

Consolidated Financial Statements

For the year ended December 31, 2012



EULER HERMES
Business insured. Success ensured.

Pursuant to Article 28-1 section 5 of (EC) Regulation 809/2004 of the European Commission of April 29, 2004, the Group's consolidated financial statements for the year ending December 31, 2011 (established in accordance with IFRS including comparative data for fiscal 2010 under the same standards) and for the year ending December 31, 2010 (established in accordance with IFRS including comparative data for fiscal 2009 under the same standards) and the related report of the Statutory Auditors are included by reference in this Registration Document. They appear on pages 113 to 189 of the Registration Document of the Company for financial year 2011, as registered by the AMF on April 13, 2012 under no. D 12-0341 and on pages 109 to 200 of the Registration Document of the Company for financial year 2010, as registered by the AMF on April 13, 2011 under no. D 11-0291.

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Consolidated statement of financial position

(in € thousand)	Notes	December 31, 2012	December 31, 2011
Goodwill	3	104 347	109 407
Other intangible assets	4	76 566	69 712
Intangible assets		180 913	179 119
Investment property	5	53 663	4 019
Financial investments	6	3 767 514	3 558 317
Derivatives		9 526	5 458
Investments- insurance businesses		3 830 703	3 567 794
Investments accounted for by the equity method	7	115 500	105 196
Share of assignees and reinsurers in the technical reserves and financial liabilities	18	498 950	545 961
Operating property and other property, plant and equipment	8	142 688	149 277
Acquisition costs capitalised		60 969	51 919
Deferred tax assets	9	13 396	22 052
Inwards insurance and reinsurance receivables	10	507 877	495 312
Outwards reinsurance receivables	10	95 077	39 815
Corporation tax receivables		25 581	47 429
Other receivables	11	284 123	266 898
Other assets		1 129 711	1 072 702
Cash	12	308 380	347 338
TOTAL ASSETS		6 064 157	5 818 110
Capital stock		14 468	14 451
Additional paid-in capital		456 883	454 536
Reserves		1 624 187	1 471 500
Net income, group share		300 245	330 267
Revaluation reserve	13	92 777	32 666
Foreign exchange translation		(21 821)	(25 543)
Shareholders' equity, Group share		2 466 739	2 277 877
Non controlling interests	14	68 261	18 002
Total shareholders' equity		2 535 000	2 295 879
Provisions for risks and charges	15	256 034	259 721
Bank borrowings		251 506	255 119
Other borrowings		138 230	138 234
Borrowings	17	389 736	393 353
Non-life technical reserves	18	1 930 646	1 899 265
Liabilities related to contracts		1 930 646	1 899 265
Deferred tax liabilities	9	309 862	330 133
Inwards insurance and reinsurance liabilities	19	183 909	217 012
Outwards reinsurance liabilities	19	148 097	104 541
Corporation tax payables		20 363	34 433
Other payables	20	290 510	283 773
Other liabilities		952 741	969 892
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6 064 157	5 818 110

Consolidated income statement

(in € thousand excepted for the earnings per share)

	Notes	Year ended December 31,		4th Quarter ended December 31	
		2012	2011	2012	2011
Premiums written		2 146 423	2 024 882	481 128	449 736
Premiums refunded		(112 044)	(122 353)	(21 801)	(30 537)
Change in unearned premiums		(39 305)	(6 383)	43 831	53 159
Earned premiums		1 995 074	1 896 146	503 158	472 358
Premium - related revenues		402 822	378 776	101 836	95 879
Turnover	21	2 397 896	2 274 922	604 994	568 237
Investment income		98 751	101 068	24 667	22 169
Investment management charges		(11 786)	(10 545)	(3 549)	(3 446)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		26 751	26 559	5 839	3 172
Change in fair value of investments recognised at fair value through profit or loss		(1 900)	(700)	(1 111)	72
Change in investment impairment provisions		(1 944)	(5 830)	(231)	(1 378)
Net change in foreign currency		(831)	2 499	(2 267)	2 020
Net investment income	22	109 041	113 051	23 348	22 609
Insurance services expenses		(1 049 787)	(786 358)	(294 493)	(245 520)
Outwards reinsurance expenses		(650 744)	(675 751)	(163 174)	(168 829)
Outwards reinsurance income		607 751	473 255	164 381	142 600
Net outwards reinsurance income or expenses	21	(42 993)	(202 496)	1 207	(26 229)
Contract acquisition expenses	23	(391 165)	(380 231)	(106 752)	(100 678)
Administration expenses	23	(241 435)	(207 766)	(55 251)	(51 948)
Other ordinary operating income	25	13 800	19 536	2 121	(1 410)
Other ordinary operating expenses	25	(362 082)	(358 919)	(94 993)	(84 285)
CURRENT OPERATING INCOME	21	433 275	471 739	80 181	80 776
Other non ordinary operating expenses	26	(25 809)	(26 713)	(10 881)	(6 466)
Other non ordinary operating income	26	17 193	18 683	1 638	9 566
OPERATING INCOME		424 659	463 709	70 939	83 876
Financing expenses		(13 598)	(17 075)	(3 578)	(4 002)
Share of Income from companies accounted by the equity method	7	14 038	17 037	3 884	4 115
Corporation tax	27	(120 592)	(130 166)	(17 776)	(28 845)
CONSOLIDATED NET INCOME		304 507	333 505	53 469	55 144
<i>o/w</i>					
NET INCOME, GROUP SHARE		300 245	330 267	52 433	54 225
Non controlling interests		4 262	3 238	1 036	919
Earnings per share (in euros)	28	6,84	7,54		
Diluted earnings per share (in euros)	28	6,84	7,54		
Earnings per share of continuing activities (in euros)		6,84	7,54		
Diluted earnings per share of continuing activities (in euros)		6,84	7,54		

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in € thousand)

	Year ended December 31,		4th Quarter ended December 31	
	2012	2011	2012	2011
NET INCOME, GROUP SHARE	300 245	330 267	52 433	54 225
Non controlling interests	4 262	3 238	1 036	919
Other comprehensive income elements				
Change in fair market value of asset held for sale transferred through profits & losses (Gross amount)	(41 747)	(15 422)	(25 969)	(540)
Change in fair market value of asset held for sale transferred through profits & losses (Tax amount)	9 524	4 205	5 059	161
Change in fair market value of asset held for sale booked through equity (Gross amount)	123 491	2 801	35 014	765
Change in fair market value of asset held for sale booked through equity (Tax amount)	(31 370)	1 420	(9 251)	(1 180)
Change in fair market value of asset held for sale booked - minority interests share net of corporation tax	10	180	(38)	(7)
Other change in fair market value of asset held for sale booked through equity	442	(1)	(6)	(1)
Change in translation reserve (included impact on revaluation reserve) booked through equity (Gross amount)	3 414	13 235	(8 508)	21 560
Change in translation reserve (included impact on revaluation reserve) booked through equity (Tax amount)	78	(4 682)	2 743	(6 889)
Total other comprehensive income net of taxes	63 842	1 736	(955)	13 869
Total comprehensive income	368 348	335 241	52 513	69 013
Total comprehensive income, Group share	364 076	331 823	51 515	68 100
Total comprehensive income, minority interests	4 272	3 418	998	912

Consolidated statement of cash flows

(in € thousand)	Notes	Twelve months ended December 31	
		2012	2011
Net income, Group share		300 245	330 267
Corporation tax		120 592	130 166
Financing expense		13 598	17 075
Operating income before tax		434 435	477 508
Minority interests		4 262	3 238
Allocation to and writebacks of depreciation, amortisation and reserves		65 610	54 722
Change in technical reserves		53 172	89 436
Change in deferred acquisition costs		(9 381)	(2 141)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		(1 934)	1 467
Realised capital gains/(losses) net of writebacks		(24 494)	(26 719)
Unrealised foreign exchange gain (loss) in company accounts		6 463	12 530
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		5 751	(2 130)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		99 450	130 402
Income (loss) of companies accounted for by the equity method		(14 038)	(17 037)
Dividends received from companies accounted for by the equity method		6 245	8 417
Change in liabilities and receivables relating to insurance and reinsurance transactions		(10 253)	(15 793)
Change in operating receivables and liabilities		2 223	(9 737)
Change in other assets and liabilities		(66 667)	(19 195)
Corporation tax		(143 222)	(51 494)
Cash flow related to operating activities		(225 710)	(104 839)
Cash flow from operating activities		308 174	503 071
Acquisitions of subsidiaries and joint ventures, net of acquired cash		(38 050)	(2 877)
Disposals of subsidiaries and joint ventures, net of ceded cash		49 794	(184)
Acquisitions of equity interests in companies accounted for by the equity method		-	-
Disposals of equity method investments		-	-
Merger		-	308
Cash flow linked to changes in the consolidation scope		11 744	(2 753)
Disposals of AFS securities		1 295 847	995 631
Matured HTM securities		-	580
Disposals of investment properties		16 600	16 730
Disposals of securities held for trading		1 445	1 451
Cash flow linked to disposals and redemptions of investments		1 313 891	1 014 392
Acquisitions of AFS securities		(1 364 646)	(1 215 044)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties		(200)	(2 996)
Acquisitions of trading securities		(3 591)	(2 894)
Cash flow linked to acquisitions of investments		(1 368 438)	(1 220 934)
Disposals of other investments and intangible assets		1 847 708	992 086
Acquisitions of other investments and intangible assets		(1 944 591)	(931 794)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		(96 883)	60 292
Cash flow from investing activities		(139 685)	(149 002)

Consolidated statement of cash flows

Increases and decreases in capital	2 364	4 979
<i>Increases in capital</i>	2 364	4 979
<i>Decreases in capital</i>	-	-
Change in treasury stock	15 621	(10 897)
Dividends paid	(193 978)	(178 820)
Cash flow linked to transactions with the shareholders	(175 993)	(184 737)
Change in non voting shares	-	-
Changes in loans and subordinated securities	(11 891)	(110 462)
<i>Issue</i>	(3 942)	1 885
<i>Repayment</i>	(7 949)	(112 347)
Interest paid	(16 387)	(18 011)
Cash flow from Group financing	(28 279)	(128 473)
Cash flow from financing activities	(204 272)	(313 210)
Impact of foreign exchange differences on cash and cash equivalents	(3 176)	279
Reclassification	-	-
Other net changes in cash	€ (3 176)	€ 279
Change in cash flows	(38 958)	41 138
Change in cash and cash equivalents	(38 958)	41 138
Cash and cash equivalents at beginning of period	12	346 988
Cash and cash equivalents at end of period (*)	12	346 988

In 2012 the cash position decreased by 38,958 thousand euros.

- Cash flow from operating activities decreased from € 503 million in 2011 to € 308 million in 2012, mainly due to corporation tax payment difference, a slightly lower operating income and a decrease deriving from technical reserves.
- Investment activities contribute for -€ 140 million to the cash position at the end of 2012, against - € 149 million at the end of 2011. This difference derives from the sale of 40% of the Euler Hermes Real Estate OPCI, the acquisition of Euler Hermes Express South and a lower reallocation of maturing investments into new acquisitions and short-term investment.
- Flows linked to the financing activities comprise, on one hand an increase of dividends distributions by € 15 million between 2012 and 2011, and on the other hand a decrease by € 98 million of loans and subordinated securities related to the € 110 million borrowing early repayment made in 2011.

Consolidated statement of changes in equity

For the year 2012

(in € thousand)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity, Group share	14 451	454 536	1 879 323	32 666	(25 543)	(77 556)	2 277 877	18 002	2 295 879
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	92 120	-	-	92 120	(243)	91 877
Impact of transferring realised gains and losses to income statement	-	-	-	(32 223)	-	-	(32 223)	273	(31 950)
Other changes	-	-	-	442	-	-	442	-	442
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	-	-	-	(230)	3 722	-	3 492	(20)	3 472
Components of other comprehensive income net of tax	-	-	-	60 109	3 722	-	63 831	10	63 841
Net income for the year	-	-	300 245	-	-	-	300 245	4 262	304 507
Comprehensive income of the period	-	-	300 245	60 109	3 722	-	364 076	4 272	368 348
Capital movements	17	2 347	-	-	-	15 621	17 985	48 259	66 244
Dividend distributions	-	-	(191 706)	-	-	-	(191 706)	(2 272)	(193 978)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	-	-	-
Other movements	-	-	(1 495)	2	-	-	(1 493)	-	(1 493)
Closing Shareholders' equity, Group share	14 468	456 883	1 989 367	92 777	(21 821)	(61 935)	2 466 739	68 261	2 535 000

For the year 2011

(in € thousand)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity, group share	14 433	452 625	1 724 455	39 399	(33 832)	(66 659)	2 130 421	18 015	2 148 436
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	4 221	-	-	4 221	180	4 401
Impact of transferring realised gains and losses to income statement	-	-	-	(11 217)	-	-	(11 217)	-	(11 217)
Other changes	-	-	-	(1)	-	-	(1)	-	(1)
Cash flow hedges	-	-	-	-	-	-	-	-	-
Gain / (loss) taken to shareholders' equity	-	-	-	-	-	-	-	-	-
Impact of transferring realised profits and losses in the year to income statement	-	-	-	-	-	-	-	-	-
Impact of transfers on the initial amount of hedges	-	-	-	-	-	-	-	-	-
Impact of translation differences	-	-	-	264	8 289	-	8 553	-	8 553
Components of other comprehensive income net of tax	-	-	-	(6 733)	8 289	-	1 556	180	1 736
Net income for the year	-	-	330 267	-	-	-	330 267	3 238	333 505
Comprehensive income of the period	-	-	330 267	(6 733)	8 289	-	331 823	3 418	335 241
Capital movements	18	1 911	-	-	-	(10 897)	(8 968)	-	(8 968)
Dividend distributions	-	-	(175 365)	-	-	-	(175 365)	(3 455)	(178 820)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	-	-	-
Other movements	-	-	(34)	-	-	-	(34)	24	(10)
Closing Shareholders' equity, group share	14 451	454 536	1 879 323	32 666	(25 543)	(77 556)	2 277 877	18 002	2 295 879

At December 31st, 2012, the share capital of Euler Hermes consisted of 45,212,727 fully paid-up shares. At the same date the Group holds 1,261,544 treasury shares.

In accordance with IAS 39, available-for-sale (AFS) investments were remeasured at market value with the resulting gain or loss being taken directly to the revaluation reserve with no impact on the consolidated income statement. During the year, the reduction in the revaluation reserve totalled €60,109 thousand net of taxes.

The change in translation reserve up to €3,722 thousand during the exercise relates mainly to the US dollar for an impact of -€6,045 thousand, the British Pound for €5,943 thousand and the Swedish Krona for €2,274 thousand.

53 250 new shares were created as a result of the exercise of stock options during 2012. Following these transactions, the additional paid-in capital of Euler Hermes SA increased by €2,347 thousand.

The variation of the minority interest from € 50.3 million is mainly due to the cession from 40 % of the Euler Hermes Real Estate OPCI shares to external partners.

Consolidated reserves include notably provisions for equalisation recorded in the statutory financial statements of European insurance companies.

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the year 2012:

Changes in the share capital and in share ownership

As at December 31st, 2012, the Allianz Group owned 30,744,048 shares out of a total of 45,212,727 shares, corresponding to 68% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into the Allianz consolidation scope.

During the year 2012, 53,250 new shares were created by the exercise of options. As at December 31st, 2012, Euler Hermes' share capital was composed of 45,212,727 shares, including 1,261,544 shares held in treasury stock.

Creation of a joint venture with Mapfre (Solunion)

Euler Hermes and the Spanish insurer Mapfre agreed on a 50/50 joint-venture to develop their credit insurance business in Spain and four Latin American countries. The firms will integrate their existing credit insurance activities in Spain, Argentina, Chile, Colombia and Mexico with a consolidated turnover of € 135 million based on 2011 figures.

Solunion official launch

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

Follow-up on "Excellence" Project

Euler Hermes initiated the Excellence Project, introduced in 2010, to increase business efficiency. As of December 31st, 2010, the impact on the accounts included a restructuring provision of € 56.6 million and a restructuring expense of € 15.9 million.

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

At the end of December 2012, restructuring provision balance reached € 30.1 million.

Relocation of Headquarters and Paris-based operations in 2012

In the first half of 2012 the Group also successfully relocated its global headquarters and Paris operations in La Défense. Consolidating several offices brings more knowledge and best practice under one roof.

Transfer of building located 8, rue Euler

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

Selling of Euler Hermes Real Estate 40% Share to external partners

In 2012, the Group sold to *Eurosic*, *PREDICA* and *Assurance Crédit Mutuel Vie* 40% of Euler Hermes Real Estate; the OPCI was created to hold the former Paris-based main office.

Creation of an insurance company in Russia

After more than five years of operating through its parent company Allianz, Euler Hermes obtained, at the end of December 2012, a license to operate in the Russian market as an insurance Company.

Having obtained the license does not change Euler Hermes' relationship with Allianz Russia, as Euler Hermes remains strongly committed to working with Allianz locally.

Notes to the consolidated financial statements

Creation of a Euler Hermes South Express located in Belgium

On November 16th 2012 Euler Hermes bought the company GLL South Express SA, a real estate company located in Belgium. The company was rebranded Euler Hermes South Express.

Note 2 IFRS accounting and valuation rules

Euler Hermes SA is a company domiciled in France. The Headquarters of Euler Hermes SA is located 1, Place des Saisons 92048 Paris - La Défense Cedex. The consolidated financial statements as at December 31, 2012 include Euler Hermes SA and its subsidiaries (the whole designated as “the Group” and each subsidiary individually as “the entity of the Group”) and the quota-share of the Group in its associated companies or joint ventures.

Euler Hermes SA is registered in RCS with the reference number 552 040 594.

The financial statements of the Euler Hermes Group as at December 31st, 2012 were approved by the Group Management Board of January 31st, 2013 and presented to the Supervisory Board of February 13th, 2013. They will be submitted for validation to the Shareholders' Meeting of May 24th, 2013.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19th, 2002, the consolidated financial statements published at December 31, 2012 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 December 31, 2012 as adopted by the European Union;
- Guidance provided in CNC recommendation no. 2009-R05 relating to the format of financial statements prepared by insurance firms under international accounting guidelines.

The Group Euler Hermes applied on January 1st, 2012 the standards and the following amendments:

- Amendments to IFRS 7 - Disclosures - Transfers of Financial assets

Euler Hermes did not apply standards and interpretations published by the IASB but the application of which is not mandatory on January 1st, 2012 :

- IFRS 9 – Financial instruments - classifying and measuring financial assets and liabilities;
- IFRS 10 – Consolidated Financial Statements ;
- IFRS 11 – Joint Arrangements ;
- IFRS 12 – Disclosure of Interests in Other Entities;
- Amendments to IFRS 10, 11, 12 on IAS 27 et IAS 28 ;
- Transition Amendments to IFRS 10, 11, 12 ;
- IFRS 13 – Fair value of award credits.;
- IFRIC 20 – Stripping Costs;
- IAS 12 – Deferred Tax: Recovery of Underlying Assets;
- Amendments to IAS 1- Presentation of Financial Statements
- Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters;
- Amendments to IAS 19 – Employee Benefits;
- Amendments to IFRS 7 and IAS 32 – Offsetting Financial Assets and Financial Liabilities.
- Improvements IAS 1 - Clarification of the requirements for comparative information
- Improvements IAS 32 - Tax effect of a distribution to holders of equity instruments

For information, Euler Hermes Group would be impacted by the IAS 19 update that cancels the “corridor” application. For 2012 full year closing, the unrecognized actuarial differences would reduce shareholder's equity for € 177,621 thousand before tax.

The financial statements are presented in euros, the functional currency, rounded to the nearest thousand. They have been prepared on a historical cost basis except for asset and liability items relating to insurance policies, which are measured in accordance with the

Notes to the consolidated financial statements

methods already applied by the Group and financial instruments measured at fair value (financial instruments at fair value through the consolidated income statement and available-for sale financial instruments). Non-current assets and groups of assets held with a view to being sold are measured at the lower of carrying amount and fair value less selling costs.

2.2. Consolidation scope

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

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

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

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

During the 4th quarter 2012, 2 companies: Euler Hermes South Express based in Belgium and OOO Euler Hermes Ru located in Russia were created.

Finally the Euler Hermes Real Estate company was given up for 40 % to external companies.

2.3. List of consolidated companies

Notes to the consolidated financial statements

French companies	Consolidation Method	December 31, 2012		December 31, 2011	
		% control	% interest	% control	% interest
Euler Hermes S.A. (1) 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 552 040 594	Held by Allianz SA: 66,00%			Parent company	Parent company
Bilan Services S.N.C. 25, boulevard des Bouvets - 92000 Nanterre N°Siren : 333 192 631	Full	50,00	50,00	50,00	50,00
Euler Hermes Asset Management S.A. 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 422 728 956	Full	100,00	100,00	100,00	100,00
Euler Hermes Services S.A.S. 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 414 960 377	Full	100,00	100,00	100,00	100,00
Euler Hermes France 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 348 920 596	Full	100,00	100,00	100,00	100,00
Euler Hermes Crédit France 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 388 236 853	Full	100,00	100,00	100,00	100,00
Euler Hermes Recouvrement France 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 388 238 026	Full	100,00	100,00	100,00	100,00
Euler Hermes Tech S.A.S. 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 388 237 091	Full	100,00	100,00	100,00	100,00
Euro Gestion 1, place des Saisons - 92048 Paris-La-Défense Cédex FR0007047568	Full	100,00	100,00	100,00	100,00
Euler Gestion 1, place des Saisons - 92048 Paris-La-Défense Cédex FR0007434980	Full	100,00	100,00	100,00	100,00
Euler Hermes World Agency 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 487 550 907	Full	100,00	100,00	100,00	100,00
Gie Euler Hermes SFAC Services 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 393 302 708	Full	100,00	100,00	100,00	100,00
Financière Callisto 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 503 326 514	Full	100,00	100,00	100,00	100,00
Euler Hermes Real Estate 87 rue Richelieu 75002 Paris N°Siren : 489 480 567	Full	100,00	60,00	100,00	100,00
Financière Aldebaran 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 493 467 609	Full	100,00	100,00	100,00	100,00
Financière Sirius 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 488 480 567	Full	100,00	100,00	100,00	100,00
Financière Soho 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 503 326 241	Full	100,00	100,00	100,00	100,00

(1) Proportion held is based on a total of 45 212 727 shares (before restatement of treasury shares).

