

Condensed Consolidated Financial Statements

For the nine months ended September 30, 2009



EULER HERMES
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Consolidated statement of financial position

(in thousands)	Notes	September 30, 2009	December 31, 2008
Goodwill	3	104 167	102 678
Other intangible assets		90 727	83 235
Intangible assets		194 894	185 913
Investment property	4	44 017	71 834
Financial investments	5	2 689 519	2 590 986
Derivatives		4 575	3 052
Investments- insurance businesses		2 738 111	2 665 872
Investments accounted for by the equity method	6	88 799	93 550
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	532 982	417 978
Operating property and other property and equipment		159 883	162 426
Acquisition costs capitalised		49 417	46 798
Deferred tax assets		44 052	31 942
Inwards insurance and reinsurance receivables		511 339	498 208
Outwards reinsurance receivables		26 067	96 225
Corporation tax receivables		40 890	94 890
Other receivables		192 516	149 386
Other assets		1 024 164	1 079 875
Cash	7	640 643	613 907
TOTAL ASSETS		€5 219 593	€5 057 095
Capital stock		14 426	14 426
Additional paid-in capital		451 924	451 924
Reserves		1 326 268	1 307 927
Net income, group share		883	83 592
Revaluation reserve		44 319	50 279
Translation reserve		(66 690)	(73 191)
Shareholders' equity, group share		€1 771 130	€1 834 957
Minority interests		21 060	20 328
Total shareholders' equity		€1 792 190	€1 855 285
Provisions for risks and charges		169 758	141 648
Bank borrowings		1 270	2 313
Other borrowings		407 445	295 433
Borrowings		408 715	297 746
Gross non-life technical reserves	8	1 943 996	1 853 698
Liabilities related to contracts		1 943 996	1 853 698
Deferred tax liabilities		322 740	354 367
Inwards insurance and reinsurance liabilities		221 735	195 172
Outwards reinsurance liabilities		136 496	96 697
Corporation tax payables		51 547	30 222
Other payables		172 416	232 260
Other liabilities		904 934	908 718
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		€5 219 593	€5 057 095

Consolidated income statement

(in thousands excepted for the earnings per share)

		Nine months ended September 30,		Three months ended September 30,	
	Notes	2009	2008	2009	2008
Premiums written		1 377 876	1 465 267	391 848	442 002
Premiums refunded		(45 355)	(58 483)	(13 114)	(22 323)
Change in unearned premiums		(36 582)	(72 220)	35 777	24 115
Earned premiums		1 295 939	1 334 564	414 511	443 794
Premium-related revenues		301 272	289 351	98 199	96 501
Turnover	9	€1 597 211	€1 623 915	€512 710	€540 295
Investment income		73 773	98 055	22 427	32 149
Investment management charges		(7 076)	(7 454)	(2 463)	(2 785)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		59 851	33 493	4 363	2 143
Change in fair value of investments recognised at fair value through profit or loss		1 238	(767)	1 579	(535)
Change in investment impairment provisions		(1 313)	(9 543)	(38)	(6 059)
Net change in foreign currency		(7 554)	(3 167)	(1 900)	(1 529)
Net investment income		118 919	110 617	23 968	23 384
Insurance services expense		(1 012 999)	(838 071)	(302 202)	(304 667)
Outwards reinsurance income		(429 499)	(313 363)	(151 423)	(98 188)
Outwards reinsurance expense		408 379	272 284	140 888	89 828
Net outwards reinsurance income or expense	9	(21 120)	(41 079)	(10 535)	(8 360)
Contract acquisition expense		(243 063)	(248 631)	(71 229)	(82 173)
Administration expense		(138 534)	(124 595)	(49 647)	(44 152)
Other ordinary operating income and expense		(252 560)	(234 014)	(90 650)	(77 654)
ORDINARY OPERATING INCOME		€47 854	€248 142	€12 415	€46 673
Other non ordinary operating income and expense		(7 618)	-	(111)	-
OPERATING INCOME	9	€40 236	€248 142	€12 304	€46 673
Financing expense		(7 669)	(11 677)	(1 644)	(4 047)
Income from companies accounted for by the equity method	6	2 394	6 285	897	2 161
Corporation tax		(31 348)	(86 763)	(10 450)	(13 808)
CONSOLIDATED NET INCOME		3 613	155 987	1 107	30 979
<i>o/w</i>					
NET INCOME, GROUP SHARE		€883	€152 299	€166	€29 968
Minority interests		2 730	3 688	941	1 011
Other comprehensive income elements					
Change in fair market value of asset held for sale transferred through profits & losses (Gross amount)		(37 750)	(30 816)		
Change in fair market value of asset held for sale transferred through profits & losses (Tax amount)		10 522	7 758		
Change in fair market value of asset held for sale booked through equity (Gross amount)		28 826	(75 317)		
Change in fair market value of asset held for sale booked through equity (Tax amount)		(7 325)	18 961		
Change in translation reserve (included impact on revaluation reserve) booked through equity (Gross amount)		8 244	(2 784)		
Change in translation reserve (included impact on revaluation reserve) booked through equity (Tax amount)		(1 885)	1 140		
Total other comprehensive income net of taxes		€632	€(81 058)		
Total comprehensive income		€1 515	€71 241		
Earnings per share		€0,02	€3,49		
Diluted earnings per share		€0,02	€3,48		
Earnings per share of continuing activities		€0,02	€3,49		
Diluted earnings per share of continuing activities		€0,02	€3,48		

The other non ordinary operating expense concerns the restructuring plan accounted by the Italian entity EH SIAC.

In the context of the implementation of the analytical tool in the main business units within the Euler Hermes group, the allocation per destination has been improved in the Group. In order to produce comparable statements from one year to the other, the main items of the September 2008 income statement have been restated pro forma.

The related amounts compared to 2008 publication are:

- Contract acquisition expense: €(248,631) vs €(231,680) thousand ;
- Administration expense: €(124,595) vs €(149,558) thousand ;
- Other ordinary operating income and expense: €(234,014) vs €(226,002) thousand.

The income statement has been modified in order to improve the presentation. The net change in foreign currency has been isolated in one specified line. The investment income and the investment management charges have been restated pro forma:

- Investment income: €98,055 vs €103,161 thousand ;
- Investment management charges: €(7,454) vs €(15,727) thousand.

