solunion.
- Cash outflows from the financing activities increased from €-173.9 million at the end of June 2013 to €-208.1 million at the end of June 2014, mainly due to the repurchase of treasury shares during the first half 2014 and the payment of the dividend.

Consolidated statement of changes in equity

For the 1st half 2014

(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
Opening Shareholders' equity, Group share	14 510	465 007	2 024 004	63 566	(45 743)	(59 474)	2 461 870	66 582	2 528 452
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	34 956	-	-	34 956	-	34 956
Impact of transferring realised gains and losses to income statement	-	-	-	(10 062)	-	-	(10 062)	-	(10 062)
Other changes	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-
Gain / (loss) taken to shareholders' equity	-	-	-	-	-	-	-	-	-
Impact of transferring realised profits and losses in the year to income statement	-	-	-	-	-	-	-	-	-
Impact of transfers on the initial amount of hedges	-	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on defined benefit plans	-	-	(40 555)	-	-	-	(40 555)	-	(40 555)
Impact of translation differences	-	-	-	(4)	7 524	-	7 520	20	7 540
Components of other comprehensive income net of tax	-	-	(40 555)	24 890	7 524	-	(8 141)	20	(8 121)
Net income for the year	-	-	173 207	-	-	-	173 207	1 553	174 760
Comprehensive income of the period	-	-	132 652	24 890	7 524	-	165 066	1 573	166 639
Capital movements	-	-	-	-	-	(16 638)	(16 638)	-	(16 638)
Dividend distributions	-	-	(184 826)	-	-	-	(184 826)	(1 723)	(186 549)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	(12)	(12)	-	(12)
Transaction between shareholders	-	-	783	(20)	-	-	763	(2 003)	(1 240)
Other movements	-	-	-	-	-	-	-	-	-
Closing Shareholders' equity, Group share	14 510	465 007	1 972 613	88 436	(38 219)	(76 124)	2 426 223	64 429	2 490 652

For the 1st half 2013

(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
Opening Shareholders' equity, Group share	14 468	456 883	1 864 869	92 777	(21 821)	(61 935)	2 345 241	68 261	2 413 502
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	(27 323)	-	-	(27 323)	(25)	(27 348)
Impact of transferring realised gains and losses to income statement	-	-	-	(8 900)	-	-	(8 900)	-	(8 900)
Other changes	-	-	32	10	-	-	42	(17)	25
Cash flow hedges	-	-	-	-	-	-	-	-	-
Gain / (loss) taken to shareholders' equity	-	-	-	-	-	-	-	-	-
Impact of transferring realised profits and losses in the year to income statement	-	-	-	-	-	-	-	-	-
Impact of transfers on the initial amount of hedges	-	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on defined benefit plans	-	-	(3 550)	-	-	-	(3 550)	(26)	(3 576)
Impact of translation differences	-	-	1 846	(30)	(12 792)	-	(10 976)	12	(10 964)
Components of other comprehensive income net of tax	-	-	(1 672)	(36 243)	(12 792)	-	(50 707)	(56)	(50 763)
Net income for the year	-	-	166 372	-	-	-	166 372	2 945	169 317
Comprehensive income of the period	-	-	164 700	(36 243)	(12 792)	-	115 665	2 889	118 554
Capital movements	42	8 125	-	-	-	2 808	10 975	-	10 975
Dividend distributions	-	-	(176 004)	-	-	-	(176 004)	(388)	(176 392)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	176	176	-	176
Other movements	-	-	(300)	-	88	-	(212)	14	(198)
Closing Shareholders' equity, Group share	14 510	465 008	1 853 265	56 534	(34 525)	(58 951)	2 295 841	70 776	2 366 617

As at June 30, 2014, the share capital of Euler Hermes consisted of 45,342,177 fully paid-up shares. At the same date the Group holds 1,342,512 treasury shares.

In accordance with IAS 39, available-for-sale (AFS) investments were revaluated at market value with the resulting gain or loss being taken directly to the revaluation reserve with no impact on the consolidated income statement. During the year, the increase in the revaluation reserve totaled €24,890 thousand net of taxes.

The change in translation reserves up to €7,524 thousand during the exercise relates mainly to the British Pound for €6,598 thousand, the US Dollar for an impact of €1 201 thousand, the Brazilian Real for €823 thousand, the Hungarian Forint for €-904 thousand and the Russian Ruble for €-266 thousand.

The variation of the non-controlling interests down to €-2,153 thousand is mainly due to the buyback of non-controlling interests of Euler Hermes Hellas Credit Insurance for an impact of €-2,003 thousand, the net result for the period for €1 553 thousand and the dividend distributions for €-1,723 thousand.

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the first semester 2014:

Changes in the share capital and in share ownership

As at June 30, 2014, 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. Consequently, Euler Hermes is integrated into the Allianz consolidation scope.

As at June 30, 2014, Euler Hermes' share capital was composed of 45,342,177 shares, including 1,342,512 shares held in treasury stock.

Euler Hermes: AA- rating with stable outlook by Chinese rating agency Dagong Europe

In January 2014, Euler Hermes has received a AA- rating from the leading Chinese credit rating agency Dagong Europe, and is also the first insurance company in Europe to be rated by the agency.

Initiative EH 3.0 launch

At the end of January 2014 Euler Hermes launched the EH 3.0 initiative by leveraging on the increased customer centricity resulting from Excellence. Each Euler Hermes Group Region has launched the EH 3.0 Initiative locally, through a bottom-up approach, with the focus on the needs of customers in local markets. This new three-year program shall significantly sharpen the Euler Hermes customer service focus and create customer value by making Euler Hermes easier to work with.

Euler Hermes increases shareholding in its Greek subsidiary Euler Hermes Hellas Credit Insurance SA

In January 2014, Euler Hermes has bought-back the minority interests of Euler Hermes Hellas Credit Insurance. The Greek subsidiary is now 100% held by the Euler Hermes group.

Creation of Euler Hermes service entities

On January 1st, 2014 Euler Hermes created new companies: Euler Hermes Services Taiwan, Euler Hermes Services G.C.C Ltd, a company located in Dubai and Euler Hermes Services Bulgaria.