Foreign companies	Country	Consolidation Method	December 31, 2012		December 31, 2011	
			% control	% interest	% control	% interest
Bürgel Wirtschaftsinformationen GmbH & Co. K.G. Gasstr. 18 - D-22761 Hamburg	Germany	Full	50,10	50,10	50,10	50,10
Bürgel Wirtschaftsinformationen Verwaltungs-GmbH Gasstr. 18 - D-22761 Hamburg	Germany	Full	50,40	50,40	50,40	50,40
Euler Hermes Forderungsmanagement Deutschland GmbH Friedensallee 254 - D-22763 - Hamburg	Germany	Full	100,00	100,00	100,00	100,00
Euler Hermes Rating Deutschland GmbH Friedensallee 254 - D-22763 Hamburg	Germany	Full	100,00	100,00	100,00	100,00
Euler Hermes Collections GmbH Zeppelin Str. 48 - DE-14471 - Potsdam	Germany	Full	100,00	100,00	100,00	100,00
Euler Hermes Deutschland A.G. Friedensallee 254 D-22763 - Hamburg	Germany	Full	100,00	100,00	100,00	100,00
Euler Hermes Argentina S.A. Av. Corrientes 299 - 2° Piso - C1043AAC CABA, Buenos Aires	Argentina	Full	100,00	100,00	100,00	100,00
Euler Hermes Australia Pty Ltd Level 9, Forecourt Building, 2 Market Street Sydney NSW 2000	Australia	Full	100,00	100,00	100,00	100,00
Prisma Kreditversicherungs A.G. Himmelfortgasse 29 - 1010 Vienne	Austria	Equity	49,00	49,00	49,00	49,00
OeKB EH Beteiligungs- u. Manag Strauchgasse 1-3 - 1011 - Vienne	Austria	Equity	49,00	49,00	49,00	49,00
Euler Hermes Europe S.A. (N.V.) Avenue des Arts, Kunstlaan 56 - 1000 Bruxelles - RC Bruxelles : 45 8033	Belgium	Full	100,00	100,00	100,00	100,00
Euler Hermes Services Belgium S.A. (N.V.) Avenue des Arts, Kunstlaan 56 - 1000 Bruxelles - RC Bruxelles : 45 8033	Belgium	Full	100,00	100,00	100,00	100,00
Euler Hermes Patrimonia 56, avenue des Arts, A - 1000 Bruxelles	Belgium	Full	100,00	100,00		
Euler Hermes South Express SA Avenue du Port 86C, Box 204 - B - 1000 Bruxelles	Belgium	Full	100,00	100,00		
Graydon Belgium (N.V.) Libereidingsstraat 84 Bus 1 - 2500 Berchem	Belgium	Equity	27,50	27,50	27,50	27,50
Euler Hermes Seguros de Crédito S.A. Av. Paulista, 2.421, 3° and - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Full	100,00	100,00	100,00	100,00
Euler Hermes Serviços de Gestão de Riscos Ltda Av. Paulista, 2.421, 3° and - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Full	100,00	100,00	100,00	100,00
Euler Hermes Seguros de Crédito à Exportação Av. Paulista, 2.421, 3° and - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Full	100,00	100,00	100,00	100,00
Euler Hermes Canada Services 1155, René-Lévesque Blvd West, suite 2810 - Montréal H3B 3Z7	Canada	Full	100,00	100,00	100,00	100,00
Euler Hermes information Consulting (Shanghai) Co., Ltd Unit 2103, Taiping Finance Tower, 488 Middle Yincheng Road, Pudong New Area, Shanghai, 200120, PRC	China	Full	100,00	100,00	100,00	100,00
Euler Hermes Seguros de Crédito S.A. Avda. Presidente Kennedy 5735, of. 801, Torre Poniente - Las Condes, Santiago	Chile	Full	100,00	100,00	100,00	100,00
Euler Hermes Chile Servivios Ltda. Avda. Presidente Kennedy 5735, of. 801, Torre Poniente - Las Condes, Santiago	Chile	Full	100,00	100,00	100,00	100,00
Euler Hermes Colombiae Ltda. Calle 72 6-44 Piso 3, Edificio APA - Bogota	Colombia	Full	100,00	100,00	100,00	100,00
Euler Hermes Crédito Sucursal en Espana de EH SFAC S.A. Paseo de la Castellana, 95 - Edificio Torre Europa - Planta 14 - 28046 Madrid	Spain	Full	100,00	100,00	100,00	100,00
Euler Hermes Servicios de Credito SL Paseo de la Castellana, 95 - Edificio Torre Europa - Planta 14 - 28046 Madrid	Spain	Full	100,00	100,00	100,00	100,00
Euler Hermes North America Insurance company 800, Red Brook Boulevard - Owings Mills, MD 21117	United States	Full	100,00	100,00	100,00	100,00
Euler Hermes ACI Holding Inc 800, Red Brook Boulevard - Owings Mills, MD 21117	United States	Full	100,00	100,00	100,00	100,00
Euler Hermes Services North America, LLC 800, Red Brook Boulevard - Owings Mills, MD 21117	United States	Full	100,00	100,00	100,00	100,00
Euler Hermes Collection North America Company 600 South 7th Street - Louisville, KY 40203, USA	United States	Full	100,00	100,00	100,00	100,00

Notes to the consolidated financial statements

Euler Hermes Emporiki Credit Insurance S.A. 16 Laodikias Street - 1-3 Nymfeou Street - 115 28 Athènes	Greece	Full	60,00	60,00	60,00	60,00
Euler Hermes Emporiki Services Limited 16 Laodikias Street - 1-3 Nymfeou Street - 115 28 Athènes	Greece	Full	60,00	60,00	60,00	60,00
Euler Hermes Hong Kong Services Limited Suites 403-11, 4/F, Cityplaza 4 - 12 Taikoo Wen Road - Taikoo Shing, Hong Kong	Hong Kong	Full	100,00	100,00	100,00	100,00
Euler Hermes Magyar Követeléskezelő Kft. Kiscelesi u.104 - 1037 Budapest	Hungary	Full	100,00	100,00	100,00	100,00
Euler Hermes Services India Private Limited 4th Floor, Voltas House - 23, J N Heredia Marg - Ballard Estate - Mumbai 400 001	India	Full	100,00	100,00	100,00	100,00
Euler Hermes Service Ireland Ltd Block 4, Blackrock Business Park, Craycroft Avenue, Blackrock, Co Dublin	Ireland	Full	100,00	100,00	100,00	100,00
Pimco Funds Ireland Syrne House - Upper Hatch Street - Dublin 2	Ireland	Full	100,00	100,00		
Israeli Credit Insurance Company Ltd (ICIC) 2, Shenkar Street - 68010 Israel - Tel Aviv	Israel	Equity	33,33	33,33	33,33	33,33
Euler Hermes Services Italia S.R.L. Via Raffaello Matarazzo,19 - 00139 Rome	Italy	Full	100,00	100,00	100,00	100,00
Logica Software S.R.L. Via Borsellino - Reggio Emilia	Italy	Full	100,00	100,00	100,00	100,00
Euler Hermes Japan Services Ltd Kyobashi Nishokubldg 7F - 08-07, Kyobashi 1-chome, Chuo-Ku - Tokyo 104-0031	Japan	Full	100,00	100,00	100,00	100,00
UAB Euler Hermes Services Baltic Konstitucijos ave 7, Vilnius - Lithuania	Lithuania	Liquidated in 2012	0,00	0,00	100,00	100,00
Euler Hermes Ré 19, rue de Bitbourg - L-2015 Luxembourg	Luxembourg	Full	100,00	100,00	100,00	100,00
Euler Hermes Luxembourg Holding SARL 37, rue d'Anvers - L.1130 Luxembourg	Luxembourg	Full	100,00	100,00		
Euler Hermes Acmar 37, boulevard Abdellatif Ben Kaddour - 20050 Casablanca	Morocco	Full	55,00	55,00	55,00	55,00
Euler Hermes Acmar Services 37, boulevard Abdellatif Ben Kaddour - 20050 Casablanca	Morocco	Full	55,00	55,00	55,00	55,00
Euler Hermes Seguro de Credito S.A. Blvd Manuel Avila Camacho #164, 8° piso - Col. Lomas de Barrilaco - Mexico, DF CP 11010	Mexico	Full	100,00	100,00	100,00	100,00
Euler Hermes Servicios S.A. de C.V. Blvd Manuel Avila Camacho #164, 8° piso - Col. Lomas de Barrilaco - Mexico, DF CP 11010	Mexico	Full	100,00	100,00	100,00	100,00
Euler Hermes New Zealand Limited Level 1, Lumley Center, 152 Fanshawe Street, Auckland 1010	New Zealand	Full	100,00	100,00	100,00	100,00
Euler Hermes Services B.V. Pettelaarpark 20 - Postbus 70571 - NL-5216 PD's-Hertogenbosch	Netherlands	Full	100,00	100,00	100,00	100,00
Graydon Creditfink B.V. Hullenbergweg 260 - 1101 B.V. Amsterdam	Netherlands	Equity	27,50	27,50	27,50	27,50
Graydon Holding N.V. Hullenbergweg 260 - 1101 B.V. Amsterdam	Netherlands	Equity	27,50	27,50	27,50	27,50
Graydon Nederland B.V. Hullenbergweg 260 - 1101 B.V. Amsterdam	Netherlands	Equity	27,50	27,50	27,50	27,50
Kisys Krediet Informatie Systemen B.V. Hullenbergweg 270 - 1101 B.V. Amsterdam	Netherlands	Equity	27,50	27,50	27,50	27,50
MarkSelect B.V. Diemerhof 26 - Postbus 22969 - 1100 DL Amsterdam	Netherlands	Equity	27,50	27,50	27,50	27,50
Interpolis Kredietverzekeringen N.V. Pettelaarpark 20 - 5216 PD's Hertogenbosch	Netherlands	Proportional	45,00	45,00	45,00	45,00
Euler Hermes Collections Sp. z o.o. ul. Domaniewska 50B, 02-672 Warsaw	Poland	Full	100,00	100,00	100,00	100,00
Towarzystwo Ubezpieczeń Euler Hermes S.A. ul. Domaniewska 50B, 02-672 Warsaw	Poland	Full	100,00	100,00	100,00	100,00
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k ul. Domaniewska 50B, 02-672 Warsaw	Poland	Full	99,98	99,98	99,98	99,98
Euler Hermes Services Sp. z o.o. ul. Domaniewska 50B, 02-672 Warsaw	Poland	Full	100,00	100,00	100,00	100,00
Companhia de Seguro de Creditos S.A. (COSEC) Avenida de Republica, n° 58 - 1069-057 Lisboa	Portugal	Equity	50,00	50,00	50,00	50,00
Euler Hermes Service, Česká republika, s.r.o Molaková 576/11, 186 00 Prague 8	Czech Republic	Full	100,00	100,00	100,00	100,00
Euler Hermes Services Romania S.R.L. 6 Petru Maior street, Sector 1 - Bucuresti 011264	Romania	Full	100,00	100,00	100,00	100,00
Euler Hermes Collections UK Ltd 01, Canada Square - London E14 5DX	United Kingdom	Full	100,00	100,00	100,00	100,00
Euler Hermes Holdings UK PLC 01, Canada Square - London E14 5DX	United Kingdom	Full	100,00	100,00	100,00	100,00
Euler Hermes Risk Services UK Ltd 01, Canada Square - London E14 5DX	United Kingdom	Full	100,00	100,00	100,00	100,00
Euler Hermes International Ltd 01, Canada Square - London E14 5DX	United Kingdom	Full	100,00	100,00	100,00	100,00
Euler Hermes Services UK Ltd 01, Canada Square - London E14 5DX	United Kingdom	Full	100,00	100,00	100,00	100,00
Graydon U.K. Limited Hyde House, Edgware road - Colindale - Londres NW9 6LW	United Kingdom	Equity	27,50	27,50	27,50	27,50
Ooo Euler Hermes Credit Management ul. Krymskij Val3, 2, Office 210 - 119049 Moscou	Russia	Full	100,00	100,00	100,00	100,00
LLC "IC" Euler Hermes RU 8 Office C08, 4-th Dobryninskij per.8 - 119049 Moscou	Russia	Full	100,00	100,00		
Euler Hermes Singapore Services Pte Ltd. 3 Temasek Avenue - # 03-02 Centennial Tower - Singapore 039130	Singapore	Full	100,00	100,00	100,00	100,00
Euler Hermes Services Slovensko, SRO Plynařenska 7/A 821 09 Bratislava	Slovakia	Full	100,00	100,00	100,00	100,00
Euler Hermes Service A.B. Klara Norra Kyrkogata 29 - SE 101 34 Stockholm	Sweden	Full	100,00	100,00	100,00	100,00
Euler Hermes Services Schweiz A.G. Tödi strasse 65 - 8002 Zurich	Switzerland	Full	99,50	99,50	99,50	99,50
Euler Hermes Reinsurance A.G. Tödi strasse 65 - 8002 Zurich	Switzerland	Full	100,00	100,00	100,00	100,00
Euler Hermes Risk Yönetimi Büyükdere caddesi Maya Akar Center, B Blok Kat:7 34394 Esentepe, Istanbul	Turkey	Full	100,00	100,00	100,00	100,00
Euler Hermes Sigorta Anonim Sirketi Büyükdere caddesi Maya Akar Center B Blok Kat:7 34394 Esentepe, Istanbul	Turkey	Full	100,00	100,00	100,00	100,00

NB: Percentages of control and interest are determined on the last day of the financial period.

According to the German Commercial Code (section 264-b), some companies are exempted from preparing single financial statements as they are included in the consolidated financial statements of Euler Hermes.

Notes to the consolidated financial statements

2.4. Consolidation principles and methods

Business combinations

Business combinations are accounted for using the acquisition method. This method requires identifying the acquirer, determining the acquisition date which is the date on which control is transferred to the Group, recognising and measuring the identifiable assets acquired, the liabilities assumed and any non controlling interest in the investee ; and recognising and measuring goodwill or a gain from a bargain purchase. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recorded amount of any non-controlling interests in the acquires; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquires; less
- the net recorded amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recorded immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recorded in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not measured again and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recorded in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquires's employees (acquires's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquires's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners which cancels the need for recording a goodwill. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the subsidiary's net assets.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date at which control starts until the date at which control ceases.

Currently the Group has holdings of less than 20% in certain mutual funds which are not consolidated. Controlling of more than 50% in other mutual funds is consolidated using the full consolidation method. This concerns the following mutual funds:

- Euler Gestion;
- Euro Gestion;
- Euler Hermes Real Estate ;
- Euler Hermes Patrimonia ;
- PIMCO Funds Ireland ;
- Euler Hermes South Express SA ;

The Euler Hermes Group owns 100% of these mutual funds, except Euler Hermes Real Estate, owns at the level of 60%.

Notes to the consolidated financial statements

Loss of control

At the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recorded in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date when control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method. Under the equity method, on initial recognition the investment in an associate or a joint venture is recorded at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control begins until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment (including any long-term interests that part form thereof) is reduced to zero, and the recognition of further losses is discontinued except if the Group has an obligation to participate in losses or has made payments on behalf of the investee.

Holdings in such companies are accounted for using the equity method. These companies are:

- OeKB EH Beteiligungs- und Managment A.G.;
- Graydon Holding N.V.;
- Companhia de Seguro de Creditos SA (COSEC);
- Israel Credit Insurance Company Ltd (ICIC).

Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operation. The consolidated financial statements include the assets that the Group controls, the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

NV Interpolis Kredietverzekeringen is controlled jointly by Euler Hermes Europe SA, which owns 3,742 shares (out of a total of 8,315 shares), and Interpolis Verzekeringen NV, which owns 4,573 shares out of a total of 8,315 shares. Each share represents one voting right. An executive director is appointed by each party and all decisions are subject to agreement.

2.5. Eliminations on consolidation

Income and expenses arising from intra-group transactions are eliminated during the preparation of the consolidated financial statements. Income and expenses arising from transactions with joint ventures are eliminated to the extent of the Group's share in the company concerned.

2.6. Financial year and year-end dates

The financial year for all consolidated companies is a 12-months period ending on December 31st.

Notes to the consolidated financial statements

2.7. Use of estimates

The production of the consolidated financial statements of Euler Hermes is based on estimates for a part of assets and liabilities items. The management is called upon to review these estimates in the event of changes that may alter the basis on which they have been established or due to the consideration of new information or accrued experience.

The estimates concerning technical provisions are also detailed in the section "Major risk factors and their management within the Group".

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

Estimate	Communicated Information
Note 3 Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit's is based on assumptions of capital costs, growth rate to infinity and loss ratio & standard retention rates used in the calculation of the final values.
Note 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 15 Provisions for risks and charges	Provisions for risks and charges are measured in accordance with IAS 37 and are reviewed and adjusted at each balance sheet date to reflect the best estimate at this date.
Note 18 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 18 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 18 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 18 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 18 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 16 Employee benefits	The related commitments are measured in accordance with IAS 19 and are reviewed yearly by independent actuaries. The commitment is recognized in the balance sheet using the projected unit credit method, based on the group actuarial assumptions.
Note 32 Stock options plans	The fair value of the liabilities resulting from the Allianz and Euler Hermes SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price and Euler Hermes share price, until expiry of the obligation. The fair value from SAR and RSU is calculated using the Cox-Ross-Rubinstein binomial valuation model.

2.8. Translation

Translation of transactions denominated in a foreign currency

In accordance with IAS 21, transactions denominated in foreign currencies (currencies other than the operating currency) are translated into the currency used by the Group for operating at the transaction rate; the subsidiaries use average rates (average of monthly closing rates) which are considered as the closest rate at the transaction date in the absence of significant fluctuations.

For each closing, the entity must translate balance sheet items denominated in a foreign currency into its operating currency by means of the following procedures:

- Monetary items (notably bond investments, receivables and liabilities and technical insurance reserves) are translated at the closing exchange rate and any resulting gains and losses are recorded in the net income for the year,
- Non-monetary items that are measured at historical cost (notably property investments) are translated at the exchange rate prevailing on the transaction date, and,
- Non-monetary items that are measured at fair value (notably equity investments) are translated at the exchange rate prevailing on the fair-value valuation date.

Translation of the financial statements of foreign companies

The financial statements of foreign subsidiaries are prepared in their operating currency. For each closing, the consolidated income statement and the balance sheet of each entity are translated into euros to facilitate the presentation of the consolidated financial statements, using the following procedure:

Notes to the consolidated financial statements

- The assets and liabilities of each balance sheet presented are translated at the closing rate;
- The income and expense of each consolidated income statement (including comparatives) are translated at the exchange rates prevailing on the individual transaction dates (in practice, an average exchange rate is used, which is equal to the average of the monthly closing rates for the period, except on the case of significant fluctuations in the exchange rate).

The Group's share of any foreign exchange translation arising from shareholders' equity is recorded within shareholders' equity under "Foreign exchange Translation", while the portion relating to third parties is recorded under "Minority interests".

The main exchange rates applied on consolidation for currencies outside the euro zone were as follows:

in € vs currency	December 31 st , 2012		December 31 st , 2011	
	closing	average	closing	average
Pound sterling	0,8111	0,8110	0,8353	0,8713
US dollar	1,3184	1,2853	1,2939	1,4000
Swedish krona	8,5771	8,7040	8,9120	9,0070
Brazilian real	2,6994	2,5105	2,4159	2,3380
Hong Kong dollar	10,2187	9,9701	10,0510	10,8960
Swiss franc	1,2068	1,2051	1,2156	1,2318
Polish Zloty	4,0803	4,1824	4,4580	4,1380

2.9. Segment data

A segment of activity is a distinct component of a business that is engaged in the supply of products or services exposed to risks and profitability that differ from those of other sectors of activity. A geographical sector is a distinct component of a business engaged in the supply of products or services in a given economic environment which are exposed to risks and profitability that differ from those of other geographical sectors. In accordance with IFRS 8 – segment data, the sectors raised hereafter to present the segment data were identified on the basis of the internal reporting and correspond to the geographical sectors followed by the management.

2.10. Goodwill and other intangible assets

Goodwill

For business combinations made prior to March 31st, 1998, goodwill is recognised on the basis of the presumed cost, which corresponds to the carrying amount calculated by reference to the accounting rules used prior to the date of transition to IFRS.

For business combinations made with effect from March 31st, 1998 goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 2.4 "Consolidation principles and methods".

The values of the identifiable assets and liabilities acquired may be adjusted within a period of 12 months beginning on the acquisition date.

Goodwill is recorded at acquisition cost less any accumulated impairment write-down.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

With effect from January 1st 2004, goodwill is no longer amortised in accordance with IFRS 3, but instead is subject to impairment testing, at least once a year or whenever an indication of loss in value occurs.

For the purposes of impairment testing, goodwill is allocated to Cash-Generating Units or to groups of Cash-Generating Units (see the impairment test procedure in § 2.11. Impairment).

For each closing, the carrying amount of the Cash Generating Unit (or groups of Cash Generating Units) to which the goodwill relates is compared with its recoverable value, which represents the highest value between the fair value of the Cash Generating Unit less any selling costs and its value in use. The value in use is defined as the present value of future cash flows of the concerned subsidiary as identified in the business plans. Details of the method used to calculate the value in use are presented in note 3 "Goodwill".

Notes to the consolidated financial statements

Other intangible assets

An intangible asset is a non-monetary asset that has no physical substance and which has to be identifiable as a separate asset, owned and controlled and held to provide future economical benefits.

An asset complies to the criterion of identification in the definition of intangible assets when it meets one of the following two conditions: it is separable (i.e. it can be sold, transferred, conceded, rented out or exchanged), or it arises from contractual or legal rights, regardless of whether or not these rights are separable.

Other intangible assets acquired by the Group are recorded at cost less any accumulated amortisation and write-downs.

Subsequent expenditure relating to recognised intangible assets is capitalised only to the extent that it contributes to increasing, and not simply maintaining, the future economic benefits represented by the intangible asset to which it relates. All other expenditure is recorded as an expense in the consolidated income statement when incurred.

Intangible assets with a defined useful life are amortised on a straight-line basis over their estimated useful lives. The amortisation charge is recorded in the consolidated income statement.

The Group records under this heading software that is developed in-house or acquired externally and contract portfolios registered in application of IFRS 4.

Software developed in-house or acquired externally are amortised over 5 years.

Costs relating to the development phase are capitalised provided that the entity can demonstrate the following: the technical feasibility of the project, its intention to complete and use the intangible asset, its capacity to use it, how the intangible asset will generate future economic benefits, the availability of resources to complete the development and its capacity to reliably measure the costs associated with the intangible asset.

2.11. Impairment

Goodwill

In accordance with IFRS 3, goodwills are not amortised but are subject to impairment tests which are performed on a systematic annual basis and as soon as there is any indication of loss in value. Impairment tests are performed for each Cash Generating Unit (CGU) or group of CGUs to which a goodwill is related. The CGUs correspond to some of the main subsidiaries or branches of areas presented in the segment analysis. An impairment loss of goodwill is recognised when the highest 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 main assumptions used to determine the value in use are as follows: indefinite renewal of policies, perpetual growth rate between 1% and 1.5% depending on the CGU concerned, and a cost of capital between 5.77% and 8.95% depending on the CGU. With effect from 2006, the cost of capital rate used is determined by geographic region. The model is based on the projected 3-year budget prepared by management with a final year based on normalised management ratios (combined ratios and target retention rates). Furthermore, since the Group has organized its reinsurance activities with the settlement of a Group reinsurance region, the scope of the Cash Generating Units has been extended to include internal reinsurance activities contracted by the CGU with this Group reinsurance region, as well as the share of related shareholders' equity.

The calculation parameters adopted as at December 31st 2012 are detailed per CGU in the note 3 - Goodwill.

The impairment loss recorded in the consolidated income statement is allocated in priority to the goodwill related to the Cash Generating Unit, and is then allocated, for the outstanding part, on a pro rata basis to the other assets of the Cash Generating Unit. Goodwill impairment loss is never written back.

Other intangible assets

All other intangible assets are subject to an impairment test if there is any indication of loss in value. Any impairment loss recognised for an asset other than goodwill is written back if the estimate of the recoverable value has increased since the recognition of the last impairment loss. However, the write back cannot be such that the carrying amount of the asset exceeds the carrying amount that would have been determined, net of amortisation, if impairment had not been recognised.

Notes to the consolidated financial statements

2.12. Property assets

Distinction between investment property and operating property

An investment property is a property asset (land or building) owned by the Group for the purpose of generating rental income or capital appreciation, as opposed to being for the purpose of use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business. Investment property is recorded in the balance sheet under "Investments – insurance businesses".

The Group's operating property is included within property plant and equipment.

Recognition and measurement

The Euler Hermes Group recognises property (held for investment or operating purposes) in accordance with the cost method. This means that each property asset must be recorded at an amount equal to the cost on the acquisition date (purchase price, including non-recoverable taxes and other expenses directly attributable to the acquisition such as transfer taxes and legal fees) plus any subsequent expenditure that can be capitalised under IAS16 and less any accumulated depreciation calculated in accordance with IAS 16 and any impairment relating to the application of IAS 36.

The Euler Hermes Group has identified four categories of property assets that apply to both investment property and operating property:

- Housing;
- Warehouses and commercial premises;
- Offices;
- High-rise buildings.

