

Consolidated Financial Statements

For the nine months ended September 30, 2011



EULER HERMES
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Consolidated statement of financial position

(in thousands)	Notes	September 30, 2011	December 31, 2010
Goodwill	3	106 986	107 713
Other intangible assets		67 890	65 554
Intangible assets		174 876	173 267
Investment property	4	5 207	9 323
Financial investments	5	3 510 663	3 438 756
Derivatives		5 543	5 099
Investments- insurance businesses		3 521 413	3 453 178
Investments accounted for by the equity method	6	103 008	98 066
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	542 543	500 364
Operating property and other property and equipment		149 306	151 262
Acquisition costs capitalised		55 711	45 671
Deferred tax assets		23 042	43 209
Inwards insurance and reinsurance receivables		536 838	478 913
Outwards reinsurance receivables		63 682	112 420
Corporation tax receivables		45 911	77 777
Other receivables		248 428	218 854
Other assets		1 122 918	1 128 106
Cash	7	345 274	306 201
TOTAL ASSETS		€5 810 032	€5 659 182
Capital stock		14 451	14 433
Additional paid-in capital		454 536	452 625
Reserves		1 476 022	1 363 344
Net income, group share		276 040	294 452
Revaluation reserve		33 115	39 399
Translation reserve		(39 867)	(33 832)
Shareholders' equity, group share		€2 214 297	€2 130 421
Minority interests		17 070	18 015
Total shareholders' equity		€2 231 367	€2 148 436
Provisions for risks and charges		241 143	230 187
Bank borrowings		253 170	255 118
Other borrowings		171 895	249 168
Borrowings		425 065	504 286
Non-life technical reserves	8	1 885 067	1 781 394
Liabilities related to contracts		1 885 067	1 781 394
Deferred tax liabilities		354 979	365 633
Inwards insurance and reinsurance liabilities		248 524	194 625
Outwards reinsurance liabilities		151 932	172 356
Corporation tax payables		20 498	14 612
Other payables		251 457	247 653
Other liabilities		1 027 390	994 879
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		€5 810 032	€5 659 182

Consolidated income statement

(in thousands excepted for the earnings per share)

	Notes	Nine months ended September 30		Three months ended September 30	
		2011	2010	2011	2010
Premiums written		1 575 146	1 454 103	490 183	461 969
Premiums refunded		(91 816)	(95 854)	(29 544)	(43 532)
Change in unearned premiums		(59 542)	(52 658)	25 114	31 777
Earned premiums		1 423 788	1 305 591	485 753	450 214
Premium-related revenues		282 897	275 248	94 395	91 998
Turnover	9	€1 706 685	€1 580 839	€580 148	€542 212
Investment income		78 899	68 692	29 209	24 045
Investment management charges		(10 767)	(5 969)	(6 987)	(1 255)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		23 387	31 792	1 550	6 820
Change in fair value of investments recognised at fair value through profit or loss		(772)	(114)	(1 106)	130
Change in investment impairment provisions		(4 452)	(2 727)	(3 252)	(13)
Net change in foreign currency		4 147	11 073	2 903	(853)
Net investment income		90 442	102 747	22 317	28 874
Insurance services expense		(540 838)	(497 201)	(196 770)	(111 199)
Outwards reinsurance income		(506 923)	(469 111)	(175 192)	(166 842)
Outwards reinsurance expense		330 654	298 598	118 693	94 075
Net outwards reinsurance income or expense	9	(176 269)	(170 513)	(56 499)	(72 767)
Contract acquisition expense		(279 553)	(255 919)	(97 292)	(89 474)
Administration expense		(155 818)	(149 624)	(49 228)	(54 290)
Other ordinary operating income		20 946	21 224	9 011	6 703
Other ordinary operating expense		(274 634)	(272 954)	(91 778)	(85 561)
ORDINARY OPERATING INCOME	9	€390 961	€358 599	€119 909	€164 498
Other non ordinary operating income and expense		(11 130)	(10 895)	(7 265)	(10 895)
OPERATING INCOME		€379 831	€347 704	€112 644	€153 603
Financing expense		(13 073)	(8 933)	(4 693)	(3 607)
Income from companies accounted for by the equity method	6	12 922	11 827	4 491	3 430
Corporation tax		(101 322)	(92 210)	(28 349)	(43 937)
CONSOLIDATED NET INCOME		278 358	258 388	84 093	109 489
<i>o/w</i>					
NET INCOME, GROUP SHARE		€276 040	€255 846	€83 543	€108 409
Minority interests		2 318	2 542	550	1 080
Other comprehensive income elements					
Change in fair market value of asset held for sale transferred through profits & losses (Gross amount)		(14 881)	(11 852)	1 410	(1 115)
Change in fair market value of asset held for sale transferred through profits & losses (Tax amount)		4 044	3 427	(763)	61
Change in fair market value of asset held for sale booked through equity (Gross amount)		2 036	38 458	14 804	17 890
Change in fair market value of asset held for sale booked through equity (Tax amount)		2 600	(11 440)	(3 428)	(5 791)
Change in fair market value of asset held for sale booked - minority interests share net of corporation tax		187	-	-	-
Other change in fair market value of asset held for sale booked through equity		-	(53)	6	440
Change in translation reserve (included impact on revaluation reserve) booked through equity (Gross amount)		(8 324)	28 233	19 172	(47 767)
Change in translation reserve (included impact on revaluation reserve) booked through equity (Tax amount)		2 207	(8 217)	(6 539)	16 434
Total other comprehensive income net of taxes		€(12 132)	€38 556	€24 662	€(19 848)
Total comprehensive income		€266 226	€296 944	€108 755	€89 641
Total comprehensive income, group share		263 721	294 549	108 205	88 476
Total comprehensive income, minority interests		2 505	2 395	550	1 165
Earnings per share		€6,30	€5,86		
Diluted earnings per share		€6,29	€5,85		
Earnings per share of continuing activities		€6,30	€5,86		
Diluted earnings per share of continuing activities		€6,29	€5,85		

