

Consolidated Financial Statements

For the nine months ended September 30, 2010



EULER HERMES
Business insured. Success ensured.

Contents

Consolidated statement of financial position.....	3
Consolidated income statement.....	4
Consolidated statement of cash flows	5
Consolidated statement of changes in equity	7
Notes to the consolidated financial statements.....	8
Note 1 Significant events.....	8
Note 2 IFRS accounting and valuation rules	9
Note 3 Goodwill	10
Note 4 Investment and operating property	11
Note 5 Financial investments	11
Note 6 Investments accounted for by the equity method	13
Note 7 Cash and cash equivalents.....	14
Note 8 Technical reserves.....	14
Note 9 Breakdown of income net of reinsurance	16
Note 10 Earnings per share and dividend per share	16
Note 11 Segment data.....	16
Note 12 Related parties	19
Note 13 Commitments received and given.....	20
Note 14 Subsequent events	20

Consolidated statement of financial position

(in thousands)	Notes	September 30, 2010	December 31, 2009
Goodwill	3	107 361	103 582
Other intangible assets		73 080	90 752
Intangible assets		180 441	194 334
Investment property	4	9 697	24 917
Financial investments	5	3 164 735	2 840 735
Derivatives		4 237	4 313
Investments- insurance businesses		3 178 669	2 869 965
Investments accounted for by the equity method	6	96 867	89 254
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	497 361	517 581
Operating property and other property and equipment		151 796	158 319
Acquisition costs capitalised		51 006	42 649
Deferred tax assets		23 840	42 938
Inwards insurance and reinsurance receivables		532 622	459 723
Outwards reinsurance receivables		93 479	114 795
Corporation tax receivables		77 027	34 724
Other receivables		197 369	183 879
Other assets		1 127 139	1 037 027
Cash	7	529 557	441 792
TOTAL ASSETS		€5 610 034	€5 149 953
Capital stock		14 430	14 426
Additional paid-in capital		452 305	451 959
Reserves		1 364 380	1 326 179
Net income, group share		255 846	18 988
Revaluation reserve		62 431	43 500
Translation reserve		(39 499)	(59 273)
Shareholders' equity, group share		€2 109 893	€1 795 779
Minority interests		20 647	20 698
Total shareholders' equity		€2 130 540	€1 816 477
Provisions for risks and charges		176 018	165 035
Bank borrowings		253 174	1 261
Other borrowings		247 001	405 882
Borrowings		500 175	407 143
Gross non-life technical reserves	8	1 787 525	1 836 551
Liabilities related to contracts		1 787 525	1 836 551
Deferred tax liabilities		369 173	326 055
Inwards insurance and reinsurance liabilities		203 597	208 197
Outwards reinsurance liabilities		194 636	170 400
Corporation tax payables		17 868	38 298
Other payables		230 502	181 797
Other liabilities		1 015 776	924 747
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		€5 610 034	€5 149 953

Consolidated income statement

(in thousands excepted for the earnings per share)

	Nine months ended September 30		Three months ended September 30	
	2010	2009	2010	2009
Premiums written	1 454 103	1 377 876	461 969	391 848
Premiums refunded	(95 854)	(45 355)	(43 532)	(13 114)
Change in unearned premiums	(52 658)	(36 582)	31 777	35 777
Earned premiums	1 305 591	1 295 939	450 214	414 511
Premium-related revenues	275 248	301 272	91 998	98 199
Turnover	€1 580 839	€1 597 211	€542 212	€512 710
Investment income	68 692	73 773	24 045	22 427
Investment management charges	(5 969)	(7 076)	(1 255)	(2 463)
Net gain (loss) on sales of investments less impairment and depreciation writebacks	31 792	59 851	6 820	4 363
Change in fair value of investments recognised at fair value through profit or loss	(114)	1 238	130	1 579
Change in investment impairment provisions	(2 727)	(1 313)	(13)	(38)
Net change in foreign currency	11 073	(7 554)	(853)	(1 900)
Net investment income	102 747	118 919	28 874	23 968
Insurance services expense	(497 201)	(1 012 999)	(111 199)	(302 202)
Outwards reinsurance income	(469 111)	(429 499)	(166 842)	(151 423)
Outwards reinsurance expense	298 598	408 379	94 075	140 888
Net outwards reinsurance income or expense	(170 513)	(21 120)	(72 767)	(10 535)
Contract acquisition expense	(255 919)	(243 063)	(89 474)	(71 229)
Administration expense	(149 624)	(138 534)	(54 290)	(49 647)
Other ordinary operating income and expense	(251 730)	(252 560)	(78 858)	(90 650)
ORDINARY OPERATING INCOME	€358 599	€47 854	€164 498	€12 415
Other non ordinary operating income and expense	(10 895)	(7 618)	(10 895)	(111)
OPERATING INCOME	€347 704	€40 236	€153 603	€12 304
Financing expense	(8 933)	(7 669)	(3 607)	(1 644)
Income from companies accounted for by the equity method	11 827	2 394	3 430	897
Corporation tax	(92 210)	(31 348)	(43 937)	(10 450)
CONSOLIDATED NET INCOME	258 388	3 613	109 489	1 107
<i>o/w</i>				
NET INCOME, GROUP SHARE	€255 846	€883	€108 409	€166
Minority interests	2 542	2 730	1 080	941
Other comprehensive income elements				
Change in fair market value of asset held for sale transferred through profits & losses (Gross amount)	(11 852)	(37 750)	(1 115)	(1 271)
Change in fair market value of asset held for sale transferred through profits & losses (Tax amount)	3 427	10 522	61	2 095
Change in fair market value of asset held for sale booked through equity (Gross amount)	38 458	28 826	17 890	24 241
Change in fair market value of asset held for sale booked through equity (Tax amount)	(11 440)	(7 325)	(5 791)	(6 274)
Other change in fair market value of asset held for sale booked through equity	(53)	-	440	-
Change in translation reserve (included impact on revaluation reserve) booked through equity (Gross amount)	28 233	8 244	(47 767)	(16 483)
Change in translation reserve (included impact on revaluation reserve) booked through equity (Tax amount)	(8 217)	(1 885)	16 434	3 321
Total other comprehensive income net of taxes	€38 556	€632	€(19 848)	€5 629
Total comprehensive income	€296 944	€4 245	€89 641	€6 736
Total comprehensive income, group share	294 549	1 423	88 476	5 694
Total comprehensive income, minority interests	2 395	2 822	1 165	1 042
Earnings per share	€5,86	€0,02		
Diluted earnings per share	€5,85	€0,02		
Earnings per share of continuing activities	€5,86	€0,02		
Diluted earnings per share of continuing activities	€5,85	€0,02		