The depreciable balance sheet amount corresponds to the acquisition cost (including expenditure that can be capitalised) less any residual value, where applicable, and any impairment. When the historical acquisition cost determined in this manner exceeds the residual value, a depreciation charge is recorded. The residual value corresponds to the amount that the business would currently obtain by selling an asset that has already reached the age and condition of an asset at the end of its useful life, net of any costs relating to its disposal.

For each category of property assets, and in addition to land, the Group has identified six significant components each of which has a different useful life and must therefore be subject to a depreciation schedule according to their respective useful lives. The table below shows, for each category of property assets, the general allocation rules for each component and the depreciation period and the residual value, where applicable. Acquisition expenses of properties are allocated to the components and depreciated over the same period.

	Housing	Warehouses and commercial premises	Offices	High-rise buildings
Component	Depr. period	Depr. period	Depr. period	Depr. period
Load-bearing structures and walls	100 years	30 years	100 years	70 years
Non-load-bearing windows and facades, roofs and terraces, internal constructions	40 years	30 years	40 years	40 years
A/C engineering, plumbing and networks, electrical engineering	25 years	20 years	25 years	25 years
Centralised technical management, fire safety and other safety features	25 years	20 years	25 years	25 years
Lifting gear	25 years	20 years	25 years	25 years
Major maintenance work	10 years	10 years	10 years	10 years

Properties are valued periodically by independent experts. 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. The fair value is presented in the note 5. Investment and operating property.

Notes to the consolidated financial statements

Impairment

Investment property

A provision for impairment of property is recorded where required to reduce the value of the property to the higher of the value in use and the expert valuation decreased from costs of the sale. This provision may be written back through the consolidated income statement in the event of an increase in value.

Property for own use

When a property's expert valuation is less than its carrying amount, the value in use of the Cash Generating Unit (CGU) to which the property belongs must be determined. A provision for impairment is recorded in order to reduce the value of the operating property to the higher of the value in use and the expert valuation decreased from costs of the sale. In the event of an increase in value, this provision may be written back through the consolidated income statement.

2.13. Other property, plant and equipment

Other property plant and equipment are recorded at cost less accumulated depreciation and impairment write-downs. The depreciation methods and useful lives are generally as follows:

- IT equipment straight-line 3 years ;
- Furniture/fitings straight-line 10 years ;
- Motor vehicles straight-line 5 years.

2.14. Financial instruments

Financial investments

In accordance with IFRS, financial investments are analysed between the following categories: financial instruments at fair value through the consolidated income statement, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. The classification is determined on initial recognition of the instrument according to its nature and/or the Group's ownership intention.

Euler Hermes' financial investments are mainly classified as available-for-sale investments. The Group has not elected for the option enabling it to value its financial investments at fair value through the consolidated income statement.

Available-for-sale assets (AFS)

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or which are not classified within the other three categories of financial instruments as defined below:

Initial recognition

Available-for-sale assets are recorded at fair value plus any transaction costs directly related to the acquisition (referred to hereafter as the purchase price). The difference between the purchase price and the redemption value of fixed-income securities is recorded in the consolidated income statement on an actuarial basis over the remaining term of the securities using the effective interest rate method.

Measurement

On the balance sheet date, available-for-sale assets are measured at their fair value. The difference between the fair value of the securities and their book value (including the actuarial amortisation) is recorded as "available-for-sale assets", with a corresponding entry in the revaluation reserve, without any impact on the consolidated income statement.

Impairment

When objective evidence exists of impairment of an available-for-sale asset, the accumulated loss recorded directly in shareholders' equity is removed from shareholders' equity and recorded in the consolidated income statement.

The criteria deemed to indicate impairment of available-for-sale shareholders' equity instruments are as follows (Not cumulative criterion):

- At the closing date significant impairment is presumed when the fair value of an available-for-sale equity instrument is more than 20% below the average acquisition cost of the securities;
- Lasting impairment is presumed when the fair value is less than the acquisition cost for more than 9 months.

Notes to the consolidated financial statements

The amount of the accumulated loss removed from shareholders' equity and recorded in the consolidated income statement is equal to the difference between the acquisition cost (net of any capital repayment and any write-downs) and the current fair value, less any impairment of this financial asset previously recorded in the consolidated income statement.

Any relevant decrease in the fair value of a stock already impaired is complementarily accounted through the consolidated income statement.

Impairment recorded on a shareholders' equity instrument is never written back to the consolidated income statement prior to de-recognition of the instrument.

For debt instruments, impairment is accounted through net income only in case of a recorded risk of the issuer's default.

Disposal

In the event of disposal, the amounts recorded in the revaluation reserve are recorded in the consolidated income statement.

Held-to-maturity assets (HTM)

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables, which the Group has the clear intention and the capacity to hold until their maturity.

Initial recognition

On initial recognition, HTM assets are recorded at fair value plus any transaction costs directly related to the acquisition.

Measurement

On the balance sheet date, held-to-maturity investments are measured at their amortised cost using the effective interest rate method. Premiums and discounts are included in the amortised cost calculation and are recorded in the consolidated income statement on an actuarial basis over the term of the financial asset.

Assets held for trading purposes

A financial asset is classified as held for trading purposes if it is:

- Acquired or held mainly with a view to being sold or redeemed in the short term, or,
- Part of a portfolio of identified financial instruments that are managed as a whole and for which there is evidence of a recent pattern of short-term profit taking, or,
- A derivative instrument (except for a derivative that is a designated and effective hedging instrument).

Initial recognition

Assets held for trading purposes are recorded at fair value on the acquisition date.

Measurement

Assets held for trading purposes are measured at fair value. Any change in the fair value of securities held for trading purposes during the period is recorded in the consolidated income statement for the period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not listed on an active market, except for instruments classified at fair value through the consolidated income statement or as available for sale.

Recognition and measurement

Loans are recorded at fair value plus any directly attributable transaction costs. On the balance sheet date, they are measured at amortised cost using the effective interest rate method. Financial income for the period is recorded by applying the effective interest rate to the amortised cost of the transaction.

Impairment

When objective evidence of impairment exists (e.g. a deterioration in the financial situation of the issuers), the amount of the loss is equal to the difference between the asset's carrying amount and the estimated future cash flows' value, discounted at the original effective interest rate of the financial asset.

Notes to the consolidated financial statements

Derivatives

A derivative is a financial instrument, or another agreement falling within the scope of application of IAS 39, which has the following three features: (a) its value varies according to an interest rate, a financial instrument price, a specific commodity price, an exchange rate, a price, rate or credit index, a credit rating or another underlying fluctuations; (b) it does not require any net initial investment or any net initial investment which is less than what would be required for other types of contracts that can be expected to react similarly to changes in market conditions; and (c) it is settled in the future.

All derivatives are classified at fair value through the consolidated income statement except when it concerns a designated and effective hedging instrument. In the latter case, the instrument is still measured at fair value but the recognition of the gain or loss follows the procedures applicable to the hedging relationship to which it relates.

Derivatives eligible for fair value hedge accounting (i.e. those used to hedge changes in the fair value of an asset or liability) are recorded as follows:

- The hedging instrument is recorded at fair value and any changes are recorded through the consolidated income statement;
- The carrying amount of the hedged item is adjusted for any gain or loss on the hedged item attributable to the risk hedged, the change being recorded through the consolidated income statement;
- The hedged item is remeasured at market value in respect of the component relating to the risk hedged.

Derivatives eligible for future cash flow hedge accounting are recorded at fair value, with the portion of the change in fair value of the hedging instrument that is considered to constitute an effective hedge being recorded through shareholders' equity. The ineffective portion of the hedge is recorded immediately through the consolidated income statement.

Derivatives that are not eligible for hedge accounting are recorded as free-standing derivatives in the category of assets held for trading purposes. The fair value of free-standing derivatives is therefore recorded in the balance sheet in assets or liabilities, with any changes in the fair value being recorded through the consolidated income statement.

Within the Euler Hermes Group, derivatives correspond mainly to hedging instruments linked to the stock option plans included in the Allianz Group Equity Incentive (see note 31 – Stock option plans).

2.15. Insurance and reinsurance receivables and liabilities

These headings essentially comprise receivables and liabilities arising on insurance and reinsurance transactions, earned premiums not yet written and premium cancellations, net of reinsurance.

2.16. Acquisition costs capitalised

Acquisition costs capitalised relate to insurance policies. They mainly comprise brokerage commissions and expenses incurred by the sales and marketing departments. The capitalised amount is calculated using the same method as for the provision for unearned premiums. As the period covered by contracts is mainly one year at most, these acquisition costs are deferred to the following year. The movement in acquisition costs capitalised is included in acquisition expense reported in the consolidated income statement.

2.17. Current and deferred tax

Tax expense includes current and deferred tax. Current tax and deferred tax are recorded in profit or loss except when it relates to a business combination, or items recorded directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recorded in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recorded for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that does neither affect accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that they will likely not reverse in the foreseeable future; and

Notes to the consolidated financial statements

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recorded in the balance sheet as soon as their utilization is considered as probable by the Group.

2.18. Other receivables and operating liabilities

Other receivables and other operating liabilities essentially comprise tax-related receivables and liabilities (other than corporation tax), amounts due to employees, amounts due to suppliers, and receivables and liabilities due from/to the Allianz Group.

2.19. Cash and cash equivalents

Cash consists of cash in hand and demand deposits. Bank overdrafts repayable on demand are considered as cash equivalents when they form an integral part of the company's cash management procedures.

2.20. Provisions for risks and charges

Provisions

Provisions for risks and charges essentially comprise provisions for retirement commitments (see § 2.21. Employee benefits). Other provisions are measured using the rules set out in IAS 37, which imply the existence of a present obligation arising from a past event, the probability that an outflow of resources representing economic benefits will be necessary to settle the obligation and a reliable estimate of the obligation amount. They are discounted in the event that the impact proves to be significant.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or otherwise of one or more uncertain future events, that are not under the full control of the business, or a present obligation arising from past events but which is not recognised, either because an outflow of resources is unlikely or because the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset arising from past events and whose existence will be confirmed only by the occurrence or otherwise of one or more uncertain future events that are not under the full control of the business.

Group companies may be concerned by disputes inherent in the exercise of their normal business.

2.21. Employee benefits

The Group contributes, in accordance with the laws and practices of each country, to the constitution of retirement benefits for its employees. The benefits offered to Group staff derive either from defined contribution plans or from defined benefit plans.

- Defined contribution plans involve payments to bodies that release the company from any future commitments in respect of employees. As such, only the contributions paid or payable in respect of the period are included in the Group's financial statements. Such plans are in place in France, the United States, the United Kingdom and Scandinavia.
- In the case of defined benefit plans, an amount of benefits is paid to the employee upon retirement, this amount generally being determined by one or more factors such as age, number of years' service and salary. Such plans are in place in the following countries: France, Germany, Belgium, the Netherlands, Italy, Scandinavia and the United Kingdom.

The related commitments are measured in accordance with IAS 19. The commitment is recorded in the balance sheet using the projected unit credit method, based on the Group actuarial assumptions, which are reviewed each year. This method involves assigning an additional unit of rights to benefits for each period of service, with each of these units being measured separately to calculate the final commitment.

The Group has put in place specific assets to cover certain plans. In this case, the commitment is reduced by the amount of the fair value of these assets. The commitment amount recorded as a liability is also adjusted for any actuarial variances and the past service cost.

Notes to the consolidated financial statements

Actuarial variances correspond to the change in the discounted value of the commitment or in the fair value of the assets, as a result of differences between the demographic and financial assumptions used in the calculations and the actual level of demographic and financial variables for the period (experience effect) and due to changes in the actuarial assumptions (IAS 19.7). These variances are recorded in the consolidated income statement using the corridor method. When the variances reach or exceed 10% of the higher (IAS 19.92) of the discounted value of the commitment or of the market value of the plan assets (the "corridor"), the amount by which these variances exceed 10% of the higher of these two values is spread over the expected average residual length of service of the plan beneficiaries.

Past service cost denotes the increase or decrease in the present value of the commitment in respect of defined benefits for services rendered during prior years, arising as a result of the introduction of a new post-employment benefits or changes to plan arrangements during the current year. For benefit rights that have already been earned, the corresponding amount must be expensed immediately. For benefit rights that are not yet earned, the charge or income is spread on a straight-line basis over the average remaining length of service to be completed for the rights to be earned.

The Euler Hermes Group also accrues commitments relating to other long-term benefits (long-service awards, etc.) granted to employees. The provision corresponds to the present value of the commitment and is calculated annually by the Group.

2.22. Share-based payments transactions

The grant-date fair value of share-based payment awards granted to employees is recorded as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recorded as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, so that the amount ultimately recorded as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Allianz and Euler Hermes have put in place stock option plans for the benefit of executives of the Euler Hermes Group. When exercising their rights, these executives receive a cash amount corresponding to the difference between the market value and the subscription price (Stock Appreciation Rights plans - SAR), or shareholders' equity instruments (this action is possible under Restricted Stock Units plans - RSU).

The fair value of options granted is calculated using the Cox Ross Rubinstein valuation model.

2.23. Insurance and reinsurance contracts

Contracts considered as insurance or reinsurance contracts under French accounting standards are analysed in accordance with IFRS between the following categories of contracts:

- Insurance and reinsurance contracts falling within the scope of IFRS 4;
- Investment contracts with discretionary participation falling within the scope of IFRS 4;
- Investment contracts without discretionary participation falling within the scope of IAS 39.

Following a detailed review of its insurance and reinsurance contracts, it was evident that the Euler Hermes Group only has contracts in the first category, which covers insurance and reinsurance contracts falling within the scope of IFRS 4. This review also highlighted the absence of any embedded derivatives. In the same way, the Group did not identify service contracts falling within the standard IAS 18.

Definition of insurance contracts

Insurance contracts are contracts under which the insurer accepts significant insurance risk. Insurance risk is a risk, other than a financial risk, that is transferred by the policyholder to the policy issuer (a financial risk is the risk of a future variation of one or several of the following components: specified interest rate, price of financial instrument, price of a good, exchange rate, price or rate index, credit rating or credit index or other flexible component (if it concerns a non-financial component, the component must not be specific to one of the part of the contract)).

Credit insurance contract are included in IFRS 4 (section B18 (g)).

Notes to the consolidated financial statements

On August 18th, 2005, the sections of IFRS 4 and IAS 39 relating to financial guarantees were amended. The amendments were essentially aimed at ensuring that issuers of financial guarantee contracts measure these at fair value for the initial amount and subsequently at the higher of the amount determined in accordance with IAS 37 and the amount recognised initially less, where applicable, accumulated amortisation in accordance with IAS 18. However, the issuers who explicitly consider financial collateral arrangements like insurance contracts can use the accounting treatment proposed under IFRS 4, these amendments do not question the decision taken by the Euler Hermes Group to apply IFRS 4 to credit insurance contracts.

Measurement of insurance contracts

Other than in the case of the specific exceptions defined in the standard, IFRS 4 permits the continued use of previous accounting principles for the recognition of insurance and reinsurance contracts. Thus, Euler Hermes continued to apply the standards defined by CRC 2000-05 related to the consolidation and combination rules from companies regulated by the Insurance Regulations taking into account the following points, which are covered by specific provisions introduced by IFRS 4:

- Removal of provisions for equalisation ;
- Performance of a test for the adequacy of liabilities ;
- Impairment testing of reinsurance assets ;
- Identification and separation of embedded derivatives.

For all other aspects, the methods already applied by the Group, in accordance with CRC Regulation no. 2000-05, were retained for the measurement of insurance contracts.

Analysis by function of expenses relating to contracts

Expenses relating to insurance contracts are initially recorded according to their nature and then analysed by function in the consolidated income statement headings by means of analysis keys based on objective business criteria. Claims settlement expenses are included in contract service charges. Contract acquisition expenses and administration expenses are included in the consolidated income statement.

Premiums

Premiums correspond to premiums written excluding taxes, before reinsurance and net of cancellations. They are recognised on the date on which the guarantee takes effect and include an estimate of premiums still to be written and an estimate of premiums that will be cancelled after the balance sheet date.

Premiums recorded in turnover stem from the guarantees given to policyholders to cover their trade receivables that arise during the same period as that for which the premium is paid. Given settlement delays, the lag between the triggering event, i.e. bankruptcy of the debtor, and notification of the claim, there is also a lag between recording the premiums and the related claims. This lag is taken into account through the recognition of provisions for claims incurred but not reported (IBNR).

Provisions for unearned premiums

A provision for unearned premiums, gross of commissions and expenses, is established contract by contract , on a straight-line basis, as a function of the time left to run between the balance sheet date and the premium due date.

Claims

Claims comprise the following items:

- Claims settled during the period relating to the current period or to prior periods, net of received recoveries;
- Claims settlement expense, notably settlement service expense and commissions allocated to claims handling.

Reserves for claims payable

These technical reserves are designed to cover probable losses relating to:

- Claims reported but not yet settled at the balance sheet date;
- Claims occurring during the period but reported after the balance sheet date and, in respect of trade receivables existing at the balance sheet date and covered by a policy on such date, claims that will occur and will be reported during subsequent periods. These so-called "unknown" or "incurred but not reported" claims are estimated using statistical models that are based in particular on the level of claims observed during prior years and on the analysis of the development of the recent level of claims.

Claims reserves are increased by a provision for administration charges.

Notes to the consolidated financial statements

Additional information on the measurement of claims reserves is provided in section "Major risk factors and their management within the Group".

Estimated recoveries

Recoveries are the result of actions taken by the Company against defaulting debtors in order to fully or partially recover claims paid to policyholders.

Estimated recoveries are a prudent estimate of potential recoveries on settled claims and are recognised as a reduction in the amount of the reserves for claims payable. They take into consideration a provision for administration charges determined in accordance with actual observed expenses.

Other technical reserves

A provision for current risks is established by risk category in addition to the provision for unearned premiums when claims are likely to arise after the balance sheet date and relating to contracts underwritten before that date and the related acquisition costs and administration charges are not covered by the provision for unearned premiums.

Test for the adequacy of liabilities

For each closing, insurance contract liabilities net of related assets (acquisition costs capitalised and portfolio securities) are subject to a test for the adequacy of liabilities. The methods previously applied by the Group and retained under IFRS 4 (including notably the measurement of claims reserves on the basis of the non-discounted ultimate cost and the methods for establishing the provision for current risks) constitute a satisfactory test for the adequacy of liabilities given the minimum requirements specified by IFRS 4.

Reinsurance contracts

Acceptances

Insurance acceptances (inwards reinsurance) are recognised on a case-by-case basis based on the actual or estimated results for the year. Technical reserves correspond to the amounts advised by the assignors.

Assignments

Assigned reinsurance contracts (outwards reinsurance) are recognised in accordance with the terms of the various treaties. The share of assignees in the technical reserves is measured in the same way as for technical reserves gross of reinsurance appearing in liabilities.

Cash deposits received from reinsurers are recognised in liabilities arising from assigned reinsurance transactions. Receivables due from reinsurers are subject to impairment write-downs if the ceded company will not receive the entire amount due at the end of the contract.

2.24. Borrowings

Borrowings are contractual obligations that require the Group to transfer cash or a financial asset to another entity, or to exchange with another entity a financial asset on potentially unfavourable terms.

The measurement and recognition of borrowings are defined by IAS 39. With the exception of derivatives (see section 2.14. *Financial instruments - Derivatives*), borrowings and other financial liabilities are recorded originally at fair value less any related transaction costs, and are subsequently measured at amortised cost calculated using the effective interest rate.

Borrowings include, within the meaning of IAS 39, borrowings, other financing and bank overdrafts, derivatives and amounts due to suppliers and social security liabilities included in "operating liabilities".

2.25. Income from ordinary activities

Income from ordinary activities can comprise items measured and recorded in accordance with IFRS 4, IAS 18 or IAS 39. This aggregate has a broader meaning than turnover as it also incorporates investment income.

Turnover comprises earned premiums and commissions and other operating revenues.

Notes to the consolidated financial statements

Premiums

Credit insurance premiums included in turnover correspond to written premiums excluding taxes, less premiums cancelled during the period and an estimate of written premiums that will be cancelled after the balance sheet date. They are increased by an estimate of the portion of premiums to be written that are earned during the period and adjusted by the movement in provisions for unearned premiums, which corresponds to the share of written premiums covering the period after the balance sheet date. Premium refunds granted to policyholders are presented on a separate line as a deduction from turnover.

Premium-related revenues comprise enquiry and monitoring charges invoiced in respect of risk management and prevention on behalf of policyholders, and fees for the collection of disputed receivables. They also include income relating to the export guarantee activity managed on behalf of the German State and other technical income.

Investment income

Investment income is recorded in accordance with IAS 39, IAS 17 or IAS 18 depending on its type.

Investment income net of management expense

This income is mainly composed of the following categories:

- Net income from property ;
- Net income from securities ;
- Other financial income (bank credit interest, income from other investments) ;
- Foreign exchange gains and losses ;
- Investment management charges.

Capital gains and losses on disposals of investments

Capital gains and losses on disposals of securities or property are recorded in the consolidated income statement. Shares exchanged under a public share exchange offer result in the recognition of a capital gain on exchange.

Change in fair value of investments recognised at fair value through the consolidated income statement

Differences in fair value recorded for the current period less any differences from the previous period are recognised. These essentially concern the remeasurement of derivatives.

Change in investment impairment charges

The impairment charges notably concern write-downs of investments and write-backs following a disposal, and charges for the depreciation and impairment of investment property.

2.26. Insurance services expenses

Insurance services expenses include the net cost of claims, i.e. claims settled during the period less recoveries received, the movement in claims reserves net of projected recoveries, expenses incurred or to be incurred for the management of claims payments and collections.

The recognition principles applied to these items are those set out in IFRS 4 and are described in section 2.23. Insurance and reinsurance contracts – Measurement of insurance contracts.

2.27. Net outwards reinsurance income or expense

This heading comprises the share of assignments and retrocessions of earned premiums, claims paid, changes in claims reserves, bonuses and commissions received from reinsurers. The recognition principles applied to these items are those set out in IFRS 4 and are described in section 2.23. Insurance and reinsurance contracts – Reinsurance contracts.

2.28. Administration expense and Contract acquisition expenses

Administration expenses mainly comprise salary costs and costs relating to the IT systems affected to the administration of the contracts.

Contract acquisition expenses comprise primarily wage costs related to acquisition of contracts, brokerage commissions, fees for opening files, spending on commercial networks.

Notes to the consolidated financial statements

2.29. Other ordinary operating income and expense

Other ordinary operating income and expense correspond mainly to Euler Hermes Group service revenue and expense.

2.30. Other operating income and expense

These revenue and expense items arise from a major event that occurred during the accounting period and was such that it would have distorted the interpretation of the Group's performance. Therefore, they consist of very few items that are unusual in nature, occur infrequently, and are for significant amounts.

2.31. Financing expense

The recognition principles applied to this item are those set out in IAS 39.

Financing expense consists of expenses relating to the following items:

- Long-term financial liabilities: capital borrowings from the general public, e.g. in the form of bonds, or from banks or financial institutions (medium or long-term loans, leases, etc.);
- Short-term financial liabilities of the same type as above including issues of short-term negotiable debt securities to investors;
- Fair-value hedging instruments recorded in the balance sheet and relating to liabilities representing the gross borrowings described above;
- Accrued interest on balance sheet items representing gross borrowings.

2.32. Earnings per share

Earnings per share are calculated by dividing the Group share of the net income or loss by the weighted average number of ordinary shares in issue during the year. An ordinary share is a shareholders' equity instrument that is subordinated to all other categories of shareholders' equity instruments.

Dilution implies a reduction in the earnings per share as a result of the assumption that convertible instruments are converted, equity options and subscription warrants are exercised, and ordinary shares are issued if certain specific conditions are met.