Consolidated statement of cash flows

(In thousands)	Notes	Nine months ended September 30,	
		2011	2010
Net income, group share		€276 040	€255 846
Corporation tax		100 581	90 836
Financing expense		13 504	9 721
Operating income before tax		390 125	356 403
Minority interests		2 318	2 542
Allocation to and writebacks of depreciation, amortisation and reserves		45 086	76 752
Change in technical reserves		93 064	(41 723)
Change in deferred acquisition costs		(6 681)	(1 562)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		1 450	700
Realised capital gains/(losses) net of writebacks		(23 523)	(35 660)
Unrealised foreign exchange gain (loss) in company accounts		(50)	(6 290)
Revenues and expenses linked to stock options and similar		-	223
Interest revenues received accrued		(4 675)	(3 527)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		106 989	(8 544)
Income (loss) of companies accounted for by the equity method		(12 923)	(11 827)
Dividends received from companies accounted for by the equity method		6 217	5 168
Change in liabilities and receivables relating to insurance and reinsurance transactions		(27 348)	(60 333)
Change in operating receivables and liabilities		1 596	39 465
Change in other assets and liabilities		(8 526)	(6 847)
Corporation tax		(32 188)	(96 561)
Cash flow related to operating activities		(73 171)	(130 935)
Cash flow from operating activities		€423 942	€216 924
Acquisitions of subsidiaries and joint ventures, net of acquired cash		(74)	-
Disposals of subsidiaries and joint ventures, net of acquired cash		(172)	-
Acquisitions of equity interests in companies accounted for by the equity method		-	-
Cessions de participations dans des entreprises mises en équivalence		-	-
Merger		323	-
Cash flow linked to changes in the consolidation scope		77	-
Disposals of AFS securities		776 177	676 956
Matured HTM securities		580	595
Disposals of investment properties		12 883	44 531
Disposals of securities held for trading		887	1 883
Cash flow linked to disposals and redemptions of investments		790 527	723 965
Acquisitions of AFS securities		(886 516)	(898 340)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties		(1 974)	(3 722)
Acquisitions of trading securities		(2 411)	(2 485)
Cash flow linked to acquisitions of investments		(890 901)	(904 547)
Disposals of other investments and intangible assets		789 622	370 692
Acquisitions of other investments and intangible assets		(797 826)	(426 804)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		(8 203)	(56 112)
Cash flow from investing activities		€(108 499)	€(236 694)

Consolidated statement of cash flows

Increases and decreases in capital		2 120	3 283
<i>Increases in capital</i>		2 120	3 283
<i>Decreases in capital</i>		-	-
Change in treasury stock		(6 341)	18 858
Dividends paid		(178 819)	(2 422)
Cash flow linked to transactions with the shareholders		(183 041)	19 719
Change in non voting shares		-	-
Changes in loans and subordinated securities		(74 992)	248 779
<i>Issue</i>		1 338	250 665
<i>Repayment</i>		(76 330)	(1 886)
Interest paid		(17 730)	(163 913)
Cash flow from group financing		(92 723)	84 866
Cash flow from financing activities		€(275 763)	€104 585
Impact of foreign exchange differences on cash and cash equivalents		(606)	4 516
Reclassification		-	(1 566)
Other net changes in cash		€(606)	€2 950
Change in cash flows		39 073	87 765
Change in cash and cash equivalents		39 073	87 765
Cash and cash equivalents at beginning of period	7	€305 851	€441 442
Cash and cash equivalents at end of period	7	€344 924	€529 207

Consolidated statement of changes in equity

Nine months ended September 30, 2011

(in thousands)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Minority interests	Total shareholders' equity
Opening Shareholders' equity	€14 433	€452 625	€1 724 455	€39 399	€(33 832)	€(66 659)	€2 130 421	€18 015	€2 148 436
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	4 636	-	-	4 636	193	4 829
Impact of transferring realised gains and losses to income statement	-	-	-	(10 837)	-	-	(10 837)	-	(10 837)
Other movements	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Impact of translation differences	-	-	-	(63)	(6 035)	-	(6 118)	-	(6 118)
Current and deferred tax taken directly to or transferred to shareholders' equity	-	-	-	-	-	-	-	-	-
Net income recognised in shareholders' equity	-	-	-	(6 284)	(6 035)	-	(12 319)	193	(12 126)
Net income for the year	-	-	276 040	-	-	-	276 040	2 318	278 358
Total revenues and losses recognised for the period	-	-	€276 040	€(6 284)	€(6 035)	-	€263 721	€2 511	€266 232
Capital movements	18	1 911	-	-	-	(6 341)	(4 412)	-	(4 412)
Dividend distributions	-	-	(175 365)	-	-	-	(175 365)	(3 455)	(178 820)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	-	-	-
Other movements	-	-	(68)	-	-	-	(68)	(1)	(69)
Closing Shareholders' equity	€14 451	€454 536	€1 825 062	€33 115	€(39 867)	€(73 000)	€2 214 297	€17 070	€2 231 367

Nine months ended September 30, 2010

(in thousands)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Minority interests	Total shareholders' equity
Opening Shareholders' equity	€14 426	€451 959	€1 430 684	€43 500	€(59 273)	€(85 517)	€1 795 779	€20 698	€1 816 477
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	27 166	-	-	27 166	(147)	27 019
Impact of transferring realised gains and losses to income statement	-	-	-	(8 425)	-	-	(8 425)	-	(8 425)
Other movements	-	-	-	(53)	-	-	(53)	-	(53)
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	-	-	-	-	-	-	-	-	-
Impact of translation differences	-	-	-	243	19 774	-	20 017	-	20 017
Current and deferred tax taken directly to or transferred to shareholders' equity	-	-	-	-	-	-	-	-	-
Net income recognised in shareholders' equity	-	-	-	18 931	19 774	-	38 705	(147)	38 558
Net income for the year	-	-	255 846	-	-	-	255 846	2 542	258 388
Total revenues and losses recognised for the period	-	-	€255 846	€18 931	€19 774	-	€294 551	€2 395	€296 946
Capital movements	4	346	-	-	-	18 858	19 208	-	19 208
Dividend distributions	-	-	-	-	-	-	-	(2 430)	(2 430)
Shareholders' equity component of share-based payment plans	-	-	223	-	-	-	223	-	223
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	-	-	-
Other movements	-	-	132	-	-	-	132	(16)	116
Closing Shareholders' equity	€14 430	€452 305	€1 686 885	€62 431	€(39 499)	€(66 659)	€2 109 893	€20 647	€2 130 540

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the nine months ended September 30, 2011:

Changes in the share capital and in share ownership

As at September 30, 2011, the Allianz group owned 30 744 048 shares out of a total of 45 159 477 shares, corresponding to 68.08% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into Allianz scope of consolidation.

During the nine months ended September 30, 2011, 56 745 new shares were created by the exercise of options. As at September 30 2011, Euler Hermes' share capital was composed of 45 159 477 shares, including 1 381 509 shares held in treasury stock.

