

Condensed consolidated Financial Statements

As at September 30th, 2013



EULER HERMES
Business insured. Success ensured.

A company of **Allianz** 

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Consolidated statement of financial position

(in € thousand)	Notes	September 30, 2013	December 31, 2012
Goodwill	3	100 053	104 347
Other intangible assets		85 305	76 566
Intangible assets		185 358	180 913
Investment property	4	56 145	53 663
Financial investments	5	3 675 107	3 767 514
Derivatives		11 974	9 526
Investments- insurance businesses		3 743 226	3 830 703
Investments accounted for by the equity method	6	173 413	115 500
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	538 035	498 950
Operating property and other property, plant and equipment		139 358	142 688
Acquisition costs capitalised		64 725	60 969
Deferred tax assets		24 823	67 451
Inwards insurance and reinsurance receivables		582 758	507 877
Outwards reinsurance receivables		71 564	95 077
Corporation tax receivables		19 210	25 581
Other receivables		227 395	242 992
Other assets		1 129 833	1 142 635
Cash	7	391 690	308 380
TOTAL ASSETS		6 161 555	6 077 081
Capital stock		14 510	14 468
Additional paid-in capital		465 008	456 883
Reserves		1 627 842	1 497 434
Net income, group share		221 409	305 500
Revaluation reserve		66 834	92 777
Foreign exchange translation		(41 238)	(21 821)
Shareholders' equity, Group share		2 354 365	2 345 241
Non controlling interests		68 811	68 261
Total shareholders' equity		2 423 176	2 413 502
Provisions for risks and charges		370 491	388 056
Bank borrowings		251 348	251 506
Other borrowings		136 837	138 230
Borrowings		388 185	389 736
Non-life technical reserves	8	2 031 628	1 930 646
Liabilities related to contracts		2 031 628	1 930 646
Deferred tax liabilities		259 886	312 262
Inwards insurance and reinsurance liabilities		208 719	183 909
Outwards reinsurance liabilities		174 973	148 097
Corporation tax payables		9 576	20 363
Other payables		294 921	290 510
Other liabilities		948 075	955 141
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6 161 555	6 077 082

As of January 1st, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

Consolidated income statement

(in € thousand excepted for the earnings per share)

		September 30,		3d Quarter ended September 30	
	Notes	2013	2012	2013	2012
Premiums written		1 697 643	1 665 295	503 316	512 428
Premiums refunded		(88 135)	(90 243)	(29 058)	(29 428)
Change in unearned premiums		(56 059)	(83 136)	34 637	18 840
Earned premiums		1 553 449	1 491 916	508 895	501 840
Premium - related revenues		307 451	300 986	99 263	101 222
Turnover	9	1 860 900	1 792 902	608 158	603 062
Investment income		67 767	74 084	22 987	22 667
Investment management charges		(6 453)	(8 237)	(2 723)	(3 128)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		16 352	20 912	572	2 402
Change in fair value of investments recognised at fair value through profit or loss		(4 336)	(789)	(2 772)	(104)
Change in investment impairment provisions		(610)	(1 713)	(547)	(721)
Net change in foreign currency		(2 041)	1 436	(4 182)	(2 981)
Net investment income		70 679	85 693	13 335	18 135
Insurance services expenses		(783 037)	(755 294)	(272 865)	(236 416)
Outwards reinsurance income		386 770	443 370	139 515	130 399
Outwards reinsurance expenses		(480 601)	(487 570)	(157 228)	(158 958)
Net outwards reinsurance income or expenses	9	(93 831)	(44 200)	(17 713)	(28 559)
Contract acquisition expenses		(317 045)	(284 413)	(102 021)	(101 588)
Administration expenses		(159 378)	(183 800)	(51 802)	(62 668)
Other ordinary operating income		14 425	11 679	3 296	4 994
Other ordinary operating expenses		(280 058)	(266 629)	(91 999)	(82 797)
CURRENT OPERATING INCOME		312 655	355 938	88 389	114 163
Other non ordinary operating expenses		(11 906)	(14 928)	(7 943)	(5 362)
Other non ordinary operating income		33 695	15 554	604	9 093
OPERATING INCOME	9	334 444	356 564	81 050	117 894
Financing expenses		(8 572)	(10 020)	(2 889)	(2 949)
Share of Income from companies accounted by the equity method	6	4 611	10 154	2 269	4 132
Corporation tax		(105 221)	(103 698)	(24 485)	(30 878)
CONSOLIDATED NET INCOME		225 262	253 000	55 945	88 199
<i>o/w</i>					
NET INCOME, GROUP SHARE		221 409	249 774	55 037	87 282
Non controlling interests		3 853	3 226	908	917
Earnings per share (in euros)	10	5,03	5,69		
Diluted earnings per share (in euros)	10	5,03	5,69		
Earnings per share of continuing activities (in euros)		5,03	5,69		
Diluted earnings per share of continuing activities (in euros)		5,03	5,69		

As of January 1st, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

Consolidated statement of other comprehensive income

(in € thousand)