Notes to the consolidated financial statements

Note 3 Goodwill

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

(in € thousand)	December 31, 2012					December 31, 2011	
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	65 836	32 768	8 242	8 613	121 688	118 720
Impairment losses	(409)	(11 872)	-	-	-	(12 281)	(11 007)
Carrying amount	5 820	53 964	32 768	8 242	8 613	109 407	107 713
Change during the year							
Opening carrying amount	5 820	53 964	32 768	8 242	8 613	109 407	107 713
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Reclassifications	-	(2 917)	-	-	-	(2 917)	-
Changes in foreign currency translation adjustments	-	1 493	(525)	-	234	1 202	2 606
Impairment losses	-	-	(3 345)	-	-	(3 345)	(912)
Closing carrying amount	5 820	52 540	28 898	8 242	8 847	104 347	109 407
Closing balance							
Gross value	6 229	64 796	32 160	8 242	8 847	120 274	121 688
Impairment losses	(409)	(12 256)	(3 262)	-	-	(15 927)	(12 281)
Carrying amount	5 820	52 540	28 898	8 242	8 847	104 347	109 407

Depreciation of the goodwill of €3,345,000 comes from the expected decrease of future cash flows expected on Euler Hermes Collection North America Company.

Reclassification of €2,917,000 is linked to the Irish portfolio from the UK Branch transferred to intangible assets.

Method of impairment tests

In accordance with IAS 36, Euler Hermes performs impairment tests of the goodwill by comparing the value in use of the cash generated units (CGU) including goodwill and the book value (contribution of Group consolidated net asset including goodwill).

The value in use is the actual value of future cash flows as presented in the business plan of the concerned entity.

The main assumptions for the calculation of the value in use are the perpetuity growth rate, which is defined by CGU, and the cost of capital, which is defined by geographical area. The model is built on a 3-year forecast prepared by the CGU and validated by Group management, plus a final year built on targeted combined ratio and retention rate. Moreover, with the creation of a Group reinsurance region, the scope of the CGU has been extended to include internal reinsurance activities occurring between the CGU and the Group reinsurance region, and consequently to include also a part of the Group reinsurance region's contribution to Group consolidated net asset.

The parameters used to calculate the CGU's valuations are presented in the table below.

Notes to the consolidated financial statements

Results of impairment tests

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Cost of capital (net of tax)	8,95%	6,27%	6,15%	6,51%	5,95%	5,77%
<i>of which, risk-free rate</i>	4,50%	1,82%	1,70%	2,06%	1,50%	1,32%
<i>of which, risk premium (bêta = 0.89)</i>	4,45%	4,45%	4,45%	4,45%	4,45%	4,45%
Effective tax rate	48,0%	24,5%	35,0%	34,0%	25,0%	32,3%
Normalised return on financial portfolio	3,5%	1,3%	1,1%	1,3%	0,9%	0,7%
Gross combined ratio	80,0%	84,0%	82,0%	81,0%	80,5%	78,0%
Target retention rate	31,9%	29,6%	28,9%	28,1%	31,6%	34,8%
Perpetual growth	1,0%	1,5%	1,5%	1,5%	1,5%	1,5%
Value in use (in € million)	362,2	354,3	612,6	257,7	111,8	1 669,1
Contribution to Group consolidated net asset (in € million)	154,7	209,8	373,5	226,3	40,2	973,3
Surplus (or deficit)	207,5	144,5	239,1	31,4	71,5	695,8

Sensitivity of impairment tests

Sensitivity analysis were performed on impairment tests, assuming deviation in some calculation parameters:

- Sensitivity on long-term growth: the impairment tests were performed with same methodology but assuming a -0.5 point decrease in perpetual growth rate. For all CGUs, the result of this sensitivity test led to a value in use still higher than the contribution to Group consolidated net asset. These valuations support the fact that no complementary goodwill impairment is recognised.
- Sensitivity on cost of capital: the impairment tests were performed with same methodology but assuming a +0.5 point increase in the cost of capital. For all CGUs, the result of this sensitivity test led to a value in use still higher than the contribution to Group consolidated net asset. These valuations support the fact that no complementary goodwill impairment is recognised.
- Sensitivity on gross combined ratio: the impairment tests were performed with the same methodology but assuming a +3 points increase in the target gross combined ratio, of which +2 points on gross loss ratio and +1 point on gross cost ratio. The result of this sensitivity test led to a value in use still higher than the contribution to Group consolidated net asset for all CGUs. These valuations support the fact that no complementary goodwill impairment is recognised.

Break even parameters

The following table presents for each CGU the change in each of the key parameters taken individually, which enables the estimated value in use to equal its contribution to Group consolidated net asset.

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Perpetual growth	-14,7%	-2,3%	-2,1%	0,8%	-9,0%	-2,6%
Cost of capital	20,2%	9,6%	9,3%	7,2%	14,4%	9,3%
Gross combined ratio	95,1%	89,3%	88,5%	84,2%	89,6%	87,0%

Notes to the consolidated financial statements

Note 4 Other intangible assets and contracts portfolio

(in € thousand)

	December 31, 2012				December 31, 2011			
	Contract portfolio	IT development and software	Other intangible assets	Total	Contract portfolio	IT development and software	Other intangible assets	Total
Opening balance								
Gross value	4 772	199 849	25 544	230 165	4 127	176 658	25 005	205 790
Amortisation	(4 078)	(141 247)	(15 128)	(160 453)	(4 445)	(121 725)	(14 066)	(140 236)
Impairment	-	-	-	-	-	-	-	-
Carrying amount	694	58 602	10 416	69 712	(318)	54 933	10 939	65 554
Change during the year								
Opening carrying amount	694	58 602	10 416	69 712	(318)	54 933	10 939	65 554
Acquisitions	-	34 096	-	34 096	626	29 060	418	30 104
Expenses capitalised	-	-	-	-	-	-	-	-
Changes in consolidation scope	-	-	-	-	-	3	-	3
Disposals	-	(3 671)	(1)	(3 672)	-	(148)	(92)	(240)
Reclassifications	-	78	2 917	2 995	-	(225)	225	-
Foreign exchange differences	23	49	87	159	13	28	-	41
Net amortisation	(386)	(25 331)	(1 007)	(26 724)	373	(24 585)	(1 074)	(25 286)
Net provisions for impairment	-	-	-	-	-	(464)	-	(464)
Other changes	-	-	-	-	-	-	-	-
Closing carrying amount	331	63 823	12 412	76 566	694	58 602	10 416	69 712
Closing balance								
Gross value	4 815	209 683	28 489	242 987	4 772	199 849	25 544	230 165
Amortisation	(4 484)	(145 860)	(16 077)	(166 421)	(4 078)	(141 247)	(15 128)	(160 453)
Impairment	-	-	-	-	-	-	-	-
Carrying amount	331	63 823	12 412	76 566	694	58 602	10 416	69 712

The increase of IT development and softwares mainly results from the "Group Policy Administration" application. Amortisations are related to Fit+1 (accounting) and iMX (Collection) applications.

Notes to the consolidated financial statements

Note 5 Investment and operating property

(in € thousand)	December 31, 2012		December 31, 2011	
	Investment property	Operating property	Investment property	Operating property
Opening balance				
Gross value	6 144	187 356	13 232	184 231
Depreciation	(2 125)	(56 627)	(3 909)	(50 234)
Impairment losses	-	(6 797)	-	(6 797)
Opening carrying amount	4 019	123 932	9 323	127 200
Change during the year				
Opening carrying amount	4 019	123 932	9 323	127 200
Acquisitions	35 908	200	-	3 000
Changes in consolidation scope	-	-	-	-
Disposals	(1 817)	(11 479)	(5 187)	-
Reclassifications	16 090	(16 090)	-	-
Changes in foreign currency translation adjustments	-	(53)	-	108
Net depreciation	(311)	(4 257)	(117)	(6 376)
Net provisions for impairment	-	-	-	-
Other changes	(226)	-	-	-
Closing carrying amount	53 663	92 253	4 019	123 932
Closing balance				
Gross value	69 526	138 526	6 144	187 356
Depreciation	(15 863)	(39 476)	(2 125)	(56 627)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	53 663	92 253	4 019	123 932
Fair value	158 836	118 711	12 312	229 162

Amounts recorded in the income statement	Twelve months ended December 31,	
	2012	2011
Investment property		
Rental revenues from investment property	902	1 170
Direct operating expenses relating to property	(68)	(187)

As at December 31st, 2012, disposals in investment property mainly concerns:

- Sale of the building located 8 rue Euler (Paris) for a sale price of € 10.8 million, carrying the realized loss to € 0.5 million; which corresponds to a carrying amount of € 11.3 million
- Sales related to investment property realized by Euler Hermes France for a selling price of € 5.5 million, carrying the realized profit to € 3.8 million (before tax impact) which corresponds to a carrying amount of € 1.7 million.

Acquisition increase derives from the creation of Euler Hermes South Express. Euler Hermes South Express main asset is a building located in Brussels.

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

Notes to the consolidated financial statements

Note 6 Financial investments

Classification by accounting method

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

If there is not any active market for a given financial instrument, the Group estimates the fair value by using a valuation technique. Valuation techniques include the use of recent transactions under normal competitive conditions between informed and consenting parties, where available, reference to the current fair value of another instrument that is identical in substance, the analysis of discounted cash flows and option valuation models.

Classification by investment category

(in € thousand)	December 31, 2012						December 31, 2011					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets												
Bonds	491	-	491	491	-	491	491	-	491	491	300	191
Total held-to-maturity assets	491	-	491	491	-	491	491	-	491	491	300	191
Available-for-sale assets												
Equities	69 446	12 704	82 150	82 150	2 924 224	34 058	120 226	10 195	130 421	130 421	2 756 938	57 277
Bonds	2 758 684	117 448	2 876 132	2 876 132	-	-	2 639 057	44 737	2 683 794	2 683 794	-	-
Total available-for-sale assets	2 828 130	130 152	2 958 282	2 958 282	2 924 224	34 058	2 759 283	54 932	2 814 215	2 814 215	2 756 938	57 277
Loans, deposits and other financial investments												
	808 741	-	808 741	808 741	-	-	743 611	-	743 611	743 611	-	-
Total loans, deposits and other financial investments	808 741	-	808 741	808 741	-	-	743 611	-	743 611	743 611	-	-
Total Financial investments	3 637 362	130 152	3 767 514	3 767 514	2 924 224	34 548	3 503 385	54 932	3 558 317	3 558 317	2 757 238	57 468

(in € thousand)	December 31, 2010					
	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets						
Bonds	1 071	-	1 071	1 071	700	371
Total held-to-maturity assets	1 071	-	1 071	1 071	700	371
Available-for-sale assets						
Equities	119 523	22 517	142 040	142 040	2 546 894	58 960
Bonds	2 423 654	40 162	2 463 816	2 463 816	-	-
Total available-for-sale assets	2 543 177	62 679	2 605 856	2 605 856	2 546 894	58 960
Loans, deposits and other financial investments						
	831 829	-	831 829	831 829	-	-
Total loans, deposits and other financial investments	831 829	-	831 829	831 829	-	-
Total Financial investments	3 376 077	62 679	3 438 756	3 438 756	2 547 594	59 331

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

(in € thousand)	December 31, 2012				December 31, 2011			
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities	69 446	12 704	82 150	82 150	120 226	10 195	130 421	130 421
- Bonds	2 759 175	117 448	2 876 623	2 876 623	2 639 548	44 737	2 684 285	2 684 285
- Loans and other investments	808 741	-	808 741	808 741	743 611	-	743 611	743 611
Total Financial investments	3 637 362	130 152	3 767 514	3 767 514	3 503 385	54 932	3 558 317	3 558 317

Notes to the consolidated financial statements

(in € thousand)		December 31, 2010		
	Amortized cost	Revaluation reserve	Net carrying amount	Fair value
- Equities	119 523	22 517	142 040	142 040
- Bonds	2 424 725	40 162	2 464 887	2 464 887
- Loans and other investments	831 829	-	831 829	831 829
Total Financial investments	3 376 077	62 679	3 438 756	3 438 756

There was no significant impact of impairment on Euler Hermes Group portfolio as of December 31st, 2012. Euler Hermes Group does not hold any financial assets such as "dynamic treasury mutual funds" or "subprime investments".

Fair value hierarchy

Available-for-sale assets

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

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

(in € thousand)		December 31, 2010		
	Level 1	Level 2	Level 3	
Available-for-sale assets	2 399 887	162 491		43 478

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

The level 2 was mainly composed in 2010 and 2011 of German mortgage bonds (*Pfandbriefe*) and of parts of Allianz 3 year-bond for an amount of €160 million reaching maturity during the 2012 year. This Allianz 3 years matured bond was renewed for one year for € 160 million.

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

Other financial investments

The HTM bonds, loans and other investments are valued at amortised cost. Consequently their hierarchical ranking is mainly level 1 except for the German mortgage bonds (*Pfandbriefe*) classified in level 2 in 2010 and 2011.

Notes to the consolidated financial statements

Classification by geographical zone

2012

in € thousand

	France	Other countries	Group
<u>Held-to-maturity assets</u>			
Bonds	-	491	491
Total held-to-maturity assets	-	491	491
<u>Available-for-sale assets</u>			
Equities	67 333	14 817	82 150
Bonds	590 117	2 286 015	2 876 132
Total available-for-sale assets	657 450	2 300 832	2 958 282
<u>Loans, deposits and other financial investments</u>			
	95 516	713 225	808 741
Total loans, deposits and other financial investments	95 516	713 225	808 741
Total Financial investments	752 966	3 014 548	3 767 514

2011

in € thousand

	France	Other countries	Group
<u>Held-to-maturity assets</u>			
Bonds	-	491	491
Total held-to-maturity assets	-	491	491
<u>Available-for-sale assets</u>			
Equities	116 555	13 866	130 421
Bonds	633 325	2 050 469	2 683 794
Total available-for-sale assets	749 880	2 064 335	2 814 215
<u>Loans, deposits and other financial investments</u>			
	54 583	689 028	743 611
Total loans, deposits and other financial investments	54 583	689 028	743 611
Total Financial investments	804 463	2 753 854	3 558 317

2010

in € thousand

	France	Other countries	Groupe
<u>Held-to-maturity assets</u>			
Bonds	-	1 071	1 071
Total held-to-maturity assets	-	1 071	1 071
<u>Available-for-sale assets</u>			
Equities	127 810	14 230	142 040
Bonds	639 657	1 824 159	2 463 816
Total available-for-sale assets	767 467	1 838 390	2 605 857
<u>Loans, deposits and other financial investments</u>			
	212 536	619 293	831 829
Total loans, deposits and other financial investments	212 536	619 293	831 829
Total Financial investments	980 003	2 458 753	3 438 756

Notes to the consolidated financial statements

Movements in the periods

(in € thousand)	December 31, 2012			December 31, 2011	
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Opening carrying amount	491	2 814 215	743 611	3 558 317	3 438 756
Increase in gross value	-	1 359 272	1 901 248	3 260 520	2 479 332
Decrease in gross value	-	(1 282 598)	(1 828 311)	(3 110 909)	(2 331 877)
Revaluation	-	86 561	-	86 561	(12 186)
Impairment	-	(1 062)	-	(1 062)	(5 830)
Changes in foreign currency translation adjustments	-	822	1 826	2 648	8 115
Reclassifications	-	969	(14)	955	-
Other changes	-	(19 897)	(9 619)	(29 516)	(17 993)
Closing carrying amount	491	2 958 282	808 741	3 767 514	3 558 317

(in € thousand)	December 31, 2010			
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total
Opening carrying amount	1 674	2 311 611	527 450	2 840 735
Increase in gross value	-	1 181 398	945 872	2 127 270
Decrease in gross value	(595)	(901 012)	(651 023)	(1 552 630)
Revaluation	-	(7 326)	-	(7 326)
Impairment	-	(2 997)	-	(2 997)
Changes in foreign currency translation adjustments	-	39 508	3 138	42 646
Reclassifications	-	(3 024)	9 934	6 910
Other changes	(8)	(12 302)	(3 542)	(15 852)
Closing carrying amount	1 071	2 605 856	831 829	3 438 756

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

Exposure of the Group to the European sovereign debt

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

Portugal

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

Country	Maturity	Total Exposure	Market Value	Unrealized Gain or Loss
Portugal	2013	3 446	3 422	(24)
Portugal	2014	642	642	0
Portugal	2015	916	898	(18)
Total Portugal		5 004	4 962	(42)

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

Notes to the consolidated financial statements

Note 7 Investments accounted for by the equity method

Information on equity-accounted investments

(in € thousand)		December 31, 2012				
Company	Country	Assets ⁽¹⁾	Shareholders' equity ⁽²⁾	Turnover ⁽³⁾	Net income	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	190 445	127 465	78 066	15 247	49,00%
Graydon Holding N.V.	Netherlands	48 997	15 098	65 308	6 978	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	110 036	44 940	42 009	4 334	50,00%
Israel Credit Insurance Company Ltd	Israel	80 895	37 150	30 650	7 444	33,33%
		430 373	224 653	216 032	34 003	

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

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

(3) The turnover corresponds to the turnover in the IFRS statements as at September 30th, 2012 + ¼ of the total turnover of 2011.

(in € thousand)		December 31, 2011				
Company	Country	Assets ⁽⁴⁾	Shareholders' equity ⁽⁵⁾	Turnover ⁽⁶⁾	Net income	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	186 250	114 016	81 127	18 178	49,00%
Graydon Holding N.V.	Netherlands	54 918	7 095	68 626	12 000	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	131 825	38 838	40 552	6 774	50,00%
Israel Credit Insurance Company Ltd	Israel	69 812	32 766	27 777	4 329	33,33%
		442 805	192 715	218 082	41 281	

(4) Assets based on IFRS statements as at September 30th, 2011.

(5) Shareholders' equity based on IFRS statements as at September 30th, 2011 including goodwill.

(6) The turnover corresponds to the turnover in the IFRS statements as at September 30th, 2011 + ¼ of the total turnover of 2010.

Movements during the period

(in € thousand)	December 31, 2012	December 31, 2011
Opening carrying amount	105 196	98 066
Increases	-	-
Decreases	-	(997)
Reclassifications	-	-
Share of income for the period	14 038	17 038
Dividends paid	(6 245)	(8 417)
Impairment	-	-
Foreign exchange differences	18	(210)
Other changes	2 493	(284)
Closing carrying amount	115 500	105 196

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

(in € thousand)		December 31, 2012	December 31, 2011
OeKB Beteiligungs- und Management A.G.	Austria	62 458	55 868
Graydon Holding N.V.	Netherlands	4 152	1 951
Companhia de Seguro de Creditos SA (COSEC)	Portugal	22 470	19 419
Israel Credit Insurance Company Ltd	Israel	12 382	10 921
Share of shareholders' equity		101 462	88 159

Notes to the consolidated financial statements

Contribution to income

(in € thousand)		Twelve months ended December 31,	
		2012	2011
OeKB Beteiligungs- und Management A.G.	Austria	7 471	8 907
Graydon Holding N.V.	The Netherlands	1 919	3 300
Companhia de Seguro de Creditos SA (COSEC)	Portugal	2 167	3 387
Israel Credit Insurance Company Ltd	Israel	2 481	1 443
Share of total income		14 038	17 037

Note 8 Operating property and other property, plant and equipment

(in € thousand)	December 31, 2012			December 31, 2011		
	Operating property	Other property and equipment	Total	Operating property	Other property and equipment	Total
Opening balance						
Gross value	187 356	144 606	331 962	184 231	138 750	322 981
Amortisation	(56 627)	(118 548)	(175 175)	(50 234)	(114 578)	(164 812)
Impairment	(6 797)	(713)	(7 510)	(6 797)	(110)	(6 907)
Carrying amount	123 932	25 345	149 277	127 200	24 062	151 262
Change during the year						
Opening carrying amount	123 932	25 345	149 277	127 200	24 062	151 262
Acquisitions	200	38 935	39 135	3 000	16 928	19 928
Changes in consolidation scope	-	(4)	(4)	-	21	21
Disposals	(11 479)	(3 450)	(14 929)	-	(6 323)	(6 323)
Reclassifications	(16 090)	115	(15 975)	-	(25)	(25)
Foreign exchange differences	(53)	54	1	108	127	235
Net depreciation	(4 257)	(10 815)	(15 072)	(6 376)	(8 842)	(15 218)
Net provisions for impairment	-	255	255	-	(603)	(603)
Other changes	-	-	-	-	-	-
Closing carrying amount	92 253	50 435	142 688	123 932	25 345	149 277
Balance at closing period						
Gross value	138 526	137 118	275 644	187 356	144 606	331 962
Depreciation	(39 476)	(86 225)	(125 701)	(56 627)	(118 548)	(175 175)
Impairment	(6 797)	(458)	(7 255)	(6 797)	(713)	(7 510)
Carrying amount	92 253	50 435	142 688	123 932	25 345	149 277

Change in acquisition concerns mainly the € 20 million capitalisation of the head office relocation in Tower FIRST expenses. The reclassification of € 16.1 million concerns the transfer of the building 1, rue Euler (Paris) from an operating property to an investment property. Disposals mainly concern the sale of the building located 8 rue Euler (Paris).

Notes to the consolidated financial statements

Note 9 Deferred tax

Breakdown by type of tax

(in € thousand)	December 31, 2012	December 31, 2011
Deferred tax assets	151 721	123 631
Deferred tax liabilities	(448 187)	(431 712)
Net deferred tax	(296 466)	(308 081)
Tax losses	10 595	7 592
Deferred tax assets linked to revaluation of AFS investments	10 545	8 952
Deferred tax assets - provisions for retirement commitments	1 608	1 691
Deferred tax assets - technical reserves	54 253	39 231
Other deferred tax assets	74 720	66 165
Total deferred tax assets	151 721	123 631
Deferred tax liabilities linked to revaluation of AFS investments	(41 365)	(22 592)
Deferred tax liabilities - provisions for retirement commitments	(15 799)	(14 603)
Deferred tax liabilities - technical reserves	(333 400)	(336 939)
Other deferred tax liabilities	(57 623)	(57 578)
Total deferred tax liabilities	(448 187)	(431 712)
Net deferred tax	(296 466)	(308 081)
After offsetting deferred tax assets and liabilities by tax entity		
Deferred tax assets	13 396	22 052
Deferred tax liabilities	(309 862)	(330 133)
Net deferred tax	(296 466)	(308 081)

The increase of tax losses concerns for €1,9 .the reinsurance subsidiary (Luxembourg) and for €0.7 million the Belgian subsidiary.

The non-activated tax losses are mainly due to Euler Hermes Europe SA for €5 million, Euler Hermes Re (Luxembourg) for €2 million, and to Euler Hermes Collections GmbH for €2.1 million.

Movements in deferred tax by geographical region

(in € thousand)	December 31, 2011	Change through income statement	Change relating to revaluation of AFS inv.	Foreign exchange difference	Other movements	December 31, 2012
France	(94 684)	10 579	(7 803)	-	-	(91 908)
GAS	(203 362)	28 076	(2 444)	-	-	(177 730)
Northern Europe	(9 854)	480	(7 421)	(103)	(11)	(16 909)
Southern Europe	11 575	(1 735)	(97)	5	138	9 885
Asia & Pacific countries	(205)	1 422	44	(3)	-	1 257
America	(6 521)	(591)	376	82	123	(6 531)
Reinsurance	(9 121)	(7 001)	(6 408)	(7)	-	(22 537)
Other countries	-	-	-	-	-	-
Group Services / Holdings	4 092	3 914	-	-	-	8 006
	(308 081)	35 143	(23 753)	(26)	251	(296 466)

Regarding Germany and France the deferred tax liability is mainly due to the cancellation under IFRS of the equalisation reserve.

Notes to the consolidated financial statements

Change in standard tax rate

	December 31, 2012	December 31, 2011
Group rate	28,37%	28,07%
France	34,43%	34,43%
Germany	32,28%	32,28%
Italy	27,50%	32,47%
United-Kingdom	24,50%	26,50%
United-States	35,00%	35,00%
Netherlands	25,00%	25,00%
Belgium	33,99%	33,99%
Switzerland	17,50%	17,50%
Poland	19,00%	19,00%

The Group tax rate corresponds to the effective tax rate, i.e. the tax charge recorded in the consolidated income statement compared with gross income before tax and adjusted for the profits of companies accounted for by the equity method.