Creation of an insurance company in Turkey

After five years operations through its parent company Allianz, the world leading credit insurer has now obtained its licence to operate in the Turkish market as an insurance company.

Euler Hermes and Allianz have been cooperating in Turkey since 2005. The opening of the Euler Hermes subsidiary in Turkey –Euler Hermes Sigorta- is a further step on the way to expand private credit insurance cover both for Turkish firms and for companies exporting to Turkey.

“Excellence” Project

On December 31, 2010 Euler Hermes has provided Excellence Project which aims to manage its business in the most efficient way. At this date, the impact in the accounts included a restructuring provision of €56.6 million and a restructuring charge of €15.9 million.

During the nine months ended September 30, 2011, the movements of the provision and the expenses related to the Excellence project were :

(in millions)	December 31, 2010	Write back used	Discount revaluation	Allowance	Other (mainly FX impact)	September 30, 2011
Balance Sheet impact	56,6	(9,0)	0,7	0,7	(2,7)	46,3
P&L Impact - restructuring						(7,5)
Write back of the provision 2010						9,0
Using of the provision 2010						(9,0)
Consulting fees						(6,3)
Discount revaluation						(0,7)
Allowance						(0,7)
Not provisioned restructuring expenses						(0,4)
Other impacts						0,6

“Blue Europe” Project

Over the first nine months of 2011, Euler Hermes initiated the legal restructuring project “Blue Europe” with the aim of creating a single risk carrier for northern and southern European entities besides the risk carriers in Germany and France. At end of September 2011, an expense for restructuring of €3.6 million, covering mostly consulting fees, has been booked related to this project.

Relocation of headquarters and Paris-based operations in 2012

The Group and the Paris-based activities will relocate to the First tower in La Défense during the first quarter 2012. Euler Hermes needed one building to house its staff, in an accessible location that offers the best options in terms of office space and amenities.

Gross expenses at end of September 2011 include €2.5 million of costs related to this relocation, mainly fixture depreciation and other consulting fees.

Creation of a joint venture with Mapfre

On July 19th, 2011, Euler Hermes and Mapfre, the first Spanish insurance company, signed a memorandum of understanding to build a strategic alliance. The shared goal is to jointly develop the credit and bond insurance business in Spain, Portugal and Latin America. Through this alliance, Euler Hermes and Mapfre will both own 50% of a joint venture integrating the existing activities in those markets. The joint venture is expected to start operating by the end of 2011, subject to the completion of the usual conditions including the signing of all relevant agreements and the required regulatory approvals in the various countries.

Notes to the consolidated financial statements

Note 2 IFRS accounting and valuation rules

Euler Hermes SA is a company domiciled in France. The headquarter of Euler Hermes SA is located 1 rue Euler 75008 Paris. The consolidated financial statements as at September 30, 2011 include Euler Hermes SA and its subsidiaries (the whole designated as “the Group” and each subsidiary individually as “the entities of the Group”) and the quota-share of the Group in its associated companies or joint ventures.

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

The financial statements of the Euler Hermes group as at September 30, 2011 were approved by the Board of Director's of November 8, 2011 and presented to the Supervisory Board of November 9, 2011.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19, 2002, the interim consolidated financial statements published at September 30, 2011 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.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at September 30, 2011 as adopted by the European Union,
- Guidance provided in CNC recommendation no. 2009-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 financial instruments measured at fair value (financial instruments at fair value through the 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. Consolidation scope

In the 1st quarter 2011, Euler Hermes integrates with full method the activity of credit insurance in Turkey with its subsidiary Euler Hermes Sigorta Anonim Sirketi.

On May 23rd 2011, the Euler Hermes service company of Hong Kong has been liquidated.

Respectively on September 23rd, 2011 and October 11th, 2011 service companies in Estonia and in Latvia, Euler Hermes Service Estonia Oü and Euler Hermes Services Latvija, were liquidated.

2.3. Appeal to 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 susceptible to review these estimations in case of changes that can put into questions the circumstances on which they have been established or by the consideration of a new information or accrued experience.

The estimates concerning technical provisions are also detailed in the part Risk Management of the 2010 Registration Document.

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

Notes to the consolidated financial statements

Estimate		Communicated Information
Note 3	Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit's is based on assumptions of capital costs, growth rate to infinity and loss ratio & standard retention rates used in the calculation of the final values.
Note 4	Fair value of real estate held for investments & for use	The fair value of buildings is estimated based on market prices, adjusted, where applicable, to take into account the nature, location or other specific features of the building concerned.
Note not published	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	In credit-insurance, the IBNR are calculated to cover: The claims which occurred before the closing and will be known only on the next period. The claims related to commercial receivables accounted before the closing and covered by a warranty which will occur and be known only on the next period. They are determined based on statistical models integrating historical data as well as future developments based on estimates.
Note not published	Employee benefits	The related commitments are measured in accordance with IAS 19 and are reviewed yearly by independent actuaries. The commitment is recognised 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 SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price, until expiry of the obligation, and is calculated using the Cox-Ross-Rubinstein binomial valuation model.

Notes to the consolidated financial statements

Note 3 Goodwill

In accordance with IFRS 3, goodwill is not amortized but instead is subject to annual impairment testing or to an impairment testing when an indicator of a decrease in value appears.

(in thousands)	September 30, 2011					December 31, 2010	
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	63 890	31 731	8 242	8 628	118 720	114 262
Impairment losses	(409)	(10 598)	-	-	-	(11 007)	(10 680)
Net carrying amount	€5 820	€53 292	€31 731	€8 242	€8 628	€107 713	€103 582
Change during the year							
Opening net carrying amount	5 820	53 292	31 731	8 242	8 628	107 713	103 582
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	(393)
Other changes	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	(363)	(331)	-	(33)	(727)	4 524
Impairment losses	-	-	-	-	-	-	-
Closing net carrying amount	5 820	52 929	31 400	8 242	8 595	106 986	107 713
Closing Balance							
Gross value	6 229	63 455	31 400	8 242	8 595	117 921	118 720
Impairment losses	(409)	(10 526)	-	-	-	(10 935)	(11 007)
Net carrying amount	€5 820	€52 929	€31 400	€8 242	€8 595	€106 986	€107 713