Consolidated statement of cash flows

(In thousands)	Nine months ended September 30,	
	2010	2009
Net income, group share	€255 846	€883
Corporation tax	90 836	31 345
Financing expense	9 721	7 851
Operating income before tax	356 403	40 079
Minority interests	2 542	2 730
Allocation to and writebacks of depreciation, amortisation and reserves	76 752	46 893
Change in technical reserves	(41 723)	(16 935)
Change in deferred acquisition costs	(1 562)	(1 519)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)	700	(1 066)
Realised capital gains/(losses) net of writebacks	(35 660)	(59 566)
Unrealised foreign exchange gain (loss) in company accounts	(6 290)	14 220
Revenues and expenses linked to stock options and similar	223	333
Interest revenues received accrued	(3 527)	(4 202)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows	(8 544)	(19 111)
Income (loss) of companies accounted for by the equity method	(11 827)	(2 395)
Dividends received from companies accounted for by the equity method	5 168	7 045
Change in liabilities and receivables relating to insurance and reinsurance transactions	(60 333)	47 453
Change in inventories	-	-
Change in operating receivables and liabilities	39 465	(9 450)
Change in other assets and liabilities	(6 847)	(28 466)
Corporation tax	(96 561)	5 966
Cash flow related to operating activities	(130 935)	20 154
Cash flow from operating activities	€216 924	€41 122
Acquisitions of subsidiaries and joint ventures, net of acquired cash	-	-
Disposals of subsidiaries and joint ventures, net of acquired cash	-	-
Acquisitions of equity interests in companies accounted for by the equity method	-	-
Cessions de participations dans des entreprises mises en équivalence	-	44
Merger	-	-
Cash flow linked to changes in the consolidation scope	-	44
Disposals of AFS securities	676 956	1 067 434
Matured HTM securities	595	2 686
Disposals of investment properties	44 531	43 690
Disposals of securities held for trading	1 883	(463)
Cash flow linked to disposals and redemptions of investments	723 965	1 113 347
Acquisitions of AFS securities	(898 340)	(1 111 205)
Acquisitions of HTM securities	-	-
Acquisitions of investment properties	(3 722)	(669)
Acquisitions of trading securities	(2 485)	6
Cash flow linked to acquisitions of investments	(904 547)	(1 111 868)
Disposals of other investments and intangible assets	370 692	440 944
Acquisitions of other investments and intangible assets	(426 804)	(487 409)
Cash flow linked to acquisitions and disposals of other investments and intangible assets	(56 112)	(46 465)
Cash flow from investing activities	€(236 694)	€(44 943)

Consolidated statement of cash flows

Increases and decreases in capital	3 283	72
<i>Increases in capital</i>	3 283	(9 912)
<i>Decreases in capital</i>	-	9 984
Change in treasury stock	18 858	(795)
Dividends paid	(2 422)	(67 325)
Cash flow linked to transactions with the shareholders	19 719	(68 047)
Change in non voting shares	-	-
Changes in loans and subordinated securities	248 779	105 204
<i>Issue</i>	250 665	243 665
<i>Repayment</i>	(1 886)	(138 461)
Interest paid	(163 913)	(6 482)
Cash flow from group financing	84 866	98 722
Cash flow from financing activities	€104 585	€30 674
<hr/>		
Impact of foreign exchange differences on cash and cash equivalents	4 516	(1 451)
Reclassification	(1 566)	2 357
Other net changes in cash	€2 950	€907
<hr/>		
Change in cash flows	87 765	27 760
Change in cash and cash equivalents	87 765	27 760
Cash and cash equivalents at beginning of period	7	€441 442
<hr/>		
Cash and cash equivalents at end of period	7	€529 207
<hr/>		

At September 30, 2010, the reclassification of € 1,6 millions represents cash equivalent booked in short term investment in 2009.

Consolidated statement of changes in equity

Nine months ended September 30, 2010

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

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

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the nine months ended September 30, 2010:

Changes in the share capital and in share ownership

As at September 30, 2010, the Allianz group owned 30,744,048 shares out of a total of 45,093,910 shares, corresponding to 68.18% of the share capital of Euler Hermes.

During the nine months ended September 30, 2010, 10 700 new shares were created by the exercise of options. As at September 30 2010, Euler Hermes' share capital was composed of 45,093,910 shares, including 1,267,444 shares held in treasury stock.