Transfer of the Singapore Insurance portfolio to Euler Hermes Europe

In the context of the legal restructuring in the Euler Hermes Group, the insurance portfolio of the Singapore branch was transferred on June 1st from Euler Hermes Deutschland to Euler Hermes Europe in Belgium.

Change of the Company name

Following the Shareholders' Meeting of May, 28 2014, the company name "Euler Hermes S.A." has been changed to "Euler Hermes Group".

Note 2 IFRS accounting and valuation rules

Euler Hermes Group is a company domiciled in France. The Headquarters of Euler Hermes Group are located 1, Place des Saisons 92048 Paris – La Défense Cedex. The consolidated financial statements as at June 30, 2014, include Euler Hermes Group and its subsidiaries (the whole designated as “the Group” and each subsidiary individually as “the entity of the Group”) and the quota-share of the Group in its associated companies or joint ventures.

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

The financial statements of the Euler Hermes group as at June 30, 2014 were approved by the Group Management Board of July 29th, 2014 and presented to the Supervisory Board of July 30, 2014.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19th, 2002, the consolidated financial statements published as at June 30, 2014 were prepared in accordance with IAS 34 as adopted by the European Union. International accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts. These interim financial statements should be read in conjunction with the consolidated financial statements of the group as at December 31st, 2013, 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, 2014 as adopted by the European Union;
- Guidance provided in CNC recommendation no. 2013-R05 relating to the format of financial statements prepared by insurance firms under international accounting guidelines.

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

2.2. Changes in the accounting framework applicable to Euler Hermes in 2014

Standards, amendments and interpretations for which application is mandatory in 2014 are the following ones:

- IFRS 10, Consolidated financial statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of interests in other entities
- IAS 28, Investments in associates and joint ventures

The consolidation standards detailed above (IFRS 10, IFRS 11 and IFRS 12) were published in May 2011 and were adopted by the European Union on December 29, 2012, with mandatory retrospective application from January 1st, 2014 at the latest.

Impact of the first-time application of IFRS 10, Consolidated Financial Statements

IFRS 10 replaces the provisions on consolidated financial statements in IAS 27, Consolidated and Separate Financial Statements, and SIC 12, Consolidation – Special Purpose Entities.

IFRS 10 introduces a new single control model based on three criteria: “An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee”. Previously, control was defined in IAS 27 as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

With a view to the first-time application of this standard, the Group undertook an analysis of its investments to determine the level of control exercised over them pursuant to the new definition of control. The procedures performed did not identify any material impact of the first-time application of this standard.

Impact of first-time application of IFRS 11, Joint Arrangements

IFRS 11 replaces IAS 31, Interests in Joint Ventures and SIC 13, Jointly Controlled Entities - Non-Monetary Contributions by Venturers. This new standard deals with how a joint arrangement should be classified when two or more parties have joint control. Pursuant to this new standard, there are only two types of joint arrangement: joint ventures and joint operations. Classification is based on the rights and obligations of the parties to the arrangement, taking into consideration the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

A joint venture is a joint arrangement whereby the parties (joint venturers) that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint operation is a joint arrangement whereby the parties (joint operators) have direct rights to the assets and obligations for the liabilities, relating to the arrangement.

Pursuant to IFRS 11, joint arrangements classified as joint ventures must be accounted for using the equity method (proportionate consolidation is no longer authorized). Each joint operator in a joint operation must account for the assets and liabilities (income and expenses) relating to its interest in the joint operation.

Given the changes concerning the forms of joint arrangements and to consolidation methods, the Group undertook a review of its joint arrangements, covering all periods presented. The main arrangements under joint control within the Group qualify as joint ventures pursuant to IFRS 11 and were already equity-accounted in accordance with IFRS 11.

The company NV Interpolis Kredietverzekeringen had been previously analyzed as a joint operation; but pursuant to IFRS11, this company finally qualifies as joint ventures and is equity-accounted from 1st of January 2014. The impacts are not significant at Group level. Consequently, comparative financial statements related to the previous period were not retrospectively restated.

Impact of the first-time application of IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 concerns the disclosure of interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. First-time application of this standard results in the provision of more detailed disclosures in the notes to the financial statements. As part of condensed financial statements as at June 30, 2014, information required by IFRS 12, mainly related to joint ventures, are disclosed in the notes in order to allow an accurate reading of the financial statements.

Impact of first-time application of IAS 28, revised

The first-time application of this revised standard has no impact on the consolidated financial statements of the Group. The amendments to this standard are primarily the result of the new consolidation standards referred to above.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1st, 2014.

2.3. Consolidation scope

Euler Hermes has increased from 80.3% to 100% its participation in its consolidated Greek subsidiary Euler Hermes Hellas Credit Insurance SA.

Euler Hermes created the following services entities: Euler Hermes Services Taiwan, Euler Hermes Services G.C.C Ltd in Dubai and Euler Hermes Services Bulgaria which have been consolidated since January 1st 2014.

2.4. Use of estimates

The production of the consolidated financial statements of Euler Hermes 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 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 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 Euler Hermes Group has not yet been notified. The Euler Hermes 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	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 not published	Stock options plans	The fair value of the liabilities resulting from the Allianz and Euler Hermes 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 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, 2014					December 31, 2013	
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	59 921	30 770	8 242	6 533	111 695	120 274
Impairment losses	(409)	(8 676)	(3 121)	-	-	(12 206)	(15 927)
Carrying amount	5 820	51 245	27 649	8 242	6 533	99 489	104 347
Change during the year							
Opening carrying amount	5 820	51 245	27 649	8 242	6 533	99 489	104 347
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	(1 867)
Other changes	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	1 964	178	-	202	2 343	(2 991)
Impairment losses	-	-	-	-	-	-	-
Closing carrying amount	5 820	53 209	27 827	8 242	6 735	101 832	99 489
Closing Balance							
Gross value	6 229	62 209	30 967	8 242	6 735	114 382	111 695
Impairment losses	(409)	(9 000)	(3 141)	-	-	(12 550)	(12 206)
Carrying amount	5 820	53 209	27 827	8 242	6 735	101 833	99 489

In 2013, the change of goodwill related to outgoing entities is due to the deconsolidation of Euler Hermes Credito in Spain.