Consolidated statement of cash flows

(In thousands)	Nine months ended September 30,	
	2009	2008
Net income, group share	€883	€152 299
Corporation tax	31 345	86 763
Financing expense	7 851	11 677
Operating income before tax	40 079	250 739
Minority interests	2 730	3 688
Allocation to and writebacks of depreciation, amortisation and reserves	46 893	49 282
Change in technical reserves	(16 935)	241 229
Change in deferred acquisition costs	(1 519)	(16 980)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)	(1 066)	767
Realised capital gains/(losses) net of writebacks	(59 566)	(33 403)
Unrealised foreign exchange gain (loss) in company accounts	14 220	1 204
Revenues and expenses linked to stock options and similar	333	(299)
Interest revenues received accrued	(4 202)	(13 482)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows	(19 111)	232 006
Income (loss) of companies accounted for by the equity method	(2 395)	(6 285)
Dividends received from companies accounted for by the equity method	7 045	6 970
Change in liabilities and receivables relating to insurance and reinsurance transactions	47 453	(68 234)
Change in inventories	-	(28)
Change in operating receivables and liabilities	(9 450)	2 407
Change in other assets and liabilities	(28 466)	(12 051)
Corporation tax	5 966	(154 147)
Cash flow related to operating activities	20 154	(231 368)
Cash flow from operating activities	€41 122	€251 377
Acquisitions of subsidiaries and joint ventures, net of acquired cash	-	(949)
Disposals of subsidiaries and joint ventures, net of acquired cash	-	-
Acquisitions of equity interests in companies accounted for by the equity method	-	(32 980)
Cessions de participations dans des entreprises mises en équivalence	44	-
Merger	-	(272)
Cash flow linked to changes in the consolidation scope	44	(34 201)
Disposals of AFS securities	1 067 434	1 121 355
Matured HTM securities	2 686	3 685
Disposals of investment properties	43 690	4 462
Disposals of securities held for trading	(463)	446
Cash flow linked to disposals and redemptions of investments	1 113 347	1 129 948
Acquisitions of AFS securities	(1 111 205)	(753 421)
Acquisitions of HTM securities	-	-
Acquisitions of investment properties	(669)	(599)
Acquisitions of trading securities	6	(1 254)
Cash flow linked to acquisitions of investments	(1 111 868)	(755 274)
Disposals of other investments and intangible assets	440 944	119 717
Acquisitions of other investments and intangible assets	(487 409)	(290 970)
Cash flow linked to acquisitions and disposals of other investments and intangible assets	(46 465)	(171 253)
Cash flow from investing activities	€(44 943)	€169 220

Consolidated statement of cash flows

Increases and decreases in capital	72	832
<i>Increases in capital</i>	(9 912)	853
<i>Decreases in capital</i>	9 984	(21)
Change in treasury stock	(795)	(7 385)
Dividends paid	(67 325)	(221 130)
Cash flow linked to transactions with the shareholders	(68 047)	(227 683)
Change in non voting shares	-	-
Changes in loans and subordinated securities	105 204	(875)
<i>Issue</i>	243 665	1 350
<i>Repayment</i>	(138 461)	(2 225)
Interest paid	(6 482)	(9 181)
Cash flow from group financing	98 722	(10 056)
Cash flow from financing activities	€30 674	€(237 739)
Impact of foreign exchange differences on cash and cash equivalents	(1 451)	12 884
Reclassification ⁽¹⁾	2 357	(615)
Other net changes in cash	€907	€12 269
Change in cash flows	27 760	195 127
Change in cash and cash equivalents	27 760	195 127
Trésorerie et équivalents de trésorerie à l'ouverture	7	€612 323
Cash and cash equivalents at end of period	7	€640 083

Consolidated statement of changes in equity

Nine months ended September 30, 2009

(in thousands)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Minority interests	Total shareholders' equity
Opening Shareholders' equity	€14 426	€451 924	€1 476 216	€50 279	€(73 191)	€(84 697)	€1 834 957	€20 328	€1 855 285
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	21 430	-	-	21 430	94	21 524
Impact of transferring realised gains and losses to income statement	-	-	-	(27 228)	-	-	(27 228)	-	(27 228)
Other movements	-	-	-	(22)	-	-	(22)	(1)	(23)
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	-	-	-	(141)	6 501	-	6 360	(1)	6 359
Current and deferred tax taken directly to or transferred to shareholders' equity	-	-	-	-	-	-	-	-	-
Net income recognised in shareholders' equity	-	-	-	(5 960)	6 501	-	540	92	632
Net income for the year	-	-	883	-	-	-	883	2 730	3 613
Total revenues and losses recognised for the period	-	-	€883	€(5 960)	€6 501	-	€1 424	€2 822	€4 246
Capital movements	-	-	-	-	-	(795)	(795)	-	(795)
Dividend distributions	-	-	(65 274)	-	-	-	(65 274)	(2 051)	(67 325)
Shareholders' equity component of share-based payment plans	-	-	333	-	-	-	333	-	333
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	-	-	-
Other movements	-	-	485	-	-	-	485	(39)	446
Closing Shareholders' equity	€14 426	€451 924	€1 412 643	€44 319	€(66 690)	€(85 492)	€1 771 130	€21 060	€1 792 190

Nine months ended September 30, 2008

(in thousands)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Minority interests	Total shareholders' equity
Opening Shareholders' equity	€14 417	€451 332	€1 607 947	€90 438	€(29 821)	€(75 572)	€1 834 957	€19 179	€1 854 136
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	(79 318)	-	-	(79 318)	(96)	(79 414)
Impact of transferring realised gains and losses to income statement	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-
Gain / (loss) taken to shareholders' equity	-	-	-	-	-	-	-	-	-
Impact of transferring realised profits and losses in the year to income statement	-	-	-	-	-	-	-	-	-
Impact of transfers on the initial amount of hedges	-	-	-	-	-	-	-	-	-
Impact of translation differences	-	-	-	-	(1 738)	-	(1 738)	94	(1 644)
Current and deferred tax taken directly to or transferred to shareholders' equity	-	-	-	-	-	-	-	-	-
Net income recognised in shareholders' equity	14 417	451 332	1 607 947	11 120	(31 559)	(75 572)	1 753 901	19 177	1 773 078
Net income for the year	-	-	152 299	-	-	-	152 299	3 688	155 987
Total revenues and losses recognised for the period	-	-	€152 299	€(79 318)	€(1 738)	-	€1 243	€3 686	€74 929
Capital movements	9	592	-	-	-	(7 087)	(6 486)	-	(6 486)
Dividend distributions	-	-	(218 266)	-	-	-	(218 266)	(2 865)	(221 131)
Shareholders' equity component of share-based payment plans	-	-	1 378	-	-	-	1 378	-	1 378
Cancellation of gains/losses on treasury shares	-	-	(298)	-	-	-	(298)	-	(298)
Other movements	-	-	(130)	-	-	-	(130)	(295)	(425)
Closing Shareholders' equity	€14 426	€451 924	€1 542 930	€11 120	€(31 559)	€(82 659)	€1 906 182	€19 705	€1 925 887

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the nine months ended September 30, 2009:

Changes in the share capital and in share ownership

The Shareholders' General Meeting of 15 May 2009 decided to distribute a dividend of €1.50 per share.

At 30 September 2009, the Allianz group owned 30,744,048 shares out of a total of 45,082,710 shares, corresponding to 68.20% of the share capital of Euler Hermes.

During the nine months ended September 30, 2009, 480 new shares were created by the exercise of options. At 30 September 2009, Euler Hermes' share capital was composed of 45,082,710 shares, including 1,567,444 shares held in treasury stock.

Evolution of the retention rate

The premium retention rate is the ratio of premiums after reinsurance to premiums before reinsurance. This rate decrease from 76.5% at end-September 2008 to 66.9% at end-September 2009. Earned premiums net of reinsurance decreased by 15.2% 2008 compared to 2009; 12.3% is explained by the decrease in premium retention rate.

