RISK MANAGEMENT | CREDIT INSURANCE | DEBT COLLECTION

2011 Registration Document

ANNUAL FINANCIAL REPORT INCLUDED

EULER HERMES
Our knowledge serving your success

A company of Allianz

SUMMARY

Profile

Securing business growth for companies around the globe

Euler Hermes, the world's leading provider of trade related insurance solutions, helps its customers around the globe to rade wisely and develop their business safely. Unrivalled in its financial solidity, risk-analysis and integrated global structure, the Group provides companies of all sizes both at home and abroad, with the knowledge and support they need to navigate the changing economic environment and successfully manage their trade receivables.

€2,275 millions
Turnover

70.0%
Net combined ratio

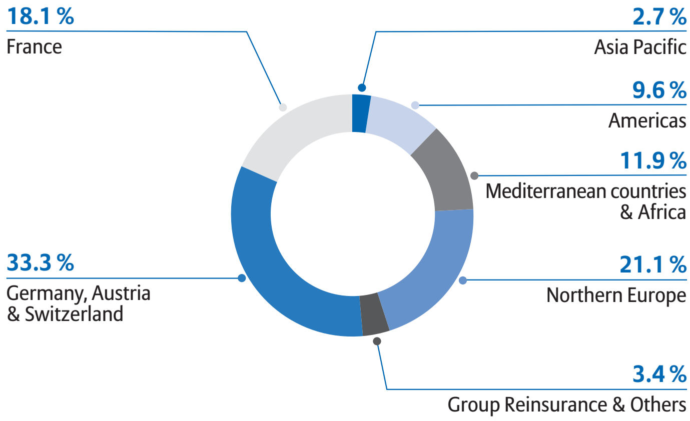
€330 millions
Net income

15%
Return on equity

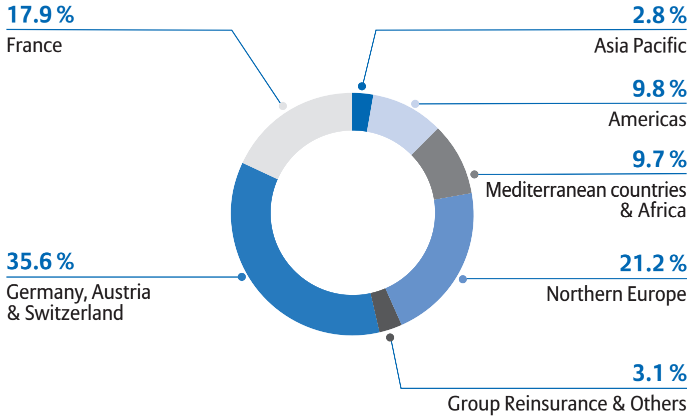
Key figures

BREAKDOWN OF TURNOVER BY REGION

AS OF DECEMBER 31, 2011



AS OF DECEMBER 31, 2010



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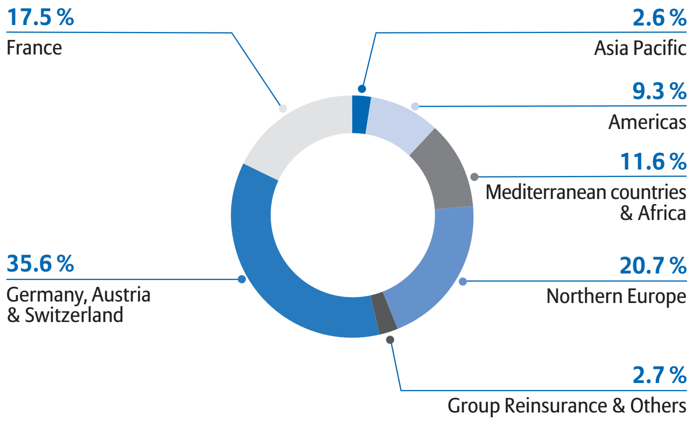
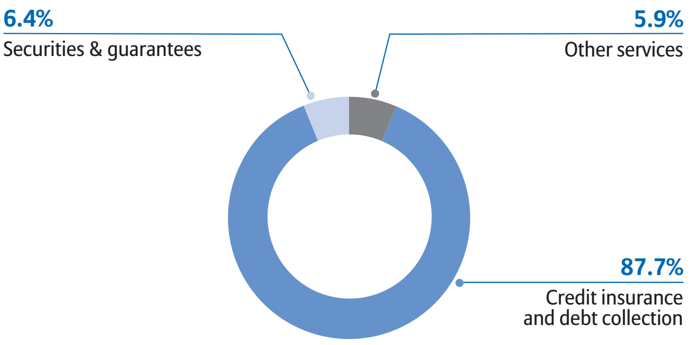


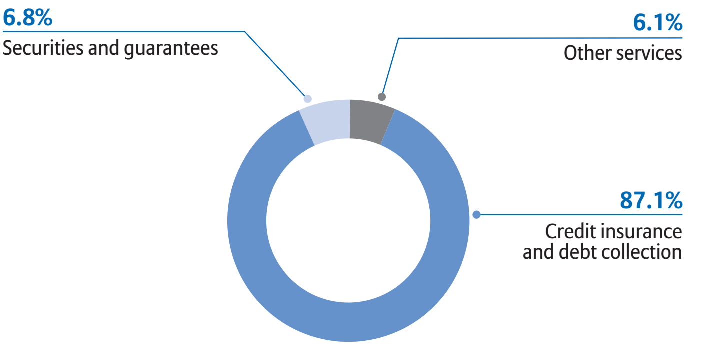
Key figures

BREAKDOWN OF TURNOVER BY LINE OF BUSINESS

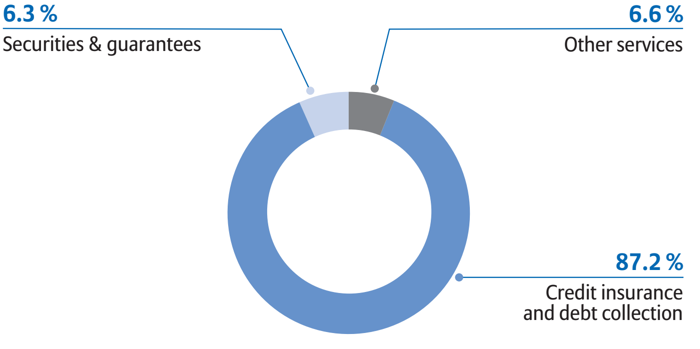
AS OF DECEMBER 31, 2011



AS OF DECEMBER 31, 2010



AS OF DECEMBER, 2009



Simplified statements over 5 years

	2011	2010	2009	2008	2007
Consolidated income statement					
Turnover (1)	2,274,922	2,147,734	2,085,711	2,166,451	2,099,448
Technical result (2)	358,688	348,625	(64,783)	35,560	392,531
Ordinary operating income	471,739	471,873	83,627	168,500	577,690
Operating income	463,709	388,930	74,771	168,500	577,690
Net income, Group share	330,267	294,452	18,988	83,592	406,958
Minority interests	3,238	3,331	4,153	4,498	4,006
Consolidated statement of financial position					
Total assets	5,818,110	5,659,182	5,149,953	5,057,095	4,887,546
Shareholder's equity, Group share	2,277,877	2,130,421	1,795,779	1,834,957	2,058,741
Minority interests	18,002	18,015	20,698	20,328	19,179
Share information					
Earnings per share	7.54	6.74	0.43	1.92	9.33
Diluted earnings per share	7.54	6.73	0.43	1.92	9.30
Dividend per share	4.40	4.00	-	1.50	4.00
Total dividend paid / to be paid	198,702	180,411	-	65,273	174,193
Other data					
Combined ratio after reinsurance	70.0%	68.7%	104.7%	97.2%	67.9%
Group employees	6,165	6,204	6,201	5,767	5,540

(1) The turnover comprises the earned premiums and the premiums-related revenues.
(2) The technical result is used as a key financial indicator by Euler Hermes group to assess the performance of its business segment.

EULER HERMES
Our knowledge serving your success

2011 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT INCLUDED

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

A POSTERIORI CONTROL

This Registration Document was filed with the Autorité des Marchés Financiers on April 13, 2012 under filing number D. 12-0341 in accordance with Article 212-13 of its general regulations. It may be used in support of a financial transaction if it is supplemented by a transaction memorandum certified by the Autorité des Marchés Financiers. This document was drawn up by the issuer and establishes the liability of its signatories.

Copies of this Registration Document are available free of charge at Euler Hermes' headquarters.

Interview with the Chairman of the Euler Hermes Group Management Board

WILFRIED VERSTRAETE

In 2011, we were able to serve our customers even more effectively, whilst maintaining an excellent technical result

The Chairman of the Euler Hermes Group Management Board's overview of 2011 and presentation of the Group's strategy for 2012.

How would you sum up the global economy in 2011?

The 2011 financial year was marked by significant volatility, which increased from summer onward. All eyes were on the eurozone crisis, which masked the structural difficulties faced by the United States. The downturn was particularly sharp in these two regions, although the US seems to have regained a positive footing. The emerging countries also experienced a slowdown in growth, so they did not come out of 2011 unscathed either.

Although it would be unwise to make any medium-term predictions, regardless of the region, it is clear that the sovereign debt crisis will lead to a fall in buying power caused by a rise in taxes and/or a reduction in social benefits. The ensuing fall in household consumption will affect many business sectors.

Nevertheless, the number of claims has not increased as much as feared. Many companies have learned the lessons of the 2008-09 crisis: they have restructured, enhanced the flexibility of their production costs and diversified their sources of financing. They are thus better prepared for the new crisis coming over the horizon. However, if the economic environment continues to deteriorate, the rise in claims will accelerate.

How would you sum up Euler Hermes' performance in 2011?

With a higher operating income than in 2010, the Group's financial performance was very good and proved that we were able to serve our customers even more effectively in terms of risk acceptance, whilst maintaining an excellent technical result.

Turnover increased by 5.9%, boosted by a large amount of new business – particularly in France and Southern Europe – and by growth in our activities in emerging countries. In contrast, the strong pressure on prices we encountered in Germany prompted us to be more selective in our risk underwriting. The defense of our rates is a priority and we remain convinced that our risk underwriting discipline is the correct long-term strategy.

Our claims rate held up well in 2011, owing to our greater discipline in risk underwriting and higher positive run-offs than in previous years. The increase in our new risk acceptance rate, combined with companies' deteriorating situation following the crises in the eurozone and the US, is causing the number of claims to rise. This change is something we had anticipated.

Finally, 2011 confirmed the pertinence of our strategy and the financial solidity of our Group.

What were the highlights in 2011 for Euler Hermes?

We tied up and strengthened partnerships to develop our operations. HSBC reconfirmed our status as a 'preferred strategic partner', whilst our operational partnerships in the Gulf States, Mexico and Brazil produced results. We joined forces with China Pacific Insurance (Group) Co., one of the largest insurance companies in China, and signed a memorandum of understanding with Mapfre, Spain's insurance market leader, to jointly develop our activities in Latin America, Portugal and Spain.

Meanwhile, in February we launched a subsidiary in Turkey, which delivered excellent results in its first year.

We ended the year by streamlining our legal structure in Europe, where we now operate through three insurance companies in France, Germany and Belgium.

What did you do for your customers in 2011?

Last year was the first full year of the implementation of our Excellence strategic plan, which is entirely focused on our customers. We launched a number of initiatives to get to know them better and serve them more effectively. We now provide the same segmentation and service model for our customers throughout the Group. Our customer relations management tool (CRM), which is currently undergoing deployment, is already being used to manage two-thirds of our policyholders. Our Advisory and Solution departments, the first points of entry for our customers, provide quick answers to their questions and expert recommendations. The "ticketing" system we have made available to the people working in these departments provides them with a consolidated view of our customers and allows them to manage their files and track our interactions with them.

