

Consolidated Financial Statements

For the nine months ended September 30th, 2012

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Condensed Consolidated Financial Statements

Consolidated statement of financial position

(in thousands)	Notes	September 30, 2012	December 31, 2011
Goodwill	3	112 483	109 407
Other intangible assets		72 435	69 712
Intangible assets		184 918	179 119
Investment property	4	18 056	4 019
Financial investments	5	3 579 174	3 558 317
Derivatives		8 160	5 458
Investments- insurance businesses		3 605 390	3 567 794
Investments accounted for by the equity method	6	110 906	105 196
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	459 501	545 961
Operating property and other property, plant and equipment		142 856	149 277
Acquisition costs capitalised		65 940	51 919
Deferred tax assets		20 512	22 052
Inwards insurance and reinsurance receivables		570 177	495 312
Outwards reinsurance receivables		125 165	39 815
Corporation tax receivables		19 699	47 429
Other receivables		292 056	266 898
Other assets		1 236 405	1 072 702
Cash	7	499 551	347 338
TOTAL ASSETS		€ 6 096 671	€ 5 818 110
Capital stock		14 469	14 451
Additional paid-in capital		456 884	454 536
Reserves		1 618 080	1 471 500
Net income, group share		247 812	330 267
Revaluation reserve		88 158	32 666
Foreign exchange translation		(16 285)	(25 543)
Shareholders' equity, group share		€ 2 409 118	€ 2 277 877
Non controlling interests		19 004	18 002
Total shareholders' equity		€ 2 428 122	€ 2 295 879
Provisions for risks and charges		253 306	259 721
Bank borrowings		252 836	255 119
Other borrowings		136 858	138 234
Borrowings		389 694	393 353
Non-life technical reserves	8	1 917 743	1 899 265
Liabilities related to contracts		1 917 743	1 899 265
Deferred tax liabilities		325 892	330 133
Inwards insurance and reinsurance liabilities		237 274	217 012
Outwards reinsurance liabilities		215 135	104 541
Corporation tax payables		36 347	34 433
Other payables		293 158	283 773
Other liabilities		1 107 806	969 892
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		€ 6 096 671	€ 5 818 110

Consolidated income statement

(in thousands excepted for the earnings per share)

	Notes	Nine months ended September 30		Three months ended September 30	
		2012	2011	2012	2011
Premiums written		1 665 295	1 575 146	512 428	490 183
Premiums refunded		(90 243)	(91 816)	(29 428)	(29 544)
Change in unearned premiums		(83 136)	(59 542)	18 840	25 114
Earned premiums		1 491 916	1 423 788	501 840	485 753
Services revenues		300 986	282 897	101 222	94 395
Turnover	9	€ 1 792 902	€ 1 706 685	€ 603 062	€ 580 148
Investment income		74 084	78 899	22 667	29 209
Investment management charges		(8 237)	(10 767)	(3 128)	(6 987)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		20 912	23 387	2 402	1 550
Change in fair value of investments recognised at fair value through profit or loss		(789)	(772)	(104)	(1 106)
Change in investment impairment provisions		(1 713)	(4 452)	(721)	(3 252)
Net change in foreign currency		1 436	4 147	(2 981)	2 903
Net investment income		85 693	90 442	18 135	22 317
Insurance services expense		(755 294)	(540 838)	(236 416)	(196 770)
Outwards reinsurance income		(487 570)	(506 923)	(158 958)	(175 192)
Outwards reinsurance expense		443 370	330 654	130 399	118 693
Net outwards reinsurance income or expense	9	(44 200)	(176 269)	(28 559)	(56 499)
Contract acquisition expense		(284 413)	(279 553)	(101 588)	(97 292)
Administration expense		(186 184)	(155 818)	(63 463)	(49 228)
Other ordinary operating income		11 679	20 946	4 994	9 011
Other ordinary operating expense		(267 089)	(274 634)	(83 226)	(91 778)
CURRENT OPERATING INCOME	9	€ 353 094	€ 390 961	€ 112 939	€ 119 909
Other non ordinary operating expense		(14 928)	(16 477)	(5 362)	(7 265)
Other non ordinary operating income		15 554	5 347	9 093	-
OPERATING INCOME		€ 353 720	€ 379 831	€ 116 670	€ 112 644
Financing expense		(10 020)	(13 073)	(2 949)	(4 693)
Share of Income from companies accounted by the equity method	6	10 154	12 922	4 132	4 491
Corporation tax		(102 816)	(101 322)	(30 499)	(28 349)
CONSOLIDATED NET INCOME		251 038	278 358	87 354	84 093
<i>o/w</i>					
NET INCOME, GROUP SHARE		€ 247 812	€ 276 040	€ 86 437	€ 83 543
Non controlling interests		3 226	2 318	917	550
Earnings per share	10	€ 5.65	€ 6.30		
Diluted earnings per share	10	€ 5.65	€ 6.29		
Earnings per share of continuing activities		€ 5.65	€ 6.30		
Diluted earnings per share of continuing activities		€ 5.65	€ 6.29		

(en thousands)

	Nine months ended September 30		Three months ended September 30	
	2012	2011	2012	2011
NET INCOME, GROUP SHARE	€ 247 812	€ 276 040	€ 86 437	€ 83 543
Non controlling interests	3 226	2 318	917	550
Other comprehensive income elements				
Change in fair market value of asset held for sale transferred through profits & losses (Gross amount)	(15 778)	(14 881)	(2 223)	1 410
Change in fair market value of asset held for sale transferred through profits & losses (Tax amount)	4 465	4 044	495	(763)
Change in fair market value of asset held for sale booked through equity (Gross amount)	88 477	2 036	36 948	14 804
Change in fair market value of asset held for sale booked through equity (Tax amount)	(22 119)	2 600	(10 464)	(3 428)
Change in fair market value of asset held for sale booked - minority interests share net of corporation tax	48	187	11	-
Other change in fair market value of asset held for sale booked through equity	448	-	17	6
Change in translation reserve (included impact on revaluation reserve) booked through equity (Gross amount)	11 922	(8 324)	7 024	19 172
Change in translation reserve (included impact on revaluation reserve) booked through equity (Tax amount)	(2 665)	2 207	(1 353)	(6 539)
Total other comprehensive income net of taxes	€ 64 797	€ (12 132)	€ 30 456	€ 24 662
Total comprehensive income	€ 315 835	€ 266 226	€ 117 810	€ 108 755
Total comprehensive income, group share	312 561	263 721	116 881	108 205
Total comprehensive income, minority interests	3 274	2 505	928	550