Note 4 Investment and operating property

(in € thousand)	June 30, 2014		December 31, 2013	
	Investment property	Operating property	Investment property	Operating property
Balance at opening period				
Gross value	78 531	141 336	69 526	138 526
Depreciation	(18 300)	(44 855)	(15 863)	(39 476)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	60 231	89 684	53 663	92 253
Change during the year				
Opening carrying amount	60 231	89 684	53 663	92 253
Acquisitions	6 622	76	11 249	390
Change in consolidation scope	-	-	-	-
Disposals	(364)	-	(3 334)	-
Reclassifications	-	-	(9)	-
Changes in foreign currency translation adjustments	-	17	-	(116)
Net depreciation	(496)	(1 417)	(1 338)	(2 843)
Net provisions for impairment	-	-	-	-
Other changes	-	-	-	-
Closing carrying amount	65 993	88 360	60 231	89 684
Balance at the end of the period				
Gross value	87 797	138 426	78 531	141 336
Depreciation	(21 804)	(43 269)	(18 300)	(44 855)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	65 993	88 360	60 231	89 684
Fair value	192 060	120 808	185 360	120 886
Amounts recorded in the income statement				
	June 30,			
Investment property	2014	2013		
Rental revenues from investment property	1 328	1 345		
Direct operating expenses relating to property	(1)	(30)		

The acquisitions consist of renovations costs of properties owned by Euler Hermes Real Estate. As at June 30, 2014, these costs amounted to €6.6 million compared to €11.2 millionas at December 31, 2013.

Disposals in investment property mainly concern a partial scrapping of some components of the building located 1, rue Euler (Paris). As at June 30, 2014, these disposals represent a net value of €-0.4 million compared to €-3.3 millionas at December 31, 2013.

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

	June 30, 2014						December 31, 2013					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets												
Bonds	191	-	191	191	191	-	191	-	191	191	191	-
Total held-to-maturity assets	191	-	191	191	191	-	191	-	191	191	191	-
Available-for-sale assets												
Equities	161 282	27 225	188 507	188 507	2 817 734	49 488	154 054	27 007	181 061	181 061	2 775 856	61 913
Bonds	2 589 878	89 837	2 678 715	2 678 715	-	-	2 596 674	60 033	2 656 707	2 656 707	-	-
Total Available-for-sale assets	2 750 160	117 062	2 867 222	2 867 222	2 817 734	49 488	2 750 728	87 040	2 837 768	2 837 768	2 775 856	61 913
Loans, deposits and other financial investments												
	866 289	-	866 289	866 289	-	-	837 917	-	837 917	837 917	-	-
Total loans, deposits and other financial investments	866 289	-	866 289	866 289	-	-	837 917	-	837 917	837 917	-	-
Total Financial Investments (excluding investments in consolidated enterprise)	3 616 640	117 062	3 733 702	3 733 702	2 817 925	49 488	3 588 836	87 040	3 675 876	3 675 876	2 776 047	61 913

	December 31, 2012					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets						
Bonds	491	-	491	491	-	491
Total held-to-maturity assets	491	-	491	491	-	491
Available-for-sale assets						
Equities	69 446	12 704	82 150	82 150	2 924 224	34 058
Bonds	2 758 684	117 448	2 876 132	2 876 132	-	-
Total available-for-sale assets	2 828 130	130 152	2 958 282	2 958 282	2 924 224	34 058
Trading assets						
Equities	-	-	-	-	-	-
Bonds	-	-	-	-	-	-
Total Trading assets	-	-	-	-	-	-
Loans, deposits and other financial investments						
	808 741	-	808 741	808 741	-	-
Total loans, deposits and other financial investments	808 741	-	808 741	808 741	-	-
Total Financial Investments	3 637 362	130 152	3 767 514	3 767 514	2 924 224	34 548

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*).

	June 30, 2014				December 31, 2013			
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities:	161 282	27 225	188 507	188 507	154 054	27 007	181 061	181 061
- Bonds:	2 589 069	89 837	2 678 906	2 678 906	2 596 865	60 033	2 656 898	2 656 898
- Loans and other investments	866 289	-	866 289	866 289	837 917	-	837 917	837 917
Total Financial Investments	3 616 640	117 062	3 733 702	3 733 702	3 588 836	87 040	3 675 876	3 675 876

(in € thousand)

December 31, 2012

	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities	69 446	12 704	82 150	82 150
- Bonds	2 759 175	117 448	2 876 623	2 876 623
- Loans and other investments	808 741	-	808 741	808 741
Total Financial investments	3 637 362	130 152	3 767 514	3 767 514

There was no significant impact of impairment on Euler Hermes group portfolio as at June 30, 2014. Euler Hermes 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 2 was composed in 2012 of Allianz 3-year bond for an amount of €160 million reaching maturity during the 2013 year.

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, 2014

	Level 1	Level 2	Level 3
Available-for-sale assets	2 825 191	-	42 031

(in € thousand)

December 31, 2013

	Level 1	Level 2	Level 3
Available-for-sale assets	2 797 634	-	40 134

(in € thousand)

December 31, 2012

	Level 1	Level 2	Level 3
Available-for-sale assets	2 768 123	160 173	29 986

- Other financial investments

The HTM bonds, loans and other investments are valued at amortised cost. Their hierarchical ranking is mainly level 3 except for the German mortgage bonds not quoted (Pfandbriefe) classified in level 2 for €466 million.

Movements in the periods

(in € thousand)

June 30, 2014

December 31, 2013

	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Opening carrying amount	191	2 837 768	837 917	3 675 876	3 767 514
Increase in gross value	-	635 738	1 217 600	1 853 338	3 971 280
Decrease in gross value	-	(625 372)	(1 190 279)	(1 815 651)	(3 932 849)
Change in consolidation scope	-	(5 118)	-	(5 118)	(27 729)
Revaluation	-	31 375	-	31 375	(44 398)
Impairment	-	(1 942)	-	(1 942)	(1 158)
Changes in foreign currency translation adjustments	-	7 998	1 051	9 049	(32 209)
Reclassifications	-	-	-	-	-
Other changes	-	(13 225)	-	(13 225)	(24 575)
Closing carrying amount	191	2 867 222	866 289	3 733 702	3 675 876

Change in consolidation scope concerns the impact of the deconsolidation of the investments held by Interpolis Kredietverzekeringen N.V equity-accounted since the 1st of January 2014.