These new tools would be ineffective without the commitment and involvement of all of our employees. A project with the ambition of Excellence can only succeed if our employees believe fully in the pertinence of the strategy, and the agreements we have reached with social partners in our subsidiaries are testament to this. In a further example of the efforts undertaken by our employees, our 1,500 risk specialists across the world are now tasked with joining together with our sales teams to meet with our customers. In 2011, 77% of our policyholders were contacted in this way. This proactive approach is crucial for supporting them in the best possible way, especially in the ever-changing environment in which we operate.

At the same time, we are working on transforming and harmonizing our contract management activities as part of a Group-wide project. We have remodeled the organization of our Group and its processes. Our new structure, shaped by the Excellence plan, allows us to be better prepared for future challenges as we are more integrated, closer to our customers and therefore more responsive. We are now in the best possible position to manage the volatility of our business, which is a real asset in the current economic climate.

What are your priorities and challenges for 2012?

We want to strengthen our position as the credit insurer with the closest relationship to its customers, supporting them through the turmoil that awaits in 2012 and perhaps beyond. This year will be a turbulent one in which vigilance will be the watchword. We will pull out all the stops to take full advantage of the interest companies are showing in our credit insurance solutions. Both our customers and uninsured businesses have a heightened sense of risk.

We shall continue to implement our strategy based on preserving the link between the risks we underwrite and our prices. This is an essential condition for maintaining our insurance cover and supporting our customers effectively. In this context, our business should continue to grow in 2012, even if it is hard to foresee how our customers' turnover will change.

Any final words?

Yes – I would like to pay tribute to our teams. Euler Hermes' employees took on and handled a large number of changes and projects in 2011, in an increasingly volatile and difficult external environment. Their tremendous ability to adapt, their superb professionalism and their exceptional commitment allowed our Group to deliver an excellent performance in 2011, continuing the trend of previous years. The excellent quality of our teams, together with the new structure of our Group, allows us to stride confidently into 2012.

Wilfried VERSTRAETE

Chairman of the Group Management Board

Message from the Chairman of the Euler Hermes Supervisory Board

CLEMENT B. BOOTH

> Euler Hermes stays fully focussed on providing stability to its clients in times of instability

In a period of great market volatility, Euler Hermes achieved robust results. Its good performance enabled the Group to provide continuous high levels of trade risk coverage to clients and further enhance its competitive position.

The Euler Hermes Supervisory Board worked alongside the Board of Management to guide the Company through volatile and difficult times. It supported the Board of Management in driving the Euler Hermes' transformation process to take the Group to the next level and navigate the crisis successfully.

2011 results

Despite a more troubled environment during the last quarter, Euler Hermes delivered robust results in 2011, in line with the plans set out for the year. It recorded a consolidated turnover of €2,275 million, up 6%, a net income of €330 million, up 12%. Total shareholder return amounted to 15%. Euler Hermes' "best in industry" results justified the confidence placed in it by shareholders, even in a year of strong market volatility.

Thanks to Euler Hermes' customer-centric organization, market leadership and flexible business model, the Group was able to adapt quickly to the complex market environment and stay fully engaged with clients, demonstrated by an increase in trade receivable coverage compared to the previous year.

A clear understanding of customers' needs, together with solid company infrastructure and financial strength, allowed Euler Hermes to further enhance its competitive position. As the recognized credit insurance market leader and by way of its cross-collaboration with other group entities, Euler Hermes is also an important component of the Allianz group. In turn, Allianz is providing Euler Hermes with outstanding financial stability and support.

Appointment

Effective September 15, 2011, the Supervisory Board has appointed Frédéric Bizière to the Board of Management of Euler Hermes. He is responsible for Market Management Commercial & Distribution. He has worked for Euler Hermes for numerous years and brings both strong customer and financial skills to the Board of Management. He replaced Michel Mollard who we thank for his past service.

2012 outlook

Times will continue to be challenging in 2012 as we are entering unchartered waters. The Group anticipates an economic slowdown and has drawn up and prepared for possible scenarios. Nevertheless, the outcome of 2012 will of course depend on the further evolution of the eurozone. The Euler Hermes business model was built with the necessary flexibility to accompany the Group's customers through good and bad times and the excellent client renewal rate underpins the confidence customers place in Euler Hermes to protect their companies' development.

The Supervisory Board would like to thank the Euler Hermes Board of Management, the management and all employees for their excellent personal efforts over the past year.

Paris, February 16, 2012

For the Supervisory Board

Clement B. Booth

Chairman

PRESENTATION OF THE GROUP

1.1 History and development of the Group

With a history dating back over a hundred years, Euler Hermes has grown both organically and through acquisitions, and now ranks as the leading credit insurer worldwide, present in over 50 countries.

Today's Euler Hermes Group grew out of Euler Hermes SFAC in France and Euler Hermes Kreditversicherungs-AG in Germany.

Hermes Kreditversicherungsbank-AG (Hermes) was founded in 1917 by two members of Münchner Rückversicherungs-Gesellschaft and Globus Versicherungs-AG. In 1949, it began underwriting export credit transactions in the Federal Republic of Germany, in cooperation with Deutsche Revisions-und Treuhand AG. SFAC was founded in 1927 by major insurance companies including Assurances Générales (the predecessors of AGF) and Compagnie Suisse de Réassurance.

In the 1990s, SFAC and Hermes embarked on a policy of international expansion, acquiring credit insurers and creating new subsidiaries.

In 1996, AGF became SFAC's majority shareholder, while Allianz took control of Hermes. The same year, the holding company changed its name from SFAC to Euler.

In 1998, Allianz acquired a majority interest in AGF's capital.

In 1999, Euler and Hermes signed a cooperation agreement with a view to coordinating their international expansion.

On April 27, 2000, Euler was listed on the Premier Marché of Euronext Paris. In September 2001, Euler Hermes Group and AGF announced their intention of merging their respective credit insurance subsidiaries through the acquisition of Hermes by Euler.

In July 2002, the Euler group finalized the acquisition of Hermes.

In 2003, the group and its subsidiaries adopted the name Euler Hermes (the "Group").

Since 2004, the Group has been carrying on its international development and since 2010 has initiated its reorganization.

1893-2001

1893
ACI, US.

1917
Hermes, Germany

1918
Trade Indemnity, UK

1927
SFAC, France and SIAC, Italy

1929
COBAC, Belgium

1989
Nederlandsche Kredietverzekering, NL

2002

Euler acquires Hermes.

2003

The group and all its subsidiaries adopt the name Euler Hermes.

2004

International development: Finland, Greece, Portugal, Morocco.

2005

Euler Hermes acquires 100% of its subsidiaries in Benelux. Further expansion in Russia, India, Baltic countries and Turkey.

2006

International development: Ireland, Australia, New Zealand, United Arab Emirates.

2007

New operations in Argentina, partnerships with ICIC in Israel and BOCI in China.

Acquisition of debt collection companies UMA (US<) and R2C (Ireland).

2008

Office opening in Colombia.
Partnership in the GCC countries Oman, Kuwait, Qatar.
Creation of Euler Hermes World Agency.

2009

Creation of Euler Hermes Collections.

2010

"Excellence" reorganization project: build a customer centric, internationally integrated group.
Opening of Chile office.

2011

- Creation of an insurance company in Turkey.
- Partnership in China with China Pacific Insurance Group.
- Memorandum of understanding with Mapfre to create joint venture in Spain, Portugal and Latin America.
- Simplification of its legal structure on December 31, 2011: a single and unique legal entity operates in Belgium and through 12 insurance branches in Czech Republic, Denmark, Finland, Hungary, Italy, Netherlands, Norway, Romania, Slovakia, Sweden, UK and Ireland.

1.2 Overview of the Group's activities

Euler Hermes is the world's leading force in trade related insurance solutions. As of December 31, 2011, the Group had operations in more than 50 countries worldwide.

Its objective is to promote the business development of companies, whatever their size or sector, both at home and abroad. Overlaying its core credit insurance business, Euler Hermes has developed a comprehensive range of services for the management of trade receivables. Its clients benefit from its market leading knowledge of corporate risk, built up by teams of experts located closest to buyers across the world.

The basic idea behind credit insurance is to provide insurance coverage for the payment of trade receivables. It is also a strategic tool that enables companies to better understand the risks that their clients and potential future clients represent, which in turn enables them to select the right companies with whom to do business. And above all, it allows companies to expand into new markets safely.

1.2.1 MAIN ACTIVITIES

Credit insurance and debt collection

The various insurance policies offered by the Group are built around three major services:

Prevention of customer risk

Euler Hermes offers companies its expertise in the management of buyer risk. Its worldwide teams review the financial situations of buyers on a daily basis. Through its prevention services, Euler Hermes helps companies build their growth on solvent customers.

Euler Hermes monitors insolvent companies in the world's main economies. The Group's 1,500 credit analysts and risk underwriters permanently examine the financial health of over 40 million companies worldwide. With its local presence, Euler Hermes draws on a unique database through which it can offer its clients strategic information and qualified credit limit decisions at both a national and international level.

With a view to offering special support to multinational companies, Euler Hermes launched Euler Hermes World Agency in 2008. Dedicated solely to multinationals, Euler Hermes World Agency offers a team of experts and a range of unique services to help companies manage and secure all their trade receivables. Since its creation, the results of Euler Hermes World Agency have exceeded expectations.

In 2010, the Group broadened its client offering with a new non-cancelable buyer risk cover and a mid-term Transactional & Cover activity launched by Euler Hermes World Agency in 2011.

Collection of unpaid receivables

Euler Hermes has been offering international debt collection services as part of its credit insurance policies for decades. A significant player in the field of debt collection, Euler Hermes has its own specialist teams located throughout the world. Internationally, the Group is already a major force in this sector. In 2010, it beefed up its debt-recovery arm, Euler Hermes Collections, which was created in 2009, as part of a strategic move to develop the debt-recovery activity for its existing insurance clients (top-up contracts) and to conquer new clients (debt-recovery for third parties). The goal is to offer companies additional and adaptable solutions for the management of their trade receivables, to diversify the Group's own activity and shore up Group growth. This new entity draws on an international network of debt-recovery agencies and on a shared services center located in Warsaw, which looks after all of the main support functions. Euler Hermes owes its international ranking in debt recovery to its shared, dedicated IT tools, which it continues to expand. The international debt-recovery market for third parties offers growth potential for the Group because of its global reach and database of over 40 million companies, attributes that few other players benefit from. After rolling out activity in Poland, Germany, Austria and Italy, the Company is now looking to the UK, the US, the Netherlands, Belgium and Central Europe.

Indemnification for uncollected debts

Losses on outstanding receivables covered by Group policies are indemnified on the basis of a ratio agreed between the insurer and its client. The financial strength of Euler Hermes, a member of the Allianz Group, is a guarantee of strength, protecting the assets of its policyholders.

To guarantee the full range of its services, the Group relies on financial expertise and updated data covering over 40 million businesses. This is the Group's true wealth. Its financial experts can help its clients avoid unpaid receivables, and can also tailor solutions based on economic trends by industry or geography.

Bonding and guarantees

Euler Hermes also offers businesses a broad range of bonding and guarantees for domestic or export markets, thereby offering a real alternative to bank loans. These services are primarily designed for construction and engineering companies, and suppliers of industrial equipment.

Euler Hermes allows companies to free up the funds necessary for them to continue to expand their operations. Germany is the Group's biggest market in this area, followed by the UK, the Netherlands, Scandinavia, France and Poland.

Other services

Financing of trade receivables

To facilitate its clients' applications for bank financing, a service has been created within Eolis, the online contract management application, allowing clients to provide their banks with the percentages covered by credit insurance on an invoice-by-invoice basis.