	September 30,		3d Quarter ended September 30	
	2013	2012	2013	2012
NET INCOME, GROUP SHARE	221 409	249 774	55 037	87 282
Net income, Non controlling interests	3 853	3 226	908	917
Actuarial gains and losses on defined benefit plans net of tax	(633)	(40 076)	2 917	(31 188)
Other comprehensive income - Items that may never be reclassified to profit and loss	(633)	(40 076)	2 917	(31 188)
Available-for-sale investments - reclassification to net income	(13 065)	(15 778)	(224)	(2 223)
Tax impact	3 582	4 465	(359)	495
Available-for-sale investments - changes arising during the period	(26 391)	88 477	10 493	36 948
Tax impact	8 663	(22 119)	(898)	(10 464)
Available-for-sale investments - miscellaneous	10	448	(32)	17
Foreign currency translation adjustments	(18 330)	9 257	(7 354)	5 671
Other comprehensive income - Items that may be reclassified to profit and loss in fu	(45 530)	64 749	1 627	30 443
Other comprehensive income - non controlling interests share net of tax	(59)	48	(3)	11
Total comprehensive income	179 039	277 722	60 485	87 466
Total comprehensive income, Group share	175 245	274 448	59 580	86 538
Total comprehensive income, Non controlling interests	3 794	3 274	905	928

As of January 1st, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

Consolidated statement of cash flows

September 30,

(in € thousand)	Notes	2013	2012
Net income, Group share		221 409	249 774
Corporation tax		105 221	103 698
Financing expense		8 572	10 020
Operating income before tax		335 202	363 492
Minority interests		3 853	3 226
Allocation to and writebacks of depreciation, amortisation and reserves		47 461	36 859
Change in technical reserves		98 585	66 887
Change in deferred acquisition costs		(5 920)	(13 196)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		(995)	(575)
Realised capital gains/(losses) net of writebacks		(47 890)	(20 448)
Unrealised foreign exchange gain (loss) in company accounts		(58)	5 339
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		3 541	7 417
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		98 577	85 509
Income (loss) of companies accounted for by the equity method	6	(4 611)	(10 154)
Dividends received from companies accounted for by the equity method	6	19 127	6 245
Change in liabilities and receivables relating to insurance and reinsurance transactions		(21 284)	7 728
Change in operating receivables and liabilities		17 589	(15 210)
Change in other assets and liabilities		(8 568)	(42 617)
Corporation tax		(126 455)	(87 593)
Cash flow related to operating activities		(124 203)	(141 601)
Cash flow from operating activities		309 577	307 401
Acquisitions of subsidiaries and joint ventures, net of acquired cash		-	(1 396)
Disposals of subsidiaries and joint ventures, net of ceded cash		38 177	1 751
Acquisitions of equity interests in companies accounted for by the equity method	6	(73 467)	-
Disposals of equity method investments		-	-
Merger		-	-
Cash flow linked to changes in the consolidation scope		(35 291)	355
Disposals of AFS securities		636 684	1 002 650
Matured HTM securities		300	-
Disposals of investment properties		758	16 579
Disposals of securities held for trading		2 151	1 317
Cash flow linked to disposals and redemptions of investments		639 894	1 020 547
Acquisitions of AFS securities		(651 815)	(966 732)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	4	(4 044)	(64)
Acquisitions of trading securities		(3 625)	(3 439)
Cash flow linked to acquisitions of investments		(659 484)	(970 235)
Disposals of other investments and intangible assets ⁽¹⁾		2 549 748	1 333 036
Acquisitions of other investments and intangible assets ⁽¹⁾		(2 540 091)	(1 325 658)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		9 658	7 378
Cash flow from investing activities		(45 223)	58 047

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

Consolidated statement of cash flows

(in € thousand)	Notes	2013	2012
Increases and decreases in capital		8 167	2 367
<i>Increases in capital</i>		8 167	2 366
<i>Decreases in capital</i>		-	1
Change in treasury stock		1 692	9 301
Dividends paid		(179 256)	(195 317)
Cash flow linked to transactions with the shareholders		(169 397)	(183 650)
Change in non voting shares		-	-
Changes in loans and subordinated securities		(170)	432
<i>Issue</i>		4 222	(3 538)
<i>Repayment</i>		(4 393)	3 970
Interest paid		(9 979)	(14 203)
Cash flow from Group financing		(10 149)	(13 771)
Cash flow from financing activities		(179 546)	(197 421)
Impact of foreign exchange differences on cash and cash equivalents		(1 855)	(1 521)
Reclassification		357	(14 293)
Other net changes in cash		(1 498)	(15 814)
Change in cash flows		83 310	152 212
Change in cash and cash equivalents		83 310	152 212
Cash and cash equivalents at beginning of period	7	308 030	346 988
Cash and cash equivalents at end of period	7	391 340	499 201