SAFIM Factoring litigation

On July, 21st 2009, the court of cassation of Roma has rejected the claims of our Italian subsidiary, Euler Hermes SIAC, related to an old case initiated against Euler Hermes SIAC in 1995 by the factoring group SAFIM (currently in liquidation).

The risks linked to this litigation are limited as it has been evaluated by Euler Hermes SIAC and its legal advisers. The reject of the court of cassation of the claims of our Italian subsidiary restarts the procedure in appeal of SAFIM after the success of the first instance decision of Euler Hermes SIAC.

Presently, the judge designed an expert who has to evaluate the financial loss potentially assumed by SAFIM factoring. A final judgement is not planned before the first half year of 2010, but Euler Hermes has initiated a detailed analysis of the case in order to reassess, with his legal advisers and before the year end 2009, the financial risks linked to this case.

It has to be reminded that a provision for litigation of €8 millions is booked in the financial statements of the company at the end of June 2009.

Note 2 IFRS accounting and valuation rules

The financial statements of the Euler Hermes group as at September 30, 2009 were approved by the Board of Director's of November 9, 2009.

General principles

In accordance with European regulation no. 1606/2002 of July 19, 2002, the interim consolidated financial statements published at September 30, 2009 were prepared in accordance with IFRS as adopted by the European Union. International accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at September 30, 2009 as adopted by the European Union,
- Guidance provided in CNC recommendation no. 2006-R01 relating to the format of financial statements prepared by insurance firms under international accounting guidelines.

Euler Hermes didn't apply, by anticipation in 2008, IAS 19 – IFRIC 14 related to the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Voluntary prepaid contributions under a minimum funding requirement). The application of IFRIC 14 didn't impact the consolidated financial statements.

Notes to the consolidated financial statements

The Group didn't choose the options related to the reclassification of financial assets (published by IASB on October 13th, 2008 and applicable on July 1st, 2008) linked to the update of IAS 39 - Financial instruments: recognition and measurement and IFRS 7 - Financial instruments: disclosures.

As at September 30, 2009, Euler Hermes didn't apply the following standards published by IASB that are not mandatory as at January 1st, 2009:

- IFRS 2 update – Vesting conditions and cancellations;
- IAS 39 – Financial instruments – Hedge accounting recognition ;

Euler Hermes group applied as at January 1st, 2009 the following standards and updates:

- IAS 1 revised – Presentation of financial statements;
- IFRS 8 – Operational segments – The geographical areas detailed in note 9 exactly reflected the internal communication done by the Management. Moreover, the information by activity is not still published.

The following updates of IFRS standards didn't impact the consolidated financial statements of the Euler Hermes:

- IAS 23 – Update related to the costs of borrowings;
- IFRS 1 and IAS 27 update – Cost of a investment in a subsidiary, jointly controlled entity or associate;
- IAS 32 and IAS 1 update – Puttable financial instruments and obligations arising on liquidation;
- IFRS 3 and IAS 27 update – Business combination;

The following interpretations of IFRS standards didn't impact the consolidated financial statements of the Euler Hermes:

- IFRIC 12 – Service concession arrangements;
- IFRIC 13 – Customer Loyalty Programmes;
- IFRIC 15 – Agreements for the Construction of Real Estate;
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation;
- IFRIC 17 – Distribution to the stakeholders of non-monetary assets;
- IFRIC 18 – Transfers of Assets from Customers.

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

Consolidation scope

The consolidation scope didn't change during the first nine months ended September 30, 2009.

Appeal to estimates

The production of the consolidated financial statements of Euler Hermes is based on estimates for a part of assets & liabilities items. The management is susceptible to review these estimations in case of changes that can put into questions the circumstances on which they have been established or by the consideration of a new information or accrued experience.

The estimates concerning technical provisions are also detailed in the part Risk Management.

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

Notes to the consolidated financial statements

Estimates		Communicated Information
Note 1	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 3	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 16	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 16	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 16	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 16	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 16	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 19	Employee benefits	The related commitments are measured in accordance with IAS 19 and are reviewed yearly by independent actuaries. The commitment is recognised in the balance sheet using the projected unit credit method, based on the group actuarial assumptions.
Note 29	Stock options plans	The fair value of the liabilities resulting from the SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price, until expiry of the obligation, and is calculated using the Cox-Ross-Rubinstein binomial valuation model.

Note 3 Goodwill

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

Notes to the consolidated financial statements

(in thousands)	September 30, 2009						December 31, 2008	
	France	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance								
Gross value	393	6 229	57 735	30 466	8 242	7 544	110 609	125 756
Impairment losses	-	(409)	(7 522)	-	-	-	(7 931)	(10 179)
Net carrying amount	€393	€5 820	€50 213	€30 466	€8 242	€7 544	€102 678	€115 577
Change during the year								
Opening net carrying amount	393	5 820	50 213	30 466	8 242	7 544	102 678	115 577
Changes in gross value	-	-	-	-	-	-	-	327
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	139
Reclassifications	-	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	-	2 385	(1 511)	-	615	1 489	(13 365)
Impairment losses	-	-	-	-	-	-	-	-
Closing net carrying amount	393	5 820	52 598	28 955	8 242	8 159	104 167	102 678
Closing Balance								
Gross value	393	6 229	60 478	28 955	8 242	8 159	112 456	110 609
Impairment losses	-	(409)	(7 880)	-	-	-	(8 289)	(7 931)
Net carrying amount	€393	€5 820	€52 598	€28 955	€8 242	€8 159	€104 167	€102 678

Notes to the consolidated financial statements

Note 4 Investment and operating property

(in thousands)	September 30, 2009		December 31, 2008	
	Investment property	Operating property	Investment property	Operating property
Balance as opening period				
Gross value	91 071	195 192	105 915	194 273
Depreciation	(19 237)	(61 878)	(19 668)	(56 771)
Impairment losses	-	(554)	-	(10 014)
Net carrying amount	€71 834	€132 760	€86 247	€127 488
Change during the year				
Net carrying amount as opening period	71 834	132 760	86 247	127 488
Acquisitions	-	669	-	922
Change in consolidation scope	-	-	-	-
Disposals	(26 563)	(15)	(15 276)	-
Reclassifications	-	(147)	(80)	80
Changes in foreign currency translation adjustments	-	(79)	-	87
Net depreciation	(1 254)	(2 990)	943	(5 277)
Net provisions for impairment	-	-	-	9 460
Other changes	-	-	-	-
Net carrying amount at the end of the period	44 017	130 198	71 834	132 760
Balance at the end of the period				
Gross value	58 647	185 324	91 071	195 192
Depreciation	(14 630)	(48 328)	(19 237)	(61 878)
Impairment losses	-	(6 797)	-	(554)
Net carrying amount	€44 017	€130 198	€71 834	€132 760
Fair value	€90 540	€222 264	€134 139	€231 460

Amounts recorded in the income statement	Nine months ended September 30,	
Investment property	2009	2008
Rental revenues from investment property	4 844	5 564
Direct operating expenses relating to property	(1 108)	(1 526)

A wrong booking of the opening value concerning the accounting of German impairment losses leads to a modification of the amounts constituting the net carrying amount:

- The gross value decreases by €(10,267) thousand ;
- The cumulated depreciation decreases by €16,510 thousand ;
- The impairment losses increases by €(6,243) thousand.

