

Condensed consolidated Financial Statements

For the 1st quarter ended March 31, 2013



EULER HERMES
Business insured. Success ensured.

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Consolidated statement of financial position

(in € thousand)	Notes	March 31, 2013	December 31, 2012
Goodwill	3	101 192	104 347
Other intangible assets		77 512	76 566
Intangible assets		178 704	180 913
Investment property	4	54 839	53 663
Financial investments	5	3 821 613	3 767 514
Derivatives		9 051	9 526
Investments- insurance businesses		3 885 503	3 830 703
Investments accounted for by the equity method	6	180 031	115 500
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	523 698	498 950
Operating property and other property, plant and equipment		141 235	142 688
Acquisition costs capitalised		68 953	60 969
Deferred tax assets		18 820	67 451
Inwards insurance and reinsurance receivables		631 318	507 877
Outwards reinsurance receivables		22 870	95 077
Corporation tax receivables		25 389	25 581
Other receivables		243 614	242 992
Other assets		1 152 199	1 142 635
Cash	7	349 245	308 380
TOTAL ASSETS		6 269 380	6 077 081
Capital stock		14 474	14 468
Additional paid-in capital		457 953	456 883
Reserves		1 803 264	1 497 434
Net income, group share		85 328	305 500
Revaluation reserve		85 447	92 777
Foreign exchange translation		(24 109)	(21 821)
Shareholders' equity, Group share		2 422 357	2 345 241
Non controlling interests		69 788	68 261
Total shareholders' equity		2 492 145	2 413 502
Provisions for risks and charges		385 885	388 056
Bank borrowings		252 579	251 506
Other borrowings		139 593	138 230
Borrowings		392 172	389 736
Non-life technical reserves	8	2 031 561	1 930 646
Liabilities related to contracts		2 031 561	1 930 646
Deferred tax liabilities		251 646	312 262
Inwards insurance and reinsurance liabilities		193 497	183 909
Outwards reinsurance liabilities		157 694	148 097
Corporation tax payables		37 252	20 363
Other payables		327 528	290 510
Other liabilities		967 617	955 141
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6 269 380	6 077 081

Consolidated income statement

(in € thousand excepted for the earnings per share)

March 31,

	Notes	2013	2012
Premiums written		629 707	620 311
Premiums refunded		(30 937)	(30 899)
Change in unearned premiums		(83 225)	(97 688)
Earned premiums		515 545	491 724
Premium - related revenues		103 796	98 158
Turnover	9	619 341	589 882
Investment income		22 246	25 200
Investment management charges		(1 442)	(3 043)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		7 435	4 701
Change in fair value of investments recognised at fair value through profit or loss		(250)	661
Change in investment impairment provisions		-	(991)
Net change in foreign currency		4 888	(2 258)
Net investment income		32 877	24 270
Insurance services expenses		(275 351)	(217 127)
Outwards reinsurance income		(171 776)	(169 841)
Outwards reinsurance expenses		140 148	118 327
Net outwards reinsurance income or expenses	9	(31 628)	(51 514)
Contract acquisition expenses		(103 745)	(89 987)
Administration expenses		(52 487)	(58 916)
Other ordinary operating income		6 244	5 663
Other ordinary operating expenses		(97 737)	(96 181)
CURRENT OPERATING INCOME		97 514	106 090
Other non ordinary operating expenses		(6 774)	(3 562)
Other non ordinary operating income		36 596	4 163
OPERATING INCOME	9	127 336	106 691
Financing expenses		(2 817)	(3 645)
Share of Income from companies accounted by the equity method	6	2 830	809
Corporation tax		(40 492)	(36 067)
CONSOLIDATED NET INCOME		86 857	67 788
o/w			
NET INCOME, GROUP SHARE		85 328	66 910
Non controlling interests		1 529	878
Earnings per share (in euros)	10	1,94	1,53
Diluted earnings per share (in euros)	10	1,94	1,53
Earnings per share of continuing activities (in euros)		1,94	1,53
Diluted earnings per share of continuing activities (in euros)		1,94	1,53

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in € thousand)

March 31,

	2013	2012
NET INCOME, GROUP SHARE	85 328	66 910
Non controlling interests	1 529	878
Other comprehensive income elements		
Change in fair market value of asset held for sale transfered through profits & losses (Gross amount)	(7 145)	(2 057)
Change in fair market value of asset held for sale transfered through profits & losses (Tax amount)	2 143	1 043
Change in fair market value of asset held for sale booked through equity (Gross amount)	(3 159)	41 798
Change in fair market value of asset held for sale booked through equity (Tax amount)	881	(11 189)
Change in fair market value of asset held for sale booked - minority interests share net of corporation tax	1	11
Other change in fair market value of asset held for sale booked through equity	-	420
Change in translation reserve (included impact on revaluation reserve) booked through equity (Gross amount)	(3 520)	(1 268)
Change in translation reserve (included impact on revaluation reserve) booked through equity (Tax amount)	667	945
Total other comprehensive income net of taxes	(10 133)	29 703
Total comprehensive income	76 724	97 491
Total comprehensive income, Group share	75 194	96 602
Total comprehensive income, minority interests	1 530	889