The Group also sets up financial arrangements with policyholders' banks *via* securitization programs.

Insurance against fraud

Insurance against fraud (Fidelity Insurance) covers businesses against financial losses caused by fraudulent acts by their employees or their providers, such as theft, embezzlement or fraud. This service is currently available in Germany.

Reinsurance

The Group also offers reinsurance for its own policies through its subsidiaries in Switzerland and Luxembourg, which oversee the reinsurance needs of the Group's credit insurance entities.

These subsidiaries guarantee the Group's premiums and claims, a share of which they in turn retrocede to external reinsurers to cover their own risk exposure, protect against multiple or large losses and increase their underwriting capacity.

The reinsurance business provides certain benefits, including a reduction in the net liability on individual risks and protection against large or multiple losses. For credit insurance companies (the transferring companies), reinsurance provides additional underwriting resources, thereby enabling them to increase their underwriting capacity in terms of the number and magnitude of risks covered. Without reinsurance, the transferring company would have to hold substantially more capital. However, reinsurance does not discharge the transferring company from its commitments to policyholders.

Reinsurance fulfills three key functions:

- it secures capital for the direct insurers and guarantees solvency, as well as stable results in the event of unexpected or major claims;
- it gives insurers the authority to increase their available capacity, which is the maximum amount they can insure for a claim or a category of claim, by allowing them to underwrite more or bigger risks;
- it gives insurers greater liquidity in the event of a significant claim.

Turnover by activity

	December 31, 2011			
(in € million)	All lines of business	Credit Insurance & Debt Collection	Bonding & Guarantees	Other Services
Gross Earned Premiums	1,896.1	1,676.1	138.7	81.4
Service revenues	378.8	318.3	6.9	53.5
Turnover	**2,274.9**	**1,994.4**	**145.6**	**134.9**
% of Group Turnover	**100.0%**	**87.7%**	**6.4%**	**5.9%**

	December 31, 2010			
(in € million)	All lines of business	Credit Insurance & Debt Collection	Bonding & Guarantees	Other Services
Gross Earned Premiums	1,775.2	1,557.2	136.7	81.3
Service revenues	372.5	314.1	8.5	50.0
Turnover	**2,147.7**	**1,871.2**	**145.2**	**131.3**
% of Group Turnover	*100.0%*	*87.1%*	*6.8%*	*6.1%*

(in € million)	December 31, 2009 All lines of business	Credit Insurance & Debt Collection	Bonding & Guarantees	Other Services
Gross Earned Premiums	1,694.5	1,483.2	130.0	81.3
Service revenues	391.2	334.7	7.1	49.4
Turnover	**2,085.7**	**1,817.9**	**137.1**	**130.7**
% of Group Turnover	*100.0%*	*87.2%*	*6.6%*	*6.3%*

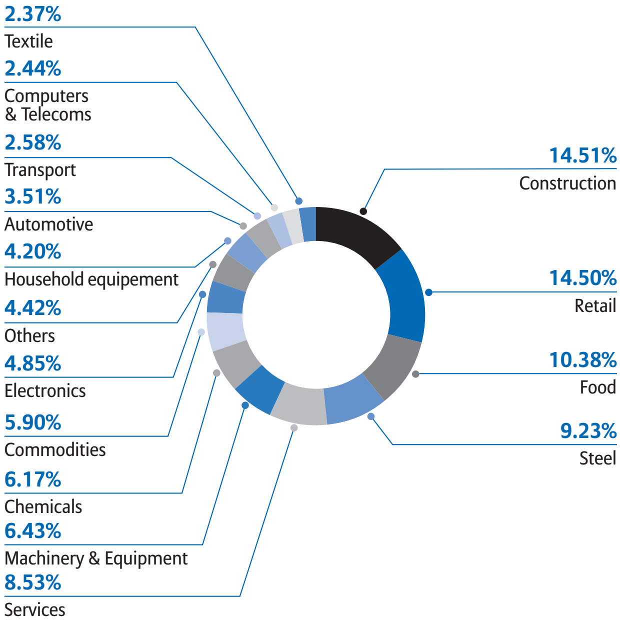
Turnover by geographic region

	December 31, 2011							
(in € million)	Group	Germany, Austria & Switzerland	France	Northern Europe	Mediterranean countries & Africa	Americas	Asia Pacific	Group Reinsurance & Others
Gross Earned Premiums	1,896.1	593.9	341.4	425.1	227.8	191.8	55.4	60.8
Service revenues	378.8	163.5	70.0	54.7	43.3	26.6	5.1	15.6
Turnover	**2,274.9**	**757.3**	**411.4**	**479.8**	**271.1**	**218.4**	**60.5**	**76.4**
% of Group Turnover	*100.0%*	*33.3%*	*18.1%*	*21.1%*	*11.9%*	*9.6%*	*2.7%*	*3.4%*

	December 31, 2010							
(in € million)	Group	Germany, Austria & Switzerland	France	Northern Europe	Mediterranean countries & Africa	Americas	Asia Pacific	Group Reinsurance & Others
Gross Earned Premiums	1,775.2	602.6	313.9	399.2	170.6	181.3	54.3	53.3
Service revenues	372.5	161.9	70.3	55.2	38.6	28.4	5.1	13.2
Turnover	**2,147.7**	**764.5**	**384.2**	**454.4**	**209.2**	**209.7**	**59.3**	**66.5**
% of Group Turnover	*100.0%*	*35.6%*	*17.9%*	*21.2%*	*9.7%*	*9.8%*	*2.8%*	*3.1%*

	December 31, 2009							
(in € million)	Group	Germany, Austria & Switzerland	France	Northern Europe	Mediterranean countries & Africa	Americas	Asia Pacific	Group Reinsurance & Others
Gross Earned Premiums	1,694.5	574.8	292.2	373.2	194.1	169.1	50.0	41.2
Service revenues	391.2	168.9	72.5	58.0	47.1	24.6	4.3	15.8
Turnover	**2,085.7**	**743.7**	**364.7**	**431.2**	**241.2**	**193.7**	**54.3**	**57.0**
% of Group Turnover	*100.0%*	*35.6%*	*17.5%*	*20.7%*	*11.6%*	*9.3%*	*2.6%*	*2.7%*

1.2.2 EXPOSURE PER SECTOR IN 2011



1.2.3 REAL ESTATE PROPERTY

As of December 31, 2011, the total market value of the Group's real estate property was €241.47 million.

This total comprises:

- property belonging to the Group and used for the purposes of its operations: €229.16 million;
- property belonging to the Group and used by third parties: €12.31 million.

Property belonging to the Group and used for the purposes of its operations comprises the headquarters of:

- Euler Hermes France: €123.850 million;
- Euler Hermes Germany: €82.505 million;
- Euler Hermes Italy: €19.281 million;
- Euler Hermes USA: €2.829 million;
- Euler Hermes Morocco: €0.697 million.

Property belonging to the Group and occupied by third parties in France represents a market value of €7.492 million.

1.2.4 EULER HERMES' STRATEGY

The Group's strategy is to develop its core credit insurance business by focusing on three major axes:

Growth

In Europe, its core market

Europe, including Eastern Europe, is Euler Hermes' core market, and the Group is the market leader in most European countries.

The Group has always put service quality at the center of its strategy, and has emphasized this priority in recent years by developing a new service model which includes various initiatives, such as client visits conducted by both the Commercial and Risk departments.

This new service model is based on client segmentation which better captures individual needs.

This refocus has allowed the Group to strongly develop itself in the multinationals segment, for which premiums have increased from a portfolio of €150 million at the end of 2007 to €260 million at the end of 2011, corresponding to a 15% average annual growth since 2007. Euler Hermes is also working on potential new product offers as well as diversification of its distribution channels, in particular via internet.

Within the framework of economic uncertainties ahead, demand for credit insurance will remain strong, and proximity to our clients and market expertise will be determining factors in further strengthening our customer base.

Euler Hermes' profitability in its core markets enables it to invest in new sources of growth outside Europe, in line with its clients' growing needs in these high potential markets.

In new growth markets

The work conducted by Euler Hermes' Economic Research department shows that growth, at least industrial production growth, is mainly taking place in Asia and South America. The Group is investing in these areas in order to build up critical mass both in information and risk underwriting and sales networks.

In order to do so, Euler Hermes is developing both capital partnerships (joint ventures, such as the on-going initiative with Mapfre) and distribution partnerships, which are often pre-requisites to successfully breaking into emerging markets such as Asia.

In the US, the Group is also investing significantly to conquer markets in particular in California and its key industry sectors.

Business transformation to achieve better cost competitiveness

Cost competitiveness has been and will remain a strategic focus for the Company. The business transformation that the Company underwent in recent years is designed to serve customers better by aligning the operating model to their needs while achieving significant productivity gains at the same time.

The Group's business transformation program, which started in 2009 and gained full speed in 2011, already resulted in a lower expense ratio in 2011.

The first milestone of this business transformation was the "One Euler Hermes" program, started at the end of 2009 which allowed the Group to simplify its structure, clarify its governance and guarantee transparency and efficiency.

In 2011, Euler Hermes entered a new phase in its transformation with Project Excellence.

Project Excellence is built around three main pillars:

- "customer centricity", which is designed to standardize Euler Hermes' commercial approaches throughout the world and adapt operating methods to clients' needs as mentioned above;
- "functional/regional blueprint" which aims to more precisely define each entity's mode of functioning, in accordance with the Group's principles;
- "productivity/flexibility", which aims to optimize Euler Hermes' processes so as to generate new resources and make the organizational structures more flexible.

The project is on track and good results were already achieved with an increased customer retention.

Furthermore, Euler Hermes is achieving operational efficiency by generalizing the use of standardized and shared IT solutions.

This operation started in the early 2000's when it implemented IRP as its common risk and information platform. In the finance area, SAP was gradually rolled-out in the Group's main operational entities allowing Euler Hermes' financial reporting to be harmonized.

At the same time, the Group implemented a new IT tool for its debt collection.

Euler Hermes then went on to modernize its commercial management applications and successfully implemented a new CRM tool in 2011. The Group is going to go one step further to cover the entire commercial value chain, from potential customers, to commercial contracts and all the way to invoicing premiums and exchanging information with insured parties, by implementing a new common policy administration. Germany will be the pilot of this project, which will be launched in 2012.

Finally, organizations have been streamlined and harmonized across the Group. A further step to integration was achieved with the Blue Europe project.

On January 1, 2012, Euler Hermes successfully completed the simplification of its legal structure in Europe by grouping thirteen of its former subsidiaries into one insurance company, Euler Hermes Europe, located in Brussels. The merger allows for streamlined risk management, simplified financial management and governance. It also allows to optimize its capital risk requirements with regard to Solvency II implementation.

This new structure provides Euler Hermes with the necessary attributes to meet its Solvency II regulatory requirements.

High investment return

Euler Hermes' business is closely linked to global economic cycles, consisting of uneven alternating periods of growth and contraction in activity.

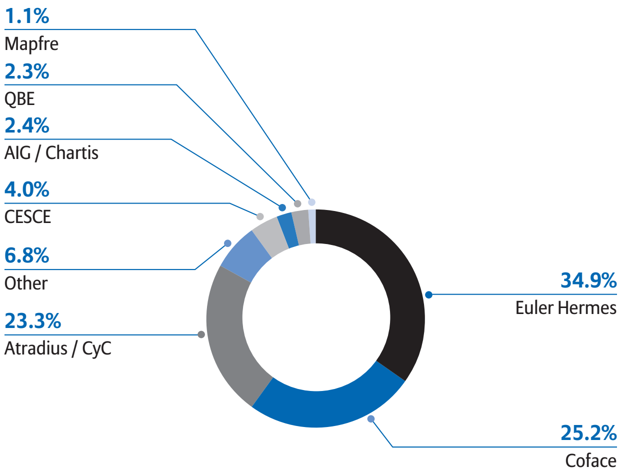
For the next ten years, the Group's target is to offer its shareholders a return on equity above 12% for its shareholders, based on an average combined ratio of 80% and an average return on financial portfolio of 4%.