Notes to the consolidated financial statements

Note 4 Investment and operating property

(in thousands)	September 30, 2011		December 31, 2010	
	Investment property	Operating property	Investment property	Operating property
Balance as opening period				
Gross value	13 232	184 231	35 663	185 370
Depreciation	(3 909)	(50 234)	(10 746)	(48 801)
Impairment losses	-	(6 797)	-	(6 797)
Net carrying amount	€9 323	€127 200	€24 917	€129 772
Change during the year				
Net carrying amount as opening period	9 323	127 200	24 917	129 772
Acquisitions	(4)	1 978	-	3 825
Change in consolidation scope	-	-	-	-
Disposals	(4 016)	-	(16 958)	(4 074)
Reclassifications	-	-	1 621	1 891
Changes in foreign currency translation adjustments	-	(18)	-	109
Net depreciation	(96)	(4 387)	(257)	(4 323)
Net provisions for impairment	-	-	-	-
Other changes	-	-	-	-
Net carrying amount at the end of the period	5 207	124 773	9 323	127 200
Balance at the end of the period				
Gross value	7 750	186 194	13 232	184 231
Depreciation	(2 543)	(54 624)	(3 909)	(50 234)
Impairment losses	-	(6 797)	-	(6 797)
Net carrying amount	€5 207	€124 773	€9 323	€127 200
Fair value	€10 210	€224 509	€23 070	€227 650

Amounts recorded in the income statement	Nine months ended September 30,	
Investment property	2011	2010
Rental revenues from investment property	886	1 311
Direct operating expenses relating to property	(142)	(228)

As at September 30, 2011, disposals in investment property concern sales realized by Euler Hermes SFAC for a selling price of € 12.7 million, carrying the realized profit to € 8.7 million (before tax impact);

The row "Acquisitions" on operating property concerns the repairing of two buildings in Paris (Euler Hermes SFAC) and in Louisville (Euler Hermes ACI) and the restoration of the facade of the German subsidiary head office.

Notes to the consolidated financial statements

Note 5 Financial investments

Classification by accounting method

For an instrument that is listed on an active market, the fair value is the bid price on the valuation date for an asset held or a liability to be issued and the offer price for an asset intended to be purchased or a liability intended to be held. If such prices are not available, the fair value is estimated based on the most recent transaction price.

If there is no active market for a given financial instrument, the group estimates the fair value using a valuation technique. Valuation techniques include the use of recent transactions under normal competitive conditions between informed and consenting parties, where available, reference to the current fair value of another instrument that is identical in substance, the analysis of discounted cash flows and option valuation models.

Classification by investment category

(in thousands)	September 30, 2011						December 31, 2010					
	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	491	-	491	491	300	191	1 071	-	1 071	1 071	700	371
Total held-to-maturity assets	€491	-	€491	€491	€300	€191	€1 071	-	€1 071	€1 071	€700	€371
Available-for-sale assets												
Equities	121 897	4 473	126 370	126 370	2 633 827	55 126	119 523	22 517	142 040	142 040	2 546 894	58 960
Bonds	2 511 133	51 450	2 562 583	2 562 583	-	-	2 423 654	40 162	2 463 816	2 463 816	-	-
Total Available-for-sale assets	€2 633 030	€55 923	€2 688 953	€2 688 953	€2 633 827	€55 126	€2 543 177	€62 679	€2 605 856	€2 605 856	€2 546 894	€58 960
Loans, deposits and other financial investments												
Loans, deposits and other financial investments	821 219	-	821 219	821 219	-	-	831 829	-	831 829	831 829	-	-
Total loans, deposits and other financial investments	€821 219	-	€821 219	€821 219	-	-	€831 829	-	€831 829	€831 829	-	-
Total Financial Investments (excluded investments in consolidated enterprise)	€3 454 740	€55 923	€3 510 663	€3 510 663	€2 634 127	€55 317	€3 376 077	€62 679	€3 438 756	€3 438 756	€2 547 594	€59 931

Concerning the non listed investments, the group estimates the fair value 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).

(in thousands)	September 30, 2011				December 31, 2010			
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities:	121 897	4 473	126 370	126 370	119 523	22 517	142 040	142 040
- Bonds:	2 511 624	51 450	2 563 074	2 563 074	2 424 725	40 162	2 464 887	2 464 887
- Loans and other investments	821 219	-	821 219	821 219	831 829	-	831 829	831 829
Total Financial investments	€3 454 740	€55 923	€3 510 663	€3 510 663	€3 376 077	€62 679	€3 438 756	€3 438 756

EH Group didn't account any significant impairment as of September 30, 2011. EH Group hadn't any financial assets such as "dynamic treasury mutual funds" or "subprime investments".

Fair value hierarchy

Between December 31st, 2010 and September 30th, 2011, the state bonds issued by Greece and held by the local subsidiary were reclassified from the level 1 to the level 2 for € 2.3 million. Moreover, the Pfandbriefe from EH Kreditversicherungs AG were also reclassified for € 20 million from level 1 to level 2.

(in thousands)	September 30, 2011		
	Level 1	Level 2	Level 3
Available-for-sale assets	2 477 097	171 976	39 880

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

The level 2 is mainly composed of parts of Allianz 3 years bond (for an amount of €160 million), German mortgage bonds (Pfandbriefe), and Greek state bonds held by EH Emporiki Credit Insurance SA.

The level 3 is mainly composed of participation in a Private Equity Funds, non consolidated shares and of Moroccan & Hungarian non listed government bond.

Notes to the consolidated financial statements

Classification by investment category

(in thousands)	September 30, 2011			December 31, 2010	
	Held-to-maturity investments	Available-for- sale investments	Loans, deposits and other financial investments	Total	Total
Net carrying amount as opening period	€1 071	€2 605 854	€831 829	€3 438 754	€2 840 735
Increase in gross value	-	886 518	768 880	1 655 398	2 127 270
Decrease in gross value	(580)	(761 397)	(777 509)	(1 539 486)	(1 552 630)
Revaluation	-	(12 154)	-	(12 154)	(7 326)
Impairment	-	(4 452)	-	(4 452)	(2 997)
Changes in foreign currency translation adjustements	-	(11 639)	(4 484)	(16 123)	42 646
Reclassifications	-	-	(192)	(192)	6 910
Other changes	-	(13 777)	2 695	(11 082)	(15 852)
Net carrying amount as closing period	€491	€2 688 953	€821 219	€3 510 663	€3 438 756

The other movements in loans, deposits and other financial investments correspond to the reclassification of demand deposits under cash and cash equivalents on the balance sheet.