Reconciliation between the tax rate of the parent company Euler Hermes SA and the effective tax rate in 2012 is provided in Note 27.

A temporary and extraordinary tax contribution equal to 5% of the amount of income tax to be paid was set up from 2011 to 2014 in France. This contribution was extended in 2012 for two fiscal years and did not have impact on the total of the deferred tax positions. However, the additional tax income to be paid related to 2013 and 2014 was anticipated in the 2012 closing period.

Note 10 Insurance and reinsurance receivables

Breakdown by type

(in € thousand)	December 31, 2012			December 31, 2011
	Gross	Provisions	Net	Net
Receivables from policyholders and agents	225 330	(17 861)	207 469	212 772
Earned premiums not yet written	207 408	-	207 408	180 425
Receivables from guaranteed debtors	59 379	-	59 379	74 265
Receivables from reinsurance transactions	130 638	(1 940)	128 698	67 665
Total credit insurance receivables	622 755	(19 801)	602 954	535 127

Breakdown of net receivables from guaranteed debtors

(in € thousand)	December 31, 2012			December 31, 2011
	Gross	Provisions	Net	Net
Gross receivables	59 379	-	59 379	74 265
Reinsurers' share	25 542	-	25 542	22 679
Net receivables from guaranteed debtors	84 921	-	84 921	96 944

These concern receivables recorded by Euler Hermes Credit Insurance (Belgium) in respect of the retail credit activity (run off of business during year 2011).

Breakdown by maturity

(in € thousand)	December 31, 2012				
	< 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total credit insurance receivables	594 550	8 404	-	-	602 954

Notes to the consolidated financial statements

Provisions for bad debts from policyholders and agents

(in € thousand)	December 31, 2012	December 31, 2011
Balance at opening period	(17 102)	(17 751)
Change in consolidation scope	-	-
Provision	(2 289)	(2 275)
Write back	1 903	2 793
Foreign exchange translation	(107)	131
Other changes	(266)	-
Balance at closing period	(17 861)	(17 102)

Note 11 Other receivables

Breakdown by type and by maturity

(in € thousand)	December 31, 2012			December 31, 2011
	Gross	Provision	Net	Net
Current account	4 414	-	4 414	36 038
Other taxes receivables	52 419	-	52 419	44 239
Other receivables	220 284	(8 385)	211 899	171 722
of which, accrued interest not due	54 072	-	54 072	50 759
Deferred charges	12 538	-	12 538	12 106
Other adjustment accounts	2 069	-	2 069	1 541
Other assets	784	-	784	1 252
Total other receivables	292 508	(8 385)	284 123	266 898

Breakdown by maturity

(in € thousand)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total other receivables	260 230	10 080	13 812	-	284 122

Note 12 Cash and cash equivalents

(in € thousand)	December 31, 2012	December 31, 2011
Cash in bank and at hand	274 451	317 077
Cash pooling	33 929	30 261
Total cash	308 380	347 338
Total cash in balance sheet	308 380	347 338
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(350)	(350)
Total cash and cash equivalents	308 030	346 988

Notes to the consolidated financial statements

Note 13 Revaluation reserve

(in € thousand)	Investments	Tax	Foreign exchange difference	Associated companies	Other	Revaluation reserve except minority interests	Minority interests	Revaluation reserve
Opening balance	49 366	(16 801)	444	(780)	437	32 666	(13)	32 653
Change in fair market value of asset held for sale transferred through profits & losses (Gross amount) - group	(41 747)	9 524	-	-	-	(32 223)	-	(32 223)
Change in fair market value of asset held for sale booked through equity (Gross amount) - group	120 999	(31 370)	(230)	-	442	89 841	-	89 841
Change in fair market value of asset held for sale booked through equity (Gross amount) - COSEC associated company	-	-	-	2 492	-	2 492	-	2 492
Change in fair market value of asset held for sale booked through equity (Gross amount) - OeKB associated company	-	-	-	-	-	-	-	-
Change in fair market value of asset held for sale booked through equity (Gross amount) - minority	-	-	-	-	-	-	30	30
Other movements	-	-	-	-	1	1	-	1
Closing balance	128 618	(38 647)	214	1 712	880	92 777	17	92 794

Note 14 Minority interests

Movements during the year

(in € thousand)	December 31, 2012	December 31, 2011
Non-controlling interests at start of period	18 002	18 015
Non-controlling interests' share of net income	4 262	3 238
Movements on latent reserves (excluding currency translation impact)	30	180
Other movements		
Foreign currency translation differences	(20)	26
Dividends paid to minority shareholders	(2 272)	(3 455)
Capital increases and other movements	48 259	(2)
Non-controlling interests at end of period	68 261	18 002

The increase on other movements derives from the Euler Hermes Real Estate 40 % selling to an external partner.

Breakdown by country

(in € thousand)	December 31, 2012	December 31, 2011
Euler Hermes in France	49 238	1 030
Euler Hermes in Switzerland	14	3
Euler Hermes in Germany	12 565	11 312
Euler Hermes in Morocco	4 718	3 857
Euler Hermes in Greece	1 726	1 800
Non controlling interests	68 261	18 002

Note 15 Provisions for risks and charges

(in € thousand)	December 31, 2011	Allowance	Write back (used)	Write back (not used)	Reclassification	Other changes	December 31, 2012
Retirement scheme (see Note 16 Employee Benefits for more details)	54 199	10 600	(6 274)	(836)	995	145	58 829
Defined-benefit retirement plans	54 199	10 600	(6 274)	(836)	995	145	58 829
Defined-contribution retirement plans	-	-	-	-	-	-	-
Other provisions for risks and charges	205 522	45 928	(36 494)	(19 322)	(8 611)	10 182	197 205
Provision for tax liabilities	46 703	-	-	-	(3 008)	9 982	53 677
Provision for tax litigation	259	-	-	-	-	(1)	258
Provision for tax uncertainties	33 959	4 473	(5 682)	(4 370)	-	(1)	28 379
Provisions for employee benefits	57 973	31 000	(16 341)	(2 791)	(5 603)	222	64 460
Provisions for reinsurer default	-	-	-	-	-	-	-
Provisions for policyholder disputes	1	-	-	-	-	-	1
Provisions for debtor disputes	2 259	-	-	-	-	-	2 259
Guarantee of liabilities	8	-	-	-	-	-	8
Provision for restructuring	54 777	1 916	(9 795)	(9 264)	-	(4)	37 630
Provisions for sundry disputes	9 583	8 539	(4 676)	(2 897)	-	(16)	10 533
Total Provisions for risks and charges	259 721	56 528	(42 768)	(20 158)	(7 616)	10 327	256 034

Defined contribution retirement plans have been reclassified in "Other debts".

Notes to the consolidated financial statements

Note 16 Employee benefits

Defined contribution plans

General description of the plans:

- La Mondiale (France): insurance firms are required to pay 1% of their annual payroll into a capitalisation pension plan. The funds are managed by La Mondiale, an insurance firm.
- Euler Hermes North American Insurance Company (Associates Retirement Savings Plan): this is a defined contribution plan for full-time employees of Euler Hermes North American Insurance Company. A provision must be raised pursuant to the Employee Retirement Income Security Act of 1974 (ERISA).
- Euler Hermes Europe SA (United Kingdom Branch): the company makes contributions on behalf of its employees amounting to 8% of salaries. The cash is invested in the names of the employees, who receive rights according to the return on investment generated.
- Scandinavia:
 - Euler Hermes Europe SA (Danish Branch): the plan is managed by Danica, a Danish life insurance company.
 - Euler Hermes Europe SA (Finnish Branch): the plan is managed by Varma, a Finnish insurance company.

The multi employer plans in Sweden, managed by the life insurance company SPP, as well as the plan in Norway, managed by the Norway Company Vital are accounted as defined benefit plans since December 31st, 2009.

<i>(in € thousand)</i>	France	United States	United Kingdom	Scandinavia	Total
Provision at December 31, 2012	-	(2 034)	-	-	(2 034)
Expense booked in 2012	(1 198)	(751)	(1 380)	(1 759)	(5 088)
Provision at December 31, 2011	-	(1 470)	-	-	(1 470)
Expense booked in 2011	(789)	(1 384)	(1 141)	(1 528)	(4 843)
Provision at December 31, 2010	-	(1 383)	-	-	(1 383)
Expense booked in 2010	(801)	(611)	(1 257)	(1 563)	(4 232)
Provision at December 31, 2009	-	(1 581)	-	-	(1 581)
Expense booked in 2009	(600)	-	(970)	(1 498)	(3 068)
Provision at December 31, 2008	-	(1 783)	-	-	(1 783)
Expense booked in 2008	(207)	(186)	(705)	(1 476)	(2 574)

Defined contribution retirement plans are accounted for in "Other debts" as of December 31st, 2012.

Defined benefit plans

General description of the plans:

- Retirement indemnities (France): the rights in respect of retirement indemnities are defined by the insurance companies' collective agreement. This plan is financed partly by a policy taken out with an insurance company.
- PSAD (France): this is a supplementary retirement benefit plan that was closed in 1978 and covers executives of Euler Hermes France. Contributions are paid by the company to beneficiaries or their surviving spouse (reversion) until their death. The plan is managed by BCAC, which informs the Company quarterly of the contributions to be paid. At the end of the year, there were 17 beneficiaries.
- CARDIF (France): This is a supplementary retirement benefit plan that was closed in 2006 and covers members of the Group Management Board and/or corporate officers of Euler Hermes and Euler Hermes France. The contributions are paid by CARDIF to the beneficiaries or their surviving spouse (reversion) until their death. There are 2 beneficiaries.
- Euler Hermes Europe SA (Italian Branch): TFR (Trattamento di Fine Rapporto) is a pension plan established by Italian legislation that is similar to a defined benefit pension plan. It is valued in accordance with IAS 19 by an independent actuary.

Notes to the consolidated financial statements

The following items were taken into account when measuring the commitment at the year end:

- The retirement age was taken as 62 years for women and 66 years for men;
- The probability of leaving the company within the next five years for employees under 42 years of age has been determined based on historical data;
- The average life expectancy has been determined based on current statistics;
- The probability of an early request for TFR has also been calculated using historical data available within the company.

The assets covering the actuarial liability are included along with the other assets of Euler Hermes Europe SA (Italian Branch) and are not identified separately.

- Euler Hermes Europe SA (UK Branch): Euler Hermes in the UK operates a defined benefit pension plan that covers all employees who had joined the company by December 31st, 2001. Under this plan, employees will be granted a pension on retirement, based on a fraction of their final salary and based on their length of service within the company while the plan was open to future accrual. The plan closed to future accrual with effect from December 31st, 2012, at which point the link to future salary increases was removed. The company funds these rights through a dedicated fund. The retirement rights are revalued annually based on the constraints set by law, which provides for the mandatory application of different revaluation rates according to the vesting date of the rights. The 2012 closure of the plan has resulted in a curtailment gain of £6.2 million.
- AVK/APV : Euler Hermes Deutschland AG, Euler Hermes Forderungsmanagement Deutschland GmbH and Euler Hermes Rating Deutschland GmbH have implemented a defined benefit pension plans for all their employees. The beneficiaries will receive an annuity upon retirement at 65 years old at the latest. These plans are financed in part by external companies, namely Pensionskasse AVK and Unterstützungskasse APV and by contractual trust arrangement namely methusalem trust e.V. Employees who leave the company prior to the date provided for may benefit from an annuity of a lower amount than the one initially provided for.
- Euler Hermes Europe SA (Belgium Branch) has implemented a plan that covers the payment to employees of Euler Hermes Credit Insurance Belgium and Euler Hermes Services Belgium SA of a fixed capital amount (equal to a multiply of their salary at 60 years old) . It also provides coverage in the event of death - a multiple of salary based on family composition - or invalidity of the employee. The plan was closed in 2012.
- Euler Hermes Europe SA (Netherlands Branch) implemented a defined benefit pension plan for its employees that is managed by Delta Lloyd. The plan was closed at the end of 2012.
- Scandinavia:
Euler Hermes Europe SA (Swedish Branch): a multi-employer plan that is managed by SPP, one of the largest life insurance companies. Employees begin to accrue pension at 28 years old. Employees can receive a pension as from 65 years old. Employees are then guaranteed 65% of their final salaries.
Euler Hermes Europe SA (Norwegian Branch): a multi-employer plan that is managed by Vital, a Norwegian life insurance company. Employees begin to accrue pension from the first day of employment. Employees can receive a pension as from 67 years old. Employees are then guaranteed 70 % of their final salaries.

Notes to the consolidated financial statements

31/12/2012	France & Greece			Italy	United-Kingdom	Germany	Belgium	Netherlands	Scandinavia		Total
	Retirement Indemnities	PSAD	CARDIF						FTP	VITAL	
Actuarial obligation - total	(6 787)	(3 601)	(2 520)	(5 692)	(157 887)	(408 917)	(21 679)	(7 844)	(5 070)	(1 700)	(621 697)
Current period service cost	(390)	-	-	-	(2 491)	(7 717)	(716)	(476)	(103)	(150)	(12 043)
Interest on obligation	(287)	(161)	(133)	-	(7 836)	(19 077)	(1 009)	(381)	-	(38)	(28 922)
Employee contributions	-	-	-	(707)	-	(2 825)	(66)	(176)	-	-	(3 774)
Plan amendment	-	-	-	-	-	-	-	-	-	-	-
Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Plan curtailments	-	-	-	-	-	-	-	869	-	-	869
Plan settlements	-	-	-	-	-	-	-	(70)	-	-	(70)
Exceptional events	-	-	-	-	-	-	-	-	(53)	-	(53)
Actuarial gains (losses) due to a change in assumptions	(1 095)	(292)	(462)	-	(3 837)	(124 900)	438	(3 339)	(341)	(122)	(133 950)
Actuarial gains (losses) due to a change in experience	385	5	(14)	-	-	22 589	(18)	101	(101)	-	22 947
Benefits paid	265	394	161	257	-	11 864	1 362	5	-	-	14 441
Currency translation difference	-	-	-	-	-	-	-	-	-	-	-
Other (please insert comment)	-	-	(365)	-	6 206	(558)	-	-	(706)	536	5 113
Removal of the discretionary clause	-	-	-	-	-	391	-	-	-	-	391
Actuarial obligation - total	(7 909)	(3 655)	(3 333)	(6 142)	(165 845)	(529 150)	(21 688)	(11 311)	(6 241)	(1 474)	(756 749)

	3 448	-	2 540	-	147 894	322 499	17 055	6 067	3 712	656	503 871
Fair value of plan assets - total											
Actual return on plan assets	116	-	112	-	7 787	14 770	590	34	137	41	23 587
Experience effect on returns from assets	-	-	-	-	-	16 643	(74)	2 097	-	-	18 666
Employee contributions	-	-	-	-	-	2 825	1 298	426	223	126	4 898
Employer contributions	808	-	-	-	21 813	6 756	66	232	-	-	29 675
Acquisitions /disposals of subsidiaries	-	-	-	-	-	173	-	-	-	-	173
Plan curtailments	-	-	498	-	7 667	-	-	-	-	-	8 165
Plan settlements	-	-	-	-	-	-	-	-	-	-	-
Benefits paid	(97)	-	(161)	-	-	(7 601)	(1 344)	(5)	(133)	-	(9 341)
Currency translation difference	-	-	-	-	-	-	-	-	-	-	-
Other	(168)	-	345	-	(12 113)	(272)	-	13	1 194	65	(10 936)
Fair value of plan assets - total	4 107	-	3 334	-	173 124	355 793	17 705	8 864	5 133	888	568 948

Actuarial differences still to be amortised	(945)	-	-	-	(41 371)	(131 701)	(1 975)	(2 138)	(340)	849	(177 621)
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Net commitments <0	(2 857)	(3 655)	-	(6 142)	-	(41 656)	(2 008)	(309)	(768)	(1 435)	(58 830)
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Net commitments >0	-	-	1	-	48 650	-	-	-	-	-	48 651
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	(592)	(448)	-	-	5 127	(15 299)	(1 150)	(774)	(232)	(129)	(13 497)
Expenses for the period											
Current period service cost	(390)	-	-	-	(2 491)	(7 717)	(716)	(476)	(102)	(148)	(12 040)
Finance cost (effect of undiscounting)	(287)	(161)	(133)	-	(7 836)	(19 031)	(1 009)	(347)	(33)	(38)	(28 875)
Expected return on plan assets	120	-	110	-	7 787	14 770	590	34	165	40	23 616
Expected return on any other assets	-	-	-	-	-	-	-	-	-	-	-
Amortisation of actuarial gains and losses	(35)	(287)	(475)	-	-	(3 321)	(15)	-	16	53	(4 064)
Amortisation of prior service cost	-	-	-	-	-	-	-	15	-	-	15
Amortisation of unrecognized initial obligation	-	-	-	-	-	-	-	-	-	-	-
Profit/loss on curtailment/settlement	-	-	498	-	7 667	-	-	-	-	-	8 165
Asset ceiling limitation	-	-	-	-	-	-	-	-	-	-	-
Exceptional events	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	(278)	(36)	(314)

Actuarial assumptions											
Discounting rates used	3,00%	3,50%	3,50%	3,50%	4,70%	3,50%	3,50%	3,50%	3,50%	3,50%	3,30%
Inflation rate used	2,00%	2,00%	2,00%	2,00%	3,05%	1,50%	2,50%	-	2,00%	2,00%	-
Expected return on plan assets	3,00%	3,50%	3,50%	-	5,01%	4,60%	3,40%	3,50%	3,50%	4,80%	-
Expected return on reimbursement rights (assets)	-	-	-	-	-	-	-	-	-	-	-
Expected rate of salary increase	2,40%	-	-	2,00%	4,15%	1,50%	3,20%	3,50%	3,00%	-	-
Expected rate of increase of medical costs	-	-	-	-	-	-	-	-	-	-	-
Rate of increase of benefit used by plan	-	-	-	-	-	-	-	0,50%	-	-	-
Plan retirement age	60	-	60	62 et 66 (3)	65	63	60	65	65	67	-
Plan residual service period	10	-	5	10	24,4	15	-	15,8	-	16,94	-
Other significant actuarial assumption used (1)	-	60%	-	-	-	-	-	-	-	-	-

(1) the 60% on the PSAD plan corresponds to the reversion r:

Structure of plan assets (2)											
Shares					39,30%					11,10%	10,40%
Bonds			100,00%		31,20%	<i>Cf template below</i>		<i>Cf template below</i>		81,40%	70,30%
Real estate	100,00%										
Other instruments					29,50%					7,50%	19,30%

(2) Structure of hedging assets by entity

(3) The retirement age has been taken as 62 years for women and 66 years for men

	Germany			Netherlands	
	Euler Hermes Rating GmbH	Forderungsmanagern GmbH	Euler Hermes Deutschland AG	NV Interpolis Kredietverzekerings	Euler Hermes Kredietverzekerings NV
Shares	1,42%	3,79%	3,91%	13,50%	
Bonds	97,43%	93,15%	92,93%	79,50%	
Real estate	0,86%	2,13%	2,20%	7,00%	
Other instruments	0,29%	0,93%	0,96%		100,00%

Notes to the consolidated financial statements

12/31/2011	France & Greece			Italy	United-Kingdom	Germany	Belgium	Netherlands	Scandinavia		Total
	Retirement indemnities	PSAD	CARDIF						FTP	VITAL	
Actuarial obligation - total	(7 002)	(3 928)	(2 657)	(5 870)	(137 137)	(390 976)	(20 889)	(5 671)	(4 894)	(1 570)	(580 595)
Current period service cost	(343)	-	-	-	(2 104)	(8 305)	(717)	(252)	(100)	(231)	(12 052)
Interest on obligation	(262)	(170)	(132)	-	(7 197)	(18 304)	(977)	(240)	(169)	(46)	(27 497)
Employee contributions	-	-	-	(603)	-	(2 761)	(75)	(229)	-	-	(3 668)
Plan amendment	-	-	-	-	-	-	-	-	-	-	-
Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Plan curtailments	-	-	-	-	-	-	-	67	-	-	67
Plan settlements	-	-	-	-	-	-	-	-	-	-	-
Exceptional events	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains (losses) due to a change in assumptions	(132)	-	(72)	-	-	(3 883)	(83)	(920)	-	-	(5 090)
Actuarial gains (losses) due to a change in experience	(53)	(49)	7	-	(10 088)	3 133	-	(1 276)	-	-	(8 326)
Benefits paid	173	411	158	781	3 573	11 440	1 062	1	125	-	17 724
Currency translation difference	-	-	-	-	(4 862)	-	-	-	(32)	(9)	(4 904)
Other	832	135	176	-	(72)	739	-	676	-	156	2 642
Removal of the discretionary clause	-	-	-	-	-	-	-	-	-	-	-
Actuarial obligation - total	(6 787)	(3 601)	(2 520)	(5 692)	(157 887)	(408 917)	(21 679)	(7 844)	(5 070)	(1 700)	(621 697)

Fair value of plan assets - total	2 815	-	2 699	-	137 135	303 415	15 137	4 987	3 473	647	470 307
Actual return on plan assets	82	-	24	-	7 687	14 255	543	64	122	30	22 806
Experience effect on returns from assets	-	-	-	-	-	3 729	227	421	-	-	4 377
Employee contributions	-	-	-	-	-	2 761	2 135	247	219	-	5 362
Employer contributions	777	-	-	-	3 626	6 519	75	502	-	-	11 499
Acquisitions /disposals of subsidiaries	-	-	-	-	-	(726)	-	-	-	-	(726)
Plan curtailments	-	-	(25)	-	-	-	-	-	-	-	(25)
Plan settlements	-	-	-	-	-	-	-	-	-	-	-
Benefits paid	(173)	-	(158)	-	(3 573)	(7 454)	(1 062)	(1)	(125)	-	(12 546)
Currency translation difference	-	-	-	-	4 450	-	-	-	24	(9)	4 465
Other	(53)	-	-	-	(1 430)	-	-	(154)	-	(12)	(1 649)
Fair value of plan assets - total	3 448	-	2 540	-	147 894	322 499	17 055	6 067	3 712	656	503 870

Actuarial differences still to be amortised	(291)	-	-	-	(33 591)	(49 354)	(2 468)	(1 301)	(573)	333	(87 246)
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Net commitments <0	(3 048)	(3 601)	-	(5 692)	-	(37 064)	(2 156)	(476)	(784)	(1 376)	(54 199)
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Net commitments >0	-	-	20	-	23 598	-	-	-	-	-	23 618
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Expenses for the period	(540)	(85)	(1)	-	(9 300)	(13 478)	(1 203)	(436)	(152)	(259)	(25 454)
Current period service cost	(343)	-	-	-	(2 104)	(8 305)	(717)	(252)	(100)	(231)	(12 052)
Finance cost (effect of undiscouinting)	(262)	(170)	(132)	-	(7 197)	(18 252)	(977)	(240)	(169)	(46)	(27 445)
Expected return on plan assets	94	-	128	-	-	14 255	543	64	122	30	15 236
Expected return on any other assets	-	-	-	-	-	-	-	-	-	-	-
Amortisation of actuarial gains and losses	(29)	85	(212)	-	-	(1 176)	-	-	(5)	-	(1 337)
Amortisation of prior service cost	-	-	-	-	-	-	-	8	-	-	8
Amortisation of unrecognized initial obligation	-	-	-	-	-	-	-	(52)	-	-	(52)
Profit/loss on curtailment/settlement	-	-	215	-	-	-	-	-	-	-	215
Asset ceiling limitation	-	-	-	-	-	-	-	-	-	-	-
Exceptional events	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	(15)	-	(12)	(27)