The Group aims at auto-financing its development while maintaining a dividend pay-out ratio above 50%.

The Group will manage its capital requirements with efficiency and accordingly to Solvency II standards, thanks to proactive risk steering and optimised reinsurance structure. Euler Hermes also aims at offering to its customers the guarantee of its financial soundness by targeting an S&P rating of at least A+ at any moment of the cycle.

1.2.5 COMPETITIVE POSITIONING

MARKET SHARES IN 2010



Source: Annual reports, Euler Hermes own estimates issued in July, 2011

Euler Hermes carries out most of its business on the main markets of Western Europe and the United States, and is actively expanding in Latin American and Asian countries. The type and intensity of competition varies from country to country. Euler Hermes competes against the other credit insurers mentioned above on its main products and on each of its markets. The main competitive factors are as follows:

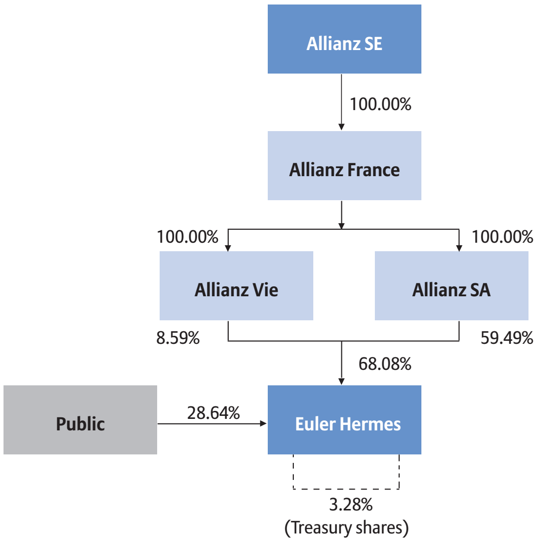
- price;
- service quality;
- distribution network;
- brand image;
- ratings for financial solidity and ability to settle claims; and
- change in regulation, insofar as this impacts contract pricing or the cost of claims.

1.3 Shareholding structure as of December 31, 2011

During 2011, the number of Euler Hermes shares held by Allianz SA and Allianz Vie was unchanged at 30,744,048. This represents a stake of 68.16% in Euler Hermes' share capital and 70.39% of voting rights as of December 31, 2011.

The free float covered 28.64% of Euler Hermes' share capital, and 29.61% of voting rights.

Euler Hermes holds 1,481,765 treasury shares representing 3.28% of its capital.



Shareholder	Number of shares	%	Voting rights	%
Allianz Vie	3,879,818	8.60%	3,879,818	8.88%
Allianz SA	26,864,230	59.56%	26,864,230	61.51%
Total Allianz France	**30,744,048**	**68.16%**	**30,744,048**	**70.39%**
Treasury shares	**1,481,765**	**3.28%**	**0**	**0.00%**
Public	**12,933,664**	**28.64%**	**12,933,664**	**29.61%**
TOTAL	**45,159,477**	**100.00%**	**43,677,712**	**100.00%**

1.4 Summary of Group structure

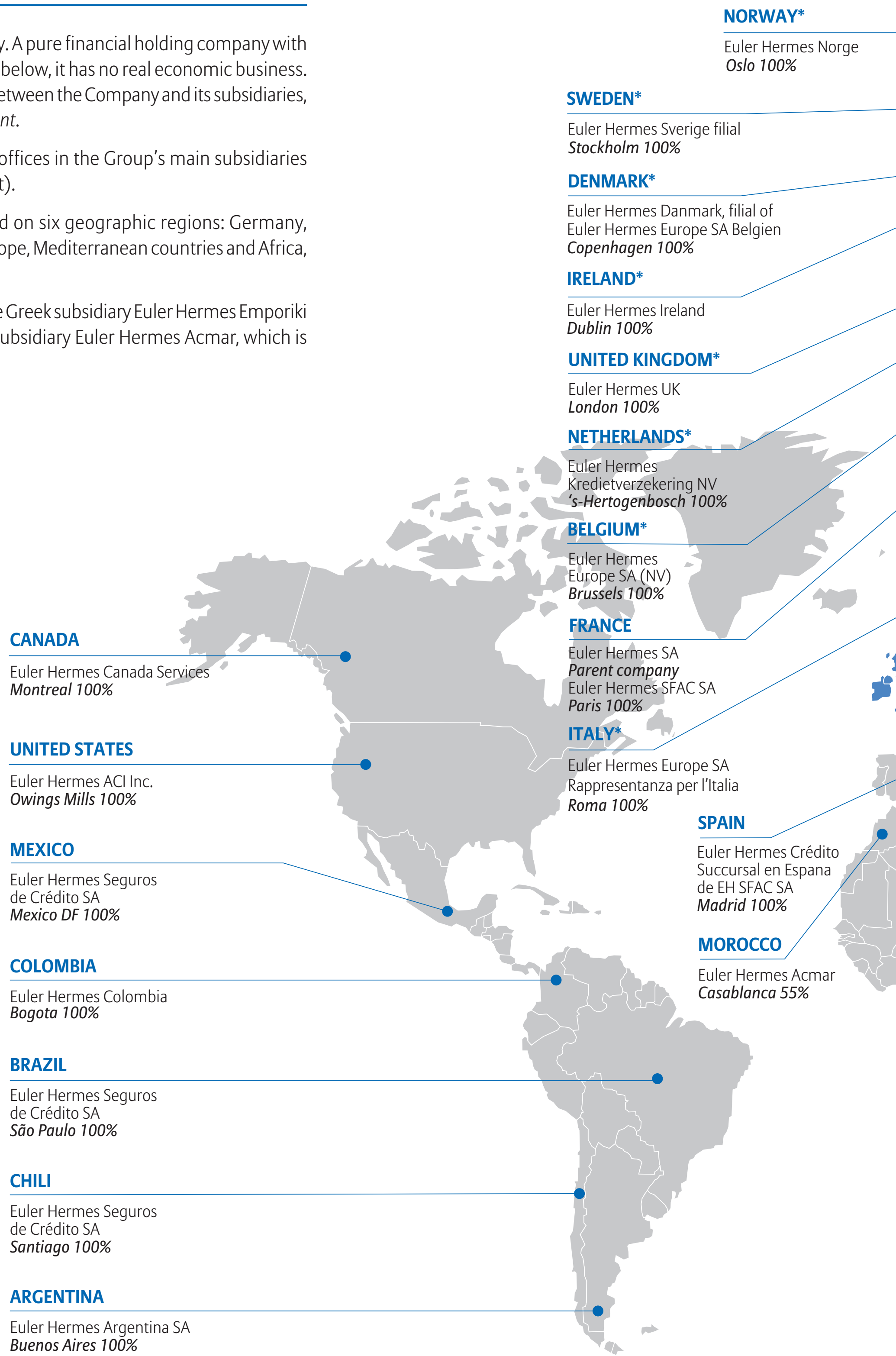
1.4.1 RELATIONSHIPS BETWEEN THE PARENT COMPANY AND ITS SUBSIDIARIES

Euler Hermes SA is the Group parent company. A pure financial holding company with equity interests in the companies mentioned below, it has no real economic business. For a detailed presentation of the main flows between the Company and its subsidiaries, *see paragraph 6.3 of this Registration Document*.

The Company's corporate officers also hold offices in the Group's main subsidiaries (paragraph 2.3 of this Registration Document).

The Group's economic organization is based on six geographic regions: Germany, Austria and Switzerland, France, Northern Europe, Mediterranean countries and Africa, Americas and Asia Pacific.

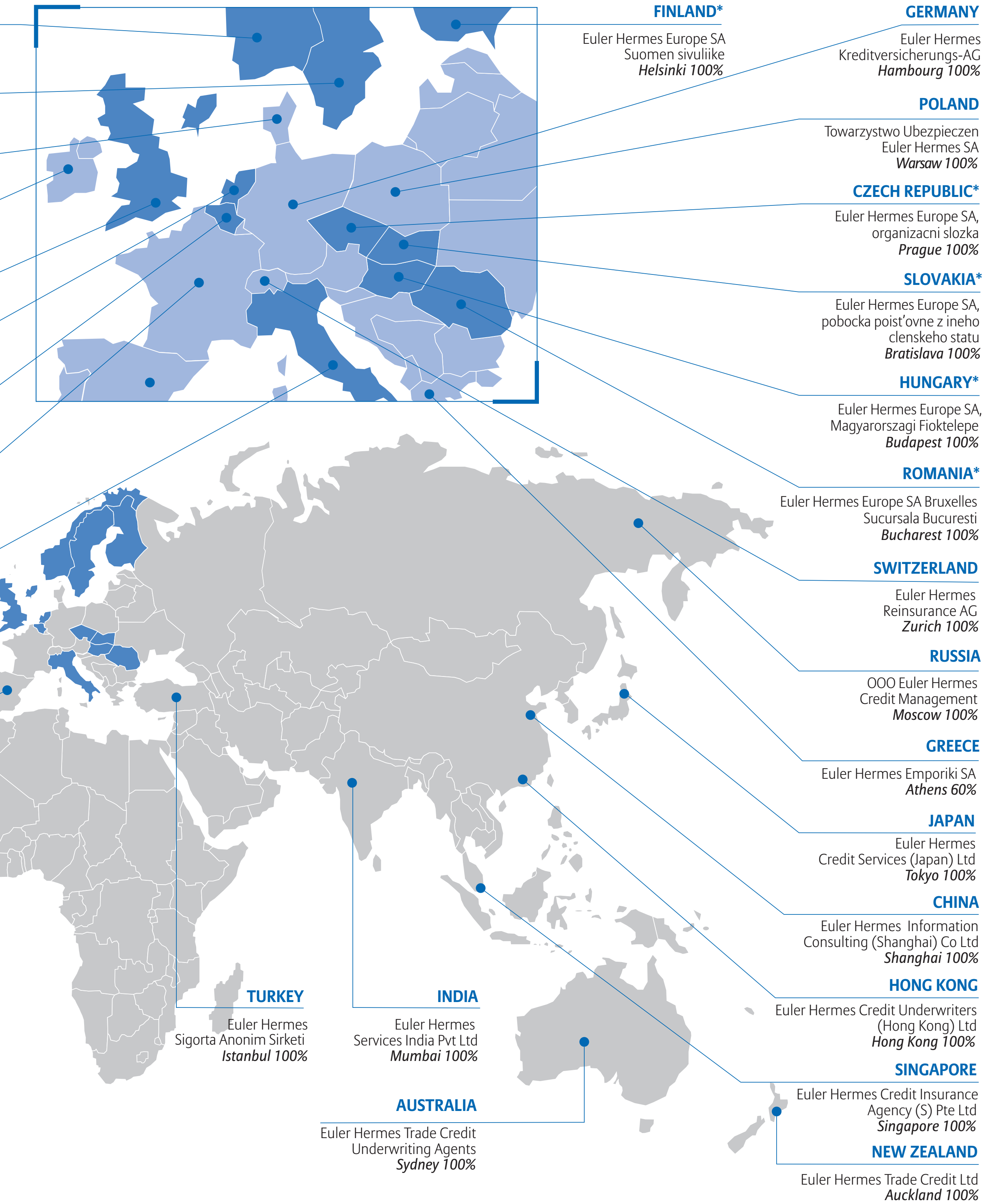
Relations with the minority shareholders of the Greek subsidiary Euler Hermes Emporiki SA, which is 60% owned, and the Moroccan subsidiary Euler Hermes Acmar, which is 55% owned, are governed by an agreement.