Exposure of the Group to countries which have a restructuring plan of their sovereign debt (Greece, Ireland, Spain & Portugal)

Greece

Euler Hermes Group is exposed to Greek sovereign debt through its local subsidiary up to a nominal of € 4.300 thousand for a market value of € 2.313 thousand (maturity 2012). The impairment already booked at end of June 2011 for €820 thousand has been increased to €1.916 thousand at end of September 2011.

Portugal

Portuguese company COSEC, at equity method consolidated within Euler Hermes is exposed locally at the level of (in thousand of euro):

Country	Total exposure	Market value	Unrealized Gains or Losses	Maturity
Portugal	4 122	4 001	121	2011
Portugal	14 700	15 120	(420)	2012
Portugal	2 754	3 491	(736)	2013
Portugal	467	643	(176)	2014
Portugal	646	917	(271)	2015
Total Portugal	22 689	24 172	(1 482)	

Ireland

The Group has no exposure to Irish debt.

Spain

The Group has no more exposure to the Spanish debt.

Italy

The Group is exposed to the sovereign debt of Italy (in thousand of euro):

Country	Total exposure	Market value	Unrealized Gains or Losses	Maturity
Italy	16 625	16 591	33	2012
Italy	21 887	22 207	(319)	2013
Total Italy	38 512	38 798	(286)	

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

Notes to the consolidated financial statements

Note 6 Investments accounted for by the equity method

Information on equity-accounted investments

(in thousands)		September 30, 2011				
Company	Country	Assets ⁽¹⁾	Shareholders' equity ⁽²⁾	Turnover ⁽³⁾	Net income	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	181 190	112 812	60 587	14 165	49,00%
Graydon Holding N.V.	Netherlands	58 470	15 095	52 540	9 331	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	108 914	39 616	30 187	4 584	50,00%
Israel Credit Insurance Company Ltd	Israel	65 077	32 547	20 435	3 372	33,33%
		€413 651	€200 070	€163 749	€31 453	

(1) Assets based on company financial statements as at June 30, 2011

(2) Shareholders' equity based on company financial statements as at June 30, 2011 including goodwill.

(3) The turnover corresponds to the turnover in the local accounts as at June 30, 2011 (+) ¼ of the total turnover of 2010.

(in thousands)		December 31, 2010		September 30, 2011		
Company	Country	Assets	Shareholders' equity	Turnover	Net income	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	181 349	105 955	51 492	9 678	49,00%
Graydon Holding N.V.	Netherlands	52 718	4 135	55 561	11 745	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	103 646	38 106	29 929	4 850	50,00%
Israel Credit Insurance Company Ltd	Israel	63 893	30 474	17 205	4 290	33,33%
		€401 606	€178 670	€154 187	€30 563	-

Movements during the period

(in thousands)	September 30, 2011	December 31, 2010
Balance as opening period	€98 066	€89 254
Increases	-	-
Decreases	(997)	-
Reclassification	-	(1)
Share of income for the period	12 923	15 802
Dividends paid	(6 217)	(7 918)
Impairment	-	-
Foreign exchange differences	(283)	291
Other changes	(484)	638
Net book value as closing period	€103 008	€98 066

Contribution to shareholders' equity (without equity method income of 2011)

(in thousands)		September 30, 2011	December 31, 2010
OeKB Beteiligungs- und Management A.G.	Austria	55 278	51 917
Graydon Holding N.V.	Netherlands	4 151	1 137
Companhia de Seguro de Creditos SA (COSEC)	Portugal	19 808	19 053
Israel Credit Insurance Company Ltd	Israel	10 848	10 157
Share of shareholders' equity		€90 085	€82 264

Notes to the consolidated financial statements

Contribution to income

(in thousands)		Nine months ended September 30,	
		2011	2010
OeKB Beteiligungs- und Management A.G.	Austria	6 941	4 742
Graydon Holding N.V.	The Netherlands	2 566	3 230
Companhia de Seguro de Creditos SA (COSEC)	Portugal	2 292	2 425
Israel Credit Insurance Company Ltd	Israel	1 124	1 430
Share of total income		€12 923	€11 827

Note 7 Cash and cash equivalents

(in thousands)	September 30, 2011	December 31, 2010
Cash in bank and at hand	272 456	255 774
Cash pooling	72 818	50 427
Total cash	€345 274	€306 201
Total cash per balance sheet	345 274	306 201
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(350)	(350)
Total cash and cash equivalents	€344 924	€305 851

Note 8 Technical reserves

(in thousands)	December 31, 2010	Allowance net of writebacks	Foreign exchange differences	Other changes	September 30, 2011
Reserve for unearned premiums	303 689	59 544	(1 944)	218	361 507
Reserve for claims net of forecasts of recoveries	1 327 195	49 617	(8 101)	(3 969)	1 364 742
Reserve for no-claims bonuses and refunds	150 510	8 380	(68)	(4)	158 818
Gross technical reserves	1 781 394	117 541	(10 113)	(3 755)	1 885 067
Reserve for unearned premiums	50 510	10 564	1 402	11 675	74 151
Reserve for claims net of forecasts of recoveries	418 760	15 900	(232)	(67)	434 359
Reserve for no-claims bonuses and refunds	31 094	2 935	4	-	34 033
Reinsurers' share of technical reserves	500 364	29 399	1 174	11 608	542 543
Net technical reserves	€1 281 030	€88 142	€(11 287)	€(15 363)	€1 342 524

Cost of claims

(in thousands)	Nine months ended September 30					
	2011			2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	878 496	(246 717)	631 779	854 155	(258 969)	595 186
of which, claims paid	126 835	(36 548)	90 287	139 824	(57 591)	82 233
of which, claims reserves	683 694	(206 558)	477 136	649 818	(197 710)	452 108
of which, claims handling expenses	67 967	(3 611)	64 356	64 513	(3 668)	60 845
Recoveries for the current period	(81 889)	20 464	(61 425)	(115 492)	43 714	(71 778)
Recoveries received	(1 692)	512	(1 180)	(32 644)	24 663	(7 981)
Change in reserves for recoveries	(80 197)	19 952	(60 245)	(82 848)	19 051	(63 797)
Cost of claims from prior periods	(260 126)	73 147	(186 979)	(255 194)	61 698	(193 496)
of which, claims paid	423 983	(124 610)	299 373	593 097	(168 130)	424 967
of which, claims reserves	(674 817)	199 821	(474 996)	(837 126)	228 221	(608 905)
of which, claims handling expenses	(9 292)	(2 064)	(11 356)	(11 165)	1 607	(9 558)
Recoveries from prior periods	4 357	(1 527)	2 830	13 732	(2 515)	11 217
Recoveries received	(113 310)	24 466	(88 844)	(112 182)	21 962	(90 220)
Change in reserves for recoveries	117 667	(25 993)	91 674	125 914	(24 477)	101 437
Cost of claims	€540 838	€(154 633)	€386 205	€497 201	€(156 072)	€341 129