Consolidated statement of cash flows

		Nine months ended Séptember 30,	
(In thousands)	Notes	2012	2011
Net income, group share		€ 247 812	€ 276 040
Corporation tax		102 816	100 581
Financing expense		10 020	13 504
Operating income before tax		360 648	390 125
Minority interests		3 226	2 318
Allocation to and writebacks of depreciation, amortisation and reserves		39 703	45 086
Change in technical reserves		66 887	93 064
Change in deferred acquisition costs		(13 196)	(6 681)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		(575)	1 450
Realised capital gains/(losses) net of writebacks		(20 448)	(23 523)
Unrealised foreign exchange gain (loss) in company accounts		5 339	(50)
Revenues and expenses linked to stock options and similar		0	-
Interest revenues received accrued		7 417	(4 675)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		88 353	106 989
Income (loss) of companies accounted for by the equity method		(10 154)	(12 923)
Dividends received from companies accounted for by the equity method		6 245	5 254
Change in liabilities and receivables relating to insurance and reinsurance transactions		7 728	(27 348)
Change in operating receivables and liabilities		(15 210)	1 596
Change in other assets and liabilities		(42 617)	(8 526)
Corporation tax		(87 593)	(32 188)
Cash flow related to operating activities		(141 601)	(73 171)
Cash flow from operating activities		€ 307 401	€ 423 942
Acquisitions of subsidiaries and joint ventures, net of acquired cash		(1 396)	(74)
Disposals of subsidiaries and joint ventures, net of ceded cash		1 751	(172)
Acquisitions of equity interests in companies accounted for by the equity method		-	-
Disposals of equity method investments		-	-
Merger		-	323
Cash flow linked to changes in the consolidation scope		355	77
Disposals of AFS securities		1 002 650	776 177
Matured HTM securities		0	580
Disposals of investment properties		16 579	12 883
Disposals of securities held for trading		1 317	887
Cash flow linked to disposals and redemptions of investments		1 020 547	790 527
Acquisitions of AFS securities		(966 732)	(886 516)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties		(64)	(1 974)
Acquisitions of trading securities		(3 439)	(2 411)
Cash flow linked to acquisitions of investments		(970 235)	(890 901)
Disposals of other investments and intangible assets		1 333 036	789 622
Acquisitions of other investments and intangible assets		(1 325 658)	(797 826)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		7 378	(8 203)
Cash flow from investing activities		€ 58 047	€ (108 499)

Increases and decreases in capital	2 367	2 120
<i>Increases in capital</i>	2 366	2 120
<i>Decreases in capital</i>	1	-
Change in treasury stock	9 301	(6 341)
Dividends paid	(195 317)	(178 819)
Cash flow linked to transactions with the shareholders	(183 650)	(183 041)
Change in non voting shares	-	-
Changes in loans and subordinated securities	432	(74 992)
<i>Issue</i>	(3 538)	1 338
<i>Repayment</i>	3 970	(76 330)
Interest paid	(14 203)	(17 730)
Cash flow from group financing	(13 771)	(92 723)
Cash flow from financing activities	€ (197 421)	€ (275 763)
Impact of foreign exchange differences on cash and cash equivalents	(1 521)	(606)
Reclassification	(14 293)	-
Other net changes in cash	€ (15 814)	€ (606)
Change in cash flows	152 212	39 073
Change in cash and cash equivalents	152 212	39 073
Cash and cash equivalents at beginning of period	7	€ 346 988
Cash and cash equivalents at end of period	7	€ 499 201

Consolidated statement of changes in equity

Nine months ended September 30th, 2012

(in thousands)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity, group share	€ 14 451	€ 454 536	€ 1 879 323	€ 32 666	€ (25 543)	€ (7956)	€ 2 277 877	€ 18 002	€ 2 295 879
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	66 357	-	-	66 357	40	66 397
Impact of transferring realised gains and losses to income statement	-	-	-	(11 313)	-	-	(11 313)	-	(11 313)
Other changes	-	-	-	448	-	-	448	-	448
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	-	-	-	-	9 258	-	9 258	8	9 266
Components of other comprehensive income net of tax	-	-	-	55 492	9 258	-	64 750	48	64 798
Net income for the year	-	-	247 812	-	-	-	247 812	3 226	251 038
Comprehensive income of the period	-	-	€ 247 812	€ 55 492	€ 9 258	-	€ 312 562	€ 3 274	€ 315 836
Capital movements	18	2 348	-	-	-	9 301	11 867	-	11 867
Dividend distributions	-	-	(193 045)	-	-	-	(193 045)	(2 272)	(195 317)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	-	-	-
Other movements	-	-	57	-	-	-	57	-	57
Closing Shareholders' equity, group share	€ 14 469	€ 456 884	€ 1 934 147	€ 88 158	€ (16 285)	€ (8265)	€ 2 409 118	€ 19 004	€ 2 428 121

Nine months ended September 30th, 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)	€ (8659)	€ 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	-	-	-	(83)	(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)	€ (7000)	€ 2 214 297	€ 17 070	€ 2 231 367

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the nine months ended September 30th, 2012:

Changes in the share capital and in share ownership

As at September 30th, 2012, the Allianz group owned 30,744,048 shares out of a total of 45,212,727 shares, corresponding to 68% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into the Allianz consolidation scope.

During the nine months ended September 30th, 2012, 53,250 new shares were created by the exercise of options. As at September 30th, 2012, Euler Hermes' share capital was composed of 45,212,727 shares, including 1,301,644 shares held in treasury stock.