Actuarial assumptions											
Discounting rates used	4,50%	4,80%	4,50%	4,50%	4,90%	4,80%	4,80%	4,80%	3,50%	3,30%	
Inflation rate used	2,00%	2,00%	2,00%		2,40%	1,50%		2,90%			
Expected return on plan assets	3,50%	3,50%	3,50%		4,90%	4,60%	3,50%	4,80%	3,50%	4,80%	
Expected return on reimbursement rights (assets)											
Expected rate of salary increase	2,60%			2,00%	4,20%	1,50%	4,00%		3,00%		
Expected rate of increase of medical costs											
Rate of increase of benefit used by plan											
Plan retirement age	60		60		65	63		65	65	67	
Plan residual service period	10		5			15					
Other significant actuarial assumption used (1)		60%									

(1) the 60% on the PSAD plan corresponds to the reversion r:

Structure of plan assets (2)											
Shares										11,10%	10,40%
Bonds	100,00%		100,00%		95,00%	<i>Cf template below</i>		<i>Cf template below</i>		81,40%	70,30%
Real estate											
Other instruments					5,00%		100,00%		7,50%	19,30%	

(2) Structure of hedging assets by entity

	Germany			Netherlands	
	Euler Hermes Rating GmbH	Forderungsmanagement GmbH	Euler Hermes Kreditversicherungs AG	NV Interspolis Kredietverzekerings NV	Euler Hermes Kredietverzekerings NV
Shares	1,20%	3,50%	3,60%	13,50%	
Bonds	97,80%	93,80%	93,50%	79,50%	
Real estate	0,50%	1,70%	1,80%	7,00%	
Other instruments	0,50%	1,00%	1,10%		100,00%

Notes to the consolidated financial statements

12/31/2010	France & Greece			Italy	United-Kingdom	Germany	Belgium	Netherlands	Scandinavia			Total
	Retirement indemnities	PSAD	CARDIF						FTP	VITAL	CEO's PLAN	
Actuarial obligation - total	(5 118)	(3 655)	(2 647)	(7 390)	(127 413)	(353 375)	(18 916)	(4 032)	(4 000)	(1 095)	(591)	(528 233)
Current period service cost	(312)	-	-	-	(2 172)	(7 520)	(845)	(251)	(157)	(255)	-	(11 512)
Interest on obligation	(247)	(185)	60	-	(7 347)	(18 244)	(973)	(227)	(154)	(45)	-	(27 362)
Employee contributions	-	-	-	(508)	-	(2 746)	(87)	(220)	-	-	-	(3 561)
Plan amendment	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions/disposals of subsidiaries	-	-	-	-	-	(1 029)	-	-	-	-	-	(1 029)
Plan curtailments	-	-	-	-	-	-	525	-	-	-	-	525
Plan settlements	-	-	-	-	-	-	-	-	-	-	638	638
Exceptional events	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains (losses) due to a change in assumptions	(1 025)	(259)	(334)	(107)	(2 959)	(26 515)	(885)	(450)	-	-	-	(32 534)
Actuarial gains (losses) due to a change in experience	(207)	(171)	171	-	4 780	4 156	-	(745)	-	-	-	7 984
Benefits paid	386	405	156	2 135	3 153	10 639	292	543	8	-	-	17 717
Currency translation difference	-	-	-	-	(4 017)	-	-	-	(592)	(175)	(47)	(4 831)
Other	(479)	(63)	(63)	-	(1 163)	3 658	-	(289)	-	-	-	1 602
Removal of the discretionary clause	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial obligation - total	(7 002)	(3 928)	(2 657)	(5 870)	(137 137)	(390 976)	(20 889)	(5 671)	(4 894)	(1 570)	-	(580 595)

Fair value of plan assets - total	2 251	-	2 764	-	115 352	288 599	13 137	3 556	2 593	546	692	429 490
Actual return on plan assets	110	-	49	-	7 575	14 132	570	(36)	105	35	-	22 539
Experience effect on returns from assets	-	-	127	-	6 140	821	(52)	1 195	-	-	-	8 231
Employee contributions	-	-	-	-	-	2 746	87	220	383	-	-	3 436
Employer contributions	747	-	-	-	5 329	6 764	1 687	534	-	-	-	15 061
Acquisitions /disposals of subsidiaries	-	-	-	-	-	(2 613)	-	(543)	-	-	-	(3 156)
Plan curtailments	-	-	(226)	-	-	-	-	-	-	-	-	(226)
Plan settlements	-	-	-	-	-	-	-	18	-	29	(747)	(700)
Benefits paid	(371)	-	(156)	-	(3 153)	(6 950)	(292)	(1)	(8)	-	-	(10 931)
Currency translation difference	-	-	-	-	3 565	-	-	-	400	11	55	4 032
Other	78	-	141	-	2 327	(84)	-	45	-	26	-	2 533
Fair value of plan assets - total	2 815	-	2 699	-	137 135	303 415	15 137	4 987	3 473	647	-	470 307

Actuarial differences still to be amortised	(979)	-	22	-	(23 174)	(53 372)	(2 653)	(170)	(565)	339	-	(80 552)
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Net commitments <0	(3 208)	(3 928)	-	(5 870)	-	(34 189)	(3 099)	(514)	(857)	(1 262)	-	(52 928)
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Net commitments >0	-	-	20	-	23 172	-	-	-	-	-	-	23 192
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Expenses for the period	(454)	(678)	-	(615)	(9 519)	(11 696)	(791)	(484)	(214)	(275)	-	(24 725)
Current period service cost	(312)	-	-	-	(2 172)	(7 520)	(845)	(251)	(157)	(255)	-	(11 512)
Finance cost (effect of undiscouinting)	(247)	(185)	60	-	(7 347)	(18 244)	(973)	(227)	(154)	(45)	-	(27 362)
Expected return on plan assets	99	-	(51)	-	-	14 132	570	(57)	105	35	-	14 832
Expected return on any other assets	-	-	-	-	-	-	-	(7)	-	-	-	(7)
Amortisation of actuarial gains and losses	6	(493)	-	(615)	-	(64)	-	-	(8)	-	-	(1 174)
Amortisation of prior service cost	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation of unrecognized initial obligation	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss on curtailment/settlement	-	-	(9)	-	-	-	457	-	-	-	-	448
Asset ceiling limitation	-	-	-	-	-	-	-	-	-	-	-	-
Exceptional events	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	58	-	(9)	-	49

Actuarial assumptions												
Discounting rates used	3,50%			4,30%	5,30%	4,80%	4,80%	5,30%	3,50%	3,80%		
Inflation rate used	2,00%	2,00%	2,00%			1,60%	2,50%	1,50%	2,00%			
Expected return on plan assets	3,50%		4,00%		5,70%	4,70%	3,50%	5,50%	3,50%	5,80%		
Expected return on reimbursement rights (assets)												
Expected rate of salary increase	2,60%			2,00%	4,40%	2,30%	4,00%		3,00%	4,00%		
Expected rate of increase of medical costs												
Rate of increase of benefit used by plan					3,30%		4,00%	0,90%				
Plan retirement age	60		60		63	63	60	65				
Plan residual service period	10		5		20	15		30				
Other significant actuarial assumption used (1)		60%										

(1) the 60% on the PSAD plan corresponds to the reversion rate

Structure of plan assets (2)												
Shares					39,50%	6.1% / 10%	15,00%	12,5%	17,00%	30,00%		
Bonds	100,00%		100,00%		54,80%	90.9% / 90%	85,00%	80%	48,00%	70,00%		
Real estate						2,5%		7,5%	16,00%			
Other instruments					5,80%	0,5%		0% / 100%	19,00%			

(2) Structure of hedging assets by entity

	Germany			Netherlands	
	Euler Hermes Rating GmbH	Forschungsmanagement GmbH	Euler Hermes Kreditversicherungs AG	NV Intepolis Kredietverzekeringen	Euler Hermes Kredietverzekering NV
Shares	6,10%	6,10%	10,00%	12,50%	
Bonds	90,90%	90,90%	90,00%	80,00%	
Real estate	2,50%	2,50%		7,50%	
Other instruments	0,50%	0,50%			100,00%

Notes to the consolidated financial statements

31/12/2009	France			Italy	United-Kingdom	Germany	Belgium	Nederlands	Nordic			Total
	Retirement indemnities	PSAD	CARDIF						FTP	Vital	CEO's plan	
Actuarial liability at start of period	(4 937)	(4 264)	(2 499)	(9 437)	(94 377)	(307 727)	(16 041)	(3 488)	(4 044)	(887)	(482)	(448 183)
- Cost of services provided during the period	(285)	-	-	(39)	(1 588)	(6 928)	(749)	(224)	(145)	(231)	(199)	(10 388)
- Interest expense	(276)	(241)	(145)	(259)	(6 301)	(18 133)	(958)	(194)	(123)	(34)	(26)	(26 690)
- Employee contributions	-	-	-	-	-	(2 625)	(85)	(168)	-	-	-	(2 878)
- Change of pension plan	-	-	-	-	-	-	-	-	-	-	-	-
- Acquisitions/disposals of subsidiaries	-	-	-	-	-	266	-	-	-	-	-	266
- Reductions of pension plans	-	-	-	-	-	-	-	-	-	-	-	-
- Disposals of pension plans	-	-	-	-	-	-	-	-	-	-	-	-
- Exceptional events	-	-	-	-	-	-	-	-	-	-	-	-
- Actuarial gains (losses) due to a change in assumptions	226	(34)	(154)	(7)	(22 083)	(28 029)	(1 164)	(109)	287	56	-	(51 011)
- Actuarial gains (losses) due to a change in experience	(19)	431	(4)	-	1 396	40	(738)	(245)	25	-	-	886
- Benefits paid	173	453	155	2 352	2 504	9 771	819	1	-	-	-	16 228
- Translation differences	-	-	-	-	(6 844)	-	-	-	-	-	-	(6 844)
- Other	-	-	-	-	(120)	(10)	-	395	-	-	116	381
- Removal of the discretionary clause	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial liability at end of period	(5 118)	(3 655)	(2 647)	(7 390)	(127 413)	(353 375)	(18 916)	(4 032)	(4 000)	(1 095)	(591)	(528 232)
Fair value of assets at start of period	1 540	-	2 990	-	94 927	266 492	12 490	2 839	2 299	575	495	384 648
- Actual return on plan assets	41	-	(57)	-	5 746	14 463	645	21	84	34	21	20 998
- Experience effect on returns from assets	-	-	154	-	5 455	5 699	(335)	398	-	-	-	11 371
- Employee contributions	-	-	-	-	-	2 625	85	482	223	-	195	3 610
- Employer contributions	742	-	-	-	4 838	5 923	1 071	198	-	-	-	12 773
- Acquisitions/disposals of subsidiaries	-	-	-	-	-	1 441	-	-	-	-	-	1 441
- Reductions of pension plans	-	-	(485)	-	-	(1 707)	-	7	-	-	-	(2 185)
- Disposals of pension plans	-	-	-	-	-	-	-	-	-	26	-	26
- Benefits paid	(73)	-	(155)	-	(2 411)	(6 473)	(819)	(1)	(25)	-	-	(9 957)
- Translation differences	-	-	-	-	6 883	-	-	-	-	-	-	6 883
- Other	1	-	317	-	(87)	136	-	(389)	12	(88)	(19)	(118)
Fair value of assets at end of period	2 251	-	2 764	-	115 352	288 599	13 137	3 556	2 593	546	692	429 490
Actuarial differences still to be amortised	653	-	117	-	(32 877)	(31 895)	(1 795)	19	(530)	53	101	(66 154)
Negative net commitments	(3 520)	(3 655)	-	(7 390)	-	(32 881)	(3 984)	(495)	(878)	(602)	(0)	(53 405)
Positive net commitments	-	-	-	-	20 816	-	-	-	-	-	-	20 816
Expenses for the period	(462)	156	-	(305)	(3 003)	(27 490)	(1 062)	(407)	201	234	253	(31 885)
- Coût des services rendus de la période	(285)	-	-	(39)	(1 584)	(6 928)	(749)	(206)	141	223	193	(9 234)
- Coût financier (effet de la désactualisation)	(276)	(241)	-	(259)	(6 288)	(18 133)	(958)	(185)	119	33	25	(26 163)
- Rendement attendu des actifs de régime	83	-	-	-	5 734	(2 625)	645	21	(81)	(33)	(20)	3 724
- Rendement attendu de tout autre actif	-	-	-	-	-	-	-	-	-	-	-	-
- Amortissement des profits ou pertes actuariels	16	397	-	(7)	(745)	196	-	-	22	-	2	(119)
- Amortissement du coût des services passés	-	-	-	-	-	-	-	-	-	-	-	-
- Amortissement de la dette initiale non constatée	-	-	-	-	-	-	-	-	-	-	-	-
- Profit ou la perte résultant de la réduction ou de la liquidation	-	-	-	-	-	-	-	-	-	-	-	-
- Plafonnements d'actifs	-	-	-	-	-	-	-	-	-	-	-	-
- Evenements exceptionnels	-	-	-	-	-	-	-	-	-	-	-	-
- Autres	-	-	-	-	(120)	-	-	(37)	-	11	53	(93)
Actuarial assumptions												
- Discount rate	6.00%	6.00%	4.00%	5.00%	5.50%	5.50%	5.25%	6.00%	3.00%	3.80%	3.00%	
- Rate of inflation	2.50%	2.50%	-	2.00%	-	1.85%	-	2.00%	2.00%	-	2.00%	
- Expected rate of return on plan assets	4.75%	-	4.00%	-	5.75%	5.20%	4.25%	6.00%	3.50%	5.80%	3.50%	
- Expected rate of return on all reimbursement rights	-	-	-	-	-	-	-	-	-	-	-	
- Expected rate of salary increases	3.50%	-	-	3.00%	4.15%	2.40%	-	2.00%	3.00%	4.00%	3.00%	
- Rate of increase in medical costs	-	-	-	-	-	-	-	2.00%	-	-	-	
- Rate of increase in annuities	-	2.35%	-	-	3.20%	1.85%	2.00%	1.00%	-	-	-	
- Retirement age	60	0	60	60-65	63	63	60	65	0	0	0	
- Remaining length of service	10	0	5	0	20	15	11	28	0	0	0	
- Other major assumptions used (1)	-	60.00%	-	-	-	-	-	-	-	-	-	
(1) the 60% on the PSAD plan corresponds to the reversion rate												
Structure of plan assets												
- Equities	-	-	23.00%	-	40.00%	20.34%	-	-	30.00%	16.00%	30.00%	
- Bonds	100.00%	-	27.00%	-	60.00%	77.21%	-	-	70.00%	56.00%	70.00%	
- Property	-	-	-	-	-	2.43%	-	-	-	17.00%	-	
- Other	-	-	50.00%	-	-	0.02%	100.00%	100.00%	-	11.00%	-	

Notes to the consolidated financial statements

31/12/2008	France			Italy	United Kingdom	Germany	Belgium	The Netherlands	Total
	Retirement indemnities	PSAD	CARDIF						
Actuarial liability at start of period	(4 933)	(4 497)	(2 792)	(9 791)	(131 573)	(311 943)	(14 824)	(3 146)	(483 499)
- Cost of services provided during the period	(277)	-	-	(431)	(2 462)	(8 322)	(721)	(238)	(12 451)
- Interest expense	(228)	(226)	(145)	(420)	(5 810)	(16 858)	(785)	(163)	(24 635)
- Employee contributions	-	-	-	-	-	(2 590)	(79)	(75)	(2 744)
- Change of pension plan	-	-	-	-	-	-	-	-	-
- Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-
- Reductions of pension plans	-	-	-	-	-	-	-	-	-
- Disposals of pension plans	-	-	-	-	-	-	-	-	-
- Exceptional events	-	-	-	-	-	-	-	(169)	(169)
- Actuarial gains (losses) due to a change in assumption	218	67	212	-	11 951	19 647	401	343	32 839
- Actuarial gains (losses) due to a change in experience	(144)	(89)	74	-	803	2 985	(646)	-	2 983
- Benefits paid	384	481	152	1 205	2 424	9 369	280	1	14 296
- Translation differences	-	-	-	-	30 272	-	-	-	30 272
- Other	43	-	-	-	18	(15)	333	(41)	338
- Removal of the discretionary clause	-	-	-	-	-	-	-	-	-
Actuarial liability at end of period	(4 937)	(4 264)	(2 499)	(9 437)	(94 377)	(307 727)	(16 041)	(3 488)	(442 770)
Fair value of assets at start of period	1 164	-	3 320	-	128 235	264 265	11 038	2 528	410 551
- Actual return on plan assets	68	-	88	-	(9 839)	13 765	549	109	4 740
- Experience effect on returns from assets	-	-	-	-	-	(13 921)	(89)	-	(14 010)
- Employee contributions	-	-	-	-	-	6 229	79	158	6 466
- Employer contributions	692	-	-	-	8 576	2 590	1 193	533	13 584
- Acquisitions/disposals of subsidiaries	-	-	-	-	-	1 258	-	-	1 258
- Reductions of pension plans	-	-	(266)	-	-	(1 258)	-	-	(1 524)
- Disposals of pension plans	-	-	-	-	-	-	-	-	-
- Benefits paid	(384)	-	(152)	-	(2 424)	(6 126)	(280)	(1)	(9 367)
- Translation differences	-	-	-	-	(29 504)	-	-	-	(29 504)
- Other	-	-	-	-	(118)	(310)	-	21	(407)
Fair value of assets at end of period	1 540	-	2 990	-	94 927	266 492	12 490	2 839	381 278
Actuarial differences still to be amortised	502	-	491	-	(17 150)	(9 801)	442	12	(25 504)
Negative net commitments	(3 899)	(4 264)	-	(9 437)	-	(31 434)	(3 993)	(661)	(53 688)
Positive net commitments	-	-	-	-	17 699	-	-	-	17 699
Expenses for the period	(437)	(247)	-	(851)	(3 172)	(11 606)	(957)	(461)	(17 731)
- Cost of services provided during the period	(277)	-	-	(431)	(2 922)	(8 322)	(721)	(238)	(12 911)
- Financial cost (discounting effect)	(228)	(226)	-	(420)	(6 895)	(16 858)	(785)	(163)	(25 575)
- Expected return on plan assets	59	-	-	-	7 222	13 765	549	139	21 734
- Expected return on all other assets	-	-	-	-	-	-	-	-	-
- Amortisation of actuarial gains and losses	9	(21)	-	-	(457)	(191)	-	-	(660)
- Amortisation of past service costs	-	-	-	-	-	-	-	-	-
- Amortisation of initial unrecognised liability	-	-	-	-	-	-	-	-	-
- Profit or loss resulting from reduction or liquidation	-	-	-	-	-	-	-	-	-
- Asset ceiling	-	-	-	-	-	-	-	40	40
- Exceptional events	-	-	-	-	-	-	-	(193)	(193)
- Other	-	-	-	-	(120)	-	-	(46)	(166)
Actuarial assumptions									
- Discount rate	6,00%	6,00%	4,00%	6,00%	5,80%	5,50%	6,00%	6,00%	
- Rate of inflation	2,50%	2,50%	-	3,60%	3,11%	1,85%	2,50%	2,00%	
- Expected rate of return on plan assets	4,75%	-	4,00%	-	6,20%	5,20%	5,00%	6,00%	
- Expected rate of return on all reimbursement rights	-	-	-	-	-	-	-	-	
- Expected rate of salary increases	3,50%	-	-	4,20%	4,15%	2,40%	4,00%	2,00%	
- Rate of increase in medical costs	-	-	-	-	-	-	1,50%	2,00%	
- Rate of increase in annuities	-	2,35%	-	-	-	1,85%	-	1,00%	
- Retirement age	60	0	60	60-65	63	63	60	65	
- Remaining length of service	10	0	5	0	20	15	11	28	
- Other major assumptions used (1)	-	60,00%	-	-	-	-	-	-	
(1) the 60% on the PSAD plan corresponds to the reversion rate									
Structure of plan assets									
- Equities	-	-	23,00%	-	40,00%	20,34%	-	-	
- Bonds	100,00%	-	27,00%	-	60,00%	77,21%	-	-	
- Property	-	-	-	-	-	2,43%	-	-	
- Other	-	-	50,00%	-	-	0,02%	100,00%	100,00%	

Notes to the consolidated financial statements

Estimation of future contributions

The table below presents the estimated future benefit payments that will be met by the pension funds or by Euler Hermes Group:

(in € thousand)	Pension Benefits	Post-Retirement Benefits
2012	18 290	234
2013	17 024	82
2014	18 634	155
2015	19 822	116
2016	21 807	359
2017	22 851	368
2018-2022	137 050	2 366

Note 17 Borrowings

Breakdown by type

(in € thousand)	December 31, 2012	December 31, 2011
Subordinated debt	-	-
Term loans and other term borrowings	251 506	255 119
Demand accounts	-	-
Borrowings from banking sector businesses	251 506	255 119
Other borrowings	138 230	138 234
Total borrowings	389 736	393 353

Borrowings from banking sector businesses mainly correspond to the following items:

- 2010 loan of €125 million from Crédit Agricole redemption in June 18th, 2015, with fixed annual interest rate of 1,885 % (Initially 3.05 %, renegotiated in July, 2012)
- 2010 loan of €125 million from HSBC with redemption on June 18th, 2015, with fixed annual interest rate of 1,885 % (Initially 3.05 %, renegotiated in July, 2012)
- Accrued interest for €1.36 million

Other borrowings mainly correspond to a loan contracted with Allianz Belgium:

- 2010 Loan of €135 million, redemption on June 24th, 2020, with fixed annual interest rate of 4,04 %
- Accrued interest for €2.9 million
- A cash pooling with Allianz Group for €0.3 million

Some borrowings are subject to step-up clauses providing for an increase in the annual interest rate in the event of a ratings downgrade by Standard & Poors'.

Breakdown by maturity

(in € thousand)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total borrowings	436	4 300	250 000	135 000	389 736

Breakdown by maturity for interests to be paid

(in € million)	2012	2013 to 2019 (1)	2020
Borrowing 2010 of €135million maturity 06/24/2020, annual fixed rate to 4,04%	5,45	38,18	2,73
Total futur interest expenses with Allianz Group	5,45	38,18	2,73

(in € million)	2012	2013 to 2014 (2)	2015
Borrowing 2010 of €125million maturity 06/18/2015, annual fixed rate to 1,885%	3,08	4,71	1,18
Borrowing 2010 of €125million maturity 06/18/2015, annual fixed rate to 1,885%	3,08	4,71	1,18
Total futur interest expenses with others than Allianz Group	6,17	9,43	2,36

(1) This interest is accumulated over 7 years; the annual interest on loans amounts to €5.45 million.

(2) This interest is accumulated over 2 years; the annual interest by loan amounts to €2.36 million.