Consolidated statement of cash flows

March 31,

(in € thousand)	Notes	2013	2012
Net income, Group share		85 328	66 910
Corporation tax		40 492	35 816
Financing expense		2 817	3 645
Operating income before tax		128 637	106 371
Minority interests		1 529	878
Allocation to and writebacks of depreciation, amortisation and reserves		-	6 027
Change in technical reserves		99 358	40 797
Change in deferred acquisition costs		(8 468)	(12 655)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		115	(1 479)
Realised capital gains/(losses) net of writebacks		(39 184)	(2 219)
Unrealised foreign exchange gain (loss) in company accounts		(6 112)	3 399
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		(2 223)	(5 033)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		45 017	29 715
Income (loss) of companies accounted for by the equity method		(2 830)	(809)
Dividends received from companies accounted for by the equity method		-	-
Change in liabilities and receivables relating to insurance and reinsurance transactions		(47 395)	69 956
Change in operating receivables and liabilities		37 828	(19 920)
Change in other assets and liabilities		(3 132)	(23 371)
Corporation tax		(17 599)	(1 283)
Cash flow related to operating activities		(33 127)	24 573
Cash flow from operating activities		140 527	160 659
Acquisitions of subsidiaries and joint ventures, net of acquired cash		-	189
Disposals of subsidiaries and joint ventures, net of ceded cash		33 834	(64)
Acquisitions of equity interests in companies accounted for by the equity method		(60 903)	-
Disposals of equity method investments		-	-
Merger		(10)	124
Cash flow linked to changes in the consolidation scope		(27 080)	249
Disposals of AFS securities		201 194	194 866
Matured HTM securities		-	-
Disposals of investment properties		409	1 766
Disposals of securities held for trading		1 114	1 099
Cash flow linked to disposals and redemptions of investments		202 717	197 731
Acquisitions of AFS securities		(257 388)	(389 299)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties		(1 730)	-
Acquisitions of trading securities		(735)	(28)
Cash flow linked to acquisitions of investments		(259 853)	(389 327)
Disposals of other investments and intangible assets		1 009 511	371 394
Acquisitions of other investments and intangible assets		(1 027 560)	(221 627)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		(18 049)	149 767
Cash flow from investing activities		(102 264)	(41 581)

Consolidated statement of cash flows

(in € thousand)	Notes	2013	2012
Increases and decreases in capital		1 059	474
<i>Increases in capital</i>		1 076	475
<i>Decreases in capital</i>		(17)	(1)
Change in treasury stock		1 396	11 179
Dividends paid		-	3
Cash flow linked to transactions with the shareholders		2 455	11 656
Change in non voting shares		-	-
Changes in loans and subordinated securities		(157)	429
<i>Issue</i>		1 237	445
<i>Repayment</i>		(1 394)	(16)
Interest paid		(269)	(339)
Cash flow from Group financing		(426)	90
Cash flow from financing activities		2 029	11 747
Impact of foreign exchange differences on cash and cash equivalents		679	688
Reclassification		(106)	1 458
Other net changes in cash		€ 573	€ 2 146
Change in cash flows		40 865	132 972
Change in cash and cash equivalents		40 865	132 972
Cash and cash equivalents at beginning of period	7	308 030	346 988
Cash and cash equivalents at end of period (*)	7	348 895	479 960

Consolidated statement of changes in equity

For the 1st quarter 2012

(in € thousand)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Pension provision 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	(59 528)	(25 543)	(77 556)	2 218 349	18 002	2 236 351
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	30 609	-	-	-	30 609	(1 297)	29 312
Impact of transferring realised gains and losses to income statement	-	-	-	(1 014)	-	-	-	(1 014)	1 308	294
Other changes	-	-	-	420	-	-	-	420	-	420
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	-	-	-	(1 707)	-	(134)	-	(304)	(15)	(322)
Components of other comprehensive income net of tax	-	-	-	29 845	-	(134)	-	29 711	(7)	29 704
Net income for the year	-	-	66 350	-	560	-	-	66 910	878	67 788
Comprehensive income of the period	-	-	66 350	29 845	560	(134)	-	96 621	871	97 492
Capital movements	2	320	-	-	-	-	11 179	11 501	-	11 501
Dividend distributions	-	-	3	-	-	-	-	3	-	3
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	-	-	-	-
IAS19 revised impact	-	-	-	-	(9 191)	-	-	(9 191)	-	(9 191)
Other movements	-	-	17	-	-	-	-	17	(1)	16
Closing Shareholders' equity, Group share	14 453	454 856	1 945 693	62 511	(68 159)	(25 677)	(66 377)	2 317 300	18 872	2 336 172

For the 1st quarter 2013

(in € thousand)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Pension provision reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity, Group share	14 468	456 883	1 986 367	92 777	(121 498)	(21 621)	(61 935)	2 345 241	68 261	2 413 502
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	(2 278)	-	-	-	(2 278)	(27)	(2 305)
Impact of transferring realised gains and losses to income statement	-	-	-	(5 002)	-	-	-	(5 002)	-	(5 002)
Other changes	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-	-
Gain / (loss) taken to shareholders' equity	-	-	-	-	-	-	-	-	-	-
Impact of transferring realised profits and losses in the year to income statement	-	-	-	-	-	-	-	-	-	-
Impact of transfers on the initial amount of hedges	-	-	-	-	-	-	-	-	-	-
Impact of translation differences	-	-	-	(50)	-	(2 803)	-	(2 853)	26	(2 827)
Components of other comprehensive income net of tax	-	-	-	(7 330)	-	(2 803)	-	(10 133)	(1)	(10 134)
Net income for the year	-	-	85 328	-	-	-	-	85 328	1 529	86 857
Comprehensive income of the period	-	-	85 328	(7 330)	-	(2 803)	-	75 195	1 528	76 723
Capital movements	6	1 070	-	-	-	-	1 308	2 384	-	2 384
Dividend distributions	-	-	(1)	-	-	-	-	(1)	-	(1)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	88	88	-	88
IAS19 revised impact	-	-	-	-	(377)	-	-	(377)	-	(377)
Other movements	-	-	(688)	-	-	515	-	(173)	(1)	(174)
Closing Shareholders' equity, Group share	14 474	457 953	2 071 006	85 447	(121 875)	(24 109)	(60 539)	2 422 357	69 788	2 492 145

As of January 1st, 2013, the Group has applied retrospectively the revised IAS 19 standard. Therefore, opening balance has been displayed as if the standard has always been applied.

The impact of the new standard on the main aggregates of balance sheet as of December 31st, 2012 is as follows:

Shareholders' equity decreased by 121,498 thousand euros, including 5,255 thousand euros impact on earnings in 2012. In return, the pension provisions increased by 132,022 thousand euros, and other receivables decreased by 41,131 thousand euros. On the other hand, the deferred tax assets increased to 54,055 thousand euros and deferred tax liabilities for 2,400 thousand euros.