* *Following the legal restructuring "Blue Europe" on December 31, 2011, the Group has combined, within a single legal entity, Euler Hermes Europe SA (NV), 12 insurance branches*

1.4.2 ORGANIZATIONAL CHART

The organizational chart below shows the simplified organization of the main companies making up the Group as of December 31, 2011 (for a detailed presentation of the subsidiaries acquired in 2011, *see paragraph 3.3.1.1 of this Registration Document*).



1.5 Workforce information

WORKFORCE SIZE AND CHANGES

The Group had a total of 6,165 employees as of December 31, 2011, breaking down as 5,913 people on permanent contracts and 252 on temporary contracts. The Group remained very attractive in 2011, with many job applications received over the year. Euler Hermes hired 782 employees.

The workforce detailed below covers employees with an employment contract with the subsidiary at the closing date, *i.e.* December 31, 2011. For proportionately consolidated companies, the data corresponds to the Group's share of the consolidated financial statements. The workforce of equity associates is not taken into account.

Contracted Headcount	December 31, 2011	December 31, 2010
Argentina	5	6
Brazil	36	26
Canada	45	41
Chile	5	5
Colombia	5	5
Mexico	39	42
United States	414	403
Americas	**549**	**528**
Australia	22	19
China	36	23
Hong Kong	46	41
India	12	11
Japan	21	21
New Zealand	11	11
Singapore	44	40
Asia Pacific	**192**	**166**
Germany	1,912	2,022
Switzerland	47	51
Germany, Austria & Switzerland	**1,959**	**2,073**
France	950	941
France	**950**	**941**
Greece	53	53
Italy	367	407
Morocco	41	40
Spain	86	86
Turkey	23	17
Mediterranean Countries & Africa	**570**	**603**

Contracted Headcount	December 31, 2011	December 31, 2010
Belgium	177	219
Czech Republic	56	54
Hungary	64	61
Netherlands	130	117
Poland	210	213
Romania	29	28
Russia	27	17
Slovakia	28	30
Sweden	169	164
United Kingdom	452	472
Northern Europe	**1,342**	**1,375**
EH Re	**9**	**9**
France	234	196
Collection	360	313
Service Group	**594**	**509**
GROUP	**6,165**	**6,204**

The average age of employees was 41 and their average length of employment was 11 years.

WORKFORCE INFORMATION BY GENDER

	Data as of December 31, 2011		
Item	**Total**	**Female**	**Male**
Contracted headcount	6,165	3,139	3,026
Managers	890	253	637
Trainees	64	34	30
Average Age	41	40	41
Average Tenure	11	12	11
Total recruitments	782	370	412
Total leavers	-807	(388)	(419)

EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

As in previous years, there was constructive dialogue with employee representatives within the Group in 2011.

In France, two new agreements and three amendments were signed with the unions in 2011, and came into force during the year.

HEADCOUNT ADJUSTMENTS AND RELATED MEASURES

In 2011, there was no collective redundancy within the Group. The 82 local redundancies in 2011 were individual.

WORKING TIME, OVERTIME, TEMPORARY STAFF, ABSENTEEISM

In each country where Euler Hermes has operations, the organization and duration of working time strictly adhere to local regulations and local agreements.

In France, agreements on the reorganization and reduction of working time, part-time work and annual leave were signed on May 27, 2003. A time-saving plan was also established.

The Group has implemented a system of monthly reports to monitor the rate of absenteeism. In December 2011, 210 employees were absent, out of a Group total of 6,165. The main causes of absenteeism are illness, pregnancy or early retirement, particularly in Germany.

REMUNERATION, PAYROLL EXPENSES, PROFIT SHARING, INCENTIVES, COMPANY SAVINGS SCHEME

Remuneration

The mandatory annual negotiations for 2011 within Euler Hermes SFAC began on April 1, 2011. With the exception of employees receiving an annual reference salary of more than €65,000, all employees working at Euler Hermes SFAC on September 30, 2010 and at the date of implementation received a general salary increase (of 1% to 1.6%).The minimum annual increase was €500.

The above measures were complemented by an additional Company contribution for each employee with a Company savings plan. This contribution totaled €550 per employee, in accordance with Company agreements.

Payroll expenses

Total Group payroll expenses for 2011 amounted to €363.793 million, excluding social security charges. The Group's social security charges for 2011 totaled €109.714 million.

Profit sharing

On June 28, 2011, Euler Hermes SFAC, Euler Hermes SFAC Crédit, Euler Hermes SFAC Recouvrement and Euler Hermes Services (companies comprising Euler Hermes SFAC social and economic unit, the "EH SFAC SEU") established a joint profit-sharing plan to which all their employees are eligible after a minimum of three months' service. The agreement was concluded for a three-year period, and will accordingly apply to the 2011, 2012 and 2013 financial years. It supersedes the previous three-year agreement that came into force on January 1, 2008.

Incentives

On December 7, 1994, the EH SFAC SEU agreed on an incentive plan to which all their employees are eligible after a minimum of six months' service. The agreement was concluded for an indefinite period, and supersedes the previous agreement dated September 26, 1980.

For information, the amounts paid under the incentive and profit-sharing schemes for the years ended December 31 from 2007 to 2011 were as follows:

Year	EH-SFAC SEU incentives (in € thousands)	EH-SFAC SEU profit-sharing (in € thousands)
2007	6,871	3,158
2008	4,820	3,233
2009	7,096	3,037
2010	2,744	5,554
2011	4,024	3,976

Company savings scheme

On April 17, 2000, a company savings scheme was set up for the employees of the EH SFAC SEU. The scheme benefits all employees of these companies after six months' service. The agreement was concluded for an indefinite period.

Deposits are made from the Special Incentive Reserve, all or part of profit-sharing, voluntary contributions from employees, the Company contribution and the income and capital gains of the portfolio, as well as the various related tax credits.

It is a continuation of the agreement concluded on December 19, 1985 and updated on April 7, 1993 and June 15, 1994.

DIVERSITY

Both at the local and international levels, Euler Hermes' success relies on the talent and cultural diversity of its staff. Euler Hermes sees cultural diversity as a valuable asset for enhancing its innovative capability and gaining ground in new markets. For Euler Hermes, mirroring our diverse customers with an equally diverse workforce leads to higher business success. Euler Hermes is committed to nurturing diversity within the Group and has set up an internal "anti-discrimination policy" (gender, age and ethnicity). Euler Hermes guarantees a recruitment selection based on know-how and meritocracy and counts a large number of nationalities within the Group.

As part of the Allianz Group, Euler Hermes is working to improve the representativeness of female managers among its workforce, thanks to dedicated training programs, mentoring circles, women's networking, internal recruitment policy, talent management practices and more.

Euler Hermes embraces all forms of diversity, including underlying differences such as beliefs, ways of thinking and behaviors.

HEALTH AND SAFETY

In each country where Euler Hermes has operations, health and safety rules strictly adhere to local regulations and agreements.

GLOBAL TRAINING POLICY

Euler Hermes has built its reputation and position as global leader on its professionalism and an experience acquired over more than a century. It is essential to recruit the best talents and integrate them into a strong corporate culture to ensure consistency at the Group level and the same quality of service throughout the world. Training is a means of developing employees' talents.

All training courses available in the various Euler Hermes entities across the globe are now shared in a single training offer called the "Euler Hermes Academy". The Euler Hermes Academy provides innovative training programs to build and enhance employees' skills and capabilities at 3 levels:

- customized functional training in the areas of risk underwriting, claims, sales, policy administration and customer service is heavily geared towards fostering the expertise of our professionals;
- leadership training aims at providing managers with a common set of tools to increase the performance of their teams through effective management competencies;
- change management courses are designed to support the major transformation initiatives that Euler Hermes, like every global company, is facing on a daily basis.

In 2011 an expense of €4.95 million was allocated to training (*i.e.* 1.64% of total payroll expense).

PROFESSIONAL DEVELOPMENT AND MOBILITY

Euler Hermes has developed a fair, transparent and standardized methodology for assessing talent across regions and functions. The Group Management Board and regional and local CEOs are directly involved in ongoing talent reviews where they thoroughly identify successors and other key talents, assess various future career options for high performing and high potential employees and formulate individualized development plans. Managers work with each of their employees on development plans taking into account business needs and the employee's individual interests and mobility choices.

With almost 6,200 employees in over 50 countries, mobility is a reality. Euler Hermes is convinced that mobility provides employees with new insights and exposure to other talented people and inspires innovation through sharing best practices.

Euler Hermes looks for talented people in multiple areas, from Risk Underwriting to Sales, from Controlling to Human Resources, from Organization to Actuarial, from Marketing to IT, etc. All positions open to international internal candidates are posted in every single country where Euler Hermes operates, to allow a maximum of opportunities to employees throughout the Group. Human Resources have defined career paths where international exposure is required and being part of the Allianz Group is widening the possibilities for the employees to take part in international assignments.

Euler Hermes' worldwide presence and "learning organization" culture provide interesting and creative job possibilities across borders and functions.

DEVELOPING TALENT TO ENCOURAGE PERFORMANCE

The skills, knowhow and daily commitment of Euler Hermes' employees at the service of its clients are the basis of the Group's performance. Our human resources policy is designed to develop talent and encourage cultural diversity to meet the challenges of a globalized economy.

The essence of the Group consists of its 6,165 employees spread throughout more than 50 countries. They work together on a daily basis to insure clients' trade receivables throughout the world. Each employee works as part of a network with correspondents everywhere in the world to respond to the needs of local businesses. All of their talents and expertise are used to achieve this goal.

SOCIAL RESPONSIBILITY AND COMMITMENT

The Group's social responsibility and commitment at the local level continued in 2011, as evidenced by the following initiatives, selected from the actions of the Group and its subsidiaries.

Germany, Singapore, United Kingdom and United States

Germany, Singapore and the United States have implemented a system by which they match donations made by their employees. In 2011, Euler Hermes Germany matched its employees' donations to Allianz Aid for Japan and to local associations (such as blood drives). Euler Hermes UK matched its employees' donations to the British Heart Foundation and various hospitals.

United States

For the second consecutive year, Euler Hermes US supported the Cristo Rey Network, which helps young people from poor neighborhoods to pursue higher education. It offers them the possibility of receiving training while gaining work experience that enables them to contribute to funding their studies. As part of this program, Euler Hermes US offered corporate internships to disadvantaged young people in Baltimore, and four of its employees attended Cristo Rey's Business Boot Camp, designed to prepare students for the new academic year and their future jobs.

For eleven years, Euler Hermes US has been matching its employees' donations to the Johns Hopkins Children's Center.

The US subsidiary also supports the Maryland Food Bank.

France

Euler Hermes France signed a three-year partnership agreement with the IESEG business school. As part of the partnership, Ludovic Sénécaut, the subsidiary's Management Board Chairman, opened an amphitheater. Euler Hermes France has also pledged to take on young graduates, apprentices or trainees from the school. In 2011, five graduates and students worked in its teams.

For the second consecutive year, Euler Hermes employees in Paris were invited to take part in the inter-firm challenge organized by Action Contre la Faim (Action against Hunger). They also took part, along with other Allianz companies, in La Parisienne run in aid of breast cancer research.

Italy

In 2011, the Italian subsidiary once again worked in favor of children, promoting the adoption of African children and sponsoring the City of Children.

"Referrals Change the World"

The "Referrals Change the World" sponsorship program was launched in 2011. Any customer providing the names of one or more firms agreeing to meet Euler Hermes is given a contribution, which it can then give to the non-governmental organization (NGO) of its choice: Save the Children, the Red Cross or the World Wildlife Fund. Euler Hermes companies in the UK, Poland, Hungary and the Netherlands have already joined this program.