Notes to the consolidated financial statements

Claims reserves

(in thousands)	September 30, 2011			December 31, 2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 555 888	(480 389)	1 075 499	1 557 083	(470 718)	1 086 365
Current period	719 303	(206 158)	513 145	819 386	(247 103)	572 283
Prior periods	836 585	(274 231)	562 354	737 697	(223 615)	514 082
Recoveries to be received	(191 146)	46 030	(145 116)	(229 888)	51 958	(177 930)
Current period	(79 924)	19 957	(59 967)	(89 986)	19 163	(70 822)
Prior periods	(111 222)	26 073	(85 149)	(139 902)	32 795	(107 107)
Claims reserves	€1 364 742	€(434 359)	€930 383	€1 327 195	€(418 760)	€908 435

Breakdown by type of reserve

(in thousands)	September 30, 2011			December 31, 2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	361 507	(74 151)	287 356	303 689	(50 510)	253 179
Claims reserves	1 364 742	(434 359)	930 383	1 327 195	(418 760)	908 435
of which, reserves for known claims	979 360	(335 264)	644 096	922 871	(313 706)	609 165
of which, reserves for late claims	475 675	(134 161)	341 514	532 256	(146 324)	385 932
of which, reserves for claims handling expenses	97 636	(10 962)	86 674	94 995	(7 842)	87 153
of which, other technical reserves	3 217	(2)	3 215	6 960	(2 846)	4 114
of which, recoveries to be received	(191 146)	46 030	(145 116)	(229 887)	51 958	(177 929)
No-claims bonuses and rebates	158 818	(34 033)	124 785	150 510	(31 094)	119 416
Technical reserves	€1 885 067	€(542 543)	€1 342 524	€1 781 394	€(500 364)	€1 281 030

Note 9 Breakdown of income net of reinsurance

(in thousands)	Nine months ended September 30					
	2011			2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 575 146	(542 085)	1 033 061	1 454 103	(496 754)	957 349
Premiums refunded	(91 816)	24 823	(66 993)	(95 854)	20 909	(74 945)
Gross premiums written - credit insurance	1 483 330	(517 262)	966 068	1 358 249	(475 845)	882 404
Change in unearned premiums	(59 542)	10 339	(49 203)	(52 658)	6 734	(45 924)
Earned premiums	1 423 788	(506 923)	916 865	1 305 591	(469 111)	836 480
Premium-related revenues	282 897	-	282 897	275 248	-	275 248
Turnover	€1 706 685	€(506 923)	€1 199 762	€1 580 839	€(469 111)	€1 111 728
Net investment income	90 441	-	90 441	102 747	-	102 747
Claims paid	(435 817)	136 180	(299 637)	(587 677)	179 095	(408 582)
Claims reserves expense	(46 444)	12 778	(33 666)	144 121	(25 085)	119 036
Claims handling expense	(58 577)	5 675	(52 902)	(53 645)	2 060	(51 585)
Insurance services expense	(540 838)	154 633	(386 205)	(497 201)	156 070	(341 131)
Brokerage commissions	(142 918)	-	(142 918)	(134 478)	-	(134 478)
Other acquisition costs	(143 569)	-	(143 569)	(124 579)	-	(124 579)
Change in acquisition costs capitalised	6 934	-	6 934	3 138	-	3 138
Contract acquisition expense	(279 553)	-	(279 553)	(255 919)	-	(255 919)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expense	(155 818)	-	(155 818)	(149 624)	-	(149 624)
Commissions received from reinsurers	-	176 021	176 021	-	142 528	142 528
Other ordinary operating income and expense	(253 687)	-	(253 687)	(251 730)	-	(251 730)
Ordinary operating income	€567 230	€(176 269)	€390 961	€529 112	€(170 513)	€358 599

Notes to the consolidated financial statements

Note 10 Earnings per share and dividend per share

Earnings per share

	Nine months ended September 30	
	2011	2010
Distributable net income (in thousands of euros)	276 040	255 846
Weighted average number of ordinary shares before dilution	43 822 644	43 657 810
Earnings per share (€)	€6,30	€5,86
Distributable net income (in thousands of euros)	276 040	255 846
Weighted average number of ordinary shares after dilution	43 858 504	43 718 116
Diluted earnings per share (€)	€6,29	€5,85

The dilution impact takes into account the exercise of options. The average number of shares resulting from dilution is 35 860 for the nine months ended September 30, 2011 (60 306 for the nine months ended September 30, 2010). The group share of net income is used as basis for this calculation.

Dividend per share

The General Meeting of May 20, 2011 approved the payment of a dividend of 4€ by share concerning the 2010 period.

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 geographic segment as it corresponds to the information presented to the group's management bodies.