The other changes of available for sale investments are mainly explained by the amortizations of premiums and discount of bonds.

(in € thousand)

December 31, 2013

	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total
Opening carrying amount	491	2 958 282	808 741	3 767 514
Increase in gross value	-	1 042 825	2 928 455	3 971 280
Decrease in gross value	(300)	(1 039 170)	(2 893 379)	(3 932 849)
Change in consolidation scope	-	(26 521)	(1 208)	(27 729)
Revaluation	-	(44 398)	-	(44 398)
Impairment	-	(1 158)	-	(1 158)
Changes in foreign currency translation adjustments	-	(27 298)	(4 911)	(32 209)
Reclassifications	-	-	-	-
Other changes	-	(24 794)	219	(24 575)
Closing carrying amount	191	2 837 768	837 917	3 675 876

(in € thousand)

December 31, 2012

	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total
Opening carrying amount	491	2 814 215	743 611	3 558 317
Increase in gross value	-	1 359 272	1 901 248	3 260 520
Decrease in gross value	-	(1 282 598)	(1 828 311)	(3 110 909)
Revaluation	-	86 561	-	86 561
Impairment	-	(1 062)	-	(1 062)
Changes in foreign currency translation adjustments	-	822	1 826	2 648
Reclassifications	-	969	(14)	955
Other changes	-	(19 897)	(9 619)	(29 516)
Closing carrying amount	491	2 958 282	808 741	3 767 514

Exposure of the Group to the European sovereign debt

The Euler Hermes Group does not have any more exposure to the sovereign debts in the following countries: Greece, Ireland, Hungary, and Turkey.

The Euler Hermes Group has a limited exposure to the Spanish sovereign debt (in € thousand):

Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
2016	14 685	14 918	233
2017	10 078	10 322	244
2018	30 223	30 776	553
2019	22 058	22 564	506
2020	20 473	20 524	51
	97 517	99 104	1 587

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

Portugal

The Portuguese joint-venture COSEC, consolidated at equity method within Euler Hermes, has the following exposure to the sovereign debt of peripheral European countries (in € thousand):

Country	Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
Spain	2015	1 257	1 297	40
Spain	2018	2 950	3 014	64
Italy	2018	991	1 014	23
Total		5 198	5 325	127

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

- Spain

The Spanish joint-venture Solunion, consolidated at equity method within Euler Hermes, has the following exposure to local government debt (in € thousand):

Country	Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
Spain	2014	3 098	3 011	-87
Spain	2015	549	551	2
Spain	2016	3 150	3 251	101
Spain	2017	3 612	3 632	20
Spain	2018	3 022	3 216	194
Spain	2019	1 129	1 148	19
Total		14 560	14 809	249

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

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%
Interpolis Kredietverzekeringen N.V.	Netherlands	45,00%

Information on equity-accounted investments

(in € thousand)	June 30, 2014			
	Assets (1)	Shareholders' equity (2)	Turnover (3)	Net income
Credit Insurance contributors	856 512	371 049	162 468	17 909
Other than Credit insurance contributors	55 798	19 233	29 761	(2 807)
	912 310	390 282	192 229	15 102

(1) Assets based on IFRS statements as at March 31, 2014, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and Interpolis Kredietverzekeringen N.V. for which the asset are IFRS statements as at June 30, 2014.

(2) Equity is determined on the basis of IFRS statements as at March 31, 2014, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and Interpolis Kredietverzekeringen N.V. for which equity is determined on the basis of IFRS statements as at June 30, 2014.

(3) The turnover corresponds to the turnover in the IFRS statements as at March 31, 2014 plus ¼ of 2013 total turnover, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and Interpolis Kredietverzekeringen N.V. for which turnover is as at June 30, 2014.

(in € thousand)	December 31, 2013		June 30, 2013	
	Assets (4)	Shareholders' equity (5)	Turnover (6)	Net income
Credit Insurance contributors	816 769	369 924	151 966	1 414
Other than Credit insurance contributors	50 280	13 636	33 417	6 131
	867 049	383 560	185 383	7 545

- (4) Assets based on IFRS statements as at September 30, 2013, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which the asset are IFRS statements as at December 31, 2013.
- (5) Equity is determined on the basis of IFRS statements as at September 30, 2013, 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, 2013.
- (6) The turnover corresponds to the turnover in the IFRS statements as at March 31, 2013 plus ¼ of 2012 total turnover except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which turnover is as at June 30, 2013.

Movements during the period

(in € thousand)	June 30, 2014	December 31, 2013
Opening carrying amount	193 853	115 500
Increases	-	91 982
Decreases	-	-
Reclassifications	-	-
Share of income for the period	8 120	6 424
Dividends paid	(10 414)	(19 127)
Impairment	-	-
Foreign exchange differences	314	(308)
Other changes	5 272	(618)
Closing carrying amount	197 145	193 853

Dividends paid correspond to dividends from OeKB EH Beteiligungs - und Management A.G. for €5.4 million, from Cossec for €3.9 million and from Graydon Holding for €1.1 million.

The other changes are mainly due to the impact of the change of consolidation method for Interpolis Kredietverzekeringen N.V. equity-accounted since the 1st January 2014 and as well as by the change of the revaluation reserves of the investments accounted for by the equity method.