The impact of the new standard on the main items of the comparative results to March 31st, 2013 is analyzed as follows:

The net result as of March 31st, 2012 increased by 560 thousand euros. This improvement comprises on the one hand a decrease of administrative expenses and on the other ordinary operating expenses, respectively, for 795 thousand euros and 16 thousand euros. Furthermore the income tax expense increased by 251 thousand euros.

The impact of the new standard on the main items of the income statement at December 31st, 2012 is as follows:

This is a positive impact of 5,255 thousand euros which comprises a decrease of administrative expenses for 1,565 thousand euros and other ordinary operating expenses for 5,611 thousand euros on the one hand and increase of income tax expenses for 1,921 thousand euros on the other hand.

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the first quarter 2013:

Changes in the share capital and in share ownership

As at March 31st, 2013, the Allianz Group owned 30,744,048 shares out of a total of 45,229,777 shares, corresponding to 68% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into the Allianz consolidation scope.

During the year 2013, 17,050 new shares have been created by the exercise of options. As at March 31st, 2013, Euler Hermes' share capital was composed of 45,229,777 shares, including 1,236,833 shares held in treasury stock.

Solunion official launch

Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros S.A. became an official entity on January 28th, 2013, with the signing of the shareholders' agreement and official nomination of the Board of Management members. Solunion, jointly created by Euler Hermes and MAPFRE to offer trade credit insurance solutions in Spain and Latin America, began operations in Spain and Argentina. The company expects to launch operations in Chile, Colombia and Mexico end of September. Solunion offers comprehensive trade-related credit insurance solutions and services for companies of all sizes in a wide range of trade sectors.

Follow-up on "Excellence" Project

Euler Hermes initiated the Excellence Project, introduced in 2010, 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 € 15.9 million. At the end of December 2012, restructuring provision balance reached € 30.1 million. At the end of March 2013, restructuring provision balance reached € 25.3 million.

Creation of Euler Hermes Services South Africa

On January 1st, 2013 Euler Hermes as created the company Euler Hermes Services South Africa, a company located in South Africa which is not consolidated.

Note 2 IFRS accounting and valuation rules

Euler Hermes SA is a company domiciled in France. The Headquarters of Euler Hermes SA are located 1, Place des Saisons 92048 Paris - La Défense Cedex. The consolidated financial statements as at March 31st, 2013 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 March 31st, 2013 were approved by the Group Management Board of April 24th, 2013 and presented to the Supervisory Board of April 25th, 2013.

2.1. General principles

In accordance with European regulation no. 1606/2002 of July 19th, 2002, the consolidated financial statements published as at March 31st, 2013 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 March 31st, 2013 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

Notes to the consolidated financial statements

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

Following the start of Solunion Seguros de Crédito, the entities Euler Hermes Crédito Sucursal en Espana EH France SA, Euler Hermes Servicios de Credito SL and Euler Hermes SA Argentina were deconsolidated with effective date of January 1st, 2013. The company Solunion Seguros de Crédito is integrated at equity method for 50% in the consolidated statements of Euler Hermes group at the end of March 2013.

Euler Hermes created Euler Hermes North America Holding which has been consolidated since January 1st 2013.

During the 1st quarter 2013, Euro Gestion Fund was liquidated.

2.3. Use of estimates

The production of the consolidated financial statements of Euler Hermes is based on estimates for a part of assets and liabilities items. The management is susceptible to review these estimations in case of changes that can call 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 2012 Registration Document.

The table below summarizes the methods of assessment 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 non published	Contingent liabilities	Contingent liabilities 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 revised 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 Allianz and Euler Hermes SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price and Euler Hermes share price, until expiry of the obligation. The fair value from SAR and RSU is calculated using the Cox-Ross-Rubinstein binomial valuation model.

Notes to the consolidated financial statements

Note 3 Goodwill

In accordance with IFRS 3, goodwill is not amortized but is subject to impairment tests which are performed on a systematic annual basis and as soon as there is any indication of loss in value.

(in € thousand)	March 31, 2013						December 31, 2012
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	64 796	32 160	8 242	8 847	120 274	121 688
Impairment losses	(409)	(12 256)	(3 262)	-	-	(15 927)	(12 281)
Carrying amount	5 820	52 540	28 898	8 242	8 847	104 347	109 407
Change during the year							
Openning carrying amount	5 820	52 540	28 898	8 242	8 847	104 347	109 407
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	(1 867)	(1 867)	-
Other changes	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	(2 917)
Changes in foreign currency translation adjustments	-	(2 105)	772	-	45	(1 288)	1 202
Impairment losses	-	-	-	-	-	-	(3 345)
Closing carrying amount	5 820	50 435	29 670	8 242	7 026	101 192	104 347
Closing Balance							
Gross value	6 229	62 206	33 018	8 242	7 026	116 721	120 274
Impairment losses	(409)	(11 771)	(3 349)	-	-	(15 529)	(15 927)
Carrying amount	5 820	50 435	29 669	8 242	7 026	101 192	104 347

Notes to the consolidated financial statements

Note 4 Investment and operating property

(in € thousand)	March 31, 2013		December 31, 2012	
	Investment property	Operating property	Investment property	Operating property
Balance at opening period				
Gross value	69 526	138 526	6 144	187 356
Depreciation	(15 863)	(39 476)	(2 125)	(56 627)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	53 663	92 253	4 019	123 932
Change during the year				
Carrying amount as opening period	53 663	92 253	4 019	123 932
Acquisitions	1 633	97	35 908	200
Change in consolidation scope	-	-	-	-
Disposals	(135)	-	(1 817)	(11 479)
Reclassifications	(12)	-	16 090	(16 090)
Changes in foreign currency translation adjustments	-	74	-	(53)
Net depreciation	(310)	(709)	(311)	(4 257)
Net provisions for impairment	-	-	-	-
Other changes	-	-	(226)	-
Carrying amount at the end of the period	54 839	91 715	53 663	92 253
Balance at the end of the period				
Gross value	70 847	138 712	69 526	138 526
Depreciation	(16 008)	(40 200)	(15 863)	(39 476)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	54 839	91 715	53 663	92 253
Fair value	165 361	118 749	158 836	118 711

Amounts recorded in the income statement	March 31,	
	2013	2012
Investment property		
Rental revenues from investment property	761	201
Direct operating expenses relating to property	(36)	(32)

As at March 31st, 2013 the cessions sales relate to Investment properties disposals. They were sold by Euler Hermes France for 409 thousand euros, generating a realized gain of 375 thousand euros (before tax).