As of January 1st, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

Consolidated statement of changes in equity

Nine months ended September 30th, 2013

(in € thousand)	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity, Group share	14 468	456 883	1 864 869	92 777	(21 821)	(61 935)	2 345 241	68 261	2 413 502
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	(17 728)	-	-	(17 728)	(21)	(17 749)
Impact of transferring realised gains and losses to income statement	-	-	-	(9 483)	-	-	(9 483)	-	(9 483)
Other changes	-	-	-	10	-	-	10	(9)	1
Cash flow hedges	-	-	-	-	-	-	-	-	-
Gain / (loss) taken to shareholders' equity	-	-	-	-	-	-	-	-	-
Impact of transferring realised profits and losses in the year to income statement	-	-	-	-	-	-	-	-	-
Impact of transfers on the initial amount of hedges	-	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on defined benefit plans	-	-	(633)	-	-	-	(633)	(12)	(645)
Impact of translation differences	-	-	-	1 258	(19 588)	-	(18 330)	(17)	(18 347)
Components of other comprehensive income net of tax	-	-	(633)	(25 943)	(19 588)	-	(46 164)	(59)	(46 223)
Net income for the year	-	-	221 409	-	-	-	221 409	3 853	225 262
Comprehensive income of the period	-	-	220 776	(25 943)	(19 588)	-	175 245	3 794	179 039
Capital movements	41	8 125	-	-	-	1 477	9 643	-	9 643
Dividend distributions	-	-	(176 020)	-	-	-	(176 020)	(3 236)	(179 256)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	215	215	-	215
Other movements	1	-	4 050	-	171	(4 181)	41	(8)	33
Closing Shareholders' equity, Group share	14 510	465 008	1 913 675	66 834	(41 238)	(64 424)	2 354 365	68 811	2 423 176

Nine months ended September 30th, 2012

(in € thousand)	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity, Group share	14 451	454 536	1 819 806	32 666	(25 543)	(77 556)	2 218 360	17 991	2 236 351
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	-	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on defined benefit plans	-	-	(40 076)	-	-	-	(40 076)	-	(40 076)
Impact of translation differences	-	-	-	-	9 258	-	9 258	8	9 266
Components of other comprehensive income net of tax	-	-	(40 076)	55 492	9 258	-	24 674	48	24 722
Net income for the year	-	-	249 774	-	-	-	249 774	3 226	253 000
Comprehensive income of the period	-	-	209 698	55 492	9 258	-	274 448	3 274	277 722
Capital movements	18	2 348	-	-	-	9 301	11 667	-	11 667
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	1 836 515	88 158	(16 285)	(68 255)	2 311 486	18 993	2 330 480

As of January 1st, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the nine months ended September 30th, 2013:

Changes in the share capital and in share ownership

As at September 30th, 2013, the Allianz Group owned 30,744,048 shares out of a total of 45,342,177 shares, corresponding to 67.8% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into the Allianz consolidation scope.

During the year 2013, 129,450 new shares have been created by the exercise of options. As at September 30th, 2013, Euler Hermes' share capital was composed of 45,342,177 shares, including 1,218,200 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 by year-end 2013. 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 in 2010, to increase business efficiency. At the end of December 2012, restructuring provision balance amounted to € 30.1 million. At the end of September 2013, restructuring provision balance amounts to € 15 million.

Euler Hermes increases shareholding in Israeli credit insurer ICIC to 50 percent

In the second quarter of 2013, Euler Hermes increased its participation in Israel's leading credit insurer ICIC from the original 33% acquired in 2007 to 50%. The remaining 50% of shares are held by Euler Hermes' local partner Harel Insurance Investment & Financial Services Ltd.

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

On June 14th 2013, Euler Hermes has increased from 60% to 80.31% its stake in its Greek subsidiary Euler Hermes Hellas Credit Insurance Company SA.

Creation of Euler Hermes Services South Africa

On January 1st, 2013 Euler Hermes has created the company Euler Hermes Services South Africa, a company located in South Africa which has not started its activity during the first nine months of 2013.

Cooperation agreement between Euler Hermes and Allianz General Insurance Company (Malaysia) Berhad

On May 6th 2013, Malaysian businesses which are active in domestic and export markets can now access Euler Hermes trade credit insurance products and services more easily, following a cooperation agreement signed between Euler Hermes and Allianz General Insurance Company (Malaysia) Berhad, who will act as a distributor throughout the country.

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 September 30th, 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.

Notes to the consolidated financial statements

The financial statements of the Euler Hermes Group as at September 30th, 2013 were approved by the Group Management Board on November 4th, 2013 and presented to the Supervisory Board on November 5th, 2013.

2.1. General principles

In accordance with European regulation no. 1606/2002 of July 19th, 2002, the consolidated financial statements published as at September 30th, 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. These interim financial statements should be read in conjunction with the consolidated financial statements of the group as at December 31st, 2012, prepared in accordance with IFRS standards as adopted by the European Union.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at September 30th, 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 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. Changes in the accounting framework applicable to Euler Hermes in 2013

Standards, amendments and interpretations for which application is mandatory in 2013

The standards, amendments and interpretations applicable to Euler Hermes with effect from January 1st, 2013, relate to:

- Amendments to IAS 19 on employee benefit commitments which require the immediate recognition of the effect of actuarial differences taken directly to equity and the calculation of the expected return on plan assets on the basis of the discount rate used to value the underlying obligation rather than on the basis of market expectations for returns.

Up to December 31st, 2012, the Euler Hermes group applied the partial recognition in the income statement for actuarial gains and losses, in accordance with the "corridor approach". The impact of the amendments to IAS 19 on the main aggregates of balance sheet as of December 31st, 2012 is as follows:

Shareholders' equity decreased by 121,498 thousand euros, including an impact of 5,255 thousand euros in the net result for the year 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 amended standard on the main items of the comparative results as at September 30th, 2012 is as follows:

The net result as of September 30th, 2012 increases by 1,962 thousand euros. The administrative expenses and the other ordinary operating expenses, respectively decrease of 2,384 thousand euros and 460 thousand euros. The income tax expenses increase by 882 thousand euros.