SOPEX

Since 2010, Euler Hermes has been contributing to the Allianz Social OPEX (SOPEX) initiative. In 2011, several employees devoted a week to NGOs to develop solutions using the OPEX methodology.

CONTRIBUTION TO REGIONAL DEVELOPMENT AND EMPLOYMENT, SUB-CONTRACTING

Contribution to regional development and employment

The Group seeks to promote economic development in the areas where it operates by providing business customers with insurances to drive the growth of their businesses.

The Group takes steps to ensure that local employees are promoted to positions of responsibility. The number of expatriate positions is intentionally restricted.

Sub-contracting

Euler Hermes Tech is in charge of the Group's information technology systems. Euler Hermes Tech has no employees and relies entirely either on employees made available by other subsidiaries of the Group or external consultants by sub-contracting.

BUSINESS ETHICS

Via its main shareholder, Allianz, the Group adheres to a code of conduct in respect of business ethics. This code incorporates the principles laid down in the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. These values are implemented within the Group.

1.6 Environmental information

The environmental impact of any company's activities is a key dimension that must be taken into account in all aspects of its strategy. However, the environmental dimension is relatively hard to grasp for credit insurance, which is part of the broader insurance sector. By their nature, Euler Hermes' operations have a small ecological footprint, meaning that inherent environmental risk is immaterial *(see section 4.2.5 below)*. The Group has therefore made no provisions or guarantees to cover this risk, and no compensation was paid during the year following a court ruling on environmental issues.

However, the Group is committed to reducing the environmental impact of its operations by means of a sustainable-development policy. An accountability process has been initiated, and many efforts have been made to ensure that better use is made of available human, material and natural resources by all Group entities in France and abroad.

Direct consumption of water and non-renewable energy resources is not significant in the credit insurance business. Likewise, the conditions of land use, and water, air and soil emissions affecting the environment are either immaterial or non-existent in this business. The Group's activities do not place it at risk of pollution that could have consequences outside its premises.

Energy-using equipment is checked regularly and replaced so that it meets appropriate safety, consumption and comfort standards at all times.

The Group Management Board has approved a charter governing the workplace environment, which factors HQE (High Quality Environmental) standards into the selection process. In France, after the Lyon's office, which has moved into new HQE-certified premises in 2010, the Company and its French subsidiaries decided to relocate their headquarters to the *Tour First*, in La Défense (France), from 2012. The *Tour First* is the largest refurbished office building in France to be labelled HQE with reductions of 65% in carbon dioxide emissions and energy use compared to a traditional office building. The interior design was also thought in the light of the HQE spirit, while the employees were invited to think about new ways to work, more respectful towards the environment.

Additionally, a central function in each Group entity, the central general services function, is tasked with developing operating guidelines to ensure that the technical management of the Group's premises complies with local regulations (sanitary installations and health controls in particular).

The Group's commitment to sustainability is also reflected in its choice of suppliers, based on their commitment to recovering and reprocessing material at the end of its lifecycle. In many subsidiaries, waste sorting is systematic. The Group is considering a major development in the establishment of waste sorting within its various subsidiaries.

The use of paper is a major concern for the Group. In 2003, Euler Hermes launched Eolis (Euler Hermes OnLine Information Service), a secure extranet helping its clients and partners managing their credit insurance policies online. Today, EOLIS is available in 31 countries and in 17 languages and 97% of credit limit requests are made online. The Group is further increasing the dematerialization of its exchanges with its clients. In 2011, the French subsidiary launched an electronic safe for its clients and brokers. By substituting to paper, this filing allows to receive and keep in electronic format all the documents, which used to be sent by mail and related to credit insurance policies, while still having a probative force. Lastly, the Group encourages the use of environmentally friendly paper (recycled or whose production requires less water and energy).

Lastly, the Group subscribes to the goal of reducing its carbon footprint. Since November 2010, Euler Hermes websites have received "carbon neutral" certification. The energy consumed by servers and connections to Euler Hermes websites is offset by a fee paid to European projects aimed at financing the development of renewable energy sources. This initiative was taken in partnership with "CO_2 Neutral Website," a Danish organization, and the European Union.

For business travel, Euler Hermes prefers trains to planes, when distances allow. And the Group's car fleet is renewed in accordance with recent anti-pollution standards applied by manufacturers.

2

CORPORATE GOVERNANCE

Euler Hermes is a Limited Company (*Société Anonyme*) with a Group Management Board and a Supervisory Board.

The Company is governed by the Group Management Board, which is in turn monitored by the Supervisory Board.

The Group Management Board members and the managers of the various subsidiaries, the heads of region and the directors of the Company's group functions are appointed in accordance with the expertise that they possess in the exercise of their responsibilities and their experience in management matters.

To the Company's knowledge, and as of the date this document was prepared, no members of the Group Management Board and Supervisory Board have been found guilty of fraud, associated with a bankruptcy, subject to a receiving order or liquidation, subject to an official public sanction, been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management or control of business as a carrier during the past five years.

As their corporate office requires, the Group Management Board and Supervisory Board members' registered addresses are at the Company's headquarters.

No family ties exist between the Company's corporate officers.

To the Company's knowledge, and as of the date this document was prepared, no conflicts of interest have been identified between the Group Management Board and Supervisory Board members' tasks regarding the Company, in their capacities as corporate officers and their private interests or other tasks.

To the Company's knowledge, and as of the date this document was prepared, no restrictions accepted by the Group Management Board and Supervisory Board members concerning the disposal of their investment in the Company's share capital are currently in existence.

The Company applies the principles of corporate governance by adapting them as required for the direction and control of its subsidiaries.

These principles have thus been implemented within the largest subsidiaries and are described in the Chairman's report pursuant to Article L. 225-68 of the French Commercial Code.

2.1 The Company's management and supervisory bodies

2.1.1 COMPOSITION, OPERATION AND POWERS OF THE GROUP MANAGEMENT BOARD

The Group Management Board is the Company's collective decision-making body. The Group Management Board exercises all its powers collectively, but its members share supervision of the Company's group functions.

Composition and terms of office of the Group Management Board

As of December 31, 2011, the Company's Group Management Board was composed as follows:

- Wilfried Verstraete, Chairman, appointed as Group Management Board member and Chairman on April 1, 2009. He is in charge of coordinating the Group Management Board members' work, steering and coordinating the activities of all the Group's companies, and representing the Company towards third parties. He also supervises the Group's Internal Audit, Human Resources, Communication functions and the Company Secretary;
- Gerd-Uwe Baden, appointed as Group Management Board member on May 25, 2004. He is in charge of the Group's Risks, Information, Litigation function;
- Nicolas Hein, appointed as Group Management Board member on May 25, 2004. As the Group's Chief Financial Officer, he is in charge of the Group Finance, Compliance, Legal, Tax and Risk and Reinsurance function;
- Dirk Oevermann, appointed as Group Management Board member on December 2, 2009, effective as of February 1, 2010. He is in charge of Operations and, to this effect, supervises the Group IT function;
- Frédéric Bizière, appointed as Group Management Board member on September 15, 2011, effective as of October 1, 2011. He is in charge of the Group's Marketing, Sales and Distribution function.

Members' names	Date of first appointment	Date appointment last renewed	Date appointment expires
Wilfried Verstraete, Chairman	04/01/2009	04/01/2012	03/31/2016
Gerd-Uwe Baden	05/25/2004	04/01/2012	03/31/2016
Nicolas Hein	05/25/2004	04/01/2012	03/31/2016
Dirk Oevermann	02/01/2010	04/01/2012	03/31/2016
Frédéric Bizière	10/01/2011	04/01/2012	03/31/2016

At its May 6, 2011 meeting, the Supervisory Board noted the resignation of Michel Mollard as member of the Group Management Board of Euler Hermes SA.

At its September 15, 2011 meeting, it was decided by the Supervisory Board to appoint Frédéric Bizière as member of the Group Management Board to replace Michel Mollard, taking effect on October 1, 2011.

The Supervisory Board meeting of February 16, 2012 renewed the Group Management Board starting from April 1, 2012 for a four year period, under the suspensive condition that the General Shareholders' Meeting to be held on May 25, 2012 decides to change the Group Management Board members' terms of office from three to four years and modify Article 15 of the Articles of Association as such.

The Group Management Board members' terms at Company subsidiaries or, occasionally in companies outside the Group are detailed in paragraph 2.3 of this Registration Document.

The number of offices held by members of the Group Management Board is in accordance with the legal regulations limiting consecutive terms of office.

There is no service contract linking the members of the Group Management Board to the Company or any one of its subsidiaries that provides for the granting of benefits at the end of such a contract.

Operation of the Group Management Board

The Group Management Board's operation is covered in detail in the Supervisory Board Chairman's report on corporate governance and the internal control and risk management procedures in effect at the Company, in pages 43 and following.

2.1.2 COMPOSITION AND OPERATION OF THE SUPERVISORY BOARD

The Supervisory Board continuously monitors the Company's management by the Group Management Board and gives this Board the prior authorizations required under the law or the Articles of Association. In accordance with law, the Supervisory Board appoints the members of the Group Management Board and its Chairman.

Composition and organization of Supervisory Board terms of office

The members of the Supervisory Board as of December 31, 2011 were as follows:

- Clement Booth, Chairman;
- Brigitte Bovermann, Vice-Chairman;
- Philippe Carli;
- Elizabeth Corley;
- Charles de Croisset;
- Nicolas Dufourcq;
- Robert Hudry;
- Thomas-Bernd Quaas;
- Jean-Hervé Lorenzi;
- Yves Mansion; and
- Jacques Richier.

Based on the information provided for each member of the Supervisory Board, the number of offices held by Supervisory Board members complies with Article L. 225-77 of the French Commercial Code.

The Supervisory Board members' other offices are described on page 40 onwards of this Registration Document.

There is no service contract linking the members of the Supervisory Board to the Company or any one of its subsidiaries that provides for the granting of benefits at the end of such a contract.

Independence of Supervisory Board members

The members considered to be independent under the terms of the AFEP/MEDEF Code and the independence criteria are covered in detail in the Supervisory Board Chairman's report on corporate governance and the internal control and risk management procedures in effect at the Company, on page 43 onwards of this Registration Document.

Operation of the Supervisory Board and its committees

The Supervisory Board's operation and its committees' operation are covered in detail in the Supervisory Board Chairman's report on corporate governance and the internal control and risk management procedures in effect at the Company, on page 43 onwards of this Registration Document.

2.2 Remuneration and benefits in kind received by corporate officers

2.2.1 REMUNERATION AND BENEFITS IN KIND RECEIVED BY THE GROUP MANAGEMENT BOARD MEMBERS

The tables that follow have been prepared in accordance with the recommendations of the AFEP/MEDEF and the Autorité des Marchés Financiers (AMF) recommendations of December 22, 2008. They indicate the remuneration and benefits in kind paid to members of the Group Management Board during the financial year ended December 31, 2011.

The principles governing Group Management Board members' compensation for the financial year ended December 31, 2011 are set out in the Supervisory Board Chairman's report on corporate governance and the internal control and risk management procedures in place in the Company, on page 43 onwards of this Registration Document.

A/ Summary of compensation, SAR (Stock Appreciation Rights) shares and options and RSU (Restricted Stock Units) shares and options granted to each member of the Group Management Board (in € thousands)

	2010	2011
Wilfried Verstraete, Chairman of the Group Management Board		
Remuneration due in respect of the financial year (analyzed in C/below)	2,019.39	2,166.90
Value of the options allocated during the financial year	NA	NA
Value of the performance shares allocated during the financial year	NA	NA
TOTAL	**2,019.39**	**2,166.90**
Allianz SARs allocated (number)	7,069	NA (1)
Allianz RSUs allocated (number)	3,509	2,870
Euler Hermes RSUs allocated (number)	NA	4,315

(1) No SARs were granted in 2011.