Creation of a joint venture with Mapfre

Euler Hermes and the Spanish insurer Mapfre have agreed a 50/50 joint-venture to develop their credit insurance business in Spain and four Latin American countries. The firms will integrate their existing credit insurance activities in Spain, Argentina, Chile, Colombia and Mexico with a consolidated turnover of € 135m based on 2011 figures. The joint venture will launch its operations in the beginning of 2013, once approvals from the regulatory authorities in the various countries have been obtained.

Follow-up on "Excellence" Project

In 2010, Euler Hermes initiated the Excellence Project to increase business efficiency. As of December 31st, 2010, the impact on the accounts included a restructuring provision of € 56.6 million and a restructuring expense of € 159 million.

The project is on track and workers councils agreements have been reached in all countries throughout 2011. As of December 31st, 2011, the restructuring provision had been partially used and amounted to € 45.9 million.

At the end of September 2012, restructuring provision balance reached € 31.1 million.

Relocation of Headquarters and Paris-based operations in 2012

Beginning of May, the Group and the Paris-based operations were relocated to the First tower in La Défense. 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.

Transfer of building located 8, rue Euler

During the 3rd quarter 2012, the group sold the building located 8, rue Euler in Paris.

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, Place des Saisons 92048 Paris - La Défense Cedex. The consolidated financial statements as at September 30th, 2012 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 30th, 2012 were approved by the Group Management Board of November 5, 2012 and presented to the Supervisory Board of November 6, 2012.

2.1. General Principles

In accordance with July 19, 2002 European regulation no. 1606/2002, the interim consolidated financial statements published at
Consolidated financial statements as at September 30th, 2012

September 30th, 2012 were prepared in accordance with IAS 34 as adopted by the European Union. International accounting standards includes IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts.

The standards and interpretations applied derives essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at September 30th, 2012 as adopted by the European Union,
- Guidance provided by 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 euro, 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 methods already applied by the group and 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. Consolidation scope

At the beginning of year 2012, Euler Hermes created an investment fund named PIMCO Funds Ireland which parts are owned by several entities of the Group.

The Group created during the 1st quarter 2012 a holding company in Luxembourg named Euler Hermes Luxembourg Holding S.a.r.l.

The Group created during 2nd quarter 2012 a Belgian company named Euler Hermes Patrimonia.

The service company UAB Euler Hermes Services Baltic based in Lithuania has been liquidated on the 2nd quarter 2012.

2.3. Use of estimates

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 if the underlying circumstances were to change, if new information had to be taken into account or following accrued experience.

Technical provisions estimates are also detailed in the part Risk Management of the 2011 Registration Document.

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

Estimate		Communicated Information
Note 3	Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit's is based on assumptions of capital costs, growth rate to infinity and loss ratio & standard retention rates used in the calculation of the final values.
Note 4	Fair value of real estate held for investments & for use	The fair value of buildings is estimated based on market prices, adjusted, where applicable, to take into account the nature, location or other specific features of the building concerned.
Note not published	Provisions for risks and charges	Provisions for risks and charges are measured in accordance with IAS 37 and are reviewed and adjusted at each balance sheet date to reflect the best estimate at this date.
Note 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. Considering the current economic crisis and the methods of assessment of credit-insurance, the IBNR might be different from the ones calculated on statistical basis. Indeed, non anticipated assessments might occur and modify the assumptions previously retained for the determination of IBNR.
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 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 SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz and Euler share price, until expiry of the obligation, and is calculated using the Cox-Ross-Rubinstein binomial valuation model.

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, 2012					December 31, 2011	
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	65 836	32 768	8 242	8 613	121 688	118 720
Impairment losses	(409)	(11 872)	-	-	-	(12 281)	(11 007)
Carrying amount	€ 5 820	€ 53 964	€ 32 768	€ 8 242	€ 8 613	€ 109 407	€ 107 713
Change during the year							
Opening carrying amount	5 820	53 964	32 768	8 242	8 613	109 407	107 713
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	2 566	188	-	322	3 076	2 606
Impairment losses	-	-	-	-	-	-	(912)
Closing carrying amount	5 820	56 530	32 956	8 242	8 935	112 483	109 407
Closing Balance							
Gross value	6 229	68 786	32 957	8 242	8 935	125 149	121 688
Impairment losses	(409)	(12 256)	-	-	-	(12 665)	(12 281)
Carrying amount	€ 5 820	€ 56 529	€ 32 957	€ 8 242	€ 8 935	€ 112 483	€ 107 713

Note 4 Investment and operating property

(in thousands)	September 30, 2012		December 31, 2011	
	Investment property	Operating property	Investment property	Operating property
Balance at opening period				
Gross value	6 144	187 356	13 232	184 231
Depreciation	(2 125)	(56 627)	(3 909)	(50 234)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	€ 4 019	€ 123 932	€ 9 323	€ 127 200
Change during the year				
Carrying amount as opening period	4 019	123 932	9 323	127 200
Acquisitions	-	85	-	3 000
Change in consolidation scope	-	-	-	-
Disposals	(1 698)	(11 355)	(5 188)	-
Reclassifications	16 088	(16 088)	-	-
Changes in foreign currency translation adjustments	-	15	-	108
Net depreciation	(127)	(3 557)	(117)	(6 376)
Net provisions for impairment	-	-	-	-
Other changes	(226)	-	-	-
Carrying amount at the end of the period	18 056	93 032	4 018	123 932
Balance at the end of the period				
Gross value	41 145	131 197	6 144	187 356
Depreciation	(23 089)	(31 368)	(2 125)	(56 627)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	€ 18 056	€ 93 032	€ 4 019	€ 123 932
Fair value	€ 123 431	€ 119 441	€ 12 312	€ 229 162
Amounts recorded in the income statement				
	Six months ended June 30,			
Investment property	2012	2011		
Rental revenues from investment property	519	886		
Direct operating expenses relating to property	(44)	(142)		

As at September 30th, 2012, disposals in investment property mainly concerns:

- Sale of the building located 8 rue Euler for a sale price of € 10,8 million, carrying the realized loss to € 0,5 million;
- Sales related to investment property realized by Euler Hermes France for a selling price of € 5,5 million, carrying the realized profit to € 3.8 million (before tax impact);

The reclassification for € 16.1 million concerns the transfer of the building 1, rue Euler from operating property to investment property.