Evolution of the retention rate

The premium retention rate is the ratio of premiums after reinsurance to earned premiums before reinsurance. This rate decreases from 66.9% at end-September 2009 to 64.1% at end-September 2010. Earned premiums net of reinsurance decreased by 3.46% end-September 2009 compared to end-September 2010; 4.2% is explained by the decrease in premium retention rate.

Euler Hermes Credit Insurance Belgium's situation

On April, 15th 2010 the management of Euler Hermes Credit Insurance Belgium communicated its decision to liquidate its retail business. It implies the implementation of a restructuring plan. On September 30th, 2010 the negotiations between the direction of Euler Hermes Credit Insurance Belgium and the social partners have reached. A provision is booked of 10,8 M€ on September 2010.

One Euler Hermes go live

The Euler Hermes group announced the go live of One Euler Hermes from January 1st, 2010. It focuses on implementing the organisational changes needed to create a customer-oriented and even more efficient group.

This new organisation focused on six completely given responsibilities regions: Germany/Swiss/Austria, Americas, Asia/Pacific, France, Northern Europe and Mediterranean Countries/Africa.

The main changes are the new Mediterranean Countries/Africa area which contents Greece, Spain & Morocco (previously the French International Development Center) and Italy and the Northern Europe area with United-Kingdom, Belgium, Netherland, Sweden, Norway, Finland, Denmark & Poland.

The segment data had been modified in 2010 & 2009 in order to ensure the comparison between the two periods.

"Convergence" project

EH decided to launch in 2006 a new IT project in order to implement a group IT tool for Claims Handling and collection handling under the project name "Convergence". Target was to generate a common claims handling and collection handling tool for all EH entities with full roll-out beginning of 2011.

At this stage, only EH Germany is using the system. A detailed technical audit of the project in April 2010 has identified that EH would have to increase the investment envelop quite significantly in order to allow a roll out to the other EH entities.

Therefore EH Management has decided to freeze the project and has requested an impairment test on this project in order to determine its actual net present value.

This impairment test has integrated all potential efficiency gains, the maintenance savings on old IT systems, the new maintenance costs of the new tool and the eventual restructuring costs to be taken into account. The outcome of this impairment test was showing a net present value of 5 M€

Based on these calculations, EH management Board has taken the decision to do partial write down of the project of 13,4 M€ in order to adjust the net book value of the IT tool end of June 2010 to its net present value.

Notes to the consolidated financial statements

Note 2 IFRS accounting and valuation rules

The financial statements of the Euler Hermes group as at September 30, 2010 were approved by the Board of Director's of November 2nd, 2010.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19, 2002, the interim consolidated financial statements published at September 30, 2010 were prepared in accordance with IAS 34 as adopted by the European Union. International accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at September 30, 2010 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 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.

IAS 8 § 5 Accounting policies, changes in accounting estimates and errors related to change in presentation of segment data

The standard mentions "Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements". The new organisation of the Group related to One Euler Hermes go live modified the 2009 segment data and it has been updated to be compared to the new geographical segments.

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

2.2. Consolidation scope

Euler Hermes has announced the start up of a new subsidiary in Chile during the third quarter.

2.3. 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 of reference document 2009.

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

Notes to the consolidated financial statements

	Estimate	Communicated Information
Note 3	Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit's is based on assumptions of capital costs, growth rate to infinity and loss ratio & standard retention rates used in the calculation of the final values.
Note 5	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 8	Earned but not recorded premiums reserves	This reserve is established based on the estimate of the amount of premiums expected on the period less the amount of premiums recorded on the period.
Note 8	Provisions for salvages & recoveries	This reserve represents the estimate of potential recoveries on settled claims by a statistical calculation based on the evolution of salvages & recoveries by year of attachment on previous exercises. They take into consideration a provision for administration charges determined in accordance with actual observed expenses.
Note 8	Bonus & profit commission reserve	This reserve is intended to cover the future cost corresponding to premium rebates to be granted to policyholders under the terms of policies giving policyholders a share in their technical positive results.
Note 8	Reserves for claims payable	This reserve corresponds to a statistical estimate of the cost of all outstanding claims, that is to say claims reported but not yet settled.
Note 8	IBNR reserve	In credit-insurance, the IBNR are calculated to cover: The claims which occurred before the closing and will be known only on the next period. The claims related to commercial receivables accounted before the closing and covered by a warranty which will occur and be known only on the next period They are determined based on statistical models integrating historical data as well as future developments based on estimates. Considering the current economic crisis and the methods of assessment of credit-insurance, the IBNR might be different from the ones calculated on statistical basis. Indeed, non anticipated assessments might occur and modify the assumptions previously retained for the determination of IBNR.
Note not published	Employee benefits	The related commitments are measured in accordance with IAS 19 and are reviewed yearly by independent actuaries. The commitment is recognised in the balance sheet using the projected unit credit method, based on the group actuarial assumptions.
Note not published	Stock options plans	The fair value of the liabilities resulting from the SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price, until expiry of the obligation, and is calculated using the Cox-Ross-Rubinstein binomial valuation model.