Profit & loss by segment

(in thousands)		Nine months ended September 30 2011									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter- segment eliminations	GROUP	
Premiums written	506 327	285 248	356 357	192 844	151 993	45 655	887 442	-	(850 720)	1 575 146	
Premiums refunded	(41 678)	(26 965)	(13 991)	(5 582)	(2 304)	(771)	(53 088)	-	52 563	(91 816)	
Change in unearned premiums	(7 852)	(2 530)	(22 736)	(17 857)	(8 492)	(702)	(22 702)	-	23 329	(59 542)	
Earned premiums - non-group	456 797	255 753	319 630	169 405	141 197	44 182	811 652	-	(774 828)	1 423 788	
Premium-related revenues - non-group	128 033	56 335	50 827	40 698	23 488	12 590	-	17 598	(46 672)	282 897	
Turnover - intra-sectoral	584 830	€312 088	€370 457	€210 103	€164 685	€56 772	€811 652	€17 598	€(821 500)	€1 706 685	
Investment income	26 279	31 732	9 452	4 461	7 641	(418)	16 261	169 852	(174 818)	90 442	
<i>Of which, dividends</i>	(41.3)	-	-	-	-	-	-	(169 851)	170 264	-	
Total ordinary income	611 109	343 820	379 909	214 564	172 326	56 354	827 913	187 450	(996 318)	1 797 127	
Insurance services expense	(177 577)	(116 513)	(87 020)	(78 977)	(53 688)	(7 206)	(339 906)	-	320 049	(540 838)	
Outwards reinsurance expense	(275 003)	(129 890)	(213 893)	(119 951)	(99 366)	(29 928)	(413 717)	-	774 825	(506 923)	
Outwards reinsurance income	186 080	104 218	124 971	89 619	63 300	14 710	285 167	-	(537 411)	330 654	
Other income and expense	(222 954)	(121 245)	(144 967)	(88 495)	(65 469)	(29 282)	(230 288)	(49 739)	263 380	(689 059)	
Total other income and expense	(489 454)	(263 430)	(320 909)	(197 804)	(155 223)	(51 706)	(698 744)	(49 739)	820 843	(1 406 166)	
Ordinary operating income	121 655	€80 390	€59 000	€16 760	€17 103	€4 648	€129 169	€137 711	€(175 475)	€390 961	
Autres produits et charges opérationnels	(3 074)	536	(351)	(741)	-	-	-	(7 500)	-	(11 130)	
Operating income	118 581	€80 926	€58 649	€16 019	€17 103	€4 648	€129 169	€130 211	€(175 475)	€379 831	
Financing expense	(125)	(81)	(390)	(249)	(118)	(7)	(356)	(14 990)	3 243	(13 073)	
Income from companies accounted for by the equity method	9 507	3 415	-	-	-	-	-	-	-	12 922	
Corporation tax	(38 781)	(26 968)	(15 022)	(6 797)	(7 587)	431	(21 457)	14 877	(18)	(101 322)	
Consolidated net income	89 182	57 292	43 237	8 973	9 398	5 072	107 356	130 098	(172 250)	278 358	
<i>o/w</i>	-	-	-	-	-	-	-	-	-	-	
Net income, group share	87 097	€56 935	€43 237	€9 097	€9 398	€5 072	€107 356	€130 098	€(172 250)	€276 040	
Minority interests	2 085	357	-	(124)	-	-	-	-	-	2 318	

Notes to the consolidated financial statements

(in thousands)

Nine months ended September 30 2010

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter- segment eliminations	GROUP
Premiums written	513 219	259 004	335 853	143 316	145 585	32 885	721 824	-	(697 583)	1 454 103
Premiums refunded	(44 080)	(24 134)	(18 918)	(7 040)	(819)	(432)	(36 418)	-	35 987	(95 854)
Change in unearned premiums	(9 464)	(1 202)	(23 178)	(9 327)	(11 893)	1 897	(26 335)	-	26 844	(52 658)
Earned premiums - non-group	459 675	233 668	293 757	126 949	132 873	34 350	659 071	-	(634 752)	1 305 591
Premium-related revenues - non-group	126 314	55 915	49 934	35 406	23 796	11 135	-	17 376	(44 628)	275 248
Turnover - intra-sectoral	585 989	€289 583	€343 691	€162 355	€156 669	€45 485	€659 071	€17 376	€(679 380)	€1 580 839
Investment income	60 428	38 426	10 277	6 597	10 051	3 689	9 414	196 819	(232 954)	102 747
<i>Of which, dividends</i>	<i>(3 958)</i>	-	-	-	-	-	-	<i>(193 935)</i>	<i>197 893</i>	-
Total ordinary income	646 417	328 009	353 968	168 952	166 720	49 174	668 485	214 195	(912 334)	1 683 586
Insurance services expense	(228 075)	(71 691)	(123 290)	(39 879)	(35 342)	3 786	(214 395)	(10 000)	221 685	(497 201)
Outwards reinsurance expense	(266 462)	(92 067)	(184 897)	(85 606)	(86 412)	(20 315)	(368 104)	-	634 752	(469 111)
Outwards reinsurance income	192 874	60 192	112 932	51 305	48 594	4 648	221 740	-	(393 687)	298 598
Other income and expense	(239 838)	(113 320)	(129 325)	(80 820)	(63 372)	(23 830)	(179 321)	(44 079)	216 632	(657 273)
Total other income and expense	(541 501)	(216 886)	(324 580)	(155 000)	(136 532)	(35 711)	(540 080)	(54 079)	679 382	(1 324 987)
Ordinary operating income	104 916	€111 123	€29 388	€13 952	€30 188	€13 463	€128 405	€160 116	€(232 952)	€358 599
Autres produits et charges opérationnels	-	-	(10 800)	-	(95)	-	-	-	-	(10 895)
Operating income	104 916	€111 123	€18 588	€13 952	€30 093	€13 463	€128 405	€160 116	€(232 952)	€347 704
Financing expense	(271)	(72)	(1 340)	(214)	(317)	(10)	(17)	(11 202)	4 510	(8 933)
Income from companies accounted for by the equity method	7 972	3 855	-	-	-	-	-	-	-	11 827
Corporation tax	(20 989)	(39 328)	(3 714)	(5 247)	(10 184)	(1 287)	(23 954)	12 493	-	(92 210)
Consolidated net income	91 628	75 578	13 534	8 491	19 592	12 166	104 434	161 407	(228 442)	258 388
<i>o/w</i>	-	-	-	-	-	-	-	-	-	-
Net income, group share	89 523	€75 156	€13 393	€8 617	€19 592	€12 166	€104 434	€161 407	€(228 442)	€255 846
Minority interests	2 105	422	141	(126)	-	-	-	-	-	2 542

Depreciation, amortisation and provisions by segment

(in thousands)

Nine months ended September 30 2011

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter- segment eliminations	GROUP
Provisions for loans and receivables	(186)	(2 659)	(2)	(1 960)	95	-	(5)	(604)	-	€(5 321)

(in thousands)

Nine months ended September 30 2010

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter- segment eliminations	GROUP
Provisions for loans and receivables	(13 419)	(2 885)	(34)	(28)	-	-	-	(105)	-	€(16 471)

Amortisation and impairment charges on non-current assets are now analysed by function. Consequently, the breakdown is no longer directly visible in the income statement in the 2010 and 2011 financial statements.