Note 5 Financial investments

Classification by accounting method

For an instrument 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, 2012						December 31, 2011					
	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	491	-	491	491	300	191
Total held-to-maturity assets	€ 491	-	€ 491	€ 491	€ 300	€ 191	€ 491	-	€ 491	€ 491	€ 300	€ 191
Available-for-sale assets												
Equities	73 168	13 440	86 608	86 608	2 820 579	40 279	120 226	10 195	130 421	130 421	2 756 938	57 277
Bonds	2 666 676	108 574	2 774 250	2 774 250	-	-	2 639 057	44 737	2 683 794	2 683 794	-	-
Total Available-for-sale assets	€ 2 738 844	€ 122 014	€ 2 860 858	€ 2 860 858	€ 2 820 579	€ 40 279	€ 2 759 283	€ 54 932	€ 2 814 215	€ 2 814 215	€ 2 756 938	€ 57 277
Loans, deposits and other financial investments												
	717 825	-	717 825	717 825	-	-	743 611	-	743 611	743 611	-	-
Total loans, deposits and other financial investments	€ 717 825	-	€ 717 825	€ 717 825	-	-	€ 743 611	-	€ 743 611	€ 743 611	-	-
Total Financial Investments (excluded investments in consolidated enterprise)	€ 3 457 160	€ 122 014	€ 3 579 174	€ 3 579 174	€ 2 820 879	€ 40 469	€ 3 503 385	€ 5832	€ 3 558 317	€ 3 558 317	€ 2 757 238	€ 57 468

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, 2012				December 31, 2011			
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities:	73 168	13 440	86 608	86 608	120 226	10 195	130 421	130 421
- Bonds:	2 666 167	108 574	2 774 741	2 774 741	2 639 548	44 737	2 684 285	2 684 285
- Loans and other investments	717 825	-	717 825	717 825	743 611	-	743 611	743 611
Total Financial investments	€ 3 457 160	€ 122 014	€ 3 579 174	€ 3 579 174	€ 3 503 385	€ 54 932	€ 3 558 317	€ 3 558 317

Euler Hermes Group did not account any significant impairment as of September 30th, 2012. Euler Hermes Group did not have any financial assets such as “dynamic treasury mutual funds” or “subprime investments”.

Fair value hierarchy

- Available-for-sale assets

(in thousands)	September 30, 2012		
	Level 1	Level 2	Level 3
Available-for-sale assets	2 580 941	246 820	33 097

(in thousands)	December 31, 2011		
	Level 1	Level 2	Level 3
Available-for-sale assets	2 599 346	177 703	37 166

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

The level 2 is mainly composed of Allianz 3 years bond (for an amount of €160 million).

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

- Other financial investments

The HTM bonds, the loans and the other investments are valued at cost. As a consequence their hierarchical ranking is level 1.

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

Greece

The Group has no exposure to Greek sovereign debt.

Portugal

Portuguese company COSEC, consolidated at equity method within Euler Hermes, has the following exposure to local government debt (in thousands):

Country	Maturity	Total Exposure	Market Value	Unrelized Gain or Loss
Portugal	2013	3 446	3 424	(23)
Portugal	2014	642	621	(20)
Portugal	2015	916	865	(52)
Total Portugal		5 004	4 910	(95)

Ireland

The Group has no exposure to Irish sovereign debt.

Spain

The Group has no exposure to Spain sovereign debt.

Italy

The Group has no exposure to Italy sovereign debt.

Hungary

The Group has no more exposure to Hungarian sovereign debt.

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

Movements during the period

(in thousands)	September 30, 2012			December 31, 2011	
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Carrying amount as opening period	€ 491	€ 2 814 215	€ 43 611	€ 3 558 317	€ 3 438 756
Increase in gross value	-	1 418 306	1 363 451	2 781 757	2 479 332
Decrease in gross value	-	(1 443 805)	(1 384 337)	(2 828 142)	(2 331 877)
Revaluation	-	70 966	-	70 966	(12 186)
Impairment	-	(1 617)	-	(1 617)	(5 830)
Changes in foreign currency translation adjustments	-	13 282	2 858	16 140	8 115
Reclassifications	-	-	-	-	-
Other changes	-	(10 489)	(7 758)	(18 247)	(17 993)
Carrying amount as closing period	€ 491	€ 2 860 858	€ 17 825	€ 3 579 174	€ 3 558 317

The other variations of available for sale investments are mainly the amortizations of premiums / discounts of the bonds.

Note 6 Investments accounted for by the equity method

Information on equity-accounted investments

(in thousands)							September 30, 2012
Company	Country	Assets ⁽¹⁾	Shareholders' equity ⁽²⁾	Turnover ⁽³⁾	Net income	% of capital held	
OeKB Beteiligungs- und Management A.G.	Austria	197 426	126 651	59 481	11 145	49,00%	
Graydon Holding N.V.	Netherlands	49 799	15 098	50 388	5 375	27,50%	
Companhia de Seguro de Creditos SA (COSEC)	Portugal	106 869	44 568	30 787	2 846	50,00%	
The Israeli Credit Insurance Company Ltd	Israel	75 371	36 775	22 346	5 377	33,33%	
		€ 429 465	€ 223 092	€ 163 002	€ 24 742		

(1) Assets based on IFRS statements as at June 30, 2012.

(2) Shareholders' equity based on IFRS statements as at June 30, 2012 including goodwill.

(3) The turnover corresponds to the turnover in the IFRS statements as at June 30, 2012 plus ¼ of 2011 year.