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

The net result as of December 31st 2012 increases by 5,255 thousand euros; the administrative expenses and the other ordinary operating expenses, respectively decrease by 1,565 thousand euros and by 5,611 thousand euros. The income tax expenses increase by 1,921 thousand euros.

- Amendment to IAS 1 on gains and losses recognized in equity and their separate presentation, depending on whether or not they may subsequently be transferred to the income statement;
- IFRS 13, which defines the measurement principles of fair value and related disclosures on methodology to be presented in the notes to the financial statements, where fair value applies. The application of this text did not have a significant impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1st, 2013.

2.3. Consolidation scope

Following the start of Solunion Seguros de Crédito, Euler Hermes Crédito Sucursal en Espana of 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 September 2013.

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

During the first nine months 2013, Euro Gestion Fund, Financière Sirius and Financière Soho were liquidated.

Besides Euler Hermes has increased from 60% to 80.31% its participation in its consolidated Greek subsidiary Euler Hermes Hellas Credit Insurance SA and from 33% to 50% its participation in Israel's credit insurer ICIC integrated at equity method.

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 likely 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 not 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)	September 30, 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							
Opening 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	-	(1 528)	(753)	-	(146)	(2 427)	1 202
Impairment losses	-	-	-	-	-	-	(3 345)
Closing carrying amount	5 820	51 012	28 145	8 242	6 834	100 053	104 347
Closing Balance							
Gross value	6 229	59 623	31 322	8 242	6 834	112 250	120 274
Impairment losses	(409)	(8 610)	(3 177)	-	-	(12 196)	(15 927)
Carrying amount	5 820	51 013	28 145	8 242	6 834	100 054	104 347

The outgoing change of goodwill relates to the deconsolidation of Euler Hermes Credito.

Notes to the consolidated financial statements

Note 4 Investment and operating property

(in € thousand)	September 30, 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	3 724	319	35 908	200
Change in consolidation scope	-	-	-	-
Disposals	(274)	-	(1 817)	(11 479)
Reclassifications	(9)	-	16 090	(16 090)
Changes in foreign currency translation adjustments	-	(70)	-	(53)
Net depreciation	(959)	(2 131)	(311)	(4 257)
Net provisions for impairment	-	-	-	-
Other changes	-	-	(226)	-
Carrying amount at the end of the period	56 145	90 371	53 663	92 253
Balance at the end of the period				
Gross value	72 879	138 758	69 526	138 526
Depreciation	(16 734)	(41 590)	(15 863)	(39 476)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	56 145	90 371	53 663	92 253
Fair value	176 077	118 338	158 836	118 711
Amounts recorded in the income statement				
	September 30,			
Investment property	2013	2012		
Rental revenues from investment property	2 036	519		
Direct operating expenses relating to property	(32)	(44)		

The acquisitions for 3,724 thousand euros consist of renovations costs of properties owned by Euler Hermes Real Estate.

Notes to the consolidated financial statements

Note 5 Financial investments

Classification by accounting method

For an instrument that is listed on an active market, the fair value is the transaction 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.

Classification by investment category

(in € thousand)	September 30, 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
<u>Held-to-maturity assets</u>												
Bonds	191	-	191	191	191	-	491	-	491	491	-	491
Total held-to-maturity assets	191	-	191	191	191	-	491	-	491	491	-	491
<u>Available-for-sale assets</u>												
Equities	152 392	19 421	171 813	171 813	2 850 238	43 155	69 446	12 704	82 150	82 150	2 924 224	34 058
Bonds	2 648 071	73 509	2 721 580	2 721 580	-	-	2 758 684	117 448	2 876 132	2 876 132	-	-
Total Available-for-sale assets	2 800 463	92 930	2 893 393	2 893 393	2 850 238	43 155	2 828 130	130 152	2 958 282	2 958 282	2 924 224	34 058
<u>Loans, deposits and other financial investments</u>												
	781 523	-	781 523	781 523	-	-	808 741	-	808 741	808 741	-	-
Total loans, deposits and other financial investments	781 523	-	781 523	781 523	-	-	808 741	-	808 741	808 741	-	-
Total Financial Investments (excluding investments in consolidated enterprise)	3 582 177	92 930	3 675 107	3 675 107	2 850 429	43 155	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
<u>Held-to-maturity assets</u>						
Bonds	491	-	491	491	300	191
Total held-to-maturity assets	491	-	491	491	300	191
<u>Available-for-sale assets</u>						
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
<u>Loans, deposits and other financial investments</u>						
	743 611	-	743 611	743 611	-	-
Total loans, deposits and other financial investments	743 611	-	743 611	743 611	-	-
Total Financial Investments (excluding 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).

Notes to the consolidated financial statements

	September 30, 2013				December 31, 2012			
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities:	152 392	19 421	171 813	171 813	69 446	12 704	82 150	82 150
- Bonds:	2 648 262	73 509	2 721 771	2 721 771	2 759 175	117 448	2 876 623	2 876 623
- Loans and other investments	781 523	-	781 523	781 523	808 741	-	808 741	808 741
Total Financial investments	3 582 177	92 930	3 675 107	3 675 107	3 637 362	130 152	3 767 514	3 767 514

	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 September 30th, 2013. Euler Hermes Group does not hold any financial assets such as "dynamic treasury mutual funds" or "subprime investments".