The disposals of investment property concerned Euler Hermes SFAC for the whole amount.

The realized gains accounted are €17,112 thousand.

Notes to the consolidated financial statements

Note 5 Financial investments

Classification by accounting method

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

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

(in thousands)	September 30, 2009				December 31, 2008							
	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets												
Bonds	4 271	-	4 271	4 271	1 805	2 466	6 941	-	6 941	6 995	2 863	4 132
Total held-to-maturity assets	€4 271	-	€4 271	€4 271	€1 805	€2 466	€6 941	-	€6 941	€6 995	€2 863	€4 132
Available-for-sale assets												
Equities	109 336	16 239	125 808	125 808	1 936 705	107 083	136 083	16 064	152 147	152 147	1 911 193	108 862
Bonds	1 864 632	53 346	1 917 980	1 917 980	-	-	1 805 324	62 584	1 867 908	1 867 908	-	-
Total Available-for-sale assets	€1 973 968	€69 585	€2 043 788	€2 043 788	€1 936 705	€107 083	€1 941 407	€78 648	€2 020 055	€2 020 055	€1 911 193	€108 862
Loans, deposits and other financial investments												
	641 460	-	641 460	641 460	-	-	563 990	-	563 990	563 990	-	-
Total loans, deposits and other financial investments	€641 460	-	€641 460	€641 460	-	-	€563 990	-	€563 990	€563 990	-	-
Total Financial investments (excluded investments in consolidated enterprise)	€2 619 699	€69 585	€2 689 519	€2 689 519	€1 938 510	€109 549	€2 512 338	€78 648	€2 590 986	€2 591 040	€1 914 056	€112 994

Concerning the non listed investments, the group estimates the fair value using a valuation technique. Valuation techniques include the use of recent transactions under normal competitive conditions between informed and consenting parties, where available, reference to the current fair value of another instrument that is identical in substance, the analysis of discounted cash flows and option valuation models. The non listed investments are mainly German States bonds.

(in thousands)	September 30, 2009				December 31, 2008			
	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Amortized cost	Revaluation reserve	Net carrying amount	Fair value
- Equities:	109 336	16 239	125 808	125 808	136 083	16 064	152 147	152 147
- Bonds:	1 868 903	53 346	1 922 251	1 922 251	1 812 265	62 584	1 874 849	1 874 903
- Loans and other investments	€641 460	-	€641 460	€641 460	€563 990	-	€563 990	€563 990

EH Group didn't account any impairment as of September 30, 2009. EH Group hadn't any financial assets such as "dynamic treasury mutual funds" or "subprime investments".

The loans and other investments are mainly composed of cash at hand waiting for investments.

Notes to the consolidated financial statements

Classification by investment category

(in thousands)	September 30, 2009			December 31, 2008	
	Held-to-maturity investments	Available-for- sale investments	Loans, deposits and other financial investments	Total	Total
Net carrying amount as opening period	€6 941	€2 020 055	€563 990	€2 590 986	€2 956 590
Increase in gross value	-	1 066 205	500 794	1 566 999	1 446 873
Decrease in gross value	(2 686)	(1 024 985)	(431 800)	(1 459 471)	(1 693 922)
Revaluation	-	(8 623)	-	(8 623)	(55 599)
Impairment	(5)	(937)	-	(942)	(23 283)
Changes in foreign currency translation adjustments	29	(3 561)	(864)	(4 396)	(48 707)
Reclassifications	-	(2 191)	3 087	896	2 984
Other changes	(8)	(2 175)	6 253	4 070	6 050
Net carrying amount as closing period	€4 271	€2 043 788	€641 460	€2 689 519	€2 590 986

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

Note 6 Investments accounted for by the equity method

Information on equity-accounted investments

(in thousands)	September 30, 2009					
Company	Country	Assets ⁽¹⁾	Shareholders' equity ⁽²⁾	Turnover	Net income	% of capital held
Prisma Kreditversicherungs A.G.	Austria	-	-	-	-	49,00%
OeKB Beteiligungs- und Management A.G.	Austria	205 859	110 084	45 521	(2 686)	49,00%
Lietuvos Draudimo Kreditu Draudimas	Lithuania	-	-	-	-	0,00%
Graydon Holding N.V.	Netherlands	54 849	11 455	57 144	12 335	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	105 313	39 990	27 956	(1 700)	50,00%
Israel Credit Insurance Company Ltd	Israel	50 743	28 092	11 286	3 504	33,33%
		€416 764	€189 620	€141 906	€11 453	

⁽¹⁾ Assets based on company financial statements as at June 30, 2009, except for COSEC (August 31, 2009).

⁽²⁾ Shareholders' equity based on company financial statements as at June 30, 2009 including goodwill.

(in thousands)	December 31, 2008		Nine months ended September 30, 2008			
Company	Country	Assets	Shareholders' equity	Turnover	Net income	% of capital held
Prisma Kreditversicherungs A.G.	Austria	-	-	34 266	996	49,00%
OeKB Beteiligungs- und Management A.G.	Austria	149 367	117 447	-	-	49,00%
Lietuvos Draudimo Kreditu Draudimas	Lithuania	-	-	1	351	0,00%
Graydon Holding N.V.	Netherlands	56 120	23 949	54 959	10 135	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	98 657	39 606	13 758	3 844	50,00%
Israel Credit Insurance Company Ltd	Israel	52 467	28 839	11 637	2 727	33,33%
		€356 611	€209 841	€114 621	€18 053	-

Notes to the consolidated financial statements

Movements during the period

(in thousands)	September 30, 2009	December 31, 2008
Balance as opening period	€93 550	€52 206
Increases	-	32 980
Decreases	(44)	(2 529)
Reclassification	-	-
Share of income for the period	2 395	7 875
Dividends paid	(7 045)	(6 970)
Impairment	-	-
Foreign exchange differences	(249)	226
Other changes	192	9 762
Net book value as closing period	€88 799	€93 550

Contribution to shareholders' equity (without equity method income of 2008)

(in thousands)		September 30, 2009	December 31, 2008
Prisma Kreditversicherungs A.G.	Austria	-	(488)
OeKB Beteiligungs- und Management A.G.	Austria	53 941	56 233
Lietuvos Draudimo Kreditu Draudimas	Lithuania	(44)	(179)
Graydon Holding N.V.	Netherlands	3 150	2 911
Companhia de Seguro de Creditos SA (COSEC)	Portugal	19 995	18 594
Israel Credit Insurance Company Ltd	Israel	9 363	8 605
Share of shareholders' equity		€86 405	€85 676