Notes to the consolidated financial statements

Note 18 Technical reserves

(in € thousand)	December 31, 2011	Allowance net of writebacks	Foreign exchange differences	Other changes	December 31, 2012
Reserve for unearned premiums	311 752	39 276	2 806	2 661	356 495
Reserve for claims net of forecasts of recoveries	1 422 871	(25 078)	3 933	1 467	1 403 193
Reserve for no-claims bonuses and rebates	164 642	5 827	381	108	170 958
Gross technical reserves	1 899 265	20 025	7 120	4 236	1 930 646
Reserve for unearned premiums	53 418	11 926	588	3 637	69 569
Reserve for claims net of forecasts of recoveries	457 763	(64 115)	(1 851)	1 422	393 219
Reserve for no-claims bonuses and rebates	34 780	1 380	(95)	97	36 162
Reinsurers' share of technical reserves	545 961	(50 809)	(1 358)	5 156	498 950
Net technical reserves	1 353 304	70 834	8 478	(920)	1 431 696

Claims reserves

(in € thousand)	December 31, 2012			December 31, 2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 757 031	(560 522)	1 196 509	1 625 729	(509 643)	1 116 086
Current period	1 016 286	(319 301)	696 985	923 395	(278 818)	644 577
Prior periods	740 745	(241 221)	499 524	702 334	(230 825)	471 509
Recoveries to be received	(353 838)	167 303	(186 535)	(202 858)	51 880	(150 978)
Current period	(214 763)	128 147	(86 616)	(103 123)	26 861	(76 262)
Prior periods	(139 075)	39 156	(99 919)	(99 735)	25 019	(74 716)
Claims reserves	1 403 193	(393 219)	1 009 974	1 422 871	(457 763)	965 108

Breakdown by type of reserve

(in € thousand)	December 31, 2012			December 31, 2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	356 495	(69 569)	286 926	311 752	(53 418)	258 334
Claims reserves	1 403 193	(393 219)	1 009 974	1 422 871	(457 763)	965 108
of which, reserves for known claims	1 125 604	(386 961)	738 643	995 738	(351 103)	644 635
of which, reserves for late claims	536 732	(161 720)	375 012	530 033	(147 027)	383 006
of which, reserves for claims handling expenses	94 902	(11 840)	83 062	97 273	(11 512)	85 761
of which, other technical reserves	(207)	(1)	(208)	2 685	(1)	2 684
of which, recoveries to be received	(353 838)	167 303	(186 535)	(202 858)	51 880	(150 978)
No-claims bonuses and rebates	170 958	(36 162)	134 796	164 642	(34 780)	129 862
Technical reserves	1 930 646	(498 950)	1 431 696	1 899 265	(545 961)	1 353 304

Note 19 Insurance and reinsurance liabilities

Breakdown by type and by maturity

(in € thousand)	December 31, 2012	December 31, 2011
Policyholders' guarantee deposits and miscellaneous	90 197	97 951
Due to policyholders and agents	93 712	119 061
Liabilities arising from inwards insurance and reinsurance transactions	183 909	217 012
Due to reinsurers and assignors	27 708	86 014
Deposits received from reinsurers	120 389	18 527
Outwards reinsurance liabilities	148 097	104 541
Total insurance and reinsurance liabilities	332 006	321 553

(in € thousand)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total insurance and reinsurance liabilities	325 050	6 956	-	-	332 006

Notes to the consolidated financial statements

Note 20 Other liabilities

(in € thousand)	December 31, 2012	December 31, 2011				
Tax and social liabilities	142 346	131 816				
Other operating liabilities	120 456	129 863				
Deferred income	27 025	9 785				
Other accrued expenses	-	-				
Other liabilities	683	12 305				
Total other liabilities	290 510	283 769				

(in € thousand)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total other liabilities	282 598	5 770	1 593	550	290 510

In 2011 the other liabilities were mainly liabilities under services agreements for €12.1 million and were reclassified in 2012 under other operating liabilities.

Note 21 Breakdown of operating income

(in € thousand)	Twelve months ended December 31,					
	2012			2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	2 146 423	(688 525)	1 457 898	2 024 882	(698 056)	1 326 826
Premiums refunded	(112 044)	27 254	(84 790)	(122 353)	32 596	(89 757)
Gross premiums written - credit insurance	2 034 379	(661 271)	1 373 108	1 902 529	(665 460)	1 237 069
Change in unearned premiums	(39 305)	10 527	(28 778)	(6 383)	(10 291)	(16 674)
Earned premiums	1 995 074	(650 744)	1 344 330	1 896 146	(675 751)	1 220 395
Premium-Related	402 822	-	402 822	378 776	-	378 776
Turnover	2 397 896	(650 744)	1 747 152	2 274 922	(675 751)	1 599 171
Net investment income	109 041	-	109 041	113 051	-	113 051
Claims paid	(988 258)	414 900	(573 358)	(618 235)	193 892	(424 343)
Claims reserves expenses	21 728	(63 855)	(42 127)	(90 428)	34 748	(55 680)
Claims handling expenses	(83 257)	3 205	(80 052)	(77 695)	6 864	(70 831)
Insurance services expenses	(1 049 787)	354 250	(695 537)	(786 358)	235 504	(550 854)
Brokerage commissions	(199 635)	-	(199 635)	(180 005)	-	(180 005)
Other acquisition costs	(199 695)	-	(199 695)	(199 076)	-	(199 076)
Change in acquisition costs capitalised	8 165	-	8 165	(1 150)	-	(1 150)
Contract acquisition expenses	(391 165)	-	(391 165)	(380 231)	-	(380 231)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expenses	(241 435)	-	(241 435)	(207 766)	-	(207 766)
Commissions received from reinsurers	-	253 501	253 501	-	237 751	237 751
Other ordinary operating income and expenses	(348 282)	-	(348 282)	(339 383)	-	(339 383)
Current operating income	476 268	(42 993)	433 275	674 235	(202 496)	471 739

Cost of claims

(in € thousand)	Twelve months ended December 31,					
	2012			2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	1 647 053	(649 186)	997 867	1 198 907	(350 946)	847 961
of which, claims paid	588 539	(328 577)	259 962	253 231	(72 787)	180 444
of which, claims reserves	964 523	(316 180)	648 343	868 086	(273 537)	594 549
of which, claims handling expenses	93 991	(4 429)	89 562	77 590	(4 622)	72 968
Recoveries for the current period	(324 224)	230 721	(93 503)	(112 516)	28 192	(84 324)
Recoveries received	(109 393)	103 724	(5 669)	(9 925)	3 300	(6 625)
Change in reserves for recoveries	(214 831)	126 997	(87 834)	(102 591)	24 892	(77 699)
Cost of claims from prior periods	(212 311)	44 158	(168 153)	(288 523)	80 953	(207 570)
of which, claims paid	635 116	(221 696)	413 420	515 789	(155 751)	360 038
of which, claims reserves	(836 693)	264 630	(572 063)	(804 415)	238 944	(565 471)
of which, claims handling expenses	(10 734)	1 224	(9 510)	103	(2 240)	(2 137)
Recoveries from prior periods	(60 731)	20 057	(40 674)	(11 510)	6 297	(5 213)
Recoveries received	(126 004)	31 649	(94 355)	(140 860)	31 345	(109 515)
Change in reserves for recoveries	65 273	(11 592)	53 681	129 350	(25 048)	104 302
Cost of claims	1 049 787	(354 250)	695 537	786 358	(235 504)	550 854

Notes to the consolidated financial statements

Note 22 Net financial income

(in € thousand)	Year ended December 31,	
	2012	2011
Revenues from investment property	902	1 170
Revenues from equity & debt securities	73 404	72 866
Revenues from securities	73 382	72 843
Available for sale assets through equity	-	-
Held to maturity	22	23
Revenues from loans, deposits and other financial investments	22 688	24 706
Other financial income	1 757	2 326
Investment income	98 751	101 068
Depreciation of investment property	(296)	(117)
Investment management expenses	(11 179)	(10 064)
Interest paid to reinsurers	(311)	(364)
Other financial expenses	-	-
Investment expenses	(11 786)	(10 545)
Profits (losses) on sales of property	3 577	11 442
Profits (losses) on sales of securities	23 174	15 117
Available for sale assets through equity	21 284	15 117
Trading assets	-	-
Held to maturity	-	-
On sales of loans to banks and customers	1 890	-
Profits (losses) on sales of participating interests	-	-
Net gain (loss) on sales of investments less impairment and depreciation write backs	26 751	26 559
Change in fair value of derivatives	(1 900)	(700)
Change in fair value of trading assets	-	-
Change in fair value of investments recognised at fair value through the income statement	(1 900)	(700)
Reserve for impairment of investments	(1 944)	(5 830)
Change in impairment of investments	(1 944)	(5 830)
Net change in foreign currency	(831)	2 499
Net financial income (excluding financing expense)	109 041	113 051

Notes to the consolidated financial statements

Note 23 Expenses by destination allocated by nature

(in € thousand)	Year ended December 31,			
	2012	2011 Proforma	2011	Evolution
Other ordinary operating income and expense	(348 282)	(339 383)	(339 383)	2,62%
Contract acquisition expense	(391 165)	(380 231)	(380 231)	2,88%
Administration expense	(241 435)	(207 766)	(207 766)	16,21%
Claims handling expenses	(77 320)	(65 885)	(65 885)	17,36%
Investment management charges	(11 111)	(9 877)	(9 877)	12,49%
Change in market value	(3 974)	-	-	100,00%
Total expenses by destination	(1 073 287)	(1 003 143)	(1 003 143)	6,99%

(in € thousand)	Year ended December 31,			
	2012	2011 Proforma	2011	Evolution
HR Expenses	(506 093)	(473 507)	(473 507)	6,88%
Brokerage	(240 231)	(217 672)	(217 672)	10,36%
IT & communications	(48 050)	(46 527)	(77 255)	3,27%
Facilities & occupancy	(56 915)	(48 598)	(48 598)	17,12%
Legal & consulting fees	(80 981)	(78 972)	(48 244)	2,54%
Other recurring expenses	(141 017)	(137 867)	(137 867)	2,28%
Total expenses by nature	(1 073 287)	(1 003 143)	(1 003 143)	6,99%

End of 2012, investment management charges in the consolidated income statement (note 22) are made of allocated costs by nature for €11.1 million and by directly allocated costs for €0.7 million (respectively €9.9 million and €0.7 million in 2011).

Claims handling charges that are shown in note 21 are made of allocated costs by nature for €77.3 million and by directly allocated costs for €2.7 million (respectively €65.9 million and €4.9 million in 2011).

Note 24 Operating leases

The note below presents the rents from the simple rent agreements for which the entities are committed on the future exercises.

(in € thousand)	31 December 2012					
	United Kingdom	United States	Netherlands	Germany	Scandinavia	France
Less than 1 year	503	2 167	40	300	1 756	10 417
1 to 5 years	353	7 942	1 017	480	4 405	41 667
More than 5 years	1 848	1 876	-	150	-	31 250
Total	2 704	11 986	1 057	930	6 161	83 333

(in € thousand)	31 December 2011					
	United Kingdom	United States	Netherlands	Germany	Scandinavia	France
Less than 1 year	67	2 026	53	-	-	-
1 to 5 years	591	7 519	856	-	-	-
More than 5 years	1 778	3 363	-	-	-	-
Total	2 436	12 908	909	-	-	-

Following the relocation from 1 rue Euler to First Tower in *La Défense*, Euler Hermes France has a rental contract of 9 year for an annual amount of € 10,417 thousand.

Notes to the consolidated financial statements

Note 25 Other ordinary operating revenues and expenses

(in € thousand)	Year ended December 31,	
	2012	2011
Other technical income	13 800	19 398
Other non-technical income	-	138
Other ordinary operating income	13 800	19 536
Other technical expenses	(352 523)	(350 902)
Other non-technical expenses	(1 606)	-
Employee profit sharing and bonuses	(7 953)	(8 017)
Other ordinary operating expenses	(362 082)	(358 919)
Other ordinary operating income and expenses	(348 282)	(339 383)

The other non-technical expenses are composed on one side of interest expense on defined benefit plans (-€ 6.5 million) and on the other side of interest income on plan assets (€ 4.9 million).

The other technical expenses mainly concern expenses related to services activities.

Note 26 Other operating revenues and expenses

(in € thousand)	Year ended December 31,	
	2012	2011
Other non-ordinary operating expenses	(25 809)	(26 713)
Other non-ordinary operating income	17 193	18 683
Other non ordinary operating income and expenses	(8 616)	(8 030)

The other non-ordinary expenses mainly comprise restructuring expenses linked to the Excellence Project and consulting fees for €21,238 thousand ; a depreciation of the Euler Hermes Collection North America Company goodwill for € 3,345 thousand as well as the capital loss from disposal of the building located 8 rue Euler, 75008 Paris for € 486 thousand.

The other non-ordinary income mainly consists of write backs used and not used for restructuring provisions linked to the Excellence Project for € 16,466 thousand.

Note 27 Corporation tax

Breakdown of tax charge

(in € thousand)	December 31, 2012
Corporation tax	161 026
Adjustments relating to prior years	-
Provision for tax uncertainties & penalties	(6 333)
Other	1 042
Total current tax	155 735
Timing differences	(34 216)
Change in tax rate or new tax	-
Tax benefits relating to prior years	-
Other	(927)
Total differed tax	(35 143)
Total Corporation tax as reported in the income statement	120 592

Notes to the consolidated financial statements

Tax proof

Consolidated income before taxes	425 099	
Theoretical tax rate		34,43%
Tax at theoretical tax rate	-146 362	
Tax at effective tax rate	-120 592	28,37%
Difference	-25 770	6,06%
Impact of differences between group and local tax rates	29 047	-6,83%
o/w Swiss tax rate impact 17,5%	21 561	-5,07%
o/w German tax rate impact 32,28%	2 349	-0,55%
o/w German special tax rate impact 16,45% (Bürger)	1 374	-0,32%
o/w Polish tax rate impact 19%	-747	0,18%
o/w Italian basis tax rate impact 27,5%	1 136	-0,27%
o/w Other OE's tax rate impact	3 373	-0,79%
Local specific taxes	-4 247	1,00%
o/w CVAE - France	-2 238	0,53%
o/w IRAP - Italy	-853	0,20%
o/w German trade tax adjustment	727	-0,17%
o/w specific contribution - France	-1 883	0,44%
Restatement of the equity method net income impact	4 709	-1,11%
Prior years tax reappraisal (mainly Luxembourg, Germany and USA)	-4 294	1,01%
Non taxable local net income for the funds Euler, Euro Gestion & EH Real Estate	374	-0,09%
		0,00%
Utilization of Net Ordinary Losses previously unrecognized (Swiss Branch)	594	-0,14%
Utilization of Net Ordinary Losses previously unrecognized (EH Services)	365	-0,09%
Belgian notionnals interests	-247	0,06%
Net tax integration Boni - France	-947	0,22%
US State Taxes	-452	0,11%
Non deductible dividends in France (5%)	-2 782	0,65%
Tax impact of Hong Kong branch in Germany	-356	0,08%
Write back of provision for tax uncertainties	6 564	-1,54%

The tax proof provides an explanation of items making up the difference between the tax charge at the theoretical tax rate of 34.43%, i.e. the parent company's tax rate and the actual tax charge recorded in the consolidated income statement giving an effective tax rate of 28.37%.

The main variances are due to the difference between local tax rate of each entity and the Group tax rate, permanent differences reported by each entity, reduced rates and specific tax positions (mainly unrecognized tax losses).

Note 28 Earnings per share and dividend per share

Earnings per share

	Year ended December 31,	
	2012	2011
Distributable net income (in thousand of euros)	300 245	330 267
Weighted average number of ordinary shares before dilution	43 874 735	43 793 689
Earnings per share (in euros)	6,84	7,54
Distributable net income (in thousand of euros)	300 245	330 267
Weighted average number of ordinary shares after dilution	43 902 669	43 816 737
Diluted earnings per share (in euros)	6,84	7,54

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 27,934 in 2012 (23,048 in 2011).

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

Dividend per share

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

Notes to the consolidated financial statements

Note 29 Segment data

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

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

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

A pro forma segment analysis was realised further to the transfer of the Gulf countries activity, made in 2012, from the Asia Pacific region to the Mediterranean Countries and Africa region.

Profit & loss by segment - end December 2012

(in € thousand)										
Twelve months ended December 31, 2012										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	Group
Premiums written	659 744	373 452	478 189	265 109	244 205	68 725	1 350 067	-	(1 293 068)	2 146 423
Premiums refunded	(52 456)	(32 092)	(19 583)	(73)	(4 008)	(1 618)	(79 258)	-	77 044	(112 044)
Change in unearned premiums	(4 964)	(1 289)	(8 686)	(7 055)	(10 720)	(3 291)	1 390	-	(4 690)	(39 305)
Earned premiums - non-Group	602 324	340 071	449 920	257 981	229 477	63 816	1 272 199	-	(1 220 714)	1 995 074
Premium - related revenues - non-Group	174 627	73 608	74 646	63 015	36 514	15 889	-	37 692	(73 169)	402 822
Turnover - intra-sectoral	776 951	413 679	524 566	320 996	265 991	79 705	1 272 199	37 692	(1 293 683)	2 397 896
Investment income	36 355	27 211	11 368	6 042	10 709	(680)	24 201	228 496	(234 661)	109 041
<i>Of which, dividends</i>	<i>(1 202)</i>	<i>(1 319)</i>	<i>(110)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(1 540)</i>	<i>(228 653)</i>	<i>232 824</i>	<i>-</i>
Total ordinary income	813 306	440 890	535 934	327 038	276 700	79 025	1 296 400	266 188	(1 528 544)	2 506 937
Insurance services expenses	(387 447)	(158 085)	(241 647)	(136 597)	(61 860)	(44 823)	(655 526)	(8 708)	644 906	(1 049 787)
Outwards reinsurance expense	(390 469)	(224 609)	(317 286)	(188 970)	(167 219)	(46 418)	(536 486)	-	1 220 713	(650 744)
Outwards reinsurance income	403 587	195 591	271 377	152 568	107 563	51 667	474 996	-	(1 049 598)	607 751
Other income and expenses	(306 549)	(162 790)	(208 642)	(127 347)	(107 242)	(44 553)	(428 854)	(72 765)	477 860	(980 882)
Total other income and expenses	(680 878)	(349 893)	(496 198)	(300 346)	(228 758)	(84 127)	(1 145 870)	(81 473)	1 293 881	(2 073 662)
Ordinary operating income	132 428	90 997	39 736	26 692	47 942	(5 102)	150 530	184 715	(234 663)	433 275
Other operating income and expenses	(318)	(298)	(1 206)	(1 756)	(3 345)	-	-	(1 693)	-	(8 616)
Operating income	132 110	90 699	38 530	24 936	44 597	(5 102)	150 530	183 022	(234 663)	424 659
Financing expenses	(236)	(276)	(248)	(402)	(39)	(7)	(679)	(16 024)	4 313	(13 598)
Income from companies accounted for by the equity method	9 390	4 648	-	-	-	-	73	-	(73)	14 038
Corporation tax	(41 671)	(36 836)	(7 841)	(8 658)	(16 559)	1 011	(28 961)	18 949	(26)	(120 592)
Consolidated net income	99 593	58 235	30 441	15 876	27 999	(4 098)	120 963	185 947	(230 449)	304 507
a/w	-	-	-	-	-	-	-	-	-	-
Net income, Group share	96 323	58 020	30 441	15 099	27 999	(4 098)	120 963	185 947	(230 449)	300 245
Non controlling interests	3 270	215	-	777	-	-	-	-	-	4 262

Notes to the consolidated financial statements

Profit & loss by segment - end December 2011 published

(in € thousand)										
Twelve months ended December 31 2011										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	Group
Premiums written	649 422	378 520	446 024	240 184	200 990	62 137	1 176 616	-	(1 129 011)	2 024 882
Premiums refunded	(53 954)	(35 219)	(19 629)	(7 017)	(3 500)	(1 603)	(71 626)	-	70 195	(122 353)
Change in unearned premiums	7 548	(1 403)	2 893	(2 886)	(4 844)	(6 915)	(6 087)	-	5 311	(6 383)
Earned premiums - non-group	603 016	341 898	429 288	230 281	192 646	53 619	1 098 903	-	(1 053 505)	1 896 146
Premium-related revenues - non-group	170 150	74 593	68 143	54 904	31 163	16 579	-	24 389	(61 145)	378 776
Turnover - intra-sectoral	773 166	416 491	497 431	285 185	223 809	70 198	1 098 903	24 389	(1 114 650)	2 274 922
Investment income	34 362	37 169	12 389	5 551	9 385	2 050	20 181	168 278	(176 314)	113 051
<i>Of which, dividends</i>	(413)	-	-	-	-	-	-	(169 843)	170 256	-
Total ordinary income	807 528	453 660	509 820	290 736	233 194	72 248	1 119 084	192 667	(1 290 964)	2 387 973
Insurance services expense	(259 096)	(172 205)	(140 252)	(106 030)	(74 742)	430	(474 605)	-	440 142	(786 358)
Outwards reinsurance expense	(366 414)	(181 218)	(289 078)	(162 566)	(135 751)	(37 546)	(556 684)	-	1 053 506	(675 751)
Outwards reinsurance income	279 751	148 785	185 218	118 590	84 130	14 627	383 629	-	(741 475)	473 255
Other income and expense	(302 620)	(161 226)	(198 510)	(119 629)	(90 929)	(39 601)	(319 233)	(56 708)	361 076	(927 380)
Total other income and expense	(648 379)	(365 864)	(442 622)	(269 635)	(217 292)	(62 090)	(966 893)	(56 708)	1 113 249	(1 916 234)
Ordinary operating income	159 149	87 796	67 198	21 101	15 902	10 158	152 191	135 959	(177 715)	471 739
Other operating income and expense	1 415	-	(1 030)	(2 331)	-	-	-	(6 084)	-	(8 030)
Operating income	160 564	87 796	66 168	18 770	15 902	10 158	152 191	129 875	(177 715)	463 709
Financing expense	(199)	(109)	(362)	(340)	(6)	(10)	(487)	(19 861)	4 299	(17 075)
Income from companies accounted for by the equity method	12 208	4 829	-	-	-	-	-	-	-	17 037
Corporation tax	(56 984)	(31 504)	(17 138)	(9 378)	(7 841)	(1 067)	(24 441)	18 187	-	(130 166)
Consolidated net income	115 589	61 012	48 668	9 052	8 055	9 081	127 263	128 201	(173 416)	333 505
<i>o/w</i>	-	-	-	-	-	-	-	-	-	-
Net income, group share	112 577	60 679	48 668	9 159	8 055	9 081	127 263	128 201	(173 416)	330 267
Non controlling interests	3 012	333	-	(107)	-	-	-	-	-	3 238

Profit & loss by segment - end December 2011 pro forma

(in € thousand)										
Twelve months ended December 31 2011										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	Group
Premiums written	649 422	378 520	446 024	250 155	200 990	52 166	1 176 616	-	(1 129 011)	2 024 882
Premiums refunded	(53 954)	(35 219)	(19 629)	(7 017)	(3 500)	(1 603)	(71 626)	-	70 195	(122 353)
Change in unearned premiums	7 548	(1 403)	2 893	(2 964)	(4 844)	(6 837)	(6 087)	-	5 311	(6 383)
Earned premiums - non-group	603 016	341 898	429 288	240 175	192 646	43 725	1 098 903	-	(1 053 505)	1 896 146
Premium-related revenues - non-group	170 150	74 593	68 143	57 781	31 163	13 702	-	24 389	(61 145)	378 776
Turnover - intra-sectoral	773 166	416 491	497 431	297 956	223 809	57 427	1 098 903	24 389	(1 114 650)	2 274 922
Investment income	34 362	37 169	12 389	5 551	9 385	2 050	20 181	168 278	(176 314)	113 051
<i>Of which, dividends</i>	(413)	-	-	-	-	-	-	(169 843)	170 256	-
Total ordinary income	807 528	453 660	509 820	303 507	233 194	59 477	1 119 084	192 667	(1 290 964)	2 387 973
Insurance services expense	(259 096)	(172 205)	(140 252)	(106 565)	(74 742)	965	(474 605)	-	440 142	(786 358)
Outwards reinsurance expense	(366 414)	(181 218)	(289 078)	(169 010)	(135 751)	(31 102)	(556 684)	-	1 053 506	(675 751)
Outwards reinsurance income	279 751	148 785	185 218	120 784	84 130	12 433	383 629	-	(741 475)	473 255
Other income and expense	(302 620)	(161 226)	(198 510)	(124 550)	(90 929)	(34 680)	(319 233)	(56 708)	361 076	(927 380)
Total other income and expense	(648 379)	(365 864)	(442 622)	(279 341)	(217 292)	(52 384)	(966 893)	(56 708)	1 113 249	(1 916 234)
Ordinary operating income	159 149	87 796	67 198	24 165	15 902	7 094	152 191	135 959	(177 715)	471 739
Other operating income and expense	1 415	-	(1 030)	(2 331)	-	-	-	(6 084)	-	(8 030)
Operating income	160 564	87 796	66 168	21 834	15 902	7 094	152 191	129 875	(177 715)	463 709
Financing expense	(199)	(109)	(362)	(340)	(6)	(10)	(487)	(19 861)	4 299	(17 075)
Income from companies accounted for by the equity method	12 208	4 829	-	-	-	-	-	-	-	17 037
Corporation tax	(56 984)	(31 504)	(17 138)	(9 378)	(7 841)	(1 067)	(24 441)	18 187	-	(130 166)
Consolidated net income	115 589	61 012	48 668	12 116	8 055	6 017	127 263	128 201	(173 416)	333 505
<i>o/w</i>	-	-	-	-	-	-	-	-	-	-
Net income, group share	112 577	60 679	48 668	12 223	8 055	6 017	127 263	128 201	(173 416)	330 267
Non controlling interests	3 012	333	-	(107)	-	-	-	-	-	3 238