Note 3 Goodwill

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

(in thousands)	September 30, 2010							December 31, 2009
	France	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance								
Gross value	393	6 229	61 922	29 431	8 242	8 045	114 262	110 609
Impairment losses	-	(409)	(10 271)	-	-	-	(10 680)	(7 931)
Net carrying amount	€393	€5 820	€51 651	€29 431	€8 242	€8 045	€103 582	€102 678
Change during the year								
Opening net carrying amount	393	5 820	51 651	29 431	8 242	8 045	103 582	102 678
Changes in gross value	-	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	-	1 691	1 636	-	453	3 780	3 103
Impairment losses	-	-	-	-	-	-	-	(2 199)
Closing net carrying amount	393	5 820	53 342	31 067	8 242	8 498	107 362	103 582
Closing Balance								
Gross value	393	6 229	63 949	31 066	8 242	8 498	118 377	114 262
Impairment losses	-	(409)	(10 608)	-	-	-	(11 017)	(10 680)
Net carrying amount	€393	€5 820	€53 341	€31 066	€8 242	€8 498	€107 360	€103 582

The changes in geographical organisation which modified the segment data didn't impact the level of impairment tests.

Notes to the consolidated financial statements

Note 4 Investment and operating property

(in thousands)	September 30, 2010		December 31, 2009	
	Investment property	Operating property	Investment property	Operating property
Balance as opening period				
Gross value	35 663	185 370	91 071	195 192
Depreciation	(10 746)	(48 801)	(19 237)	(61 878)
Impairment losses	-	(6 797)	-	(554)
Net carrying amount	€24 917	€129 772	€71 834	€132 760
Change during the year				
Net carrying amount as opening period	24 917	129 772	71 834	132 760
Acquisitions	-	3 722	-	1 318
Change in consolidation scope	-	-	-	-
Disposals	(16 629)	(4 059)	(45 423)	(73)
Reclassifications	1 621	1 895	-	(169)
Changes in foreign currency translation adjustments	-	45	-	(54)
Net depreciation	(211)	(3 234)	(1 494)	(4 010)
Net provisions for impairment	-	-	-	-
Other changes	-	-	-	-
Net carrying amount at the end of the period	9 698	128 141	24 917	129 772
Balance at the end of the period				
Gross value	13 675	184 077	35 663	185 370
Depreciation	(3 978)	(49 143)	(10 746)	(48 801)
Impairment losses	-	(6 797)	-	(6 797)
Net carrying amount	€9 698	€128 141	€24 917	€129 772
Fair value	€18 586	€209 734	€57 391	€221 122

Amounts recorded in the income statement	Nine months ended September 30,	
Investment property	2010	2009
Rental revenues from investment property	1 311	4 844
Direct operating expenses relating to property	(228)	(1 108)

As at September 30, 2010, disposals in investment property concern sales realized by:

- Euler Hermes SFAC for €29,7 million, carrying the realized profit to €17,4 million (before tax impact) ;
- Euler Hermes SFAC Crédit for €2,5 million, carrying the realized profit to €1,3 million (before tax impact).

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

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.

Notes to the consolidated financial statements

Classification by investment category

(in thousands)	September 30, 2010						December 31, 2009					
	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	1 073	-	1 073	1 073	702	371	1 674	-	1 674	1 674	1 208	466
Total held-to-maturity assets	€1 073	-	€1 073	€1 073	€702	€371	€1 674	-	€1 674	€1 674	€1 208	€466
Available-for-sale assets												
Equities	116 097	17 214	133 311	133 311	2 502 650	86 511	110 646	19 428	130 074	130 074	2 251 408	60 203
Bonds	2 376 629	79 221	2 455 850	2 455 850	-	-	2 131 687	49 850	2 181 537	2 181 537	-	-
Total Available-for-sale assets	€2 492 726	€96 435	€2 589 161	€2 589 161	€2 502 650	€86 511	€2 242 333	€69 278	€2 311 611	€2 311 611	€2 251 408	€60 203
Trading assets												
Equities	-	-	-	-	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Total Trading assets	-	-	-	-	-	-	-	-	-	-	-	-
Loans, deposits and other financial investments												
	575 556	-	575 556	575 556	-	-	527 450	-	527 450	527 450	-	-
Total loans, deposits and other financial investments	€575 556	-	€575 556	€575 556	-	-	€527 450	-	€527 450	€527 450	-	-
Total Financial investments (excluded investments in consolidated enterprise)	€3 069 355	€96 435	€3 165 790	€3 165 790	€2 503 352	€86 882	€2 771 457	€69 278	€2 840 735	€2 840 735	€2 252 616	€60 669

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, 2010				December 31, 2009			
	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Amortized cost	Revaluation reserve	Net carrying amount	Fair value
- Equities:	116 097	17 214	133 311	133 311	110 646	19 428	130 074	130 074
- Bonds:	2 377 702	79 221	2 456 923	2 456 923	2 133 361	49 850	2 183 211	2 183 211
- Loans and other investments	575 556	-	575 556	575 556	527 450	-	527 450	527 450
Total Financial investments	€3 069 355	€96 435	€3 165 790	€3 165 790	€2 771 457	€69 278	€2 840 735	€2 840 735

EH Group didn't account any significant impairment as of September 30, 2010. 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.

Fair value hierarchy

The application of IFRS 7 – Fair Value Hierarchy is detailed in Note 2 IFRS accounting and valuation rules 2.1. General principles. The split into three levels of the fair value is detailed in the following statement:

(in thousands)	September 30, 2010		
	Level 1	Level 2	Level 3
Available-for-sale assets	€2 379 427	€161 129	€48 604

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

The level 2 is mainly composed of parts of Allianz 3 years €514 million bond (for an amount of €160 million).