Contribution to shareholders' equity (without 2014 income)

(in € thousand)	June 30, 2014	December 31, 2013
Credit Insurance contributors	183 736	183 680
Other than Credit insurance contributors	5 289	3 750
Share of shareholders' equity	189 025	187 430

Contribution to income

(in € thousand)	June 30, 2014	June 30, 2013
Credit Insurance contributors	8 892	656
Other than Credit insurance contributors	(772)	1 686
Share of total income	8 120	2 342

Note 7 Cash and cash equivalents

(in € thousand)	June 30, 2014	December 31, 2013
Cash in bank and at hand	268 211	264 937
Cash pooling	47 798	37 253
Total cash	316 009	302 190
Total cash in balance sheet	316 009	302 190
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	-	(350)
Total cash and cash equivalents	316 009	301 840

Note 8 Technical reserves

(in € thousand)	December 31, 2013	Allowance net of writebacks	Foreign exchange differences	Changes in consolidation scope	Other changes	June 30, 2014
Reserve for unearned premiums	344 975	77 836	3 942	(32)	1	426 722
Reserve for claims net of forecasts of recoveries	1 515 094	34 481	2 833	(352)	109	1 552 165
Reserve for no-claims bonuses and rebates	168 613	(8 708)	20	(62)	6	159 869
Gross technical reserves	2 028 682	103 609	6 795	(446)	116	2 138 756
Reserve for unearned premiums	61 390	29 372	158	-	1	90 922
Reserve for claims net of forecasts of recoveries	432 401	26 988	1 028	-	110	460 527
Reserve for no-claims bonuses and rebates	36 085	(1 385)	(15)	-	(1)	34 684
Reinsurers' share of technical reserves	529 876	54 975	1 171	-	110	586 133
Net technical reserves	1 498 806	48 634	5 624	(446)	6	1 552 623

Claims reserves

(in € thousand)	June 30, 2014			December 31, 2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 929 597	(601 087)	1 328 510	1 901 802	(586 472)	1 315 330
Current period	615 625	(154 712)	460 913	1 045 698	(300 545)	745 153
Prior periods	1 313 972	(446 375)	867 597	856 104	(285 927)	570 177
Recoveries to be received	(377 432)	140 560	(236 872)	(386 708)	154 071	(232 637)
Current period	(60 414)	13 049	(47 365)	(171 589)	42 057	(129 532)
Prior periods	(317 018)	127 511	(189 507)	(215 119)	112 014	(103 105)
Claims reserves	1 552 165	(460 527)	1 091 638	1 515 094	(432 401)	1 082 693

Breakdown by type of reserve

(in thousand)	June 30, 2014			December 31, 2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	426 722	(90 922)	335 800	344 975	(61 390)	283 585
Claims reserves	1 552 165	(460 527)	1 091 638	1 515 094	(432 401)	1 082 693
of which, reserves for known claims	1 162 055	(405 690)	756 365	1 169 313	(403 847)	765 466
of which, reserves for late claims	676 558	(183 459)	493 099	638 108	(170 406)	467 702
of which, reserves for claims handling expenses	91 071	(11 938)	79 133	94 211	(12 220)	81 991
of which, other technical reserves	(87)	-	(87)	170	1	171
of which, recoveries to be received	(377 432)	140 560	(236 872)	(386 708)	154 071	(232 637)
No-claims bonuses and rebates	159 869	(34 684)	125 185	168 613	(36 085)	132 528
Technical reserves	2 138 756	(586 133)	1 552 623	2 028 682	(529 876)	1 498 806

Note 9 Breakdown of operating income

(in € thousand)	June 30,					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 191 677	(361 154)	830 523	1 194 327	(361 986)	832 341
Premiums refunded	(49 806)	12 789	(37 017)	(59 077)	14 330	(44 747)
Gross premiums written - credit insurance	1 141 871	(348 365)	793 506	1 135 250	(347 656)	787 594
Change in unearned premiums	(77 846)	27 888	(49 958)	(90 696)	24 283	(66 413)
Earned premiums	1 064 025	(320 477)	743 548	1 044 554	(323 373)	721 181
Service revenues	204 600	-	204 600	208 188	-	208 188
Turnover	1 268 625	(320 477)	948 148	1 252 742	(323 373)	929 369
Net investment income	48 855	-	48 855	57 344	-	57 344
Claims paid	(412 263)	116 971	(295 292)	(429 057)	123 437	(305 620)
Claims reserves expenses	(37 727)	27 301	(10 426)	(35 896)	6 020	(29 876)
Claims handling expenses	(43 565)	1 372	(42 193)	(45 219)	2 081	(43 138)
Insurance services expenses	(493 555)	145 644	(347 911)	(510 172)	131 538	(378 634)
Brokerage commissions	(105 028)	-	(105 028)	(104 660)	-	(104 660)
Other acquisition costs	(136 932)	-	(136 932)	(119 496)	-	(119 496)
Change in acquisition costs capitalised	13 226	-	13 226	9 132	-	9 132
Contract acquisition expenses	(228 734)	-	(228 734)	(215 024)	-	(215 024)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expenses	(98 883)	-	(98 883)	(107 576)	-	(107 576)
Commissions received from reinsurers	-	108 287	108 287	-	115 717	115 717
Other ordinary operating income and expenses	(185 083)	-	(185 083)	(176 930)	-	(176 930)
Current operating income	311 225	(66 546)	244 679	300 384	(76 118)	224 266

Cost of claims

(in € thousand)	June 30,					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	688 156	(169 280)	518 876	674 417	(177 953)	496 464
of which, claims paid	50 686	(13 541)	37 145	57 753	(13 862)	43 891
of which, claims reserves	593 052	(153 553)	439 499	571 797	(161 880)	409 917
of which, claims handling expenses	44 418	(2 186)	42 232	44 867	(2 211)	42 656
Recoveries for the current period	(61 740)	13 352	(48 388)	(64 001)	22 798	(41 203)
Recoveries received	(1 393)	302	(1 091)	(1 073)	252	(821)
Change in reserves for recoveries	(60 347)	13 050	(47 297)	(62 928)	22 546	(40 382)
Cost of claims from prior periods	(132 342)	9 388	(122 954)	(97 857)	36 904	(60 953)
of which, claims paid	433 620	(130 871)	302 749	441 222	(136 756)	304 466
of which, claims reserves	(565 109)	139 445	(425 664)	(539 431)	173 530	(365 901)
of which, claims handling expenses	(853)	814	(39)	352	130	482
Recoveries from prior periods	(519)	897	377	(2 387)	(13 287)	(15 674)
Recoveries received	(70 650)	27 139	(43 511)	(68 845)	26 929	(41 916)
Change in reserves for recoveries	70 131	(26 243)	43 888	66 458	(40 216)	26 242
Cost of claims	493 555	(145 644)	347 911	510 172	(131 538)	378 634

Note 10 Earnings per share and dividend per share

Earnings per share

	June 30,	
	2014	2013
Distributable net income (in thousand of euros)	173 207	166 372
Weighted average number of ordinary shares before dilution	44 067 407	43 990 596
Earnings per share (in euros)	3,93	3,78
Distributable net income (in thousand of euros)	173 207	166 372
Weighted average number of ordinary shares after dilution	44 072 733	44 061 203
Diluted earnings per share (in euros)	3,93	3,78

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 5,326 in 2014 (70,607 in June 2013).