Balance sheet by segment

(in thousands)

September 30, 2011

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter- segment eliminations	GROUP
Goodwill	-	-	64 799	7 803	31 400	2 984	-	-	-	106 986
Other intangible assets	32 951	12 142	5 814	3 310	4 714	976	1 256	9 645	(2 918)	67 890
Investments - insurance businesses	579 237	769 139	67 564	167 164	75 893	13 759	359 869	1 714 992	(226 204)	3 521 413
Investments accounted for by the equity method	68 937	34 071	-	-	-	-	-	-	-	103 008
Share of assignees and reinsurers in the technical reserves and financial liabilities	257 861	93 113	230 839	196 569	82 129	33 436	326 582	110	(678 096)	739 112
Insurance and reinsurance receivables	67 943	80 524	195 477	48 408	71 195	23 787	453 161	-	(339 975)	600 520
Other assets	329 420	137 911	157 325	98 528	71 658	(19 898)	61 641	157 413	(126 326)	867 672
Total assets	€1 336 349	€1 126 900	€721 818	€521 782	€336 989	€55 044	€1 202 509	€1 882 160	€(1 373 519)	€5 810 032
Technical reserves	509 323	258 315	464 411	375 444	215 970	53 608	691 371	48	(683 423)	1 885 067
Liabilities related to inwards insurance and reinsurance transactions	17 316	68 217	35 450	28 357	4 499	4 007	161 903	1 280	(72 505)	248 524
Liabilities related to outwards reinsurance transactions	30 979	15 686	40 468	33 136	25 639	408	215 245	43	(209 672)	151 932
Other liabilities	429 197	278 936	103 903	84 267	42 346	7 342	19 855	657 561	(330 265)	1 293 142
Total liabilities	€986 815	€621 154	€644 232	€521 204	€288 454	€65 365	€1 088 374	€658 932	€(1 295 865)	€3 578 665

Notes to the consolidated financial statements

(in thousands)

December 31, 2010

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter- segment eliminations	GROUP
Goodwill	-	-	65 117	7 803	31 731	3 064	-	(2)	-	107 713
Other intangible assets	29 662	10 849	8 363	3 125	3 571	977	1 371	9 902	(2 266)	65 554
Investments - insurance businesses	551 257	782 450	149 059	151 836	87 926	9 877	193 776	1 843 071	(316 074)	3 453 178
Investments accounted for by the equity method	63 715	34 352	-	-	-	-	-	(1)	-	98 066
Share of assignees and reinsurers in the technical reserves and financial liabilities	222 274	61 825	221 549	167 103	69 183	28 497	283 996	110	(554 173)	500 364
Insurance and reinsurance receivables	94 718	80 982	196 466	53 264	61 565	17 930	241 015	(47)	(154 560)	591 333
Other assets	304 794	154 907	134 938	87 539	76 993	(14 930)	51 180	170 069	(122 513)	842 977
Total assets	€1 266 420	€1 125 365	€775 492	€470 670	€330 969	€45 415	€771 338	€2 023 102	€(1 149 586)	€5 659 185
Technical reserves	461 371	234 352	482 308	352 984	194 756	49 544	553 208	48	(547 177)	1 781 394
Liabilities related to inwards insurance and reinsurance transactions	19 962	69 770	32 885	21 697	3 402	4 581	(6 923)	442	48 809	194 625
Liabilities related to outwards reinsurance transactions	36 356	10 664	108 235	36 389	24 679	433	211 053	43	(255 497)	172 355
Other liabilities	423 890	264 267	131 753	68 605	43 456	6 989	9 088	732 439	(318 115)	1 362 372
Total liabilities	€941 579	€579 053	€755 181	€479 675	€266 293	€61 547	€766 426	€732 972	€(1 071 980)	€3 510 746

Note 12 Related parties

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

	Number of shares	%
Allianz SA	26 864 230	59,49%
Allianz Vie	3 879 818	8,59%
Treasury shares	1 381 509	3,06%
Sub-total	32 125 557	71,14%
Public (bearer securities)	13 033 920	28,86%
Total	45 159 477	100,00%

Transactions

(in thousands)

Nine months ended September 30

	2011				2010			
	Allianz SE	Allianz Belgium	Allianz SA & International	Related companies and joint ventures	Allianz SE	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating income	40 763	-	-	20 919	31 457	-	-	12 615
Insurance services expense	(10 946)	-	-	(12 277)	(21 369)	-	-	(2 941)
Net income or expense on reinsurance	(51 654)	-	-	(96)	(33 053)	-	-	25
Financing expense	-	(4 136)	(2 264)	-	-	(2 267)	(3 498)	-
Other financial net incomes	(9 191)	2	-	(5 317)	(8 729)	-	-	(1 889)

Receivables and liabilities

(in thousands)

September 30, 2011

December 31, 2010

	September 30, 2011				December 31, 2010			
	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures
Financial Investments (Allianz SE bond)	160 000	-	-	-	160 000	-	-	-
Current accounts (accrued interests included)	(15 935)	-	(1 207)	1 757	(22 854)	-	(237)	(200)
Net operating receivables	1 436	-	-	697	1 831	-	-	3 087
Borrowings (accrued interests included)	-	136 485	35 054	-	-	137 879	110 936	-
Operating liabilities	(4 914)	-	-	121	1 140	-	201	237

The following entities invested Allianz SE 3 years corporate bond for a total amount of €160 million:

- Euler Hermes Reinsurance A.G.;
- Euler Hermes Kreditversicherungs A.G.;
- Euler Hermes holdings UK Plc.;
- Euler Hermes SIAC spa;
- Euler Hermes SFAC S.A..

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.

Notes to the consolidated financial statements

The loan of € 110 million signed with Allianz France International, and whose term was planned for September, 2012, was partially paid off for € 75 million in July; the balance of the refund, at the level of € 35 million, is planned for December 2011.

Borrowings correspond to two loans contracted with Allianz France International and Allianz Belgium:

- 2009 loan of €35 million maturing in September 10, 2012, at fixed interest rate Mid-Swaps 3 years + 60 basis points;
- 2010 loan of €135 million maturing in June 24, 2020, at the annual fixed rate of 4,04 %.

Note 13 Commitments received and given

(in thousands)	September 30, 2011	December 31, 2010
Commitments received	€11 000	€11 125
* Deposits, sureties and other guarantees	11 000	11 125
Commitments given	€63 726	€14 519
* Deposits, sureties and other guarantees	63 726	14 519
<i>o/w</i> - Commitments to Citibank	50 000	
- Commitments associated with membership of an EIG	18	54
- Securities buyback agreement	-	-

The given commitment of € 50 million is aimed at covering Citibank's clients who subscribe insurance credit policies (bank which is the frontier of EH through their insurance subsidiaries in Russia, Turkey, Latin America & India for trade receivables activities).

Note 14 Subsequent events

No subsequent events occurred since September 30, 2011 closing which would impact the hypothesis of the closing.