Fair value hierarchy

- Available-for-sale assets

(in € thousand)	September 30, 2013		
	Level 1	Level 2	Level 3
Available-for-sale assets	2 701 091	160 000	32 302

(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 is 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 non-listed real estate 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, 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	2014	4 084	4 104	20
Portugal	2015	916	883	(33)
Portugal	2016	2 915	2 788	(127)
TOTAL:		7 915	7 775	(140)

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

Notes to the consolidated financial statements

Spain

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

COUNTRY	MATURITY	EXPOSURE	MARKET VALUE	UNREALIZED GAIN or LOSS
Spain	2014	3 098	3 090	(8)
Spain	2015	549	531	(18)
Spain	2016	657	686	29
Spain	2018	1 458	1 563	105
Spain	2023	5 972	6 482	510
Spain	2026	1 051	1 176	125
Spain	2040	251	292	41
TOTAL:		13 036	13 820	784

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

Movements in the periods

(in € thousand)	September 30, 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	-	651 815	2 516 333	3 168 148	3 260 520
Decrease in gross value	(300)	(639 984)	(2 540 168)	(3 180 452)	(3 110 909)
Revaluation	-	(38 684)	-	(38 684)	86 561
Impairment	-	(607)	-	(607)	(1 062)
Changes in foreign currency translation adjustments	-	(19 001)	(3 731)	(22 732)	2 648
Reclassifications	-	-	-	-	955
Other changes	-	(18 428)	348	(18 080)	(29 516)
Carrying amount as closing period	191	2 893 393	781 523	3 675 107	3 767 514

The decrease in gross value of held to maturity investments is due to maturity decrease.

(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

Notes to the consolidated financial statements

(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 changes of available for sale investments are mainly composed of the amortisation of premiums and discounts of bonds.

Notes to the consolidated financial statements

Note 6 Investments accounted for by the equity method

Information on equity-accounted investments

(in € thousand)		September 30, 2013			
Société	Assets (1)	Shareholders' equity (2)	Turnover (3)	Net income	
Credit Insurance contributors	787 576	332 665	230 310	4 773	
Other than Credit insurance contributors	49 200	13 640	48 795	8 324	
	836 776	346 305	279 105	13 097	

(1) Assets based on IFRS statements as at June 30, 2013, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which the asset are IFRS statements as at September 30, 2013.

(2) Equity is determined on the basis of IFRS statements as at June 30' 2013 including goodwill, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which equity is determined on the basis of IFRS statements as at September 30, 2013.

(3) The turnover corresponds to the turnover in the IFRS statements as at June 30, 2013 plus ¼ of 2012 total turnover, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which turnover is as at September 30, 2013.

(in € thousand)		December 31, 2012	September 30, 2012	
Société	Assets (4)	Shareholders' equity (5)	Turnover (6)	Net income
Credit Insurance contributors	381 376	209 555	112 614	19 368
Other than Credit insurance contributors	48 997	15 098	50 388	5 375
	430 373	224 653	163 002	24 743

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

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

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

Movements during the period

(in € thousand)	September 30, 2013	December 31, 2012
Opening carrying amount	115 500	105 196
Increases	73 467	-
Decreases	-	-
Reclassifications	-	-
Share of income for the period	4 611	14 038
Dividends paid	(19 127)	(6 245)
Impairment	-	-
Foreign exchange differences	(241)	18
Other changes	(797)	2 493
Closing carrying amount	173 413	115 500

The increase of investments accounted for by the equity method by 73,467 thousand euros is due for 60,903 thousand euros to the participation increase of Euler Hermes Luxembourg Holding in Solunion Seguros de Crédito and for 12,564 thousand euros to the increase by 16.67 % of the participation of Euler Hermes France in Israeli Credit Insurance Company during the second quarter 2013.

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

Dividends paid correspond to dividends from Israeli Credit Insurance Company for € 7.4 million, from OeKB EH Beteiligungs - und Management A.G. for € 6.9 million, from Cosec for € 2.5 million and from Graydon Holding for € 2.3 million.

Notes to the consolidated financial statements

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

(in € thousand)	September 30, 2013	December 31, 2012
Credit Insurance contributors	165 051	97 310
Other than Credit insurance contributors	3 751	4 152
Share of shareholders' equity	168 802	101 462

Contribution to income

(in € thousand)	3d quarter ended September 30,	
	2013	2012
Credit Insurance contributors	2 322	8 676
Other than Credit insurance contributors	2 289	1 478
Share of total income	4 611	10 154

Note 7 Cash and cash equivalents

(in € thousand)	September 30, 2013	December 31, 2012
Cash in bank and at hand	353 793	274 451
Cash pooling	37 897	33 929
Total cash	391 690	308 380
Total cash in balance sheet	391 690	308 380
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(350)	(350)
Total cash and cash equivalents	391 340	308 030

Note 8 Technical reserves

(in € thousand)	December 31, 2012	Allowance net of writebacks	Foreign exchange differences	Other changes	September 30, 2013
Reserve for unearned premiums	356 495	56 062	(7 006)	(11 159)	394 392
Reserve for claims net of forecasts of recoveries	1 403 193	79 234	(10 530)	(2 586)	1 469 311
Reserve for no-claims bonuses and rebates	170 958	(2 502)	(178)	(353)	167 925
Gross technical reserves	1 930 646	132 794	(17 714)	(14 098)	2 031 628
Reserve for unearned premiums	69 569	7 605	(697)	68	76 545
Reserve for claims net of forecasts of recoveries	393 219	31 881	(1 128)	928	424 900
Reserve for no-claims bonuses and rebates	36 162	257	74	97	36 590
Reinsurers' share of technical reserves	498 950	39 743	(1 751)	1 093	538 035
Net technical reserves	1 431 696	93 051	(15 963)	(15 191)	1 493 593