Note 5 Financial investments

Classification by accounting method

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

If there is not any active market for a given financial instrument, the Group estimates the fair value by using a valuation method. Valuation methods 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.

Notes to the consolidated financial statements

Classification by investment category

(in € thousand)	March 31, 2013						December 31, 2012					
	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	-	491	491	-	491	491	-	491
Total held-to-maturity assets	491	-	491	491	0	491	491	-	491	491	0	491
Available-for-sale assets												
Equities	104 647	10 851	115 498	115 498	2 952 355	37 446	69 446	12 704	82 150	82 150	2 924 224	34 058
Bonds	2 765 373	108 930	2 874 303	2 874 303	-	-	2 758 684	117 448	2 876 132	2 876 132	-	-
Total Available-for-sale assets	2 870 020	119 781	2 989 801	2 989 801	2 952 355	37 446	2 828 130	130 152	2 958 282	2 958 282	2 924 224	34 058
Loans, deposits and other financial investments												
Loans, deposits and other financial investments	831 321	-	831 321	831 321	-	-	808 741	-	808 741	808 741	-	-
Total loans, deposits and other financial investments	831 321	-	831 321	831 321	-	-	808 741	-	808 741	808 741	-	-
Total Financial Investments (excluding investments in consolidated enterprise)	3 701 832	119 781	3 821 613	3 821 613	2 952 355	37 936	3 637 362	130 152	3 767 514	3 767 514	2 924 224	34 549

(in € thousand)	December 31, 2011					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets						
Bonds	491	-	491	491	300	191
Total held-to-maturity assets	491	-	491	491	300	191
Available-for-sale assets						
Equities	120 226	10 195	130 421	130 421	2 756 938	57 277
Bonds	2 639 057	44 737	2 683 794	2 683 794	-	-
Total Available-for-sale assets	2 759 283	54 932	2 814 215	2 814 215	2 756 938	57 277
Loans, deposits and other financial investments						
Loans, deposits and other financial investments	743 611	-	743 611	743 611	-	-
Total loans, deposits and other financial investments	743 611	-	743 611	743 611	-	-
Total Financial Investments (excluded investments in consolidated enterprise)	3 503 385	54 932	3 558 317	3 558 317	2 757 238	57 468

Concerning the non listed investments, the Group estimates the fair value by using a valuation method. Valuation methods 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 € thousand)	March 31, 2013				December 31, 2012			
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities:	104 647	10 851	115 498	115 498	69 446	12 704	82 150	82 150
- Bonds:	2 765 864	108 930	2 874 794	2 874 794	2 759 175	117 448	2 876 623	2 876 623
- Loans and other investments	831 321	-	831 321	831 321	808 741	-	808 741	808 741
Total Financial Investments	3 701 832	119 781	3 821 613	3 821 613	3 637 362	130 152	3 767 514	3 767 514

(in € thousand)	December 31, 2011			
	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities:	120 226	10 195	130 421	130 421
- Bonds:	2 639 548	44 737	2 684 285	2 684 285
- Loans and other investments	743 611	-	743 611	743 611
Total Financial Investments	3 503 385	54 932	3 558 317	3 558 317

There was no significant impact of impairment on Euler Hermes Group portfolio as of March 31st, 2013. Euler Hermes Group does not hold any financial assets such as “dynamic treasury mutual funds” or “subprime investments”.

Notes to the consolidated financial statements

Fair value hierarchy

Available-for-sale assets

(in € thousand)	March 31, 2013		
	Level 1	Level 2	Level 3
Available-for-sale assets	2 784 527	175 650	29 624

(in € thousand)	December 31, 2012		
	Level 1	Level 2	Level 3
Available-for-sale assets	2 768 123	160 173	29 986

(in € thousand)	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 was mainly composed of Allianz 3-year bond for an amount of €160 million reaching maturity during the 2012 year. This Allianz 3-year matured bond was renewed for one year for € 160 million.

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

Other financial investments

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

Exposure of the Group to the European sovereign debt

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

Portugal

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

COUNTRY	MATURITY	EXPOSURE	MARKET VALUE	UNREALIZED GAIN or LOSS
Portugal	2013	3 446	3 434	(12)
Portugal	2014	642	645	3
Portugal	2015	916	901	(15)
TOTAL:		5 004	4 980	(24)

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

Notes to the consolidated financial statements

Movements in the periods

(in € thousand)	March 31, 2013				December 31, 2012
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Carrying amount as opening period	491	2 958 282	808 741	3 767 514	3 558 317
Increase in gross value	-	257 308	1 021 328	1 278 636	3 260 520
Decrease in gross value	-	(210 455)	(1 000 951)	(1 211 406)	(3 110 909)
Revaluation	-	(10 612)	-	(10 612)	86 561
Impairment	-	4	-	4	(1 062)
Changes in foreign currency translation adjustments	-	1 667	(1 245)	422	2 648
Reclassifications	-	-	-	-	955
Other changes	-	(6 393)	3 448	(2 945)	(29 516)
Carrying amount as closing period	491	2 989 801	831 321	3 821 613	3 767 514

(in € thousand)	December 31, 2012			
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total
Opening carrying amount	491	2 814 215	743 611	3 558 317
Increase in gross value	-	1 359 272	1 901 248	3 260 520
Decrease in gross value	-	(1 282 598)	(1 828 311)	(3 110 909)
Revaluation	-	86 561	-	86 561
Impairment	-	(1 062)	-	(1 062)
Changes in foreign currency translation adjustments	-	822	1 826	2 648
Reclassifications	-	969	(14)	955
Other changes	-	(19 897)	(9 619)	(29 516)
Closing carrying amount	491	2 958 282	808 741	3 767 514