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

Notes to the consolidated financial statements

Investment variation

(in thousands)	September 30, 2010			December 31, 2009	
	Held-to-maturity investments	Available-for- sale investments	Loans, deposits and other financial investments	Total	Total
Net carrying amount as opening period	€1 674	€2 311 611	€527 450	€2 840 735	€2 590 986
Increase in gross value	-	898 340	412 008	1 310 348	1 911 831
Decrease in gross value	(595)	(660 023)	(370 561)	(1 031 179)	(1 657 243)
Revaluation	-	25 924	-	25 924	(9 660)
Impairment	-	(2 727)	-	(2 727)	(942)
Changes in foreign currency translation adjustments	-	27 829	4 383	32 212	8 058
Reclassifications	-	(2 293)	136	(2 157)	4 017
Other changes	(6)	(9 500)	1 084	(8 422)	(6 312)
Net carrying amount as closing period	€1 073	€2 589 161	€574 500	€3 164 734	€2 840 735

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, 2010					
Company	Country	Assets ⁽¹⁾	Shareholders' equity ⁽²⁾	Turnover	Net income	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	182 393	105 498	51 492	9 678	49,00%
Graydon Holding N.V.	Netherlands	49 856	14 135	55 561	11 745	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	103 935	38 646	29 929	4 850	50,00%
Israel Credit Insurance Company Ltd	Israel	62 907	30 414	17 205	4 290	33,33%
		€399 091	€188 693	€154 187	€30 563	

⁽¹⁾ Assets based on company financial statements as at June 30, 2010.

⁽²⁾ Shareholders' equity based on company financial statements as at June 30, 2010 including goodwill.

(in thousands)	December 31, 2009			September 30, 2009		
Company	Country	Assets	Shareholders' equity	Turnover	Net income	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	197 790	109 118	45 521	(2 686)	49,00%
Graydon Holding N.V.	Netherlands	54 886	2 455	57 144	12 335	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	104 897	40 418	27 956	(1 700)	50,00%
Israel Credit Insurance Company Ltd	Israel	53 107	24 776	11 286	3 504	33,33%
		€410 680	€176 767	€141 906	€11 453	-

Movements during the period

(in thousands)	September 30, 2010	December 31, 2009
Balance as opening period	€89 254	€93 550
Increases	-	-
Decreases	-	-
Reclassification	-	-
Share of income for the period	11 827	6 644
Dividends paid	(5 168)	(10 554)
Impairment	-	-
Foreign exchange differences	271	(319)
Other changes	683	(67)
Net book value as closing period	€96 867	€89 254

Notes to the consolidated financial statements

Contribution to shareholders' equity (without equity method income of 2010)

(in thousands)		September 30, 2010	December 31, 2009
OeKB Beteiligungs- und Management A.G.	Austria	51 694	53 468
Graydon Holding N.V.	Netherlands	3 887	675
Companhia de Seguro de Creditos SA (COSEC)	Portugal	19 323	20 209
Israel Credit Insurance Company Ltd	Israel	10 137	8 258
Share of shareholders' equity		€85 041	€82 610

Contribution to income

(in thousands)		Nine months ended September 30,	
		2010	2009
OeKB Beteiligungs- und Management A.G.	Austria	4 742	(1 316)
Graydon Holding N.V.	The Netherlands	3 230	3 392
Companhia de Seguro de Creditos SA (COSEC)	Portugal	2 425	(850)
Israel Credit Insurance Company Ltd	Israel	1 430	1 168
Share of total income		€11 827	€2 394

Note 7 Cash and cash equivalents

(in thousands)	September 30, 2010	December 31, 2009
Cash in bank and at hand	462 924	403 762
Cash pooling	66 633	38 030
Total cash	€529 557	€441 792
Total cash per balance sheet	529 557	441 792
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(350)	(350)
Total cash and cash equivalents	€529 207	€441 442

Note 8 Technical reserves

(in thousands)	December 31, 2009	Allowance net of writebacks	Foreign exchange differences	Other changes	September 30, 2010
Reserve for unearned premiums	298 736	52 658	6 450	1 312	359 156
Reserve for claims	1 424 760	(160 906)	16 787	(531)	1 280 110
Reserve for no-claims bonuses and refunds	113 055	37 082	155	(2 033)	148 259
Gross technical reserves	1 836 551	(71 166)	23 392	(1 252)	1 787 525
Reserve for unearned premiums	68 952	1 045	713	(3 686)	67 024
Reserve for claims	427 226	(25 871)	4 993	(1 045)	405 303
Reserve for no-claims bonuses and refunds	21 403	4 870	181	(1 420)	25 034
Reinsurers' share of technical reserves	517 581	(19 956)	5 887	(6 151)	497 361
Net technical reserves	€1 318 970	€(51 210)	€17 505	€4 899	€1 290 164

Notes to the consolidated financial statements

Cost of claims

(in thousands)	Nine months ended September 30,					
	2010			2009		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	854 155	(258 969)	595 186	1 132 609	(328 760)	803 849
of which, claims paid	139 824	(57 591)	82 233	253 591	(72 654)	180 937
of which, claims reserves	649 818	(197 710)	452 108	823 456	(252 403)	571 053
of which, claims handling expenses	64 513	(3 668)	60 845	55 562	(3 703)	51 859
Recoveries for the current period	(115 492)	43 714	(71 778)	(103 430)	26 798	(76 632)
Recoveries received	(32 644)	24 663	(7 981)	(5 240)	1 406	(3 834)
Change in reserves for recoveries	(82 848)	19 051	(63 797)	(98 190)	25 392	(72 798)
Cost of claims from prior periods	(255 194)	61 698	(193 496)	49 303	21 459	70 762
of which, claims paid	593 097	(168 130)	424 967	779 538	(148 845)	630 693
of which, claims reserves	(837 126)	228 221	(608 905)	(718 932)	171 700	(547 232)
of which, claims handling expenses	(11 165)	1 607	(9 558)	(11 303)	(1 396)	(12 699)
Recoveries from prior periods	13 732	(2 515)	11 217	(65 483)	3 846	(61 637)
Recoveries received	(112 182)	21 962	(90 220)	(119 154)	15 361	(103 793)
Change in reserves for recoveries	125 914	(24 477)	101 437	53 671	(11 515)	42 156
Cost of claims	€497 201	€(156 072)	€341 129	€1 012 999	€(276 657)	€736 342