Contribution to income

(in thousands)		Nine months ended September 30,	
		2009	2008
Prisma Kreditversicherungs A.G.	Austria	-	(100)
OeKB Beteiligungs- und Management A.G.	Austria	(1 316)	-
Lietuvos Draudimo Kreditu Draudimas	Lithuania	-	179
Graydon Holding N.V.	The Netherlands	3 392	1 863
Companhia de Seguro de Creditos SA (COSEC)	Portugal	(850)	1 480
Israel Credit Insurance Company Ltd	Israel	1 168	702
Share of total income		€2 394	€4 124

Note 7 Cash and cash equivalents

(in thousands)	September 30, 2009	December 31, 2008
Cash in bank and at hand	573 382	494 859
Cash pooling	67 261	119 048
Total cash	€640 643	€613 907
Total cash per balance sheet	640 643	613 907
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(560)	(1 584)
Total cash and cash equivalents	€640 083	€612 323

Notes to the consolidated financial statements

Note 8 Technical reserves

(in thousands)	December 31, 2008	Allowance net of writebacks	Foreign exchange differences	Other changes	September 30, 2009
Reserve for unearned premiums	314 691	34 897	1 791	2 659	354 038
Reserve for claims	1 422 610	49 671	7 136	2 657	1 482 074
Reserve for no-claims bonuses and refunds	116 397	(10 864)	1 673	678	107 884
Gross technical reserves	1 853 698	73 704	10 600	5 994	1 943 996
Reserve for unearned premiums	47 853	33 030	1 078	7 095	89 056
Reserve for claims	353 186	67 324	989	3 826	425 325
Reserve for no-claims bonuses and refunds	16 939	(375)	1 011	1 026	18 601
Reinsurers' share of technical reserves	417 978	99 979	3 078	11 947	532 982
Net technical reserves	€2 271 676	€173 683	€13 678	€17 941	€2 476 978

Cost of claims

(in thousands)	Nine months ended September 30,					
	2009			2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	1 132 609	(328 760)	803 849	984 029	(191 392)	792 637
of which, claims paid	253 591	(72 654)	180 937	190 903	(39 833)	151 070
of which, claims reserves	823 456	(252 403)	571 053	734 119	(147 819)	586 300
of which, claims handling expenses	55 562	(3 703)	51 859	59 007	(3 740)	55 267
Recoveries for the current period	(103 430)	26 798	(76 632)	(94 673)	16 423	(78 250)
Recoveries received	(5 240)	1 406	(3 834)	(12 916)	2 051	(10 865)
Change in reserves for recoveries	(98 190)	25 392	(72 798)	(81 757)	14 372	(67 385)
Cost of claims from prior periods	49 303	21 459	70 762	9 112	(222)	8 890
of which, claims paid	779 538	(148 845)	630 693	517 669	(111 398)	406 271
of which, claims reserves	(718 932)	171 700	(547 232)	(502 535)	111 585	(390 950)
of which, claims handling expenses	(11 303)	(1 396)	(12 699)	(6 022)	(409)	(6 431)
Recoveries from prior periods	(65 483)	3 846	(61 637)	(60 397)	12 498	(47 899)
Recoveries received	(119 154)	15 361	(103 793)	(107 457)	14 251	(93 206)
Change in reserves for recoveries	53 671	(11 515)	42 156	47 060	(1 753)	45 307
Cost of claims	€1 012 999	€(276 657)	€736 342	€838 071	€(162 693)	€675 378

Claims reserves

(in thousands)	September 30, 2009			December 31, 2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 765 204	(483 367)	1 281 837	1 650 693	(397 148)	1 253 545
Current period	856 120	(258 319)	597 801	1 141 066	(227 411)	913 655
Prior periods	909 084	(225 048)	684 036	509 627	(169 737)	339 890
Recoveries to be received	(283 130)	58 041	(225 089)	(228 084)	43 962	(184 122)
Current period	(100 406)	24 315	(76 091)	(117 115)	19 360	(97 755)
Prior periods	(182 724)	33 726	(148 998)	(110 969)	24 602	(86 367)
Claims reserves	€1 482 074	€(425 326)	€1 056 748	€1 422 609	€(353 186)	€1 069 423

Breakdown by type of reserve

(in thousands)	September 30, 2009			December 31, 2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	354 038	(89 056)	264 982	314 691	(47 853)	266 838
Claims reserves	1 482 074	(425 325)	1 056 749	1 422 609	(353 186)	1 069 423
of which, reserves for known claims	1 254 647	(366 300)	888 347	1 108 704	(384 528)	724 176
of which, reserves for late claims	409 121	(109 423)	299 698	440 723	44	440 767
of which, reserves for claims handling expenses	103 789	(7 643)	96 146	100 368	(12 620)	87 748
of which, other technical reserves	(2 352)	-	(2 352)	899	(44)	855
of which, recoveries to be received	(283 131)	58 041	(225 090)	(228 085)	43 962	(184 123)
No-claims bonuses and rebates	107 884	(18 601)	89 283	116 398	(16 939)	99 459
Technical reserves	€1 943 996	€(532 982)	€1 411 014	€1 853 698	€(417 978)	€1 435 720

Notes to the consolidated financial statements

Note 9 Breakdown of income net of reinsurance

(in thousands)	Nine months ended September 30,					
	2009			2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 377 876	(476 183)	901 693	1 465 267	(346 731)	1 118 536
Premiums refunded	(45 355)	11 980	(33 375)	(58 483)	9 159	(49 324)
Gross premiums written - credit insurance	1 332 521	(464 203)	868 318	1 406 784	(337 572)	1 069 212
Change in unearned premiums	(36 582)	34 704	(1 878)	(72 220)	24 209	(48 011)
Earned premiums	1 295 939	(429 499)	866 440	1 334 564	(313 363)	1 021 201
Premium-related revenues	301 272	-	301 272	289 351	-	289 351
Turnover	€1 597 211	€(429 499)	€1 167 712	€1 623 915	€(313 363)	€1 310 552
Net investment income	118 919	-	118 919	110 617	-	110 617
Claims paid	(908 735)	204 732	(704 003)	(588 199)	134 929	(453 270)
Claims reserves expense	(60 005)	66 826	6 821	(196 887)	23 615	(173 272)
Claims handling expense	(44 259)	5 099	(39 160)	(52 985)	4 149	(48 836)
Insurance services expense	(1 012 999)	276 657	(736 342)	(838 071)	162 693	(675 378)
Brokerage commissions	(128 241)	-	(128 241)	(173 718)	-	(173 718)
Other acquisition costs	(117 888)	-	(117 888)	(93 753)	-	(93 753)
Change in acquisition costs capitalised	3 066	-	3 066	18 840	-	18 840
Contract acquisition expense	(243 063)	-	(243 063)	(248 631)	-	(248 631)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expense	(138 534)	-	(138 534)	(124 595)	-	(124 595)
Commissions received from reinsurers	-	131 722	131 722	-	109 591	109 591
Other ordinary operating income and expense	(252 560)	-	(252 560)	(234 014)	-	(234 014)
Ordinary operating income	€68 974	€(21 120)	€47 854	€289 221	€(41 079)	€248 142

Note 10 Earnings per share and dividend per share

Earnings per share

	Nine months ended September 30,	
	2009	2008
Distributable net income (in thousands of euros)	883	152 299
Weighted average number of ordinary shares before dilution	43 919 087	43 641 697
Earnings per share (€)	€0,02	€3,49
Distributable net income (in thousands of euros)	883	152 299
Weighted average number of ordinary shares after dilution	43 948 723	43 705 049
Diluted earnings per share (€)	€0,02	€3,48

The dilution impact takes into account the exercise of options. The average number of shares resulting from dilution is 29,637 in 2009 (63,352 in 2008). The group share of net income is used as the basis for this calculation.