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

Following the change of sector allocation from January, 1st 2014, of a holding company belonging previously to two regions France and America and of a collection services entity belonging to the Americas region, to the Group Services segment, a pro forma segment analysis has been performed.

Profit & loss by segment – 1st half ended June 30, 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)	-	(35 047)	(49 806)
Change in unearned premiums	(24 652)	(3 852)	(29 274)	(16 772)	(7 386)	(613)	(77 682)	-	82 385	(77 846)
Earned premiums - non-Group	293 784	169 047	235 118	132 579	112 274	41 190	725 045	-	(645 012)	1 064 025
Services revenues - non-Group	89 617	36 267	42 201	30 777	13 151	9 808	-	66 294	(83 515)	204 600
Turnover - intra-sectoral	383 401	205 314	277 319	163 356	125 425	50 998	725 045	66 294	(728 527)	1 268 625
Investment income	13 573	10 098	2 367	2 854	3 138	519	16 587	241 211	(247 492)	48 855
<i>Of which, dividends</i>	<i>(3 166)</i>	<i>(1 518)</i>	-	-	-	-	-	<i>(240 647)</i>	<i>245 331</i>	-
Total ordinary income	396 974	221 412	279 686	166 210	128 563	51 517	741 632	307 505	(976 019)	1 317 480
Insurance services expenses	(131 088)	(73 590)	(142 355)	(58 368)	(23 643)	(23 238)	(314 910)	(1 563)	275 200	(493 555)
Outwards reinsurance income	141 050	93 321	156 087	66 556	45 070	27 699	215 408	-	(491 260)	253 931
Outwards reinsurance expenses	(192 108)	(112 991)	(166 258)	(95 004)	(80 802)	(32 818)	(285 506)	-	645 010	(320 477)
Other income and expenses	(151 600)	(79 379)	(109 926)	(62 003)	(48 246)	(28 406)	(247 889)	(84 825)	299 574	(512 700)
Total other income and expenses	(333 746)	(172 639)	(262 452)	(148 819)	(107 621)	(56 763)	(632 897)	(86 388)	728 524	(1 072 801)
CURRENT OPERATING INCOME	63 228	48 773	17 234	17 391	20 942	(5 246)	108 735	221 117	(247 495)	244 679
Other non ordinary operating expenses and income	(345)	-	(6)	-	-	-	-	(1 683)	-	(2 034)
OPERATING INCOME	62 883	48 773	17 228	17 391	20 942	(5 246)	108 735	219 434	(247 495)	242 645
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	(18 759)	(16 668)	(3 289)	(5 462)	(8 446)	(2 846)	(17 854)	1 026	-	(72 298)
CONSOLIDATED NET INCOME	46 457	35 313	13 883	11 845	12 495	(8 092)	90 630	217 559	(245 330)	174 760
NET INCOME, GROUP SHARE	45 617	35 339	13 883	11 365	12 495	(8 092)	90 630	217 300	(245 330)	173 207
Non controlling interests	840	(26)	-	480	-	-	-	259	-	1 553

Profit & loss by segment - 1st half ended June 30, 2013 – Pro forma

(in € thousand)

Six months ended June 30, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	365 528	185 898	261 132	138 183	143 476	37 494	773 103	-	(710 487)	1 194 327
Premiums refunded	(29 861)	(15 164)	(9 493)	500	(2 093)	(707)	(38 807)	-	36 548	(59 077)
Change in unearned premiums	(26 397)	(1 739)	(22 725)	(16 464)	(22 366)	(202)	(41 068)	-	40 265	(90 696)
Earned premiums - non-Group	309 270	168 995	228 914	122 219	119 017	36 585	693 228	-	(633 674)	1 044 554
Services revenues - non-Group	90 241	37 540	44 732	29 749	16 520	10 871	-	85 740	(107 205)	208 188
Turnover - intra-sectoral	399 511	206 535	273 646	151 968	135 537	47 456	693 228	85 740	(740 879)	1 252 742
Investment income	16 871	19 444	9 103	3 024	2 772	(64)	13 659	244 920	(252 383)	57 345
<i>Of which, dividends</i>	<i>(2 874)</i>	<i>(739)</i>	<i>(62)</i>	-	-	-	-	<i>(246 268)</i>	<i>250 806</i>	-
Total ordinary income	416 382	225 979	282 749	154 992	138 309	47 392	706 887	330 660	(993 262)	1 310 087
Insurance services expenses	(142 965)	(59 804)	(132 172)	(64 160)	(20 426)	(16 478)	(338 333)	(2 597)	266 763	(510 172)
Outwards reinsurance income	148 621	81 220	142 921	70 893	46 202	19 503	205 475	-	(467 580)	247 255
Outwards reinsurance expenses	(202 552)	(113 568)	(163 862)	(87 256)	(87 138)	(26 905)	(275 769)	-	633 677	(323 373)
Other income and expenses	(155 676)	(79 189)	(110 990)	(59 171)	(57 299)	(26 456)	(220 004)	(98 766)	308 021	(499 530)
Total other income and expenses	(352 572)	(171 341)	(264 103)	(139 694)	(118 661)	(50 336)	(628 631)	(101 363)	740 881	(1 085 820)
CURRENT OPERATING INCOME	63 810	54 638	18 646	15 298	19 649	(2 944)	78 256	229 297	(252 381)	224 266
Other non ordinary operating expenses and income	654	24 726	(32)	(143)	4 932	-	-	(1 009)	-	29 128
OPERATING INCOME	64 464	79 364	18 614	15 155	24 581	(2 944)	78 256	228 288	(252 381)	253 394
Financing expenses	(83)	(82)	(56)	(77)	(2)	-	(244)	(6 775)	1 636	(5 683)
Share of income from companies accounted by the equity method	4 162	2 758	-	-	-	-	-	(4 578)	-	2 342
Corporation tax	(19 280)	(28 847)	(3 007)	(5 568)	(7 942)	(1 159)	(15 058)	124	-	(80 736)
CONSOLIDATED NET INCOME	49 263	53 193	15 551	9 510	16 636	(4 103)	62 953	217 059	(250 745)	169 317
NET INCOME, GROUP SHARE	47 412	52 825	15 552	8 784	16 636	(4 103)	62 953	217 059	(250 745)	166 372
Non controlling interests	1 851	368	-	726	-	-	-	-	-	2 945