Claims reserves

(in thousands)	September 30, 2010						December 31, 2009		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net			
Claims reserves gross of recoveries	1 542 088	(467 922)	1 074 166	1 727 088	(494 645)	1 232 443			
Current period	683 186	(200 341)	482 845	978 315	(322 827)	655 488			
Prior periods	858 902	(267 581)	591 321	748 773	(171 818)	576 955			
Recoveries to be received	(261 978)	62 619	(199 359)	(302 327)	67 419	(234 908)			
Current period	(84 000)	19 965	(64 035)	(127 752)	36 507	(91 245)			
Prior periods	(177 978)	42 654	(135 324)	(174 575)	30 912	(143 663)			
Claims reserves	€1 280 110	€(405 303)	€874 807	€1 424 761	€(427 226)	€997 535			

Breakdown by type of reserve

(in thousands)	September 30, 2010						December 31, 2009		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net			
Reserves for unearned premiums	359 156	(67 024)	292 132	298 736	(68 952)	229 784			
Claims reserves	1 280 110	(405 303)	874 807	1 424 760	(427 226)	997 534			
of which, reserves for known claims	987 454	(329 818)	657 636	1 157 922	(348 067)	809 855			
of which, reserves for late claims	460 064	(130 264)	329 800	461 422	(137 999)	323 423			
of which, reserves for claims handling expenses	93 662	(7 840)	85 822	109 030	(8 580)	100 450			
of which, other technical reserves	908	-	908	(1 286)	1	(1 285)			
of which, recoveries to be received	(261 978)	62 619	(199 359)	(302 328)	67 419	(234 909)			
No-claims bonuses and rebates	148 259	(25 034)	123 225	113 055	(21 403)	91 652			
Technical reserves	€1 787 525	€(497 361)	€1 290 164	€1 836 551	€(517 581)	€1 318 970			

Notes to the consolidated financial statements

Note 9 Breakdown of income net of reinsurance

	Nine months ended September 30,					
	2010			2009		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 454 103	(496 754)	957 349	1 377 876	(476 183)	901 693
Premiums refunded	(95 854)	20 909	(74 945)	(45 355)	11 980	(33 375)
Gross premiums written - credit insurance	1 358 249	(475 845)	882 404	1 332 521	(464 203)	868 318
Change in unearned premiums	(52 658)	6 734	(45 924)	(36 582)	34 704	(1 878)
Earned premiums	1 305 591	(469 111)	836 480	1 295 939	(429 499)	866 440
Premium-related revenues	275 248	-	275 248	301 272	-	301 272
Turnover	€1 580 839	€(469 111)	€1 111 728	€1 597 211	€(429 499)	€1 167 712
Net investment income	102 747	-	102 747	118 919	-	118 919
Claims paid	(587 677)	179 095	(408 582)	(908 735)	204 732	(704 003)
Claims reserves expense	144 121	(25 085)	119 036	(60 005)	66 826	6 821
Claims handling expense	(53 645)	2 060	(51 585)	(44 259)	5 099	(39 160)
Insurance services expense	(497 201)	156 070	(341 131)	(1 012 999)	276 657	(736 342)
Brokerage commissions	(134 478)	-	(134 478)	(128 241)	-	(128 241)
Other acquisition costs	(124 579)	-	(124 579)	(117 888)	-	(117 888)
Change in acquisition costs capitalised	3 138	-	3 138	3 066	-	3 066
Contract acquisition expense	(255 919)	-	(255 919)	(243 063)	-	(243 063)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expense	(149 624)	-	(149 624)	(138 534)	-	(138 534)
Commissions received from reinsurers	-	142 528	142 528	-	131 722	131 722
Other ordinary operating income and expense	(251 730)	-	(251 730)	(252 560)	-	(252 560)
Ordinary operating income	€529 112	€(170 513)	€358 599	€68 974	€(21 120)	€47 854

Note 10 Earnings per share and dividend per share

Earnings per share

	Nine months ended September 30	
	2010	2009
Distributable net income (in thousands of euros)	255 846	883
Weighted average number of ordinary shares before diluti	43 657 810	43 919 087
Earnings per share (€)	€5,86	€0,02
Distributable net income (in thousands of euros)	255 846	883
Weighted average number of ordinary shares after diluti	43 718 116	43 948 723
Diluted earnings per share (€)	€5,85	€0,02

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 60,306 in 2010 (29,637 in 2009). The group share of net income is used as the basis for this calculation.

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.

Notes to the consolidated financial statements

Since January 1st, 2010, the implementation of the project One Euler Hermes has generated a new well-balanced geographical organization. These changes aroused the creation of six completely given responsibilities regions: Germany/Swiss/Austria, Americas, Asia/Pacific, France, Northern Europe and Mediterranean Countries/Africa.