Dividend per share

A dividend of €1.5 per share (€65,278 thousand) was approved by the Ordinary General Meeting of 2009.

Note 11 Segment data

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

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

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

The ten main geographic segments correspond to the geographic regions covering the majority of the activity and which are therefore monitored in detail. These segments are Germany, the European IDC of Germany, the Asian IDC of Germany, France & its IDC, Italy, the United Kingdom, North & South America, the Netherlands, Belgium and the Group reinsurance.

Notes to the consolidated financial statements

Profit & loss by segment

(in thousands)													
Nine months ended September 30, 2009													
	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter- segment eliminations	GROUP
Premiums written	457 895	117 931	33 319	269 580	136 022	136 278	127 650	46 430	32 451	558 703	-	(538 383)	1 377 876
Premiums refunded	(26 804)	(3 454)	(734)	(11 695)	4 927	(3 428)	-	(1 902)	(3 171)	(22 290)	-	20 342	(45 355)
Change in unearned premiums	(3 076)	(15 956)	28	(4 528)	(9 942)	(2 648)	502	1 871	(1 847)	(5 916)	-	4 930	(36 582)
Earned premiums - non-group	428 015	98 521	32 613	253 357	131 007	130 202	128 152	46 399	30 287	530 497	-	(513 111)	1 295 939
Premium-related revenues - non-group	132 058	40 052	10 911	69 264	31 734	14 591	21 406	15 101	11 851	-	-	(45 696)	301 272
Turnover - intra-sectoral	€560 073	€138 573	€43 524	€322 621	€162 741	€144 793	€149 558	€61 500	€42 138	€530 497	-	€(558 807)	€1 597 211
Investment income	41 593	1 859	(377)	59 571	10 757	6 843	9 958	3 504	1 262	(2 891)	175 992	(189 152)	118 919
<i>Of which, dividends</i>	-	-	-	917	-	-	-	-	-	382	173 693	(174 992)	-
Total ordinary income	601 666	140 432	43 147	382 192	173 498	151 636	159 516	65 004	43 400	527 606	175 992	(747 959)	1 716 130
Insurance services expense	(241 302)	(172 921)	(43 883)	(151 686)	(76 517)	(103 237)	(117 363)	(58 236)	(21 260)	(449 403)	-	422 809	(1 012 999)
Outwards reinsurance expense	(232 608)	(70 275)	(17 741)	(66 670)	(52 878)	(59 478)	(64 999)	(17 745)	(15 750)	(344 464)	-	513 109	(429 499)
Outwards reinsurance income	189 645	139 907	29 648	54 234	31 404	59 268	73 016	23 647	14 842	369 138	-	(576 370)	408 379
Other income and expense	(232 174)	(53 688)	(20 536)	(128 443)	(72 623)	(57 542)	(58 873)	(18 587)	(19 498)	(160 623)	(10 828)	199 258	(634 157)
Total other income and expense	(516 439)	(156 977)	(52 512)	(292 565)	(170 614)	(160 989)	(168 219)	(70 921)	(41 666)	(585 352)	(10 828)	558 806	(1 668 276)
Ordinary operating income	€85 227	€(16 545)	€(9 365)	€89 627	€2 884	€(9 353)	€(8 703)	€(5 917)	€1 734	€(57 746)	€165 164	€(189 153)	€68 854
Autres produits et charges opérationnels	-	-	-	-	(7 595)	(23)	-	-	-	-	-	-	(7 618)
Operating income	€85 227	€(16 545)	€(9 365)	€89 627	€(4 711)	€(9 376)	€(8 703)	€(5 917)	€1 734	€(57 746)	€165 164	€(189 153)	€40 236
Financing expense	(15)	(9)	(12)	(228)	(120)	(641)	(303)	(16)	-	48	(12 854)	6 481	(7 669)
Income from companies accounted for by the equity method	2 076	-	-	318	-	-	-	-	-	-	-	-	2 394
Corporation tax	(22 525)	(1 943)	495	(30 698)	(279)	3 046	2 585	3 055	(433)	10 249	5 100	-	(31 348)
Consolidated net income	64 763	(18 497)	(8 882)	59 019	(5 110)	(6 971)	(6 421)	(2 878)	1 301	(47 449)	157 410	(182 672)	3 613
<i>o/w</i>													
Net income, group share	€62 564	€(18 512)	€(8 882)	€58 503	€(5 110)	€(6 971)	€(6 421)	€(2 878)	€1 301	€(47 449)	€157 410	€(182 672)	€883
Minority interests	2 199	15	-	516	-	-	-	-	-	-	-	-	2 730

(in thousands)													
Nine months ended September 30, 2008													
	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter- segment eliminations	GROUP
Premiums written	537 986	81 157	-	293 835	167 775	160 605	125 616	57 535	30 987	505 339	-	(495 568)	1 465 267
Premiums refunded	(30 803)	(3 516)	-	(18 716)	444	(2 669)	-	(2 207)	(709)	(23 261)	-	22 954	(58 483)
Change in unearned premiums	(17 072)	(3 450)	-	(4 118)	(14 226)	(13 263)	(8 406)	(4 573)	21	(15 376)	-	8 243	(72 220)
Earned premiums - non-group	490 111	74 191	-	271 001	153 993	144 673	117 210	50 755	30 299	466 702	-	(464 371)	1 334 564
Premium-related revenues - non-group	132 335	38 327	12 120	69 620	36 735	16 668	21 135	10 838	9 676	-	-	(58 103)	289 351
Turnover - intra-sectoral	€622 446	€112 518	€12 120	€340 621	€190 728	€161 341	€138 345	€61 593	€39 975	€466 702	-	€(522 474)	€1 623 915
Investment income	45 860	2 860	-	61 532	8 597	7 158	5 124	3 141	1 231	958	236 026	(261 870)	110 617
<i>Of which, dividends</i>	18 794	-	-	-	-	-	-	-	-	-	235 357	(254 151)	-
Total ordinary income	668 306	115 378	12 120	402 153	199 325	168 499	143 469	64 734	41 206	467 660	236 026	(784 344)	1 734 532
Insurance services expense	(248 412)	(51 667)	-	(164 532)	(140 420)	(90 123)	(88 960)	(41 072)	(14 761)	(314 339)	-	316 215	(838 071)
Outwards reinsurance expense	245 616	64 977	-	79 454	74 829	52 954	63 798	17 964	12 064	158 115	-	(497 487)	272 284
Outwards reinsurance income	(276 738)	(59 156)	-	(68 900)	(63 870)	(54 716)	(57 693)	(19 695)	(14 958)	(161 993)	-	464 356	(313 363)
Other income and expense	(234 147)	(44 963)	(11 899)	(131 371)	(80 521)	(66 074)	(51 332)	(17 581)	(18 547)	(176 583)	(10 574)	236 352	(607 240)
Total other income and expense	(513 681)	(90 809)	(11 899)	(285 349)	(209 982)	(157 959)	(134 187)	(60 384)	(36 202)	(494 800)	(10 574)	519 436	(1 486 390)
Ordinary operating income	€154 625	€24 569	€221	€116 804	€(10 657)	€10 540	€9 282	€4 350	€5 004	€(27 140)	€225 452	€(264 908)	€248 142
Autres produits et charges opérationnels	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating income	€154 625	€24 569	€221	€116 804	€(10 657)	€10 540	€9 282	€4 350	€5 004	€(27 140)	€225 452	€(264 908)	€248 142
Financing expense	(14)	(3)	-	(83)	(142)	-	(7)	(86)	-	(3)	(16 760)	5 431	(11 677)
Income from companies accounted for by the equity method	3 454	-	-	2 831	-	-	-	-	-	-	-	-	6 285
Corporation tax	(45 803)	(5 074)	(228)	(44 004)	3 218	(3 423)	(4 617)	(682)	(1 221)	6 335	8 736	-	(86 763)
Consolidated net income	112 262	19 492	(7)	75 548	(7 581)	7 117	4 658	3 572	3 783	(20 808)	217 428	(259 477)	155 987
<i>o/w</i>													
Net income, group share	€109 918	€18 878	€(7)	€74 818	€(7 581)	€7 117	€4 658	€3 572	€3 783	€(20 808)	€217 428	€(259 477)	€152 299
Minority interests	2 344	614	-	730	-	-	-	-	-	-	-	-	3 688