Claims reserves

(in € thousand)	September 30, 2013			December 31, 2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 874 437	(581 164)	1 293 273	1 757 031	(560 522)	1 196 509
Current period	902 726	(258 808)	643 918	1 016 286	(319 301)	696 985
Prior periods	971 711	(322 356)	649 355	740 745	(241 221)	499 524
Recoveries to be received	(405 126)	156 264	(248 862)	(353 838)	167 303	(186 535)
Current period	(154 942)	36 700	(118 242)	(214 763)	128 147	(86 616)
Prior periods	(250 184)	119 564	(130 620)	(139 075)	39 156	(99 919)
Claims reserves	1 469 311	(424 900)	1 044 411	1 403 193	(393 219)	1 009 974

Notes to the consolidated financial statements

Breakdown by type of reserve

(in thousand)	September 30, 2013			December 31, 2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	394 392	(76 545)	317 847	356 495	(69 569)	286 926
Claims reserves	1 469 311	(424 900)	1 044 411	1 403 193	(393 219)	1 009 974
of which, reserves for known claims	1 248 006	(420 074)	827 932	1 125 604	(386 961)	738 643
of which, reserves for late claims	528 537	(149 865)	378 672	536 732	(161 720)	375 012
of which, reserves for claims handling expenses	98 062	(11 226)	86 836	94 902	(11 840)	83 062
of which, other technical reserves	(168)	1	(167)	(207)	(1)	(208)
of which, recoveries to be received	(405 126)	156 264	(248 862)	(353 838)	167 303	(186 535)
No-claims bonuses and rebates	167 925	(36 590)	131 335	170 958	(36 162)	134 796
Technical reserves	2 031 628	(538 035)	1 493 593	1 930 646	(498 950)	1 431 696

Note 9 Breakdown of operating income

(in € thousand)	September 30,					
	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 697 643	(510 087)	1 187 556	1 665 295	(537 538)	1 127 757
Premiums refunded	(88 135)	21 780	(66 355)	(90 243)	23 281	(66 962)
Gross premiums written - credit insurance	1 609 508	(488 307)	1 121 201	1 575 052	(514 257)	1 060 795
Change in unearned premiums	(56 059)	7 706	(48 353)	(83 136)	26 687	(56 449)
Earned premiums	1 553 449	(480 601)	1 072 848	1 491 916	(487 570)	1 004 346
Premium-Related	307 451	-	307 451	300 986	-	300 986
Turnover	1 860 900	(480 601)	1 380 299	1 792 902	(487 570)	1 305 332
Net investment income	70 679	-	70 679	85 693	-	85 693
Claims paid	(639 845)	185 265	(454 580)	(783 874)	371 485	(412 389)
Claims reserves expenses	(75 458)	32 525	(42 933)	97 950	(116 411)	(18 461)
Claims handling expenses	(67 734)	1 063	(66 671)	(69 370)	1 623	(67 747)
Insurance services expenses	(783 037)	218 853	(564 184)	(755 294)	256 697	(498 597)
Brokerage commissions	(152 383)	-	(152 383)	(154 205)	-	(154 205)
Other acquisition costs	(171 160)	-	(171 160)	(144 550)	-	(144 550)
Change in acquisition costs capitalised	6 498	-	6 498	14 342	-	14 342
Contract acquisition expenses	(317 045)	-	(317 045)	(284 413)	-	(284 413)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expenses	(159 378)	-	(159 378)	(183 800)	-	(183 800)
Commissions received from reinsurers	-	167 917	167 917	-	186 673	186 673
Other ordinary operating income and expenses	(265 633)	-	(265 633)	(254 950)	-	(254 950)
Current operating income	406 486	(93 831)	312 655	400 138	(44 200)	355 938

Due to the retrospective application of IAS 19 revised, items of the income statement at the end of September 2012 have been modified as follows: administration expenses decreased by 2,384 thousand euros and other ordinary operating income and expenses by 460 thousand euros, totalising a net impact on current operating profit of 2,844 thousand euros.

Notes to the consolidated financial statements

Cost of claims

	September 30,					
	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	1 087 314	(296 330)	790 984	1 288 527	(539 299)	749 228
of which, claims paid	152 429	(37 278)	115 151	436 155	(286 974)	149 181
of which, claims reserves	867 748	(255 458)	612 290	785 882	(248 857)	537 025
of which, claims handling expenses	67 137	(3 594)	63 543	66 490	(3 468)	63 022
Recoveries for the current period	(161 524)	37 502	(124 022)	(297 546)	226 486	(71 060)
Recoveries received	(6 413)	833	(5 580)	(79 497)	76 901	(2 596)
Change in reserves for recoveries	(155 111)	36 669	(118 442)	(218 049)	149 585	(68 464)
Cost of claims from prior periods	(147 679)	50 037	(97 642)	(185 769)	37 957	(147 812)
of which, claims paid	590 971	(186 469)	404 502	527 314	(191 598)	335 716
of which, claims reserves	(739 247)	233 975	(505 272)	(715 962)	227 711	(488 251)
of which, claims handling expenses	597	2 531	3 128	2 879	1 844	4 723
Recoveries from prior periods	4 926	(10 062)	(5 136)	(49 918)	18 159	(31 759)
Recoveries received	(97 142)	37 649	(59 493)	(100 098)	30 188	(69 910)
Change in reserves for recoveries	102 068	(47 711)	54 357	50 180	(12 029)	38 151
Cost of claims	783 037	(218 853)	564 184	755 294	(256 697)	498 597