Profit & loss by segment - 1st half ended June 30, 2013 - Published

(in € thousand)

Six months ended June 30, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	365 528	185 898	261 132	138 183	143 476	37 494	773 103	-	(710 487)	1 194 327
Premiums refunded	(29 861)	(15 164)	(9 493)	500	(2 093)	(707)	(38 807)	-	36 548	(59 077)
Change in unearned premiums	(26 397)	(1 739)	(22 725)	(16 464)	(22 366)	(202)	(41 068)	-	40 265	(90 696)
Earned premiums - non-Group	309 270	168 995	228 914	122 219	119 017	36 585	693 228	-	(633 674)	1 044 554
Services revenues - non-Group	90 241	37 540	44 732	29 749	16 520	10 871	-	82 238	(107 205)	208 188
Turnover - intra-sectoral	399 511	206 535	273 646	151 968	139 039	47 456	693 228	82 238	(740 879)	1 252 742
Investment income	16 784	19 350	8 811	3 024	2 772	(64)	13 659	244 920	(251 891)	57 345
<i>Of which, dividends</i>	<i>(2 874)</i>	<i>(739)</i>	<i>(62)</i>	-	-	-	-	<i>(246 268)</i>	<i>250 806</i>	-
Total ordinary income	416 275	225 885	282 457	154 992	141 811	47 392	706 887	327 158	(992 770)	1 310 087
Insurance services expenses	(142 965)	(59 804)	(132 172)	(64 160)	(23 223)	(16 478)	(338 333)	200	266 763	(510 172)
Outwards reinsurance income	148 621	81 220	142 921	70 893	46 202	19 503	205 475	-	(467 580)	247 255
Outwards reinsurance expenses	(202 552)	(113 568)	(163 862)	(87 256)	(87 138)	(26 905)	(275 769)	-	633 677	(323 373)
Other income and expenses	(155 676)	(79 235)	(110 990)	(59 171)	(61 322)	(26 456)	(220 004)	(94 697)	308 021	(499 530)
Total other income and expenses	(352 572)	(171 387)	(264 103)	(139 694)	(125 481)	(50 336)	(628 631)	(94 497)	740 881	(1 085 820)
CURRENT OPERATING INCOME	63 703	54 498	18 353	15 298	16 330	(2 944)	78 256	232 661	(251 889)	224 266
Other non ordinary operating expenses and income	654	24 726	(32)	(143)	4 932	-	-	(1 009)	-	29 128
OPERATING INCOME	64 357	79 224	18 321	15 155	21 262	(2 944)	78 256	231 652	(251 889)	253 394
Financing expenses	(83)	(82)	(56)	(77)	(2)	-	(244)	(6 771)	1 636	(5 683)
Share of income from companies accounted by the equity method	4 162	(1 821)	-	-	(406)	-	-	292	-	2 342
Corporation tax	(19 280)	(28 861)	(2 966)	(5 568)	(7 691)	(1 159)	(15 058)	(1 132)	(1)	(80 736)
CONSOLIDATED NET INCOME	49 156	48 460	15 279	9 510	13 159	(4 103)	63 246	224 749	(250 139)	169 317
NET INCOME, GROUP SHARE	47 305	48 092	15 280	8 784	13 159	(4 103)	63 246	224 749	(250 139)	166 372
Non controlling interests	1 851	368	-	726	-	-	-	-	-	2 945

Depreciation, amortisation and provisions by segment

(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
Provisions for loans and receivables	(111)	(1 991)	(510)	(83)	(29)	(13)	(6)	473	-	(2 270)

(in € thousand)

Six months ended June 30, 2013

	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	45	(209)	(384)	(3)	7	5	5	(1 643)	-	(2 177)

Balance sheet by segment - end June 2014

(in € thousand)

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
Goodwill	-	-	64 723	5 936	24 690	3 349	-	3 135	-	101 833
Other intangible assets	49 609	18 816	13 340	9 746	771	2 799	456	6 268	(2 026)	99 779
Investments - insurance businesses	498 025	795 968	189 842	43 437	90 372	3 862	907 574	1 712 137	(424 857)	3 816 360
Investments accounted for by the equity method	69 555	49 426	4 715	-	-	-	-	73 449	-	197 145
Share of assignees and reinsurers in the technical reserves and financial liabilities	284 048	129 111	305 343	223 126	72 793	65 647	349 413	110	(843 458)	586 133
Insurance and reinsurance receivables	75 263	78 457	189 504	71 552	87 033	33 143	374 873	(47)	(217 142)	692 636
Other assets	332 842	109 113	261 680	265 062	63 859	(12 122)	65 297	139 843	(432 083)	793 491
Total assets	1 309 342	1 180 891	1 029 147	618 859	339 518	96 678	1 697 613	1 934 895	(1 919 566)	6 287 377
Technical reserves	548 629	251 600	556 896	336 764	214 463	104 049	979 854	48	(853 547)	2 138 756
Liabilities related to inward insurance and reinsurance transactions	25 113	71 469	50 275	36 628	6 906	10 117	86 594	1 105	(76 590)	211 617
Liabilities related to outward reinsurance transactions	54 297	16 183	48 618	45 759	24 424	2 396	156 774	43	(151 215)	197 279
Other liabilities	469 374	251 443	282 544	177 233	41 330	17 006	68 264	685 316	(743 437)	1 249 073
Total liabilities	1 097 413	590 695	938 333	596 384	287 123	133 568	1 291 486	686 512	(1 824 789)	3 796 725

Balance sheet by segment - end December 2013 Pro forma

(in € thousand)