In 2008, the follow up by the management didn't include the German branches split by geographical areas (Europe & Asia). This modification was done in the first quarter 2009.

To face the two income statements with a perfect comparison, the following income statement has the same geographical split like the one publish in 2008.

Notes to the consolidated financial statements

(in thousands)

Nine months ended September 30, 2009 au format du 30 Juin, 2008

	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter- segment eliminations	GROUP
Premiums written	517 151	91 994	-	269 580	136 022	136 278	127 650	46 430	32 451	558 703	-	(538 383)	1 377 876
Premiums refunded	(28 145)	(2 847)	-	(11 695)	4 927	(3 428)	-	(1 902)	(317)	(22 290)	-	20 342	(45 355)
Change in unearned premiums	(5 365)	(13 639)	-	(4 528)	(9 942)	(2 648)	502	1 871	(1 847)	(5 916)	-	4 930	(36 582)
Earned premiums - non-group	483 641	75 508	-	253 357	131 007	130 202	128 152	46 399	30 287	530 497	-	(513 111)	1 295 939
Premium-related revenues - non-group	132 069	40 041	10 911	69 264	31 734	14 591	21 406	15 101	11 851	-	-	(45 696)	301 272
Turnover - intra-sectoral	€615 710	€115 549	€10 911	€322 621	€162 741	€144 793	€149 558	€61 500	€42 138	€530 497	-	€(558 807)	€1 597 211
Investment income	51 499	(936)	(7 488)	59 571	10 757	6 843	9 958	3 504	1 262	(2 891)	175 992	(189 152)	118 919
<i>Of which, dividends</i>	-	-	-	917	-	-	-	-	-	382	173 693	(174 992)	-
Total ordinary income	667 209	114 613	3 423	382 192	173 498	151 636	159 516	65 004	43 400	527 606	175 992	(747 959)	1 716 130
Insurance services expense	(347 033)	(111 073)	-	(151 686)	(76 517)	(103 237)	(117 363)	(58 236)	(21 260)	(449 403)	-	422 809	(1 012 999)
Outwards reinsurance expense	(263 981)	(56 643)	-	(66 670)	(52 878)	(59 478)	(64 999)	(17 745)	(15 750)	(344 464)	-	513 109	(429 499)
Outwards reinsurance income	257 110	102 090	-	54 234	31 404	59 268	73 016	23 647	14 842	369 138	-	(576 370)	408 379
Other income and expense	(239 029)	(50 605)	(16 764)	(128 443)	(72 623)	(57 542)	(58 873)	(18 587)	(19 498)	(160 623)	(10 828)	199 258	(634 157)
Total other income and expense	(592 933)	(116 231)	(16 764)	(292 565)	(170 614)	(160 989)	(168 219)	(41 666)	(585 352)	(10 828)	(10 828)	558 806	(1 668 276)
Ordinary operating income	€74 276	€(1 618)	€(13 341)	€89 627	€2 884	€(9 353)	€(8 703)	€(5 917)	€1 734	€(57 746)	€165 164	€(189 153)	€47 854
Autres produits et charges opérationnels	-	-	-	-	(7 595)	(23)	-	-	-	-	-	-	(7 618)
Operating income	€74 276	€(1 618)	€(13 341)	€89 627	€(4 711)	€(9 376)	€(8 703)	€(5 917)	€1 734	€(57 746)	€165 164	€(189 153)	€40 236
Financing expense	(15)	(9)	(12)	(228)	(120)	(641)	(303)	(16)	-	48	(12 854)	6 481	(7 669)
Income from companies accounted for by the equity method	2 076	-	-	318	-	-	-	-	-	-	-	-	2 394
Corporation tax	(22 076)	(1 535)	(362)	(30 698)	(279)	3 046	2 585	3 055	(433)	10 249	5 100	-	(31 348)
Consolidated net income	54 261	(3 162)	(13 715)	59 019	(5 110)	(6 971)	(6 421)	(2 878)	1 301	(47 449)	157 410	(182 672)	3 613
<i>o/w</i>													
Net income, group share	€52 062	€(3 177)	€(13 715)	€58 503	€(5 110)	€(6 971)	€(6 421)	€(2 878)	€1 301	€(47 449)	€157 410	€(182 672)	€883
Minority interests	2 199	15	-	516	-	-	-	-	-	-	-	-	2 730

Depreciation, amortisation and provisions by segment

(in thousands)

Nine months ended September 30, 2009

	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter- segment eliminations	GROUP
Provisions for loans and receivables	318	-	-	(1 957)	(29)	-	-	(33)	-	-	371	-	€(1 330)

(in thousands)

Nine months ended September 30, 2008

	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter- segment eliminations	GROUP
Provisions for loans and receivables	(258)	-	-	(3 825)	-	-	(500)	(32)	-	-	(1 337)	-	€(5 952)

Amortisation and impairment charges on non-current assets are now analysed by function. Consequently, the breakdown is no longer directly visible in the income statement in the 2008 and 2009 financial statements.