(in thousands)							December 31, 2011	September 30, 2011
Company	Country	Assets	Shareholders' equity	Turnover	Net income	% of capital held		
OeKB Beteiligungs- und Management A.G.	Austria	186 250	114 016	60 587	14 165	49,00%		
Graydon Holding N.V.	Netherlands	54 918	7 095	52 540	9 331	27,50%		
Companhia de Seguro de Creditos SA (COSEC)	Portugal	131 825	38 838	30 187	4 584	50,00%		
The Israeli Credit Insurance Company Ltd	Israel	69 812	32 766	20 435	3 372	33,33%		
		€ 442 805	€ 192 715	€ 163 749	€ 31 453		-	

Movements during the period

(in thousands)			September 30, 2012	December 31, 2011
Opening carrying amount			€ 105 196	€ 98 066
Increases			-	-
Decreases			-	(997)
Reclassification			-	-
Share of income for the period			10 154	17 038
Dividends paid			(6 245)	(8 417)
Impairment			-	-
Foreign exchange differences			(107)	(210)
Other changes			1 908	(284)
Closing carrying amount			€ 110 906	€ 105 196

Contribution to shareholders' equity (without equity method income of 2012)

(in thousands)		September 30, 2012	December 31, 2011
OeKB Beteiligungs- und Management A.G.	Austria	62 059	55 868
Graydon Holding N.V.	Netherlands	4 152	1 951
Companhia de Seguro de Creditos SA (COSEC)	Portugal	22 284	19 419
The Israeli Credit Insurance Company Ltd	Israel	12 257	10 921
Share of shareholders' equity		€ 100 752	€ 88 159

Contribution to income

(in thousands)		Nine months ended September 30,	
		2012	2011
OeKB Beteiligungs- und Management A.G.	Austria	5 461	6 941
Graydon Holding N.V.	The Netherlands	1 478	2 566
Companhia de Seguro de Creditos SA (COSEC)	Portugal	1 423	2 292
The Israeli Credit Insurance Company Ltd	Israel	1 792	1 124
Share of total income		€ 10 154	€ 12 923

Note 7 Cash and cash equivalents

(in thousands)	September 30, 2012	December 31, 2011
Cash in bank and at hand	412 602	317 077
Cash pooling	86 949	30 261
Total cash	€ 499 551	€ 347 338
Total cash per balance sheet	499 551	347 338
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(350)	(350)
Total cash and cash equivalents	€ 499 201	€ 346 988

Note 8 Technical reserves

(in thousands)	December 31, 2011	Allowance net of writebacks	Foreign exchange differences	Other changes	September 30, 2012
Reserve for unearned premiums	311 752	83 128	7 003	2 748	404 631
Reserve for claims net of forecasts of recoveries	1 422 871	(91 156)	10 654	(283)	1 342 086
Reserve for no-claims bonuses and rebates	164 642	6 525	(224)	83	171 026
Gross technical reserves	1 899 265	(1 503)	17 433	2 548	1 917 743
Reserve for unearned premiums	53 418	27 908	(949)	2 327	82 704
Reserve for claims net of forecasts of recoveries	457 763	(117 389)	(355)	(249)	339 770
Reserve for no-claims bonuses and rebates	34 780	2 703	(551)	95	37 027
Reinsurers' share of technical reserves	545 961	(86 778)	(1 855)	2 173	459 501
Net technical reserves	€ 1 353 304	€ 85 275	€ 19 288	€ 375	€ 1 458 242

Claims reserves

(in thousands)	September 30, 2012			December 31, 2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 714 689	(529 215)	1 185 474	1 625 729	(509 643)	1 116 086
Current period	824 708	(251 371)	573 337	923 395	(278 818)	644 577
Prior periods	889 981	(277 844)	612 137	702 334	(230 825)	471 509
Recoveries to be received	(372 603)	189 445	(183 158)	(202 858)	51 880	(150 978)
Current period	(218 271)	149 583	(68 688)	(103 123)	26 861	(76 262)
Prior periods	(154 332)	39 862	(114 470)	(99 735)	25 019	(74 716)
Claims reserves	€ 1 342 086	€ (339 770)	€ 1 002 316	€ 1 422 871	€ (457 63)	€ 965 108

Breakdown by type of reserve

(in thousands)	September 30, 2012			December 31, 2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	404 631	(82 704)	321 927	311 752	(53 418)	258 334
Claims reserves	1 342 086	(339 770)	1 002 316	1 422 871	(457 763)	965 108
of which, reserves for known claims	1 050 975	(352 760)	698 215	995 738	(351 103)	644 635
of which, reserves for late claims	558 245	(165 705)	392 540	530 033	(147 027)	383 006
of which, reserves for claims handling expenses	104 733	(10 751)	93 982	97 273	(11 512)	85 761
of which, other technical reserves	736	2	738	2 685	(1)	2 684
of which, recoveries to be received	(372 603)	189 444	(183 159)	(202 858)	51 880	(150 978)
No-claims bonuses and rebates	171 026	(37 027)	133 999	164 642	(34 780)	129 862
Technical reserves	€ 1 917 743	€ (459 501)	€ 1 458 242	€ 1 899 265	€ (548 61)	€ 1 353 304

Note 9 Breakdown of income net of reinsurance

	Nine months ended September 30,					
	2012			2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 665 295	(537 538)	1 127 757	1 575 146	(542 085)	1 033 061
Premiums refunded	(90 243)	23 281	(66 962)	(91 816)	24 823	(66 993)
Gross premiums written - credit insurance	1 575 052	(514 257)	1 060 795	1 483 330	(517 262)	966 068
Change in unearned premiums	(83 136)	26 687	(56 449)	(59 542)	10 339	(49 203)
Earned premiums	1 491 916	(487 570)	1 004 346	1 423 788	(506 923)	916 865
Service revenues	300 986	-	300 986	282 897	-	282 897
Turnover	€ 1 792 902	€ (487 570)	€ 1 305 332	€ 1 706 685	€ (506 923)	€ 1 199 762
Net investment income	85 693	-	85 693	90 441	-	90 441
Claims paid	(783 874)	371 485	(412 389)	(435 817)	136 180	(299 637)
Claims reserves expense	97 950	(116 411)	(18 461)	(46 444)	12 778	(33 666)
Claims handling expense	(69 370)	1 623	(67 747)	(58 577)	5 675	(52 902)
Insurance services expense	(755 294)	256 697	(498 597)	(540 838)	154 633	(386 205)
Brokerage commissions	(154 205)	-	(154 205)	(142 918)	-	(142 918)
Other acquisition costs	(144 550)	-	(144 550)	(143 569)	-	(143 569)
Change in acquisition costs capitalised	14 342	-	14 342	6 934	-	6 934
Contract acquisition expense	(284 413)	-	(284 413)	(279 553)	-	(279 553)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expense	(186 184)	-	(186 184)	(155 818)	-	(155 818)
Commissions received from reinsurers	-	186 673	186 673	-	176 021	176 021
Other ordinary operating income and expense	(255 410)	-	(255 410)	(253 687)	-	(253 687)
Current operating income	€ 397 294	€ (44 200)	€ 353 094	€ 567 230	€ (176 269)	€ 390 961