Depreciation, amortisation and provisions by segment

(in € thousand)										
Twelve months ended December 31, 2012										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	280	(3 048)	(32)	(654)	46	26	12	(769)	-	(4 139)

(in € thousand)										
Twelve months ended December 31 2011										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(126)	(3 343)	(67)	(2 656)	15	(3)	(4)	(463)	-	(6 647)

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

Notes to the consolidated financial statements

Balance sheet by segment - end December 2012

(in € thousand)										
December 31, 2012										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP
Goodwill	-	-	64 360	7 803	28 898	3 288	-	(2)	-	104 347
Other intangible assets	38 141	15 991	8 596	6 840	1 648	1 072	919	7 028	(3 669)	76 566
Investments - insurance businesses	622 449	831 376	188 533	49 215	84 557	36 060	740 944	1 722 514	(444 945)	3 830 703
Investments accounted for by the equity method	76 001	39 500	-	-	-	-	17 564	(1)	(17 564)	115 500
Share of assignees and reinsurers in the technical reserves and financial liabilities	225 261	131 553	252 847	194 339	96 734	50 814	241 249	110	(693 957)	498 950
Insurance and reinsurance receivables	58 751	70 307	234 324	71 454	72 982	17 801	285 725	(39)	(208 351)	602 954
Other assets	302 941	151 177	262 470	257 013	80 547	(31 729)	58 225	126 216	(371 723)	835 137
Total assets	1 323 544	1 239 903	1 011 130	586 664	365 366	77 306	1 344 627	1 855 826	(1 740 209)	6 064 157
Technical reserves	507 113	270 543	476 228	345 946	236 501	71 384	722 857	48	(699 974)	1 930 646
Liabilities related to inwards insurance and reinsurance transactions	11 319	66 927	53 271	23 426	7 172	3 361	82 665	1 772	(66 004)	183 909
Liabilities related to outwards reinsurance transactions	25 276	7 882	70 362	36 626	21 795	450	131 123	-	(145 417)	148 097
Other liabilities	380 923	267 854	277 716	156 189	44 512	9 154	36 374	636 581	(542 798)	1 266 505
Total liabilities	924 631	613 206	877 577	562 187	309 980	84 349	973 019	638 401	(1 454 193)	3 529 157

Balance sheet by segment - end December 2011 published

(in € thousand)										
December 31, 2011										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	Group
Goodwill	-	-	65 688	7 803	32 768	3 148	-	-	-	109 407
Other intangible assets	34 056	12 555	5 875	4 204	3 035	976	1 455	11 222	(3 666)	69 712
Investments - insurance businesses	632 647	752 388	75 153	136 698	90 359	8 689	443 066	1 693 376	(264 582)	3 567 794
Investments accounted for by the equity method	70 027	35 169	-	-	-	-	-	-	-	105 196
Share of assignees and reinsurers in the technical reserves and financial liabilities	274 010	103 386	231 048	180 572	90 164	32 708	315 231	-	(681 158)	545 961
Insurance and reinsurance receivables	73 340	75 449	187 148	63 703	64 052	26 636	214 896	-	(170 097)	535 127
Other assets	278 645	145 537	169 670	93 082	74 728	(10 724)	74 285	167 225	(107 535)	884 913
Total assets	1 362 725	1 124 484	734 582	486 062	355 106	61 433	1 048 933	1 871 823	(1 227 038)	5 818 110
Technical reserves	523 314	272 544	448 935	349 071	229 151	52 809	720 533	-	(697 092)	1 899 265
Liabilities related to inwards insurance and reinsurance transactions	17 171	67 631	45 990	23 904	4 184	4 333	109 034	1 370	(56 605)	217 012
Liabilities related to outwards reinsurance transactions	18 515	11 874	38 729	34 800	16 060	285	73 594	-	(89 316)	104 541
Other liabilities	426 832	262 720	110 810	79 323	50 603	9 808	23 629	653 649	(315 961)	1 301 413
Total liabilities	985 832	614 769	644 464	487 098	299 998	67 235	926 790	655 019	(1 158 974)	3 522 231

Balance sheet by segment - end December 2011 pro forma

(in € thousand)										
December 31, 2011										
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP
Goodwill	-	-	65 688	7 803	32 768	3 148	-	-	-	109 407
Other intangible assets	34 056	12 555	5 875	4 204	3 035	976	1 455	11 222	(3 666)	69 712
Investments - insurance businesses	632 647	752 388	75 153	136 698	90 359	8 689	443 066	1 693 376	(264 582)	3 567 794
Investments accounted for by the equity method	70 027	35 169	-	-	-	-	-	-	-	105 196
Share of assignees and reinsurers in the technical reserves and financial liabilities	274 010	103 386	231 048	185 067	90 164	28 213	315 231	-	(681 158)	545 961
Insurance and reinsurance receivables	73 340	75 449	187 148	64 207	64 052	26 132	214 896	-	(170 097)	535 127
Other assets	278 645	145 537	169 670	93 330	74 728	(10 972)	74 285	167 225	(107 535)	884 913
Total assets	1 362 725	1 124 484	734 582	491 309	355 106	56 186	1 048 933	1 871 823	(1 227 038)	5 818 110
Technical reserves	523 314	272 544	448 935	357 005	229 151	44 875	720 533	-	(697 092)	1 899 265
Liabilities related to inwards insurance and reinsurance transactions	17 171	67 631	45 990	23 904	4 184	4 333	109 034	1 370	(56 605)	217 012
Liabilities related to outwards reinsurance transactions	18 515	11 874	38 729	34 800	16 060	285	73 594	-	(89 316)	104 541
Other liabilities	426 832	262 720	110 810	79 323	50 603	9 808	23 629	653 649	(315 961)	1 301 413
Total liabilities	985 832	614 769	644 464	495 032	299 998	59 301	926 790	655 019	(1 158 974)	3 522 231

Notes to the consolidated financial statements

Note 30 Related parties

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

	Number of shares	%
Allianz SA	26 864 230	59,42%
Allianz Vie	3 879 818	8,58%
Treasury shares	1 261 544	2,79%
Sub-total	32 005 592	70,79%
Public (bearer securities)	13 207 135	29,21%
Total	45 212 727	100,00%

Transactions

(in € thousand)	Twelve months ended December 31,							
	2012				2011			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating income	49 353	-	-	28 474	48 749	-	-	26 296
Insurance services expenses	(32 834)	-	-	(13 587)	(14 697)	-	-	(18 327)
Net income or expense on reinsurance	(23 144)	-	-	(64)	(74 255)	-	-	(146)
Financing expenses	-	(5 545)	-	-	-	(5 530)	(2 705)	-
Other financial net incomes	(9 269)	-	-	(9 327)	(12 582)	-	-	(6 990)

Receivables and liabilities

(in € thousand)	December 31, 2012				December 31, 2011			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Financial Investments (Allianz SE bond)	160 000	-	-	-	160 000	-	-	-
Current accounts (accrued interests included)	33 930	-	-	3	(41 112)	-	(1 207)	1 817
Net operating receivables	841	-	-	669	2 525	-	-	763
Borrowings (accrued interests included)	-	137 879	-	-	-	137 879	-	-
Operating liabilities	(6 552)	-	(218)	355	(3 018)	-	-	274

The following entities invested in Allianz SE 14-month corporate bonds for a total amount of €160 million:

- Euler Hermes Reinsurance AG;
- Euler Hermes Deutschland AG;
- Euler Hermes France.

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

Borrowings mainly correspond to a loan contracted in 2010 with Allianz Belgium for €135 million with maturity planned for June 24th, 2020, at a fixed annual interest rate of 4.04 %.

Remuneration of senior executives

(in € thousand)	Year ended December 31,	
	2012	2011
Salaries and other short term benefits for the year	5 111	6 108
Capital gain from SAR/RSU exercise	-	-
Benefits in kind	374	105
Other indemnities	1 669	1 435
Total	7 154	7 648

Share-based attribution (number)

- Euler Hermes options & LTI EH	-	-
- AEI (ex RSU)	23 811	21 772

Details related to the stock-options plans are mentioned in note 31.

Notes to the consolidated financial statements

As of the date of this Registration Document, all members of the Group Management Board are eligible for severance compensation in the event of termination under the conditions approved by the Shareholders' Meeting of May 25, 2012.

Severance compensation is not due if the executive leaves the Company at his or her own initiative, changes jobs within the Euler Hermes Group or is eligible for retirement shortly thereafter.

Severance compensation is contingent on meeting the following performance criteria:

- 75% of annual targets as assessed over at least two of the last three years prior to termination. For officers who have been in office for less than three years, the calculation of the 75% target is based on the last year or the last two years if applicable;
- an average combined ratio of 95% or less for the three years preceding the termination.

If both of these conditions are met, the severance payment is due in full. If only one of the above conditions is met, 50% of the severance payment is due.

The amount of any severance compensation may not exceed two years' compensation (fixed and variable).

As of the date of this Registration Document, no members of the Management Board were covered by a non-compete clause.

No Group Management Board member is eligible for a defined-benefit supplementary pension plan (top hat scheme or retraite chapeau).

In addition to being eligible for the AGIRC-ARRCO supplementary pension plan, Nicolas Hein, Dirk Oevermann and Frédéric Bizière are eligible for a supplementary defined-contribution pension plan managed by AG2R/ARIAL Assurances. In 2012, a charge of €19.4 thousand each was booked for this plan for Nicolas Hein, Dirk Oevermann and Frédéric Bizière.

Wilfried Verstraete and Gerd-Uwe Baden are eligible for the Allianz Group supplementary defined-contribution retirement plan for senior executives. In 2012, charges booked for this plan amounted to €167 thousand for Wilfried Verstraete and €217 thousand for Gerd-Uwe Baden.

Members of the Supervisory Board

(in € thousand)	Year ended December 31,	
	2012	2011
Remuneration owed in conformance with the social mandate (money order) Euler Hermes	180	161

Note 31 Stock option plans

Euler Hermes stock option plans

Characteristics of the stock option plans

Euler Hermes uses the "Cox-Ross-Rubinstein" model to measure the personnel expense related to options granted.

The assumptions used were as follows:

	Subscription plans		Purchase plans		
	July-04	June-05	September-06	June-08	
Fair value of options allocated	11,66	13,10	22,29	6,83	
Characteristics					
	Date of EGM	23/04/2003	23/04/2003	22/05/2006	22/05/2006
	Period of validity of options	8 years	8 years	8 years	8 years
	Rights vesting period	2 years	2 years	2 years	2 years
Assumptions					
	Risk-free interest rate	4,16%	3,01%	4,01%	4,72%
	Expected volatility (1)	30%	25%	25%	33%
	Rate of return on shares	4,14%	3,98%	3,74%	10,51%

(1) Expected volatility is calculated using historical market prices

Notes to the consolidated financial statements

Sundry restrictions

- Subscription plans adopted by the EGM of April 23rd, 2003.
The beneficiaries must have six months of service with the company on the allocation date. They may be on permanent or fixed-term contracts. The shares obtained by the exercise of the options are registered in the shareholder's name. They can be transferred freely after an initial period of four years as from the allocation date. This period of unavailability does not apply in certain cases such as loss of employment, retirement, incapacity or death of the beneficiary.
- Purchase plans adopted by the EGM of April 23rd, 2003
The beneficiaries of the scheme are all the employees and corporate officers of Euler Hermes SA and its subsidiaries, with permanent or fixed-term employment contracts and at least six months length of service on the options allocation date. The shares purchased are transferable either immediately or after a period of four years from the date of the offer (except in the case of event of loss of employment, retirement, incapacity or death), depending on the country.
- Mixed plans adopted by the EGM of May 22nd, 2006
The beneficiaries of the scheme are all the employees and corporate officers of Euler Hermes SA and of more than 50%-owned subsidiaries, with permanent or fixed-term employment contracts and at least six months length of service on the options allocation date. The options may be freely exercised after a period of four years from the date of the offer, other than as provided for by article 91 ter of Appendix II to the French General Tax Code (loss of employment, retirement, incapacity or death), depending on the country.

Information on plans currently in effect

As at December 31st, 2012, the following options are potentially exercisable:

Allocation date	Subscription plans (1)		Purchase plans (2)	
	July-04	June-05	September-06	June-08
Number of options outstanding	-	143 050	151 400	123 300
End of subscription period	July-12	June-13	September-14	June-16
Exercise price of valid options at end of period	44,41	63,08	91,82	55,67

- (1) These subscriptions plans are intended for members of the management bodies of Euler Hermes and its subsidiaries.
- (2) The EGM of May 22nd, 2006 authorised the allocation of share purchase and/or subscription options to all Euler Hermes Group employees and possibly to its corporate officers. The options granted in September 2006 were purchase options only. The Group Management Board of June 20th, 2008 approved the request from the Supervisory Board of June 15th, 2008 related to the granting of a purchase plan (authorised by the Combined Shareholder's Meeting of May 22nd, 2006).

Notes to the consolidated financial statements

Transactions under the share option plans since January 1st, 2011 may be summarised as follows:

Year ended December 31, 2012					
	Average exercise price (€)	Number of options	Average price of EH share on exercise dates (€)	Average residual term (years)	Exercise price range of options still outstanding at end of period (€)
Start of period	67,90	480 383	-	-	-
Allocation	-	-	-	-	-
Fiscal Year	45,21	57 350	45,21	-	-
Cancellation	44,41	5 283	-	-	-
End of period	71,31	417 750	-	1,80	44,41-91,82

Year ended December 31, 2011					
	Average exercise price (€)	Number of options	Average price of EH share on exercise dates (€)	Average residual term (years)	Exercise price range of options still outstanding at end of period (€)
Start of period	64,01	545 028	-	-	-
Allocation	-	-	-	-	-
Fiscal Year	34,66	58 545	34,66	-	-
Cancellation	39,20	6 100	-	-	-
End of period	67,90	480 383	-	2,53	44,41-91,82

Allianz Group Equity Incentive plans

The schemes set in place under the Allianz Group Equity Incentives plan concern executives of Allianz and its subsidiaries worldwide. Starting in 1999, Allianz issued Stock Appreciation Rights (SAR) whose remuneration is entirely and directly a function of Allianz's share price performance. In 2003, Allianz issued Restricted Stock Units (RSU) with a vesting period of five years (except for the March 2011 and March 2012 plans, 4 years). The remuneration is granted by each entity concerned in accordance with the conditions set by Allianz. The reference price of SAR and RSU for the remuneration of the beneficiaries is the average trading price of Allianz shares over the ten trading days immediately preceding Allianz's Annual Shareholders' meeting.

Characteristics of the SAR and RSU plans

(in € thousand)	SAR Plans						Total
	18-May-05	17-May-06	08-Mar-07	06-Mar-08	12-Mar-09	11-Mar-10	
Fair value at 31 December 2012 (in euros)	-	0,01	0,09	5,44	52,58	19,87	
Total commitment	-	-	2	134	822	606	1 564
Opening commitment	26	10	2	46	246	90	420
Charge recognised during the period	-26	-10	-	89	540	360	953
Exercise of options	-	-	-	-	-8	-	-8
Closing commitment	-	-	2	134	778	450	1 364

(in € thousand)	RSU Plans						Total
	8-Mar-07	6-Mar-08	12-Mar-09	11-Mar-10	10-Mar-11	8-Mar-12	
Fair value at 31 December 2012 (in euros)	-	104,80	100,30	95,42	95,42	90,42	
Total commitment	-	1 256	770	1 444	2 069	2 479	8 017
Opening commitment	965	663	279	436	503	-	2 846
Charge recognised during the period	169	566	301	476	667	869	3 049
Exercise of options	-1 134	-24	-15	-39	-51	-	-1 263
Closing commitment	-	1 205	566	874	1 120	869	4 632

SAR

After a vesting period of two years (except for the March 2009 and March 2010 plans, 4 years), the SAR can be exercised at any time between the second anniversary date and the seventh anniversary date under the following conditions:

- if the Allianz share price exceeds the reference price by at least 20% on the exercise date;
- if during the contractual period, the Allianz share price outperformed the Dow Jones index at least once for a period of five consecutive days;

If these conditions are met, the Allianz Group companies must pay in cash the difference between the reference price and the Allianz share price on the exercise date.

Notes to the consolidated financial statements

RSU

On the exercise date, after a five-year vesting period (except for the March 2011 and March 2012 plans, 4 years), Allianz can choose to remunerate the RSU in cash or to allocate Allianz shares or other securities granting access to the capital. If it opts for a cash remuneration, payment will be made based on the average price of the Allianz share over the ten trading days prior to the end of the vesting period.

Impact on the consolidated financial statements as of December 31st, 2012

The fair value of the liabilities resulting from the SAR and RSU 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. The charge is recognised as the rights are vested, and is thus spread over two years for the SAR (except for March 2009 and March 2010 plan, 4 years) and five years for the RSU, (except for the March 2011 and March 2012 plan, 4 years). At December 31st, 2012, the liability relating to the SAR and RSU still to be exercised amounted to € 5, 997 thousand.

Information on plans currently in effect

Allocation date	Rights vesting period (years)	Reference price (€)	SAR					RSU						
			SAR at the opening	SAR granted	SAR cancelled	SAR exercised	SAR transferred	Rights vesting period (years)	RSU granted	RSU at the opening	RSU cancelled	RSU exercised	RSU transferred	
18/05/05	2	92,87	34 190	-	-	31 612	-	2 578	-	-	-	-	-	-
17/05/06	2	132,41	33 288	-	-	-	-	4 242	-	-	-	-	-	-
08/03/07	2	160,13	27 062	-	-	-	-	2 024	5	13 619	-	-	12 600	1 019
06/03/08	2	117,38	26 436	-	-	672	-	1 064	5	12 826	-	-	326	517
12/03/09	4	51,95	16 452	-	-	-	324	494	5	8 081	-	-	159	243
11/03/10	4	87,36	32 629	-	-	1 053	-	1 095	5	18 197	-	-	523	543
10/03/11	-	-	-	-	-	-	-	-	4	23 510	-	-	627	1 205
08/03/12	-	-	-	-	-	-	-	-	4	-	27 502	87	-	-

Euler Hermes Group Long-Term Incentive plans

In 2011, a first Euler Hermes Group Long-Term Incentive (LTI) plan was implemented and a second one in March 2012. The beneficiaries of the scheme are employees and members of the "Group Management Board" of Euler Hermes (under Allianz classification L0, L1 and L2). The Euler Hermes Long-Term Incentive is a variable, long-term equity based plan providing an opportunity for executives and key employees to benefit from Euler Hermes' success over the long-term.

The general rules of granting, capping (200% share price growth) and paying out are identical to Allianz Group Equity Incentive Plan rules.

Characteristics of EH RSU plan

(in € thousand)	EH RSU plans		
	1-Mar-11	1-Mar-12	Total
Fair value at December 31, 2012	65,82	65,82	
Total commitment	3 464	5 130	8 594
Opening commitment	954	-	954
Charge recognised during the period	1 073	1 885	2 958
Exercise of options	-	-	-
Closing commitment	2 027	1 885	3 912

EH RSU

The EH LTI is granted in the form of RSU (Restricted Stock Units) of Euler Hermes with a four-years vesting period at the allocation date.

RSU are allocated on the basis of a common Grant Price. This is calculated as the arithmetic average of the Euronext trading closing prices of the Euler Hermes Stock over the ten trading days following the Euler Hermes financial press conference prior to and including the allocation date.

The number of RSU granted to the participants equals the EH LTI allocation value divided by the fair value at allocation of a single RSU. The first EH RSUs were granted as of March 1st, 2011, the second as of March 1st, 2012.

Notes to the consolidated financial statements

After the Vesting Date of the EH RSU (March 2015 for the first EH RSU granted and 2016 for the second plan), each participant will receive from the Company for each EH RSU, as elected by the Company, either

- one Euler Hermes share (“Share Settlement”) or
- a cash payment in the amount of the average market value of the Euler Hermes share on the Vesting Date (“Cash Settlement”).

In both cases, the payout is calculated on Euler Hermes share price at the end of the vesting period.

Information on plans currently in effect:

Allocation date	Year ended December 31, 2012					
	EH RSU					
	Rights vesting period (in years)	RSU at the opening	RSU granted	RSU cancelled	RSU exercised	RSU transferred
01/03/11	4	54 144	-	-	1 512	-
01/03/12	4	-	77 936	-	-	-

The attribution to the Group Management Board is as follows:

- RSU Allianz 8 699
- RSU Euler Hermes 15 112

The RSU fair value impact amounting to €1,432 thousand was reallocated to financing expense.

Note 32 Group Employees (Contracted headcount)

	31 december 2012	31 Décembre 2011
Germany & Switzerland	1912	1959
France	939	950
Northern Europe	1329	1342
Mediterranean Countries & Africa	581	570
America	478	549
Asia Pacific	218	192
Captive of reinsurance	11	9
Service Group	809	594
Total Euler Hermes Group	6277	6165

Staff costs totalled €506.1 million for the year ended December 31st, 2012 against €473.5 million in 2011. Remuneration paid to members of the Group Management Board during the year came to € 7,154 thousand.

The staff numbers shown correspond to the contracted headcount. For companies consolidated using the proportional method, the headcount shown is based on the proportion of the Company included in the consolidated financial statements (concerns only N.V. Interpolis Kreditverzekeringen). The headcount of companies accounted for by the equity method is not taken into account.

Notes to the consolidated financial statements

Note 33 Commitments given and received

(in € thousand)	December 31, 2012	December 31, 2011
Commitments received	8 825	9 462
* Deposits, sureties and other guarantees	8 825	9 462
Commitments given	102 810	107 292
* Deposits, sureties and other guarantees	102 810	107 292
<i>o/w</i> - Commitments to Citibank	50 000	50 000
- Commitments to Société Générale	37 925	38 643
- Commitments to InvestitionsBank Landes Brandenburg	1 857	
- Commitments associated with membership of an EIG	180	51

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

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

Note 34 Auditors' fees

(in € thousand)	KPMG Audit FS II				ACE			
	Amount		%		Amount		%	
	2012	2011	2012	2011	2012	2011	2012	2011
Audit								
o Statutory audit and report on company and consolidated financial statements								
- Issuer	354	354	10%	10%	186	182	45%	44%
- Fully-consolidated subsidiaries	2 888	2 567	80%	73%	212	212	51%	51%
o Other services directly related to appointment as statutory auditor								
- Issuer	87	161	2%	5%	19	19	5%	5%
- Fully-consolidated subsidiaries	125	216	3%	6%				
Sub total	3 454	3 298	95%	94%	417	413	100%	100%
Other services provided to fully-consolidated subsidiaries								
o Legal, tax and social	69	35	2%	1%				
o IT	13	15	0%	0%				
o Strategy	27	150	1%	4%				
o Human resources								
o Other	55	5	2%	0%				
Sub total	163	206	5%	6%				
TOTAL	3 618	3 504	100%	100%	417	413	100%	100%

Note 35 Subsequent events

No subsequent events occurred since December 31st, 2012 closing which would impact the assumptions of the annual closing.

Note 36 Risk Management

The paragraphs from the Risk Management 4.2 to 4.2.5 are part of the Group financial statements. They are included in the section 4 "Major risk factors and their management within the Group" of this Registration Document.