Balance sheet by segment

(in thousands)

September 30, 2009

	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter- segment eliminations	GROUP
Goodwill	-	3 569	2 609	2 376	5 820	52 599	28 952	3 893	4 349	-	-	-	104 167
Other intangible assets	45 780	997	979	13 318	5 001	6 130	2 178	6 991	2 195	1 357	5 801	-	90 727
Investments - insurance businesses	457 164	34 530	935	624 491	155 837	3 545	99 703	11 713	24 921	123 764	1 500 280	(298 772)	2 738 111
Investments accounted for by the equity method	59 124	-	-	29 675	-	-	-	-	-	-	-	-	88 799
Share of assignees and reinsurers in the technical reserves and financial liabilities	191 645	127 085	35 036	78 672	158 992	67 953	58 513	30 607	15 191	302 629	110	(533 451)	532 982
Insurance and reinsurance receivables	75 643	76 731	14 962	98 664	78 931	77 835	69 228	102 910	5 142	46 794	(47)	(109 387)	537 406
Other assets	266 438	70 297	(3 578)	289 064	116 660	51 598	65 815	28 366	20 584	144 427	185 756	(108 026)	1 127 401
Total assets	€1 095 794	€313 209	€50 943	€1 136 260	€521 241	€259 660	€324 389	€184 480	€72 382	€618 971	€1 691 900	€(1 049 636)	€5 219 593
Technical reserves	427 550	186 726	67 019	298 475	384 020	218 488	181 662	114 352	33 302	572 514	48	(540 160)	1 943 996
Liabilities related to inwards insurance and reinsurance transactions	20 677	7 190	3 236	81 247	29 856	21 282	4 304	2 309	997	60 338	(5)	(9 696)	221 735
Liabilities related to outwards reinsurance transactions	8 414	58 491	1 304	538	38 016	21 933	83 476	(2 446)	1 008	77 760	43	(152 041)	136 496
Other liabilities	338 126	29 061	6 398	252 844	77 079	42 323	25 347	22 462	12 206	18 380	600 113	(299 163)	1 125 176
Total liabilities	€794 767	€281 468	€77 957	€633 104	€528 971	€304 026	€294 789	€136 677	€47 513	€728 992	€600 199	€(1 001 060)	€3 427 403

(in thousands)

December 31, 2008

	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter- segment eliminations	GROUP
Goodwill	-	3 340	2 221	2 376	5 820	50 213	30 466	3 893	4 349	-	-	-	102 678
Other intangible assets	29 324	1 606	-	11 454	5 795	6 608	2 252	6 104	2 774	1 537	15 781	-	83 235
Investments - insurance businesses	464 765	14 913	(12 421)	685 547	144 064	(31 213)	56 774	37 244	27 487	143 371	1 401 061	(265 720)	2 665 872
Investments accounted for by the equity method	64 135	-	-	29 477	-	-	-	-	-	-	-	(62)	93 550
Share of assignees and reinsurers in the technical reserves and financial liabilities	253 674	56 030	-	87 001	176 396	62 972	46 352	28 020	11 991	169 566	-	(474 024)	417 978
Insurance and reinsurance receivables	93 345	37 798	-	133 605	80 912	76 349	52 734	104 566	3 041	111 201	-	(99 118)	594 433
Other assets	322 036	48 973	21 196	287 845	107 158	56 182	101 132	23 878	16 708	121 430	101 894	(109 083)	1 099 349
Total assets	€1 227 279	€162 660	€10 996	€1 237 305	€520 145	€221 111	€289 710	€203 705	€66 350	€547 105	€1 518 736	€(948 007)	€5 057 095
Technical reserves	519 928	73 537	-	344 021	396 467	206 605	158 481	114 874	27 893	490 550	-	(478 658)	1 853 698
Liabilities related to inwards insurance and reinsurance transactions	53 092	82	-	90 199	26 456	17 972	3 445	2 385	383	29 289	-	(28 131)	195 172
Liabilities related to outwards reinsurance transactions	8 204	32 209	-	16 885	36 914	13 257	51 795	9 190	2 264	67 021	-	(141 042)	96 697
Other liabilities	316 039	20 334	15 475	258 569	62 996	24 131	26 916	26 067	12 188	19 798	527 541	(253 811)	1 056 243
Total liabilities	€897 263	€126 162	€15 475	€709 674	€522 833	€261 965	€240 637	€152 516	€42 728	€606 658	€527 541	€(901 642)	€3 201 810

Note 12 Related parties

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

Notes to the consolidated financial statements

	Number of shares	%
Assurances Générales de France	26 864 230	59,59%
AGF Vie	3 879 818	8,61%
Treasury shares	1 567 444	3,48%
Sub-total	32 311 492	71,67%
Public (bearer securities)	12 771 218	28,33%
Total	45 082 710	100,00%

As at June 17, 2009, the Extraordinary General Meeting of AGF SA & AGF Holding approved the merger of these two entities. 21,421,782 stocks of Euler Hermes group have been transferred from AGF Holding to AGF SA. At the same date, 4 stocks have been transferred from AGF-IART to AGF Vie.

Transactions

(in thousands)	Nine months ended September 30,					
	2009			2008		
	Allianz SE	AGF SA	Related companies and joint ventures	Allianz SE	AGF SA	Related companies and joint ventures
Operating income	31 257	-	27 916	10 472	-	26 748
Insurance services expense	(29 579)	-	(15 817)	(1 181)	-	(16 766)
Net income or expense on reinsurance	9 305	-	(133)	(10 333)	-	(128)
Financing expense	(1 175)	(6 309)	-	-	(11 328)	-
Other financial net incomes	(7 398)	-	(8 705)	(538)	-	4 173

Receivables and liabilities

(in thousands)	September 30, 2009			December 31, 2008		
	Allianz SE	AGF SA	Related companies and joint ventures	Allianz SE	AGF SA	Related companies and joint ventures
	Current accounts (accrued interests included)	66 290	-	43	74 314	-
Net operating receivables	783	-	1 078	5 565	-	12 195
Borrowings (accrued interests included)	135 598	268 101	-	-	292 321	-
Operating liabilities	(643)	-	90	15 576	-	2 099

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 correspond to four loans contracted with AGF SA, Allianz Belgium and AGF International

- 2004 loan of €90 million maturing in June 2010, at 6-month Euribor + 146.5 basis points
- 2005 loan of €135 million maturing in September 2010, at 6-month Euribor + 20 basis points
- 2006 loan of €67 million maturing in June 2010, at 6-month Euribor + 144.3 basis points
- 2009 loan of €110 million maturing in September 2012, at fixed interest rate Mid-Swaps 3 years + 60 basis points.

On May 11, 2009, the loan of €135 million has been transferred from AGF SA to Allianz Belgium.

On September 10, 2009, Euler Hermes contracted a €110 million loan to AGF International.

The maturity of the repayment of the two loans to AGF SA has been delayed (without any modification of the interest rates) to June 19, 2010 (€90 million) and to June 22, 2010 (€67 million).

Note 13 Commitments received and given

Notes to the consolidated financial statements

(in thousands)	September 30, 2009	December 31, 2008
Commitments received	€14 214	€15 913
* Deposits, sureties and other guarantees	14 214	15 913
Commitments given	€20 616	€22 753
+ Deposits, sureties and other guarantees	20 616	22 753
<i>o/w</i> - Commitments associated with membership of an EIG	8 257	9 743
- Securities buyback agreement	615	798

Note 14 Subsequent events

No subsequent events occurred since September 30, 2009 closing which would impact the hypothesis of the annual closing.