Cost of claims

	Nine months ended September 30,					
	2012			2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	1 288 527	(539 299)	749 228	878 496	(246 717)	631 779
of which, claims paid	436 155	(286 974)	149 181	126 835	(36 548)	90 287
of which, claims reserves	785 882	(248 857)	537 025	683 694	(206 558)	477 136
of which, claims handling expenses	66 490	(3 468)	63 022	67 967	(3 611)	64 356
Recoveries for the current period	(297 546)	226 486	(71 060)	(81 889)	20 464	(61 425)
Recoveries received	(79 497)	76 901	(2 596)	(1 692)	512	(1 180)
Change in reserves for recoveries	(218 049)	149 585	(68 464)	(80 197)	19 952	(60 245)
Cost of claims from prior periods	(185 769)	37 957	(147 812)	(260 126)	73 147	(186 979)
of which, claims paid	527 314	(191 598)	335 716	423 983	(124 610)	299 373
of which, claims reserves	(715 962)	227 711	(488 251)	(674 817)	199 821	(474 996)
of which, claims handling expenses	2 879	1 844	4 723	(9 292)	(2 064)	(11 356)
Recoveries from prior periods	(49 918)	18 159	(31 759)	4 357	(1 527)	2 830
Recoveries received	(100 098)	30 188	(69 910)	(113 310)	24 466	(88 844)
Change in reserves for recoveries	50 180	(12 029)	38 151	117 667	(25 993)	91 674
Cost of claims	€ 755 294	€ (256 697)	€ 498 597	€ 540 838	€ (154 633)	€ 386 205

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

	Nine months ended September 30	
	2012	2011
Distributable net income (in thousands of euros)	247 812	276 040
Weighted average number of ordinary shares before dilution	43 860 214	43 822 644
Earnings per share (€)	€ 5,65	€ 6,30
Distributable net income (in thousands of euros)	247 812	276 040
Weighted average number of ordinary shares after dilution	43 873 948	43 858 504
Diluted earnings per share (€)	€ 5,65	€ 6,29

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 13,734 for the nine months ended September 30th, 2012 (35,860 for the nine months ended September 30th, 2011). The group share of net income is used as the basis for this calculation.

Dividend per share

The Shareholder's Meeting approved on May 25th, 2012 the payment of a dividend of € 4.4 by share concerning the 2011 fiscal year.

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 contains income and expense resulting from operating activities that are directly related 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.

Further to the transfer of operating responsibility of the Persian Gulf credit insurance and service activities (named Gulf Cooperation Council or GCC), the Euler Hermes Board of Management has decided to report these activities in the segment data Med. Countries and Africa from first quarter 2012.

These activities were previously reported in the segment data Asia Pacific. Pro-forma 2011 will be done on the P&L for September closing and on the balance sheet for December 31st.

These activities generate a turnover of €14 million and a net income of €2.4 million for the nine months ended September 30th, 2012.

Profit & loss by segment - end September 2012

(in thousands)

Nine months ended September 30 2012

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP
Premiums written	507 406	283 619	375 527	214 218	191 434	51 654	1 037 956	-	(996 519)	1 665 295
Premiums refunded	(41 540)	(24 240)	(13 953)	(2 919)	(3 151)	(1 874)	(63 301)	-	60 735	(90 243)
Change in unearned premiums	(15 550)	(3 080)	(23 266)	(17 650)	(17 945)	(3 369)	(20 773)	-	18 497	(83 136)
Earned premiums	450 316	256 299	338 308	193 649	170 338	46 411	953 882	-	(917 287)	1 491 916
Service revenues	130 695	55 908	54 978	46 584	27 376	11 939	-	27 794	(54 288)	300 986
Turnover - intra-sectoral	581 011	€ 312 207	€ 393 286	€ 240 233	€ 197 714	€ 58 35	€ 953 882	€ 27 794	€ (971 575)	€ 1 792 902
Investment income	27 255	23 014	6 004	4 829	7 675	1 831	16 705	229 688	(231 308)	85 693
<i>Of which, dividends</i>	<i>(581)</i>	<i>(575)</i>	<i>(48)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(671)</i>	<i>(228 654)</i>	<i>230 629</i>	<i>-</i>
Total ordinary income	608 266	335 221	399 290	245 062	205 389	60 181	970 587	257 482	(1 202 883)	1 878 595
Insurance services expense	(287 275)	(111 719)	(164 225)	(102 865)	(37 463)	(37 723)	(492 040)	(6 639)	484 655	(755 294)
Outwards reinsurance expense	(290 784)	(172 932)	(246 091)	(141 982)	(124 014)	(34 218)	(410 542)	-	932 993	(487 570)
Outwards reinsurance income	305 845	145 193	198 557	120 415	76 582	41 161	365 322	(4 000)	(805 705)	443 370
Other income and expense	(232 336)	(121 315)	(155 407)	(94 935)	(79 338)	(31 241)	(320 709)	(50 360)	359 634	(726 007)
Total other income and expense	(504 550)	(260 773)	(367 166)	(219 367)	(164 233)	(62 021)	(857 969)	(60 999)	971 577	(1 525 501)
Ordinary operating income	103 716	€ 74 448	€ 32 124	€ 25 695	€ 41 156	€ (1 840)	€ 12 618	€ 196 483	€ (231 306)	€ 353 094
Other operating income and expense	1 901	219	(610)	(136)	-	-	-	(750)	-	626
Operating income	105 617	€ 74 667	€ 31 514	€ 25 559	€ 41 156	€ (1 840)	€ 12 618	€ 195 733	€ (231 306)	€ 353 720
Financing expense	(193)	(90)	(1)	(258)	(3)	(4)	(491)	(12 259)	3 279	(10 020)
Income from companies accounted for by the equity method	6 938	3 215	-	-	-	-	-	-	-	10 154
Corporation tax	(33 599)	(28 266)	(7 256)	(8 608)	(14 116)	758	(22 881)	11 178	(26)	(102 816)
Consolidated net income	78 763	€ 49 526	€ 24 257	€ 16 693	€ 27 037	€ (1 086)	€ 89 246	€ 194 652	€ (228 053)	€ 251 038
<i>o/w</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Net income, group share	76 496	€ 49 152	€ 24 257	€ 16 109	€ 27 037	€ (1 086)	€ 89 246	€ 194 652	€ (228 053)	€ 247 812
Non controlling interests	2 267	374	-	584	-	-	-	-	-	3 226