(in € thousand)	December 31, 2011			
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total
Carrying amount as opening period	1 071	2 605 856	831 829	3 438 756
Increase in gross value	-	1 215 044	1 264 288	2 479 332
Decrease in gross value	(580)	(980 326)	(1 350 971)	(2 331 877)
Revaluation	-	(12 186)	-	(12 186)
Impairment	-	(5 830)	-	(5 830)
Changes in foreign currency translation adjustments	-	9 016	(901)	8 115
Reclassifications	-	-	-	-
Other changes	-	(17 359)	(634)	(17 993)
Carrying amount as closing period	491	2 814 215	743 611	3 558 317

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

Notes to the consolidated financial statements

Note 6 Investments accounted for by the equity method

Information on equity-accounted investments

(in € thousand)		March 31, 2013				
Company	Country	Assets ⁽¹⁾	Shareholders' equity ⁽²⁾	Turnover ⁽³⁾	Net income	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	196 849	142 714	19 602	2 533	49,00%
Graydon Holding N.V.	Netherlands	57 331	22 076	16 161	2 564	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	105 541	49 452	10 560	440	50,00%
The Israeli Credit Insurance Company Ltd	Israel	88 062	45 788	8 307	2 106	33,33%
Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros S.A.	Spain	283 551	122 426	36 242	(76)	50,00%
		731 334	382 456	90 872	7 567	

⁽¹⁾ Assets based on IFRS statements as at December 31st, 2012, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which the asset is IFRS statements as at March 31st, 2013.

⁽²⁾ Equity is determined on the basis of IFRS statements as at December 31st, 2012 including goodwill, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA where equity is determined on the basis of IFRS statements as at March 31st, 2013.

⁽³⁾ The turnover is ¼ of 2012 total turnover, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which turnover is as at March 31st, 2013.

(in € thousand)		December 31, 2012		March 31, 2012		
Company	Country	Assets ⁽⁴⁾	Shareholders' equity ⁽⁵⁾	Turnover ⁽⁶⁾	Net income	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	190 445	127 465	20 930	(29)	49,00%
Graydon Holding N.V.	Netherlands	48 997	15 098	16 897	1 575	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	110 036	44 940	9 956	(434)	50,00%
The Israeli Credit Insurance Company Ltd	Israel	80 895	37 150	6 961	1 818	33,33%
		430 373	224 653	54 744	2 930	-

⁽⁴⁾ Assets based on IFRS statements as at September 30th, 2012.

⁽⁵⁾ Shareholders' equity based on IFRS statements as at September 30th, 2012 including goodwill.

⁽⁶⁾ The turnover corresponds to ¼ of 2011 total turnover.

Movements during the period

(in € thousand)	March 31, 2013	December 31, 2012
Opening carrying amount	115 500	105 196
Increases	60 903	-
Decreases	-	-
Reclassification	-	-
Share of income for the period	2 830	14 038
Dividends paid	-	(6 245)
Impairment	-	-
Foreign exchange differences	618	18
Other changes	180	2 493
Closing carrying amount	180 031	115 500

Notes to the consolidated financial statements

Contribution to shareholders' equity (without equity method income of 2013)

(in € thousand)		March 31, 2013	December 31, 2012
OeKB Beteiligungs- und Management A.G.	Austria	69 930	62 458
Graydon Holding N.V.	Netherlands	6 071	4 152
Companhia de Seguro de Creditos SA (COSEC)	Portugal	24 726	22 470
The Israeli Credit Insurance Company Ltd	Israel	15 261	12 382
Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros S.A.	Spain	61 213	-
Share of shareholders' equity		177 201	101 462

Contribution to income

(in € thousand)		1st quarter ended March 31,	
		2013	2012
OeKB Beteiligungs- und Management A.G.	Austria	1 241	(14)
Graydon Holding N.V.	The Netherlands	705	433
Companhia de Seguro de Creditos SA (COSEC)	Portugal	220	(217)
The Israeli Credit Insurance Company Ltd	Israel	702	606
Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros S.A.	Spain	(38)	-
Share of total income		2 830	808

Note 7 Cash and cash equivalents

(in € thousand)	March 31, 2013	December 31, 2012
Cash in bank and at hand	321 184	274 451
Cash pooling	28 061	33 929
Total cash	349 245	308 380
Total cash in balance sheet	349 245	308 380
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(350)	(350)
Total cash and cash equivalents	348 895	308 030

Note 8 Technical reserves

(in € thousand)	December 31, 2012	Allowance net of writebacks	Foreign exchange differences	Other changes	March 31, 2013
Reserve for unearned premiums	356 495	83 163	(742)	(11 181)	427 735
Reserve for claims net of forecasts of recoveries	1 403 193	54 723	(744)	(20 916)	1 436 256
Reserve for no-claims bonuses and rebates	170 958	(2 818)	(7)	(563)	167 570
Gross technical reserves	1 930 646	135 068	(1 493)	(32 660)	2 031 561
Reserve for unearned premiums	69 569	24 178	(515)	102	93 334
Reserve for claims net of forecasts of recoveries	393 219	19 074	(978)	(16 691)	394 624
Reserve for no-claims bonuses and rebates	36 162	(475)	142	(89)	35 740
Reinsurers' share of technical reserves	498 950	42 777	(1 351)	(16 678)	523 698
Net technical reserves	1 431 696	92 291	(142)	(15 982)	1 507 863

Notes to the consolidated financial statements

Claims reserves

(in € thousand)	March 31, 2013			December 31, 2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 784 664	(554 483)	1 230 181	1 757 031	(560 522)	1 196 509
Current period	305 375	(87 256)	218 119	1 016 286	(319 301)	696 985
Prior periods	1 479 289	(467 227)	1 012 062	740 745	(241 221)	499 524
Recoveries to be received	(348 408)	159 859	(188 549)	(353 838)	167 303	(186 535)
Current period	(29 150)	6 521	(22 629)	(214 763)	128 147	(86 616)
Prior periods	(319 258)	153 338	(165 920)	(139 075)	39 156	(99 919)
Claims reserves	1 436 256	(394 624)	1 041 632	1 403 193	(393 219)	1 009 974