	2010	2011
Nicolas Hein, member of the Group Management Board		
Remuneration due in respect of the financial year (analyzed in C/below)	1,008.00	817.60
Value of the options allocated during the financial year	NA	NA
Value of the performance shares allocated during the financial year	NA	NA
TOTAL	**1,008.00**	**817.60**
Allianz SARs allocated (number)	1,532	NA (1)
Allianz RSUs allocated (number)	760	1,283
Euler Hermes RSUs allocated (number)	NA	1,929

(1) No SARs were granted in 2011.

	2010	2011
Gerd-Uwe Baden, member of the Group Management Board		
Remuneration due in respect of the financial year (analyzed in C/below)	1,328.10	1,293.55
Value of the options allocated during the financial year	NA	NA
Value of the performance shares allocated during the financial year	NA	NA
TOTAL	**1,328.10**	**1,293.55**
Allianz SARs allocated (number)	1,701	NA (1)
Allianz RSUs allocated (number)	844	1,736
Euler Hermes RSUs allocated (number)	NA	1,776

(1) No SARs were granted in 2011.

	2010	2011
Michel Mollard, member of the Group Management Board until May 6, 2011		
Remuneration due in respect of the financial year (analyzed in C/below)	939.70	2,263.72 (1)
Value of the options allocated during the financial year	NA	NA
Value of the performance shares allocated during the financial year	NA	NA
TOTAL	**939.70**	**2,263.72**
Allianz SARs allocated (number)	1,671	NA (2)
Allianz RSUs allocated (number)	829	1,181
Euler Hermes RSUs allocated (number)	NA	2,611

(1) Including indemnities related to the termination of his employment contract.
(2) No SARs were granted in 2011.

	2010	2011
Frédéric Bizière, member of the Group Management Board since October 1, 2011		
Remuneration due in respect of the financial year (analyzed in C/below)	NA	182.22
Value of the options allocated during the financial year	NA	NA
Value of the performance shares allocated during the financial year	NA	NA
TOTAL	**NA**	**182.22**
Allianz SARs allocated (number)	NA	NA (1)
Allianz RSUs allocated (number)	NA	570
Euler Hermes RSUs allocated (number)	NA	857

(1) No SARs were granted in 2011.

	2010	2011
Dirk Oevermann, member of the Group Management Board		
Remuneration due in respect of the financial year (analyzed in C/below)	863.00	923.70
Value of the options allocated during the financial year	NA	NA
Value of the performance shares allocated during the financial year	NA	NA
TOTAL	**863.00**	**923.70**
Allianz SARs allocated (number)	975	NA (1)
Allianz RSUs allocated (number)	484	1,056
Euler Hermes RSUs allocated (number)	NA	1,588

(1) No SARs were granted in 2011.

The members of the Group Management Board as of December 31, 2011 were granted RSUs. No SARs were distributed in 2011.

SAR AND RSU (NUMBER)

	SAR (number)			
	2008	2009	2010	2011
Wilfried Verstraete	NA	NA	7,069	NA
Gerd-Uwe Baden	2,047	747	1,701	NA
Nicolas Hein	1,732	612	1,532	NA
Michel Mollard	1,575	582	1,671	NA
Dirk Oevermann	NA	NA	975	NA
Frédéric Bizière	NA	NA	NA	NA
TOTAL	**5,354**	**1,941**	**12,948**	**NA**

	RSU (number)				
				2011	
	2008	2009	2010	RSU Allianz	RSU Euler Hermes
Wilfried Verstraete	NA	NA	3,509	2,870	4,315
Gerd-Uwe Baden	993	367	844	1,736	1,776
Nicolas Hein	841	301	760	1,283	1,929
Michel Mollard	764	286	829	1,181	2,611
Dirk Oevermann	NA	NA	484	1,056	1,588
Frédéric Bizière	NA	NA	NA	570	857
TOTAL	**2,598**	**954**	**6,426**	**8,696**	**13,076**

SAR AND RSU (STOCK VALUATION ON 12/31/2011 IN € THOUSANDS)

	SAR (in € thousands)			
	2008	2009	2010	2011
Wilfried Verstraete	NA	NA	0	0
Gerd-Uwe Baden	0	16.40	0	0
Nicolas Hein	0	13.44	0	0
Michel Mollard	0	12.78	0	0
Dirk Oevermann	NA	NA	0	0
Frédéric Bizière since October 1, 2011	NA	NA	NA	0
TOTAL	**0**	**42.62**	**0**	**0**

	RSU (in € thousands)				
				2011	
	2008	2009	2010	RSU Allianz	RSU Euler Hermes
Wilfried Verstraete	NA	NA	318.83	212.12	197.41
Gerd-Uwe Baden	73.39	27.12	62.38	128.31	81.25
Nicolas Hein	62.16	22.25	56.17	94.83	88.25
Michel Mollard	56.47	21.14	61.27	87.29	119.45
Dirk Oevermann	NA	NA	35.77	78.05	72.65
Frédéric Bizière since October 1, 2011	NA	NA	NA	42.13	39.21
TOTAL	**192.02**	**70.51**	**534.42**	**642.73**	**598.22**

The SAR valuation is linked to change in the Allianz share price over a period of 7 years. The RSU is linked to change in Allianz share price over a period of 5 years for the RSU granted between 2004 and 2009 and over a period of 4 years for the RSU granted since 2010. Since 2011, 50% of the RSU granted are Allianz RSU and 50% Euler Hermes RSU. The RSU plan is a 4 years plan.

B/ Additional share purchase or subscription options granted during the financial year to each member of the Group Management Board by the issuer and by any Group company

Stock options granted to members of the Group Management Board	Plan no.	Plan date	Type of options (purchase or subscription)	Valuation of the options based on the account consolidation method	Number of options granted during the period	Exercise price	Exercise period
Wilfried Verstraete							
Nicolas Hein							
Michel Mollard							
Gerd-Uwe Baden				NA			
Dirk Oevermann							
Frédéric Bizière							
TOTAL							

The Company has not put in place a bonus share plan pursuant to Articles L. 225-197-1 *et seq*. of the French Commercial Code for the members of the Group Management Board.

For a history of share purchase or subscription options granted and the status of share purchase or subscription options granted to the ten key non-corporate officer employees, *see pages 221 and 222 of this Registration Document*.

C/ Summary of each Group Management Board member's compensation (in € thousands)

	2010 Financial Year		2011 Financial Year	
	Amounts due for 2010	Amounts paid in 2010	Amounts due for 2011	Amounts paid in 2011
Wilfried Verstraete, Chairman of the Group Management Board				
Fixed compensation	450.00	450.00	500.00	500.00
Variable compensation (annual bonus)	483.33	337.50	514.80	483.33
Medium-term variable compensation	483.33	150.00 (1)	514.80	0
Long-term variable compensation	483.33	0.00	514.80 (2)	0
Exceptional compensation	NA	NA	NA	NA
Attendance fees	NA	NA	NA	NA
Specific allowances (3)	100.00	100.00	100.00	100.00
Benefits in kind (4)	19.40	19.40	22.50	22.50
TOTAL	**2,019.39**	**906.90**	**2,166.90**	**1,105.83**

(1) The Mid-Term variable bonus corresponds to the Mid-Term Bonus payment, covering performances from 2007 to 2009, made in February 2011.
(2) This compensation is liable to vary based on the performances and fluctuations in the Allianz and Euler Hermes share prices.
(3) Specific allowances for housing paid to Wilfried Verstraete and an allowance relating to international mobility, charges being included for the latter.
(4) Benefits in kind include a company car and unemployment insurance for Executive Managers (GSC).

	2010		2011	
	Amounts due for 2010	Amounts paid in 2010	Amounts due for 2011	Amounts paid in 2011
Nicolas Hein, Member of the Group Management Board				
Fixed compensation	350.00	350.00	350.00	350.00 (1)
Variable compensation (annual bonus)	216.00	87.90	152.40	216.00
Medium-term variable compensation	216.00	72.30 (2)	152.40	0
Long-term variable compensation	216.00	0.00	152.40 (3)	57.33 (4)
Exceptional compensation	NA	NA	NA	NA
Attendance fees	NA	NA	NA	NA
Specific allowances	NA	NA	NA	NA
Benefits in kind (5)	10.00	10.00	10.40	10.40
TOTAL	**1,008.00**	**520.20**	**817.60**	**633.73**

(1) Including sick pay and contingency.
(2) The Mid-Term variable bonus corresponds to the Mid-Term Bonus payment, covering performances from 2008 to 2009.
(3) This compensation is liable to vary based on stock market performances and fluctuations in the Allianz and Euler Hermes share prices.
(4) This amount is due to the exercice of SAR 2004.
(5) Benefits in kind include a company car and unemployment insurance for Executive Managers.

	2010		2011
	Amounts due for 2010	Amounts paid in 2010	Amounts paid in 2011
Michel Mollard, Member of the Group Management Board until May 6, 2011			
Fixed compensation	350.00	350.00	335.00
Variable compensation (annual bonus)	195.50	130.00	340.56
Medium-term variable compensation	195.50	72.30 (1)	336.67
Long term variable compensation	195.50	0.00	0.00
Exceptional compensation	NA	NA	NA
Attendance fees	NA	NA	NA
Specific allowances (2)	NA	NA	1,223.00
Benefits in kind (3)	3.20	3.20	28.50
TOTAL	**939.70**	**555.50**	**2,263.72**

(1) The Mid-Term variable bonus corresponds to the Mid-Term Bonus payment, covering performances from 2008 to 2009.
(2) Indemnities related to the termination of his employment contract.
(3) Benefits in kind include a company car and the gift of the car upon his resignation.

	2010		2011	
	Amounts due for 2010	Amounts paid in 2010	Amounts due for 2011	Amounts paid in 2011
Frédéric Bizière, Member of the Group Management Board since October 1, 2011 (1)	NA	NA		
Fixed compensation	NA	NA	62.50	62.50
Variable compensation (annual bonus)	NA	NA	38.44	NA
Medium-term variable compensation	NA	NA	38.44	NA
Long-term variable compensation	NA	NA	38.44 (2)	NA
Exceptional compensation	NA	NA	NA	NA
Attendance fees	NA	NA	NA	NA
Benefits in kind (3)	NA	NA	4.40	4.40
TOTAL	**NA**	**NA**	**182.22**	**66.90**

(1) The compensation indicated for Frédéric Bizière is related to his compensation as member of the Management Board.
(2) This compensation is liable to vary based on the performances and fluctuations of the Allianz and Euler Hermes share prices.
(3) Benefits in kind include a company car and unemployment insurance for Executive Managers (GCS).

	2010		2011	
	Amounts due for 2010	Amounts paid in 2010	Amounts due for 2011	Amounts paid in 2011
Gerd-Uwe Baden, member of the Group Management Board				
Fixed compensation	400.00	400.00	400.00	400.00
Variable compensation (annual bonus)	292.40	87.75	277.35	292.40
Medium-term variable compensation	292.40	87.75 (1)	277.35	0.00
Long-term variable compensation	292.40	0	277.35 (2)	104.95 (3)
Exceptional compensation	NA	NA	NA	NA
Attendance fees	NA	NA	NA	NA
Specific allowances (4)	41.50	41.50	42.00	42.00
Benefits in kind (5)	9.40	9.40	19.50	19.50
TOTAL	**1,328.10**	**626.40**	**1,293.55**	**858.85**

(1) The Mid-Term variable bonus corresponds to the Mid-Term Bonus payment, covering performances from 2008 to 2009.
(2) This compensation is liable to vary on the basis of the performances and fluctuations of the Allianz and Euler Hermes share prices.
(3) This amount is due to the exercise of SAR 2004.
(4) Specific allowances for housing and international mobility.
(5) Benefits in kind include a company car and unemployment insurance for Executive Managers (GCS).