Profit & loss by segment - end September 2011 published

(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 77	€ 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>	<i>(413)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(169 851)</i>	<i>170 264</i>	<i>-</i>
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	€ 12 619	€ 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	€ 12 619	€ 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>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</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

Profit & loss by segment - end September 2011 pro forma

(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	201 440	151 993	37 059	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)	(17 561)	(8 492)	(998)	(22 702)	-	23 329	(59 542)	
Earned premiums - non-group	456 797	255 753	319 630	178 298	141 197	35 289	811 652	-	(774 828)	1 423 788	
Premium-related revenues - non-group	128 033	56 335	50 827	42 942	23 488	10 346	-	17 598	(46 672)	282 897	
Turnover - intra-sectoral	584 830	€ 312 088	€ 370 457	€ 221 240	€ 164 685	€ 45 635	€ 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>	(413)	-	-	-	-	-	-	(169 851)	170 264	-	
Total ordinary income	611 109	343 820	379 909	225 701	172 326	45 217	827 913	187 450	(996 318)	1 797 127	
Insurance services expense	(177 577)	(116 513)	(87 020)	(83 542)	(53 688)	(2 641)	(339 906)	-	320 049	(540 838)	
Outwards reinsurance expense	(275 003)	(129 890)	(213 893)	(124 816)	(99 366)	(25 063)	(413 717)	-	774 825	(506 923)	
Outwards reinsurance income	186 080	104 218	124 971	93 351	63 300	10 978	285 167	-	(537 411)	330 654	
Other income and expense	(222 954)	(121 245)	(144 967)	(92 282)	(65 469)	(25 495)	(230 288)	(49 739)	263 380	(689 059)	
Total other income and expense	(489 454)	(263 430)	(320 909)	(207 289)	(155 223)	(42 221)	(698 744)	(49 739)	820 843	(1 406 166)	
Ordinary operating income	121 655	€ 80 390	€ 59 000	€ 18 412	€ 17 103	€ 2 996	€ 121 652	€ 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	€ 17 671	€ 17 103	€ 2 996	€ 121 652	€ 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	10 625	9 398	3 420	107 356	130 098	(172 250)	278 358	
<i>o/w</i>	-	-	-	-	-	-	-	-	-	-	
Net income, group share	87 097	€ 56 935	€ 43 237	€ 10 749	€ 9 398	€ 3 420	€ 107 356	€ 130 098	€ (172 250)	€ 276 040	
Minority interests	2 085	357	-	(124)	-	-	-	-	-	2 318	

Depreciation, amortisation and provisions by segment

(in thousands)		Nine months ended September 30 2012									
	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	180	(2 652)	37	(664)	31	4	7	438	-	€ (2 619)	

(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)	

Amortisation and impairment charges on non-current assets are now analysed by function. Consequently, the breakdown is no longer directly visible in the consolidated income statement in the 2011 and 2012 financial statements.

Balance sheet by segment - end September 2012

(in thousands)		September 30, 2012								
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP
Goodwill	-	-	68 334	7 803	32 957	3 391	-	(2)	-	112 483
Other intangible assets	35 982	15 719	5 607	5 888	1 979	1 056	1 541	7 554	(2 891)	72 435
Investments - insurance businesses	584 643	758 849	22 030	215 648	66 305	10 399	702 632	1 695 794	(450 911)	3 605 390
Investments accounted for by the equity method	73 150	37 757	-	-	-	-	-	(1)	-	110 906
Share of assignees and reinsurers in the technical reserves and financial liabilities	183 465	125 125	248 937	218 291	89 828	52 757	221 740	(3 890)	(676 752)	459 501
Insurance and reinsurance receivables	59 217	68 581	274 371	66 429	100 788	32 028	331 542	(23)	(237 591)	695 342
Other assets	345 695	176 510	269 231	109 967	99 571	(5 094)	90 929	184 454	(230 649)	1 040 614
Total assets	€ 1 282 152	€ 1 182 541	€ 888 511	€ 624 026	€ 391 428	€ 537	€ 1 348 384	€ 1 883 886	€ (1 598 794)	€ 6 096 67
Technical reserves	451 342	265 848	489 946	371 073	238 807	75 456	708 343	48	(683 120)	1 917 743
Liabilities related to inwards insurance and reinsurance transactions	20 936	65 512	55 461	29 087	8 566	12 424	134 140	1 909	(90 761)	237 274
Liabilities related to outwards reinsurance transactions	20 345	16 017	97 186	46 224	30 128	478	137 668	-	(132 911)	215 135
Other liabilities	412 878	272 907	120 544	149 667	52 895	10 392	51 634	651 802	(424 322)	1 298 397
Total liabilities	€ 905 501	€ 620 284	€ 763 137	€ 596 051	€ 330 396	€ 960	€ 1 031 785	€ 653 759	€ (1 331 114)	€ 3 668 549