Breakdown by type of reserve

(in thousand)	March 31, 2013			December 31, 2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	427 735	(93 334)	334 401	356 495	(69 569)	286 926
Claims reserves	1 436 256	(394 624)	1 041 632	1 403 193	(393 219)	1 009 974
of which, reserves for known claims	1 102 255	(372 124)	730 131	1 125 604	(386 961)	738 643
of which, reserves for late claims	594 416	(171 184)	423 232	536 732	(161 720)	375 012
of which, reserves for claims handling expenses	91 735	(11 177)	80 558	94 902	(11 840)	83 062
of which, other technical reserves	(3 742)	2	(3 740)	(207)	(1)	(208)
of which, recoveries to be received	(348 408)	159 859	(188 549)	(353 838)	167 303	(186 535)
No-claims bonuses and rebates	167 570	(35 740)	131 830	170 958	(36 162)	134 796
Technical reserves	2 031 561	(523 698)	1 507 863	1 930 646	(498 950)	1 431 696

Note 9 Breakdown of operating income

(in € thousand)	March 31,					
	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	629 707	(204 058)	425 649	620 311	(220 339)	399 972
Premiums refunded	(30 937)	7 697	(23 240)	(30 899)	7 522	(23 377)
Gross premiums written - credit insurance	598 770	(196 361)	402 409	589 412	(212 817)	376 595
Change in unearned premiums	(83 225)	24 585	(58 640)	(97 688)	42 976	(54 712)
Earned premiums	515 545	(171 776)	343 769	491 724	(169 841)	321 883
Premium-Related	103 796	-	103 796	98 158	-	98 158
Turnover	619 341	(171 776)	447 565	589 882	(169 841)	420 041
Net investment income	32 877	-	32 877	24 270	-	24 270
Claims paid	(199 333)	57 263	(142 070)	(322 572)	158 170	(164 402)
Claims reserves expenses	(57 516)	19 715	(37 801)	126 807	(104 207)	22 600
Claims handling expenses	(18 502)	124	(18 378)	(21 362)	273	(21 089)
Insurance services expenses	(275 351)	77 102	(198 249)	(217 127)	54 236	(162 891)
Brokerage commissions	(55 397)	-	(55 397)	(55 447)	-	(55 447)
Other acquisition costs	(61 192)	-	(61 192)	(48 078)	-	(48 078)
Change in acquisition costs capitalised	12 844	-	12 844	13 538	-	13 538
Contract acquisition expenses	(103 745)	-	(103 745)	(89 987)	-	(89 987)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expenses	(52 487)	-	(52 487)	(58 916)	-	(58 916)
Commissions received from reinsurers	-	63 046	63 046	-	64 091	64 091
Other ordinary operating income and expenses	(91 493)	-	(91 493)	(90 518)	-	(90 518)
Current operating income	129 142	(31 628)	97 514	157 604	(51 514)	106 090

Due to the retrospective application of IAS 19 revised, items of the income statement at the end of March 2012 have been modified as follows: administration expenses decreased by 795 thousand euros and other ordinary operating income and expenses by 16 thousand euros, totalising a net impact on current operating profit of 811 thousand euros.

Notes to the consolidated financial statements

Cost of claims

(in € thousand)

1st quarter ended March 31,

	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	324 388	(87 807)	236 581	313 452	(81 140)	232 312
of which, claims paid	9 582	(688)	8 894	10 385	(2 160)	8 225
of which, claims reserves	294 177	(86 516)	207 661	283 964	(77 937)	206 027
of which, claims handling expenses	20 629	(603)	20 026	19 103	(1 043)	18 060
Recoveries for the current period	(30 066)	6 377	(23 689)	(29 801)	7 369	(22 432)
Recoveries received	461	(141)	320	(216)	77	(139)
Change in reserves for recoveries	(30 527)	6 518	(24 009)	(29 585)	7 292	(22 293)
Cost of claims from prior periods	(18 260)	4 401	(13 859)	232 160	(201 821)	30 339
of which, claims paid	223 642	(68 318)	155 324	372 151	(191 361)	180 790
of which, claims reserves	(239 775)	72 240	(167 535)	(142 250)	(11 230)	(153 480)
of which, claims handling expenses	(2 127)	479	(1 648)	2 259	770	3 029
Recoveries from prior periods	(711)	(73)	(784)	(298 684)	221 356	(77 328)
Recoveries received	(34 352)	11 884	(22 468)	(59 748)	35 273	(24 475)
Change in reserves for recoveries	33 641	(11 957)	21 684	(238 936)	186 083	(52 853)
Cost of claims	275 351	(77 102)	198 249	217 127	(54 236)	162 891

Notes to the consolidated financial statements

Note 10 Earnings per share and dividend per share

Earnings per share

	1st quarter ended March 31,	
	2013	2012
Distributable net income (in thousand of euros)	85 328	66 910
Weighted average number of ordinary shares before dilution	43 936 726	43 808 949
Earnings per share (in euros)	1,94	1,53
<hr/>		
Distributable net income (in thousand of euros)	85 328	66 910
Weighted average number of ordinary shares after dilution	43 991 407	43 830 612
Diluted earnings per share (in euros)	1,94	1,53

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 54,681 in March 2013 (21,663 in March 2012).

The Group share of net income is used as the basis for this calculation.

Dividend per share

The Management will propose to the Shareholder's Meeting of May 24th, 2013 the payment of a dividend of € 4 per share related to the 2012 period.