December 31, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	62 768	5 936	24 533	3 136	-	3 116	-	99 489
Other intangible assets	48 026	18 508	7 072	7 148	1 266	2 616	553	5 823	(2 027)	88 985
Investments - insurance businesses	536 952	758 372	191 498	44 564	76 364	35 516	843 021	1 702 303	(438 682)	3 749 908
Investments accounted for by the equity method	73 565	48 634	-	-	-	-	-	71 654	-	193 853
Share of assignees and reinsurers in the technical reserves and financial liabilities	259 706	128 875	254 405	207 027	80 616	52 324	279 756	110	(732 943)	529 876
Insurance and reinsurance receivables	57 355	73 957	187 846	56 818	69 758	31 844	319 397	(47)	(161 573)	635 355
Other assets	308 935	117 251	244 785	251 632	58 427	(34 777)	59 717	142 112	(382 892)	765 190
Total assets	1 284 539	1 145 597	948 374	573 125	310 964	90 659	1 502 444	1 925 071	(1 718 117)	6 062 656
Technical reserves	534 460	253 066	487 084	323 877	214 034	94 306	857 844	48	(736 037)	2 028 682
Liabilities related to inward insurance and reinsurance transactions	19 933	70 402	50 513	33 293	5 820	10 001	77 669	1 043	(76 533)	192 141
Liabilities related to outward reinsurance transactions	36 668	4 269	48 815	33 345	18 737	891	107 782	43	(105 250)	145 300
Other liabilities	425 696	251 632	272 950	154 292	28 267	13 172	62 200	659 394	(705 522)	1 168 081
Total liabilities	1 016 757	579 369	859 362	544 807	266 858	118 370	1 105 495	666 528	(1 623 342)	3 534 204

Balance sheet by segment - end December 2013 Published

(in € thousand)

December 31, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	62 768	5 936	27 649	3 136	-	-	-	99 489
Other intangible assets	48 026	18 508	7 072	7 148	1 266	2 616	553	5 823	(2 027)	88 985
Investments - insurance businesses	536 952	758 372	191 498	44 564	76 364	35 516	843 021	1 702 303	(438 682)	3 749 908
Investments accounted for by the equity method	73 565	48 634	-	-	-	-	-	71 654	-	193 853
Share of assignees and reinsurers in the technical reserves and financial liabilities	259 706	128 875	254 405	207 027	80 616	52 324	279 756	110	(732 943)	529 876
Insurance and reinsurance receivables	57 355	73 957	187 846	56 818	69 758	31 844	319 397	(47)	(161 573)	635 355
Other assets	308 935	117 251	244 785	251 632	65 655	(34 777)	59 717	134 884	(382 892)	765 190
Total assets	1 284 539	1 145 597	948 374	573 125	321 308	90 659	1 502 444	1 914 727	(1 718 117)	6 062 656
Technical reserves	534 460	253 066	487 084	323 877	214 034	94 306	857 844	48	(736 037)	2 028 682
Liabilities related to inward insurance and reinsurance transactions	19 933	70 402	50 513	33 293	5 820	10 001	77 669	1 043	(76 533)	192 141
Liabilities related to outward reinsurance transactions	36 668	4 269	48 815	33 345	18 737	891	107 782	43	(105 250)	145 300
Other liabilities	425 696	251 632	272 950	154 292	34 162	13 172	62 200	659 499	(705 522)	1 168 081
Total liabilities	1 016 757	579 369	859 362	544 807	272 753	118 370	1 105 495	660 633	(1 623 342)	3 534 204

Note 12 Related parties

Euler Hermes 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	1 342 512	2,96%
Sub-total	32 086 560	70,77%
Public (bearer securities)	13 255 617	29,23%
Total	45 342 177	100,00%

Transactions

(in € thousand)

June 30,

	2014				2013			
	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 income	25 174	-	-	78 096	24 983	-	-	33 518
Insurance services expenses	(32 838)	-	-	(31 400)	(11 332)	-	-	(70 709)
Net income or expense on reinsurance	(31 205)	-	-	(2 897)	(31 883)	-	-	(535)
Financing expenses	-	-	-	-	-	(2 742)	-	-
Other financial net incomes	(8 021)	-	-	(32 572)	(7 333)	-	-	(7 831)

Receivables and liabilities

(in € thousand)

June 30, 2014

December 31, 2013

	June 30, 2014				December 31, 2013			
	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)	47 670	-	-	-	37 125	-	-	4
Net operating receivables	8 314	-	153	4 677	2 672	-	-	857
Borrowings (accrued interests included)	-	-	-	-	-	-	-	-
Operating liabilities	(6 437)	-	-	2 223	(8 179)	-	-	2 639

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

Note 13 Commitments given and received

(in € thousand)	June 30, 2014	December 31, 2013
Commitments received	6 400	6 870
Deposits, sureties and other guarantees	6 400	6 870
Commitments given	51 737	51 737
Deposits, sureties and other guarantees	51 737	51 737
- Commitments to Société Générale	36 519	36 286
- Commitments to InvestitionsBank Landes Brandenburg	1 857	1 857
- Commitments associated with membership of an EIG	153	42
- Securities buyback agreement	-	-

The € 36.5 million commitment is a guarantee to the Romanian Bank of Development, BRD, which is a subsidiary of Société Générale Group, in relation to the issuance of bond policies by Euler Hermes Europe S.A. Nederland.

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, Euler Hermes and MAPFRE gave and received to each other a commitment liability guarantee.

Note 14 Subsequent events as at June 30, 2014

No subsequent events occurred since June 30, 2014 closing which would impact the assumptions of the annual closing.

STATUTORY AUDITORS' REPORT ON THE 2014 HALF-YEAR FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Euler Hermes Group S.A.

Registered office: 1, place des Saisons – F-92048 Paris La Défense Cedex
Share capital: € 14 509 496,64

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

For the six-month period ended 30 June 2014

To the Shareholders,

Following our appointment as statutory auditors by your Shareholders' General Meeting and in accordance with 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 six-month period ended 30 June, 2014,
- the verification of information contained 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 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

II. Specific verification

We have also verified information given 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 31 July 2014

Paris, on the 31 July 2014

KPMG Audit FS II

ACE – Auditeurs Et Conseils d'Entreprise

French original signed by
Xavier Dupuy
Partner

French original signed by
François Shoukry
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 31, 2014

Wilfried VERSTRAETE,
Chairman of the Group Management Board