In order to provide a comparison between the nine months ended September 30, 2010 & 2009, the segment data of September 30 and December 31, 2009 had been modified to fit with the 2010 geographical area applied since January 1, 2010.

Profit & loss by segment

(in thousands)

Nine months ended September 30 2010

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

(in thousands)

Nine months ended September 30, 2009

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter- segment eliminations	GROUP
Premiums written	482 950	240 102	308 034	165 500	127 650	33 319	558 703	-	(538 382)	1 377 876
Premiums refunded	(27 411)	(11 198)	(8 494)	4 430	-	(734)	(22 290)	-	20 342	(45 355)
Change in unearned premiums	(5 264)	(1 185)	(16 393)	(13 285)	502	28	(5 916)	-	4 931	(36 582)
Earned premiums - non-group	450 275	227 719	283 147	156 645	128 152	32 613	530 497	-	(513 109)	1 295 939
Premium-related revenues - non-group	140 969	60 612	59 338	40 386	21 406	10 911	-	13 347	(45 697)	301 272
Turnover - intra-sectoral	€591 244	€288 331	€342 485	€197 031	€149 558	€43 524	€530 497	€13 347	€(558 806)	€1 597 211
Investment income	41 884	58 525	13 300	11 536	9 958	(377)	(2 891)	176 137	(189 153)	118 919
<i>Of which, dividends</i>	10 234	917	-	-	-	-	383	174 777	(186 311)	-
Total ordinary income	633 128	346 856	355 785	208 567	159 516	43 147	527 606	189 484	(747 959)	1 716 130
Insurance services expense	(303 093)	(135 042)	(293 863)	(93 161)	(117 363)	(43 883)	(449 403)	-	422 809	(1 012 999)
Outwards reinsurance expense	(245 708)	(46 380)	(150 148)	(73 168)	(64 999)	(17 741)	(344 464)	-	513 109	(429 499)
Outwards reinsurance income	227 238	37 776	200 071	47 862	73 016	29 648	369 138	-	(576 370)	408 379
Other income and expense	(245 229)	(114 648)	(127 966)	(86 418)	(58 873)	(20 536)	(160 623)	(19 126)	199 262	(634 157)
Total other income and expense	(566 792)	(258 294)	(371 906)	(204 885)	(168 219)	(52 512)	(585 352)	(19 126)	558 810	(1 668 276)
Ordinary operating income	€66 336	€88 562	€(16 121)	€3 682	€(8 703)	€(9 365)	€(57 746)	€170 358	€(189 149)	€47 854
Autres produits et charges opérationnels	-	-	(23)	(7 595)	-	-	-	-	-	(7 618)
Operating income	€66 336	€88 562	€(16 144)	€(3 913)	€(8 703)	€(9 365)	€(57 746)	€170 358	€(189 149)	€40 236
Financing expense	(24)	(134)	(657)	(214)	(303)	(12)	48	(12 854)	6 481	(7 669)
Income from companies accounted for by the equity method	2 076	318	-	-	-	-	-	-	-	2 394
Corporation tax	(23 718)	(31 378)	5 930	(470)	2 585	495	10 249	4 959	-	(31 348)
Consolidated net income	44 670	57 368	(10 871)	(4 597)	(6 421)	(8 882)	(47 449)	162 463	(182 668)	3 613
<i>o/w</i>	-	-	-	-	-	-	-	-	-	-
Net income, group share	€42 469	€56 945	€(10 884)	€(4 690)	€(6 421)	€(8 882)	€(47 449)	€162 463	€(182 668)	€883
Minority interests	2 201	423	13	93	-	-	-	-	-	2 730

Notes to the consolidated financial statements

Depreciation, amortisation and provisions by segment

(in thousands)										
Nine months ended September 30 2010										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP
Provisions for loans and receivables	(13 419)	(2 885)	(34)	(28)	-	-	-	(105)	-	€(16 471)

Amortisation and impairment charges on non-current assets are now analysed by function. Consequently, the breakdown is no longer directly visible in the income statement in the 2009 and 2010 financial statements.

The impairment of €13.4 million accounted in the segment Germany, Austria & Switzerland is linked to the IT project Convergence (cf. Note 1. Significant events).

Balance sheet by segment

(in thousands)										
September 30, 2010										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP
Goodwill	-	393	65 234	7 803	31 064	2 867	-	-	-	107 361
Other intangible assets	30 628	11 680	13 740	5 327	3 398	977	1 377	7 594	(1 641)	73 080
Investments - insurance businesses	520 097	720 597	124 442	162 685	131 094	9 066	165 028	1 727 841	(382 181)	3 178 669
Investments accounted for by the equity method	63 553	33 314	-	-	-	-	-	-	-	96 867
Share of assignees and reinsurers in the technical reserves and financial liabilities	249 411	59 145	199 542	168 538	64 759	18 353	292 354	110	(554 851)	497 361
Insurance and reinsurance receivables	48 590	83 313	229 148	64 855	72 814	17 625	260 902	(47)	(151 099)	626 101
Other assets	309 320	192 328	163 298	88 723	79 910	(15 169)	71 950	278 907	(138 672)	1 030 595
Total assets	€1 221 599	€1 100 770	€795 404	€497 931	€383 039	€33 719	€791 611	€2 014 405	€(1 228 444)	€5 610 034