Notes to the consolidated financial statements

Note 11 Segment data

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

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

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

Profit & loss by segment

(in € thousand)										
1st quarter ended March 31 2013										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	211 377	95 212	138 030	71 034	69 752	18 510	390 048	-	(364 256)	629 707
Premiums refunded	(15 476)	(7 619)	(5 231)	6	(977)	(781)	(19 664)	-	18 805	(30 937)
Change in unearned premiums	(38 891)	(2 532)	(18 299)	(10 599)	(11 440)	(76)	(46 049)	-	44 661	(83 225)
Earned premiums - non-Group	157 010	85 061	114 500	60 441	57 335	17 653	324 335	-	(300 790)	515 545
Premium - related revenues - non-Group	46 229	18 786	22 638	14 624	11 005	5 347	-	52 103	(66 936)	103 796
Turnover - intra-sectoral	203 239	103 847	137 138	75 065	68 340	23 000	324 335	52 103	(367 726)	619 341
Investment income	5 816	11 256	8 461	1 029	1 200	1 310	5 816	(528)	(1 482)	32 878
<i>Of which, dividends</i>	-	-	-	-	-	-	-	-	-	-
Total ordinary income	209 055	115 103	145 599	76 094	69 540	24 310	330 151	51 575	(369 208)	652 219
Insurance services expenses	(75 312)	(35 137)	(69 785)	(25 950)	(19 705)	(6 449)	(185 370)	(928)	143 285	(275 351)
Outwards reinsurance expense	(102 609)	(57 292)	(82 110)	(43 071)	(41 781)	(13 168)	(132 534)	-	300 789	(171 776)
Outwards reinsurance income	86 829	40 440	76 808	27 526	25 876	8 215	107 253	4 100	(236 899)	140 148
Other income and expenses	(79 541)	(39 737)	(56 575)	(29 604)	(30 054)	(12 718)	(102 583)	(57 417)	160 504	(247 725)
Total other income and expenses	(170 633)	(91 726)	(131 662)	(71 099)	(65 664)	(24 120)	(313 234)	(54 245)	367 679	(554 704)
Ordinary operating income	38 422	23 377	13 936	4 995	3 876	190	16 917	(2 670)	(1 529)	97 514
Other operating income and expenses	1 406	24 803	(98)	(105)	4 825	-	-	(1 009)	-	29 822
Operating income	39 828	48 180	13 838	4 890	8 701	190	16 917	(3 679)	(1 529)	127 336
Financing expenses	(37)	(38)	(854)	(37)	(3)	-	(120)	(3 407)	1 679	(2 817)
Income from companies accounted for by the equity method	1 946	884	-	-	(8)	-	153	-	(145)	2 830
Corporation tax	(11 540)	(17 042)	(3 024)	(1 629)	(3 359)	(863)	(2 290)	(682)	-	(40 492)
Consolidated net income	30 197	31 984	9 960	3 161	5 331	(673)	14 660	(7 768)	4	86 857
<i>o/w</i>	-	-	-	-	-	-	-	-	-	-
Net income, Group share	29 257	31 637	9 961	2 919	5 331	(673)	14 660	(7 768)	4	85 328
Non controlling interests	940	347	-	242	-	-	-	-	-	1 529

(in € thousand)										
1st quarter ended March 31 2012										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	208 656	98 820	134 713	83 250	66 399	16 007	360 962	-	(348 496)	620 311
Premiums refunded	(14 953)	(8 032)	(4 909)	(1 740)	(878)	(316)	(20 380)	-	20 309	(30 899)
Change in unearned premiums	(38 916)	(3 120)	(20 729)	(18 925)	(11 708)	(2 058)	(29 565)	-	27 333	(97 688)
Earned premiums	154 787	87 668	109 075	62 585	53 813	13 633	311 017	-	(300 854)	491 724
Service revenues	42 112	18 955	17 633	15 838	8 878	3 900	-	9 524	(18 682)	98 158
Turnover - intra-sectoral	196 899	106 623	126 708	78 423	62 691	17 533	311 017	9 524	(319 536)	589 882
Investment income	9 282	6 720	2 349	1 135	2 133	(1 183)	4 523	575	(1 264)	24 270
<i>Of which, dividends</i>	-	-	-	-	-	-	-	-	-	-
Total ordinary income	206 181	113 343	129 057	79 558	64 824	16 350	315 540	10 099	(320 800)	614 152
Insurance services expense	(73 657)	(38 135)	(42 540)	(23 723)	(16 530)	(19 540)	(155 091)	293	151 796	(217 127)
Outwards reinsurance expense	(97 821)	(61 364)	(82 480)	(46 225)	(38 482)	(9 674)	(150 350)	-	316 555	(169 841)
Outwards reinsurance income	83 968	51 612	57 717	33 553	27 187	18 896	107 907	-	(262 513)	118 327
Other income and expense	(77 939)	(41 704)	(51 144)	(30 338)	(25 057)	(10 109)	(99 385)	(17 441)	113 696	(239 421)
Total other income and expense	(165 449)	(89 591)	(118 447)	(66 733)	(52 882)	(20 427)	(296 919)	(17 148)	319 534	(508 062)
Ordinary operating income	40 732	23 752	10 610	12 825	11 942	(4 077)	18 621	(7 049)	(1 266)	106 090
Other operating income and expense	749	195	(17)	(76)	-	-	-	(250)	-	601
Operating income	41 481	23 947	10 593	12 749	11 942	(4 077)	18 621	(7 299)	(1 266)	106 691
Financing expense	(65)	(38)	(1)	(98)	(22)	(1)	(154)	(4 532)	1 266	(3 645)
Income from companies accounted for by the equity method	419	390	-	-	-	-	-	-	-	809
Corporation tax	(12 606)	(7 599)	(2 197)	(4 473)	(4 549)	777	(5 071)	(349)	-	(36 067)
Consolidated net income	29 228	16 700	8 395	8 178	7 371	(3 301)	13 396	(12 180)	-	67 788
<i>o/w</i>	-	-	-	-	-	-	-	-	-	-
Net income, group share	28 440	16 606	8 395	8 182	7 371	(3 301)	13 396	(12 180)	-	66 910
Non controlling interests	788	94	-	(4)	-	-	-	-	-	878

Notes to the consolidated financial statements

Depreciation, amortisation and provisions by segment

(in € thousand)

1st quarter ended March 31 2013

	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	(18)	(77)	(243)	(8)	(6)	-	-	(209)	-	(561)

(in € thousand)

1st quarter ended March 31 2012

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	119	(964)	78	13	22	-	1	392	-	(339)

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 since 2011.