Note 10 Earnings per share and dividend per share

Earnings per share

	September 30,	
	2013	2012
Distributable net income (in thousand of euros)	221 409	249 774
Weighted average number of ordinary shares before dilution	43 985 299	43 860 214
Earnings per share (in euros)	5,03	5,69
Distributable net income (in thousand of euros)	221 409	249 774
Weighted average number of ordinary shares after dilution	44 047 512	43 873 948
Diluted earnings per share (in euros)	5,03	5,69

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 62,212 in September 2013 (13,734 in September 2012).

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

Dividend per share

The Shareholder's Meeting approved on May 24th, 2013 the payment of a dividend of € 4 by share concerning the 2012 fiscal year.

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)										
3rd quarter ended September 30, 2013										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	518 135	274 586	374 055	197 502	193 482	53 749	1 095 148	5 456	(1 014 470)	1 697 643
Premiums refunded	(44 188)	(21 527)	(14 592)	(491)	(3 422)	(860)	(59 940)	-	56 885	(88 135)
Change in unearned premiums	(11 098)	(2 400)	(16 373)	(11 705)	(15 067)	421	(26 425)	-	26 588	(56 059)
Earned premiums - non-Group	462 849	250 659	343 090	185 306	174 993	53 310	1 008 783	5 456	(930 997)	1 553 449
Premium - related revenues - non-Group	133 517	54 335	65 980	44 973	29 405	15 843	-	112 654	(149 256)	307 451
Turnover - intra-sectoral	596 366	304 994	409 070	230 279	204 398	69 153	1 008 783	118 110	(1 080 253)	1 860 900
Investment income	21 562	24 260	10 917	5 006	4 106	(2 547)	16 816	242 237	(251 678)	70 679
	<i>Of which, dividends</i>	(2 257)	(1 279)	-	-	-	-	(246 268)	249 804	-
Total ordinary income	617 928	329 254	419 987	235 285	208 504	66 606	1 025 599	360 347	(1 331 931)	1 931 579
Insurance services expenses	(215 156)	(105 560)	(198 340)	(109 349)	(53 831)	(20 881)	(502 542)	(954)	423 576	(783 037)
Other income and expenses	(233 604)	(116 219)	(164 932)	(88 268)	(89 127)	(39 428)	(331 580)	(132 087)	453 189	(742 056)
Total other income and expenses before reinsurance	(448 760)	(221 779)	(363 272)	(197 617)	(142 958)	(60 309)	(834 122)	(133 041)	876 765	(1 525 093)
Technical Result before Reinsurance	169 168	107 475	56 715	37 668	65 546	6 297	191 477	227 306	(455 166)	406 486

(in € thousand)										
3rd quarter ended September 30, 2012										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	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 - non-Group	450 316	256 299	338 308	193 649	170 338	46 411	953 882	-	(917 287)	1 491 916
Premium - related revenues - non-Group	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	58 350	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>	(581)	(575)	(48)	-	-	(671)	(228 654)	230 529	-
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 expenses	(287 275)	(111 719)	(164 225)	(102 865)	(37 463)	(37 723)	(492 040)	(6 639)	484 655	(755 294)
Other income and expenses	(229 492)	(121 315)	(155 407)	(94 935)	(79 338)	(31 241)	(320 709)	(50 360)	359 634	(723 163)
Total other income and expenses before reinsurance	(516 767)	(233 034)	(319 632)	(197 800)	(116 801)	(68 964)	(812 749)	(56 999)	844 289	(1 478 457)
Technical Result before Reinsurance	91 499	102 187	79 658	47 262	88 588	(8 783)	157 838	200 483	(358 594)	400 138

Depreciation, amortisation and provisions by segment

(in € thousand)										
3rd quarter ended September 30, 2013										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(153)	(1 034)	(807)	(5)	6	5	(255)	(3 662)	-	(5 905)

(in € thousand)										
3rd quarter ended September 30, 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	180	(2 652)	37	(664)	31	4	7	438	-	(2 619)

Notes to the consolidated financial statements

Balance sheet by segment

(in € thousand)