Balance sheet by segment - end December 2011 published

(in thousands)		December 31, 2011									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP	
Goodwill	-	-	65 688	7 803	32 768	3 148	-	-	-	109 407	
Other intangible assets	34 056	12 555	5 875	4 204	3 035	976	1 455	11 222	(3 666)	69 712	
Investments - insurance businesses	632 647	752 388	75 153	136 698	90 359	8 689	443 066	1 693 376	(264 582)	3 567 794	
Investments accounted for by the equity method	70 027	35 169	-	-	-	-	-	-	-	105 196	
Share of assignees and reinsurers in the technical reserves and financial liabilities	274 010	103 386	231 048	180 572	90 164	32 708	315 231	-	(681 158)	545 961	
Insurance and reinsurance receivables	73 340	75 449	187 148	63 703	64 052	26 636	214 896	-	(170 097)	535 127	
Other assets	278 645	145 537	169 670	93 082	74 728	(10 724)	74 285	167 225	(107 535)	884 913	
Total assets	€ 1 362 725	€ 1 124 484	€ 734 582	€ 486 062	€ 355 106	€ 1 433	€ 1 048 933	€ 1 871 823	€ (1 227 038)	€ 5 818 10	
Technical reserves	523 314	272 544	448 935	349 071	229 151	52 809	720 533	-	(697 092)	1 899 265	
Liabilities related to inwards insurance and reinsurance transactions	17 171	67 631	45 990	23 904	4 184	4 333	109 034	1 370	(56 605)	217 012	
Liabilities related to outwards reinsurance transactions	18 515	11 874	38 729	34 800	16 060	285	73 594	-	(89 316)	104 541	
Other liabilities	426 832	262 720	110 810	79 323	50 603	9 808	23 629	653 649	(315 961)	1 301 413	
Total liabilities	€ 985 832	€ 614 769	€ 644 464	€ 487 098	€ 299 998	€ 675	€ 926 790	€ 655 019	€ (1 158 974)	€ 3 522 231	

Balance sheet by segment - end December 2011 pro forma

(in thousands)		December 31, 2011									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP	
Goodwill	-	-	65 688	7 803	32 768	3 148	-	-	-	109 407	
Other intangible assets	34 056	12 555	5 875	4 204	3 035	976	1 455	11 222	(3 666)	69 712	
Investments - insurance businesses	632 647	752 388	75 153	136 698	90 359	8 689	443 066	1 693 376	(264 582)	3 567 794	
Investments accounted for by the equity method	70 027	35 169	-	-	-	-	-	-	-	105 196	
Share of assignees and reinsurers in the technical reserves and financial liabilities	274 010	103 386	231 048	185 067	90 164	28 213	315 231	-	(681 158)	545 961	
Insurance and reinsurance receivables	73 340	75 449	187 148	64 207	64 052	26 132	214 896	-	(170 097)	535 127	
Other assets	278 645	145 537	169 670	93 330	74 728	(10 972)	74 285	167 225	(107 535)	884 913	
Total assets	€ 1 362 725	€ 1 124 484	€ 734 582	€ 491 309	€ 355 106	€ 186	€ 1 048 933	€ 1 871 823	€ (1 227 038)	€ 5 818 10	
Technical reserves	523 314	272 544	448 935	357 005	229 151	44 875	720 533	-	(697 092)	1 899 265	
Liabilities related to inwards insurance and reinsurance transactions	17 171	67 631	45 990	23 904	4 184	4 333	109 034	1 370	(56 605)	217 012	
Liabilities related to outwards reinsurance transactions	18 515	11 874	38 729	34 800	16 060	285	73 594	-	(89 316)	104 541	
Other liabilities	426 832	262 720	110 810	79 323	50 603	9 808	23 629	653 649	(315 961)	1 301 413	
Total liabilities	€ 985 832	€ 614 769	€ 644 464	€ 495 032	€ 299 998	€ 590	€ 926 790	€ 655 019	€ (1 158 974)	€ 3 522 231	

Note 12 Related parties

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

	Number of shares	%
Allianz SA	26 864 230	59,42%
Allianz Vie	3 879 818	8,58%
Treasury shares	1 301 644	2,88%
Sub-total	32 045 692	70,88%
Public (bearer securities)	13 167 035	29,12%
Total	45 212 727	100,00%

Transactions

(in thousands)	Nine months ended September 30,							
	2012				2011			
	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
Operating income	38 091	-	-	20 318	40 763	-	-	20 919
Insurance services expense	(25 448)	-	-	(9 630)	(10 946)	-	-	(12 277)
Net income or expense on reinsurance	(11 704)	-	-	(112)	(51 654)	-	-	(96)
Financing expense	-	(4 151)	-	-	-	(4 136)	(2 264)	-
Other financial net incomes	(7 281)	-	-	(6 848)	(9 191)	2	-	(5 317)

Receivables and liabilities

(in thousands)	September 30, 2012				December 31, 2011			
	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)	11 475	-	(237)	1 778	(41 112)	-	(1 207)	1 817
Net operating receivables	430	-	-	724	2 525	-	-	763
Borrowings (accrued interests included)	-	136 485	-	-	-	137 879	-	-
Operating liabilities	(5 786)	-	-	287	(3 018)	-	-	274

The following entities invested Allianz SE 1 year corporate bond for a total amount of €160 million:

- Euler Hermes Reinsurance A.G.;
- Euler Hermes Deutschland A.G.;
- Euler Hermes France.

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 agreement.

Borrowings mainly correspond to a loan contracted in 2010 with Allianz Belgium for €135 million with a term planned on June 24th, 2020, at an annual fixed rate of 4,04 %.

Note 13 Commitments given and received

(in thousands)	September 30, 2012	December 31, 2011
Commitments received	€ 8 650	€ 9 462
* Deposits, sureties and other guarantees	8 650	9 462
Commitments given	€ 106 874	€ 107 292
* Deposits, sureties and other guarantees	106 874	107 292
<i>o/w</i> - Commitments to Citibank	50 000	50 000
- Commitments to Société Générale	38 865	38 643
- Commitments associated with membership of an EIG	54	51
- Securities buyback agreement	-	-

The given commitment of € 50 million is aimed to cover Citibank's customers having signed a credit insurance policy with an EH subsidiary in the event that the latter fails to meet its credit insurance policy obligations.

The € 38.9 million commitment is a guarantee to Romanian bank, BRD, a subsidiary of Société Générale Group, in relation to the issuance of bond policy by Euler Hermes Europe S.A. Nederland.

Note 14 Subsequent events

No subsequent events occurred since September 30th, 2012 closing which would impact the hypothesis of the quarterly closing.