Balance sheet by segment

(in € thousand)

March 31, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	11 749	62 163	5 936	30 802	3 426	-	(12 883)	(1)	101 192
Other intangible assets	39 000	16 120	7 994	5 478	1 215	1 071	798	7 862	(2 026)	77 512
Investments - insurance businesses	688 696	878 211	187 125	43 089	97 447	42 648	728 670	1 670 120	(450 503)	3 885 503
Investments accounted for by the equity method	77 947	84 956	-	-	4 244	-	17 564	12 883	(17 563)	180 031
Share of assignees and reinsurers in the technical reserves and financial liabilities	275 113	126 030	264 091	171 909	100 708	64 260	274 292	4 210	(756 915)	523 698
Insurance and reinsurance receivables	87 579	71 569	240 189	58 443	93 533	31 094	329 978	(40)	(258 157)	654 188
Other assets	322 355	161 423	244 758	260 156	94 286	(35 535)	76 520	162 237	(438 944)	847 256
Total assets	1 490 690	1 350 058	1 006 320	545 010	422 234	106 965	1 427 822	1 844 389	(1 924 109)	6 269 380
Technical reserves	569 727	265 358	494 998	291 507	257 657	92 594	825 156	48	(765 484)	2 031 561
Liabilities related to inward insurance and reinsurance transactions	19 234	67 440	46 647	23 654	10 028	14 035	73 979	1 497	(63 017)	193 497
Liabilities related to outward reinsurance transactions	68 291	9 459	88 176	44 278	35 078	825	110 601	43	(199 057)	157 694
Other liabilities	496 925	284 672	274 601	156 414	48 641	13 206	33 923	692 973	(606 872)	1 394 483
Total liabilities	1 154 177	626 929	904 422	515 853	351 404	120 660	1 043 659	694 561	(1 634 430)	3 777 235

(in € thousand)

March 31, 2012

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	65 934	7 803	31 838	3 234	-	-	-	108 809
Other intangible assets	35 210	13 668	5 548	4 741	2 719	985	1 456	10 608	(2 892)	72 043
Investments - insurance businesses	673 382	801 476	(46 734)	250 567	80 396	8 737	619 424	1 697 147	(450 398)	3 633 997
Investments accounted for by the equity method	70 446	36 484	-	-	-	-	-	-	-	106 930
Share of assignees and reinsurers in the technical reserves and financial liabilities	178 436	111 127	248 418	210 227	91 434	50 210	254 403	-	(657 382)	486 873
Insurance and reinsurance receivables	73 147	75 889	223 421	63 015	76 576	34 739	324 057	-	(223 827)	647 017
Other assets	348 108	195 492	293 066	107 937	93 954	(15 164)	75 834	202 438	(241 225)	1 060 440
Total assets	1 378 729	1 234 135	789 654	644 290	376 917	82 741	1 275 174	1 910 193	(1 575 724)	6 116 109
Technical reserves	424 444	271 968	478 077	360 027	238 990	74 116	690 154	-	(664 753)	1 873 023
Liabilities related to inward insurance and reinsurance transactions	19 161	68 233	52 094	31 047	4 334	6 316	116 432	384	(57 589)	240 412
Liabilities related to outward reinsurance transactions	58 821	20 968	69 044	54 382	24 391	572	209 435	-	(167 805)	269 808
Other liabilities	416 181	274 909	120 661	180 816	50 353	10 326	31 496	693 682	(449 889)	1 328 535
Total liabilities	918 607	636 078	719 876	626 272	318 068	91 330	1 047 517	694 066	(1 340 036)	3 711 778

Notes to the consolidated financial statements

Note 12 Related parties

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

	Number of shares	%
Allianz SA	26 864 230	59,40%
Allianz Vie	3 879 818	8,58%
Treasury shares	1 236 833	2,73%
Sub-total	31 980 881	70,71%
Public (bearer securities)	13 248 896	29,29%
Total	45 229 777	100,00%

Transactions

(in € thousand)	March 31,				2012			
	2013		2012		2012		2011	
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating income	13 960	-	-	12 520	11 770	-	-	840
Insurance services expenses	(13 742)	-	-	(52 101)	(5 531)	-	-	(1 097)
Net income or expense on reinsurance	(8 470)	-	-	40	(7 368)	-	-	54
Financing expenses	-	(1 364)	-	-	-	(1 379)	-	-
Other financial net incomes	(5 256)	-	-	(631)	(1 011)	-	-	(616)

Receivables and liabilities

(in € thousand)	March 31, 2013				December 31, 2012			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Financial Investments (Allianz SE bond)	160 000	-	-	-	160 000	-	-	-
Current accounts (accrued interests included)	28 062	-	-	4	33 930	-	-	3
Net operating receivables	3 567	-	-	2 476	841	-	-	669
Borrowings (accrued interests included)	-	139 242	-	-	-	137 879	-	-
Operating liabilities	(5 066)	-	-	3 981	(6 552)	-	(218)	355

The following entities invested in Allianz SE 14-month corporate bonds 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 arrangement.

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

Note 13 Commitments given and received

(in € thousand)	March 31, 2013	December 31, 2012
Commitments received	8 825	8 825
* Deposits, sureties and other guarantees	8 825	8 825
Commitments given	102 810	102 810
* Deposits, sureties and other guarantees	102 810	102 810
<i>o/w</i>		
- Commitments to Citibank	50 000	50 000
- Commitments to Société Générale	37 925	37 925
- Commitments to InvestitionsBank Landes Brandeburg	1 857	1 857
- Commitments associated with membership of an EIG	180	180

Notes to the consolidated financial statements

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

The € 37.9 million commitment is a guarantee to Romanian bank, BRD, a subsidiary of Société Générale Group, in relation to the issuance of bond policies by Euler Hermes Europe S.A. Nederland.

Note 14 Subsequent events as at march 31st, 2013

No significant change in the financial or trading position of the Group which could impact the assumption of the quaterly closing has occurred since March 31st, 2013.