September 30, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	62 743	5 936	28 145	3 231	-	-	(2)	100 053
Other intangible assets	46 052	17 631	7 268	6 616	938	1 973	657	6 197	(2 027)	85 305
Investments - insurance businesses	538 039	755 517	184 881	44 309	64 175	30 910	720 132	1 689 009	(283 746)	3 743 226
Investments accounted for by the equity method	71 919	46 185	-	-	-	-	-	55 309	-	173 413
Share of assignees and reinsurers in the technical reserves and financial liabilities	265 763	126 378	276 194	193 566	83 562	52 341	286 026	110	(745 905)	538 035
Insurance and reinsurance receivables	50 975	59 746	287 307	55 885	102 912	38 257	326 338	(45)	(267 053)	654 322
Other assets	307 593	150 986	274 272	264 574	73 793	(27 627)	82 734	163 498	(422 622)	867 201
Total assets	1 280 341	1 156 443	1 092 665	570 887	353 525	99 084	1 415 887	1 914 078	(1 721 355)	6 161 555
Technical reserves	554 052	249 577	507 980	316 264	224 968	82 644	847 609	48	(751 514)	2 031 628
Liabilities related to inward insurance and reinsurance transactions	19 365	64 037	50 152	31 059	8 491	19 809	96 845	2 762	(83 801)	208 719
Liabilities related to outward reinsurance transactions	17 079	8 878	154 998	44 382	32 556	959	115 094	(1 580)	(197 393)	174 973
Other liabilities	460 530	267 137	290 432	160 520	39 328	12 476	41 324	645 114	(593 802)	1 323 059
Total liabilities	1 051 026	589 629	1 003 562	552 225	305 343	115 888	1 100 872	646 344	(1 626 510)	3 738 379

(in € thousand)

December 31, 2012

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	64 360	7 803	28 898	3 288	-	(2)	-	104 347
Other intangible assets	38 141	15 991	8 596	6 840	1 648	1 072	919	7 028	(3 669)	76 566
Investments - insurance businesses	622 449	831 376	188 533	49 215	84 557	36 060	740 944	1 722 514	(444 945)	3 830 703
Investments accounted for by the equity method	76 001	39 500	-	-	-	-	17 564	(1)	(17 564)	115 500
Share of assignees and reinsurers in the technical reserves and financial liabilities	225 261	131 553	252 847	194 339	96 734	50 814	241 249	110	(693 957)	498 950
Insurance and reinsurance receivables	58 751	70 307	234 324	71 454	72 982	17 801	285 725	(39)	(208 351)	602 954
Other assets	343 097	151 192	234 814	257 106	80 547	(31 729)	58 225	126 534	(371 723)	848 064
Total assets	1 363 700	1 239 918	983 474	586 757	365 366	77 306	1 344 627	1 856 144	(1 740 209)	6 077 081
Technical reserves	507 113	270 543	476 228	345 946	236 501	71 384	722 857	48	(699 974)	1 930 646
Liabilities related to inward insurance and reinsurance transactions	11 319	66 927	53 271	23 426	7 172	3 361	82 665	1 772	(66 004)	183 909
Liabilities related to outward reinsurance transactions	25 276	7 882	70 362	36 626	21 795	450	131 123	-	(145 417)	148 097
Other liabilities	508 645	267 889	283 216	156 437	44 512	9 154	36 374	637 500	(542 798)	1 400 946
Total liabilities	1 052 353	613 241	883 077	562 435	309 980	84 349	973 019	639 320	(1 454 193)	3 663 595

Notes to the consolidated financial statements

Note 12 Related parties

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

	Number of shares	%
Allianz France SA	26 864 230	59,25%
Allianz Vie	3 879 818	8,56%
Treasury shares	1 218 200	2,69%
Sub-total	31 962 248	70,50%
Public (bearer securities)	13 379 929	29,50%
Total	45 342 177	100,00%

Transactions

(in € thousand)	September 30,				September 30,			
	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	40 926	-	-	53 617	38 091	-	-	20 318
Insurance services expenses	(8 480)	-	-	(79 961)	(25 448)	-	-	(9 630)
Net income or expense on reinsurance	(30 885)	-	-	(1 106)	(11 704)	-	-	(112)
Financing expenses	-	(4 136)	-	-	-	(4 151)	-	-
Other financial net incomes	(11 866)	-	-	(14 925)	(7 281)	-	-	(6 848)

Receivables and liabilities

(in € thousand)	September 30, 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)	37 769	-	-	4	33 930	-	-	3
Net operating receivables	3 374	-	-	4 333	841	-	-	669
Borrowings (accrued interests included)	-	136 485	-	-	-	137 879	-	-
Operating liabilities	(7 320)	-	-	2 336	(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 AG;
- Euler Hermes Deutschland AG;
- 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 %.

Notes to the consolidated financial statements

Note 13 Commitments given and received

(in € thousand)	September 30, 2013	December 31, 2012
Commitments received	8 611	8 825
* Deposits, sureties and other guarantees	8 611	8 825
Commitments given	51 189	102 810
* Deposits, sureties and other guarantees	51 189	102 810
<i>o/w</i>		
- Commitments to Citibank	-	50 000
- Commitments to Société Générale	36 937	37 925
- Commitments to InvestitionsBank Landes Brandenburg	1 857	1 857
- Commitments associated with membership of an EIG	276	180
- Securities buyback agreement	-	-

The given commitment of € 50 million, that was aimed to cover Citibank's customers having signed a credit insurance policy with a Euler Hermes subsidiary in the event that the latter fails to meet its credit insurance policy obligations, was terminated during the third quarter 2013.

The € 36.9 million commitment is a guarantee to the Romanian Bank of Development, BRD, which is a subsidiary of Société Générale Group, in relation to the issuance of bond policies by Euler Hermes Europe S.A. Nederland.

Within the framework agreement, Euler Hermes and MAPFRE gave and receive to each other a commitment liability guarantee.

Note 14 Subsequent events as at September 30th, 2013

No significant change in the financial or trading position of the Group which could impact the assumption of the half closing has occurred since September 30th, 2013.