Technical reserves	507 175	225 620	463 155	358 748	188 638	31 676	550 644	10 048	(548 179)	1 787 525
Liabilities related to inwards insurance and reinsurance transactions	9 780	66 831	36 778	28 446	5 756	2 025	116 738	1	(62 758)	203 597
Liabilities related to outwards reinsurance transactions	12 331	11 801	119 537	42 881	94 110	395	133 096	43	(219 558)	194 636
Other liabilities	378 671	266 936	123 970	64 344	35 317	9 630	7 869	727 969	(320 970)	1 293 736
Total liabilities	€907 957	€571 188	€743 440	€494 419	€323 821	€43 726	€808 347	€738 061	€(1 151 465)	€3 479 494

(in thousands)										
December 31, 2009										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP
Goodwill	-	393	63 285	7 803	29 429	2 672	-	-	-	103 582
Other intangible assets	42 388	13 485	16 375	6 244	2 555	979	1 517	8 849	(1 640)	90 752
Investments - insurance businesses	481 472	637 519	85 014	163 037	114 326	4 538	125 218	1 570 516	(311 675)	2 869 965
Investments accounted for by the equity method	59 007	30 247	-	-	-	-	-	-	-	89 254
Share of assignees and reinsurers in the technical reserves and financial liabilities	238 286	32 884	210 535	169 369	58 348	31 209	315 185	110	(538 345)	517 581
Insurance and reinsurance receivables	102 501	79 633	248 372	83 021	56 540	15 805	130 478	(47)	(141 785)	574 518
Other assets	270 377	255 762	120 386	92 377	65 993	(9 295)	92 855	127 434	(111 588)	904 301
Total assets	€1 194 031	€1 049 923	€743 967	€521 851	€327 191	€45 908	€665 253	€1 706 862	€(1 105 033)	€5 149 953

Technical reserves	492 332	218 417	480 485	393 646	175 404	55 671	558 730	48	(538 182)	1 836 551
Liabilities related to inwards insurance and reinsurance transactions	20 907	70 814	24 596	34 835	4 186	3 334	98 323	(5)	(46 385)	210 605
Liabilities related to outwards reinsurance transactions	13 769	(2 217)	99 467	40 219	82 534	482	121 682	43	(185 579)	170 400
Other liabilities	347 795	239 705	104 584	58 878	23 861	9 746	9 953	610 667	(289 269)	1 115 920
Total liabilities	€874 803	€526 719	€709 132	€527 578	€285 985	€69 233	€788 688	€610 753	€(1 059 415)	€3 333 476

Notes to the consolidated financial statements

Note 12 Related parties

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

	Number of shares	%
Allianz France SA	26 864 230	59,57%
Allianz Vie	3 879 818	8,60%
Treasury shares	1 267 444	2,81%
Sub-total	32 011 492	70,99%
Public (bearer securities)	13 082 418	29,01%
Total	45 093 910	100,00%

Transactions

(in thousands)	Nine months ended September 30,							
	2010				2009			
	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures
Operating income	31 457	-	-	12 615	31 257	-	-	27 916
Insurance services expense	(21 369)	-	-	(2 941)	(29 579)	-	-	(15 817)
Net income or expense on reinsurance	(33 053)	-	-	25	9 305	-	-	(133)
Financing expense	-	(2 267)	(3 498)	-	(15)	(1 160)	(6 309)	-
Other financial net incomes	(8 729)	-	-	(1 889)	(7 398)	-	-	(8 705)

Receivables and liabilities

(in thousands)	September 30, 2010				December 31, 2009			
	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures
Financial Investments (Allianz SE bond)	160 000	-	-	-	160 000	-	-	-
Current accounts (accrued interests included)	30 569	-	(12)	83	37 940	-	-	44
Net operating receivables	2 925	-	-	990	1 458	-	-	594
Borrowings (accrued interests included)	-	136 485	110 166	-	-	135 031	268 016	-
Operating liabilities	(755)	-	201	249	2 046	-	220	113

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

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

The current account with Allianz SE corresponds to part of the group's cash position, which is centralised by Allianz SE under a cash pooling arrangement.

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

- 2009 loan of €110 million maturing in September 2012, at fixed interest rate Mid-Swaps 3 years + 60 basis points;
- 2010 loan of €135 million maturing in June 2020, at the annual fixed rate of 4,04 %.

In June, Euler Hermes re-financed two loans with Allianz France SA company (90m€ in term in June 19th, 2010 and 67m€ in term in June 21st, 2010) by two loans with the Crédit Agricole (125m€ in term in June 18th, 2015) and of HSBC (125m€ in term in June 18th, 2015).

Notes to the consolidated financial statements

Note 13 Commitments received and given

(in thousands)	September 30, 2010	December 31, 2009
Commitments received	€11 553	€12 770
* Deposits, sureties and other guarantees	11 553	12 770
Commitments given	€31 995	€27 611
* Deposits, sureties and other guarantees	31 995	27 611
o/w - Commitments associated with membership of an EIG	11 540	11 897
- Securities buyback agreement	651	630

Note 14 Subsequent events

In the current economic environment, lacking visibility, Euler Hermes aims to run its business in the most efficient way by launching the transformation program "Excellence" to improve the group's long term competitive edge both on market and cost side over the next three years. On market side, Euler Hermes targets to enable growth through a new global customer segmentation and a service model granting higher client satisfaction. On cost side, Euler Hermes targets to build an efficient global platform able to generate operational productivity gains through harmonised processes and simplified legal structures. Euler Hermes has engaged discussions with employee representatives in order to present the "Excellence" programme in detail. Euler Hermes will communicate and book the potential reorganisation costs once negotiations are finalised. The group expects to finalise discussions before year end.