	2010		2011	
	Amounts due for 2010	Amounts paid in 2010	Amounts due for 2011	Amounts paid in 2011
Dirk Oevermann, Member of the Group Management Board since February 1, 2010				
Fixed compensation	256.70	256.70	294.00	294.00
Variable compensation (annual bonus)	177.80	0.00	180.00	177.80
Medium-term variable compensation	177.80	NA	180.00	0.00
Long-term variable compensation	177.80	NA	180.00 (1)	0.00
Exceptional compensation	NA	NA	NA	NA
Attendance fees	NA	NA	NA	NA
Specific allowances (2)	64.20	64.20	70.00	70.00
Benefits in kind (3)	8.70	8.70	19.70	19.70
TOTAL	**863.00**	**329.60**	**923.70**	**561.50**

(1) This compensation is liable to vary based on the performances and fluctuations of the Allianz and Euler Hermes share prices.
(2) Specific allowances for housing and international mobility.
(3) Benefits in kind include a company car and unemployment insurance for Executive Managers (GSC).

Michel Mollard, member of the Group Management Board, resigned with immediate effect at the Supervisory Board meeting of May 6, 2011.

The criteria determining the variable remuneration of members of the Group Management Board are set out in the Chairman of the Supervisory Board's report on corporate governance and the internal control and risk management procedures in place in the Company, included in paragraph 2.4 of this Registration Document.

Remuneration for Group Management Board members in the event of termination of the mandate

At the publication date of the present Registration Document, all Management Board members benefit from a severance payment in case of termination of their mandate under the conditions specified below.

On February 16, 2012, the Supervisory Board decided to renew the entire Management Board and to harmonize the payments likely to be due to Group Management Board members in the event that Group Management Board members' duties are terminated.

Since the Supervisory Board meeting on February 16, 2012, and subject to approval by the Shareholders' Meeting of May 25, 2012, the regulations regarding severance payments for all members of the Group Management Board are as follows:

Severance payments are due notably in the event of forced departure resulting from a change in control or strategy and are therefore not applicable when a director leaves the Company at his own initiative, changes function within the Euler Hermes Group or takes early retirement.

Severance payments are subject to the achievement of the following performance criteria:

- achievement of 75% of the annual objectives following the appraisal and as documented in the annual goal setting process at least in two of the last three years within Euler Hermes or Allianz Group. If the tenure is less than three years, then the achievement of the last one, or if available, two years of at least 75% is required.

- combined ratio equal to or less than 95% on average for the last three calendar years preceding the revocation.

In the event that both of these conditions are met, the indemnity is payable in full. A payment of 50% of the indemnity is made if only one of the above conditions is met.

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

Non-compete clause

At the date of the publication of the present Registration Document, no Management Board member benefit from a non-compete clause.

Supplementary pension plan for Group Management Board members

No members of the Group Management Board benefit from a defined-benefit supplementary retirement plan (umbrella retirement).

All members of the Group Management Board except Gerd-Uwe Baden benefit from a supplementary French AGIRC-ARRCO defined-contribution pension plan.

Nicolas Hein, Dirk Oevermann, Michel Mollard (until May 6 , 2011) and Frédéric Bizière (from October 1 , 2011 onwards), in addition to their supplementary AGIRC-ARRCO pension plan, benefit from a supplementary ARIAL Assurances defined-contribution pension plan, for which €18.87 million was recognized in 2011 for Nicolas Hein and Dirk Oevermann individually, and €14.81 million for Michel Mollard. An amount of €0,9 million was recognized for Frédéric Bizière.

Wilfried Verstraete and Gerd-Uwe Baden benefit from the Allianz supplementary defined-contribution executive retirement plan. The expense recognized in 2011 amounted to €173,782 with respect to Wilfried Verstraete and €203,772 with respect to Gerd-Uwe Baden.

Since the Supervisory Board of February 16, 2012, the situation of the Management Board members is as follows:

	Employment contract		Supplementary pension plan: Defined-contribution pension plan		Supplementary pension plan: Defined-benefit pension plan		Compensation or benefits due or likely to be due as a result of a discontinuation or change of function		Compensation relating to a non-compete clause	
Executive corporate officers' term of office start and end date	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Wilfried Verstraete Chairman of the Group Management Board 04/01/2009 to 03/31/2016		X	X			X	X (1)			X
Gerd-Uwe Baden Member of the Group Management Board 05/25/2004 to 03/31/2016		X	X			X	X (1)			X
Nicolas Hein Member of the Group Management Board 05/25/2004 to 03/31/2016		X	X			X	X (1)			X
Dirk Oevermann Member of the Group Management Board 2/01/2010 to 03/31/2016		X	X			X	X (1)			X
Michel Mollard Member of the Group Management Board Term ended on May 6, 2011		X	X			X	X (1)			X

(1) Decision of the Supervisory Board of February 16, 2012. Subject to approval of the General Shareholders Meeting to be held on May 25, 2012.

Pursuant to the AFEP/MEDEF recommendations, the Chairman of the Group Management Board does not also have an employment contract with the Group.

2.2.2 REMUNERATION AND BENEFITS IN KIND RECEIVED BY THE SUPERVISORY BOARD MEMBERS

The members of the Supervisory Board may receive remuneration in the form of Supervisory Board members' fees, the amount of which is fixed by the Ordinary Shareholders' Meeting, and exceptional remuneration under the conditions provided for by law.

In addition, the Chairman and the Vice-Chairman may receive special remuneration, the amount of which is set by the Supervisory Board. The Company did not pay any special compensation in 2011.

Attendance fees and other remuneration paid to members of the Supervisory Board (in € thousands)

	Amounts paid in 2010	Amounts paid in 2011
Clement Booth		
Attendance fees	56.4	46.1
Other remuneration		
Brigitte Bovermann (1)		
Attendance fees	23.1	46.1
Other remuneration		
Elizabeth Corley (1)		
Attendance fees	17.3	34.6
Other remuneration		
Thomas Bernd Quaas (1)		
Attendance fees	17.3	34.6
Other remuneration		
Nicolas Dufourcq (1)		
Attendance fees	17.3	34.6
Other remuneration		
Jacques Richier (1)		
Attendance fees	17.3	34.6
Other remuneration		
Charles de Croisset		
Attendance fees	56.4	46.1
Other remuneration		
Robert Hudry		
Attendance fees	56.4	46.1
Other remuneration		
Yves Mansion		
Attendance fees	56.4	46.1
Other remuneration		
Jean-Hervé Lorenzi		
Attendance fees	56.4	46.1
Other remuneration		
Philippe Carli		
Attendance fees	42.3	34.6
Other remuneration		
François Thomazeau (2)		
Attendance fees	33.3	NA
Other remuneration		
TOTAL	**450.00**	**450.00**

(1) *Term of office began on 05/21/2010.*
(2) *Until May 21, 2010.*

Total attendance fees paid to Supervisory Board members amounted to €450,000 in 2011, in line with the decision made by the Shareholders' Meeting on May 20, 2011.

Each Board member who is also a member of the Nomination and Remuneration Committee and/or a member of the Audit Committee receives an additional 1/3 of fees.

The Supervisory Board Chairman also receives 1/3 additional fees for chairing the Board.

These regulations have been modified in 2012. For further information, *see page 46 of the present registration document*.

Remuneration and benefits of any kind received by corporate officers of Allianz France and Allianz SE, which control Euler Hermes

Moreover, in accordance with Article L. 225-102-1, paragraph 2 of the French Commercial Code, the total remuneration and benefits in kind received by corporate officers of Allianz France and Allianz SE, which control Euler Hermes, respectively amounted to:

Clement Booth	
Fixed annual gross compensation	750.00 (1)
Gross variable portion (annual bonus for performance 2010 + RSU paid in 2011)	1,469.92 (2)
Benefits in kind	144.59
TOTAL (IN € THOUSANDS)	**2,364.51**
RSU (number)	11,799
SAR (number)	NA (3)

Brigitte Bovermann	
Fixed annual gross compensation	267.00 (1)
Gross variable portion (annual bonus related to performance in 2010 + RSU paid in 2011)	318.74 (2)
Benefits in kind	67.00
TOTAL (IN € THOUSANDS)	**652.74**
RSU (number)	2,612
SAR (number)	NA (3)

Elizabeth Corley	
Fixed annual gross compensation	365.52 (1)
Gross variable portion (annual bonus related to performance in 2010 + RSU paid in 2011 + long term bonus paid in 2011)	3,839.39 (2)
Benefits in kind	48
TOTAL (IN € THOUSANDS)	**4,252.91**
RSU (number)	1,188
SAR (number)	NA (3)

Jacques Richier	
Fixed annual gross compensation	650.00 (1)
Gross variable portion (annual bonus related to performance in 2010)	381.40 (2)
Benefits in kind	0
TOTAL (IN € THOUSANDS)	**1,031.40**
RSU (number)	4,531
SAR (number)	NA (3)

(1) *Paid in 2011.*
(2) *Paid in 2011.*
(3) *No SAR distributed in 2011.*

The variable portion corresponds to the annual bonus, medium-term bonus and long-term bonus as set out in section 2.4.1 of this Registration Document.

2.3 List of functions and offices held by the directors

2.3.1 SUPERVISORY BOARD MEMBER OFFICES

Name	Company in which the term of office or function is served or exercised	Country	Term of office/Function	Date of 1st appointment	Date of expiry of term of office
Clement Booth, born in 1954, a German national, has been a member of the Allianz SE Group Management Board since 2006, where he has Management Board responsibility for the global insurance lines (industrial, specialty, credit and reinsurance) and the regions UK, Ireland and Australia.	Euler Hermes	France	Chairman of the Supervisory Board	09/18/2009	SM called to approve the accounts for the 2011 financial year
	Allianz Australia Ltd	Australia	Member of the Board of Directors	01/01/2006	
	Allianz Australia Insurance Ltd	Australia	Member of the Board of Directors	01/01/2006	
	CIC Allianz Insurance Ltd	Australia	Member of the Board of Directors	01/01/2006	
	Allianz Australia Life Insurance Ltd	Australia	Member of the Board of Directors	01/01/2006	
	Allianz SE	Germany	Member of the Group Management Board	01/01/2006	
	Allianz Global Corporate & Specificity AG	Germany	Chairman of the Supervisory Board	11/16/2005	
	AZ Irish Life Holding	Ireland	Member of the Board of Directors	01/01/2006	
	Allianz UK Ltd	United Kingdom	Chairman of the Board of Directors	01/01/2006	
	Allianz Holdings plc	United Kingdom	Chairman of the Board of Directors	01/01/2006	
	Allianz Insurance plc	United Kingdom	Chairman of the Board of Directors	01/01/2006	
	Association of British Insurers (ABI)	United Kingdom	Member	07/15/2009	

Name	Company in which the term of office or function is served or exercised	Country	Term of office/Function	Date of 1st appointment	Date of expiry of term of office
Brigitte Bovermann, born in 1956, a German national, has been responsible for Allianz's "Global Insurance Lines & Anglo Markets" division since January 2010.	Euler Hermes	France	Vice-Chairman of the Supervisory Board, Chairman of the Nomination and Remuneration Committee and member of the Audit Committee	5/21/2010	SM called to approve the accounts for the 2012 financial year
	AWC- Allianz Worldwide Care Ltd	Ireland	Chairman of the Board of Directors	07/19/2002	
	Allianz Irish Life Holdings plc	Ireland	Director	01/21/1999	
	Allianz plc	Ireland	Director	01/21/1999	
	Allianz Insurance plc	United Kingdom	Director	06/09/2006	
	Allianz Holdings plc	United Kingdom	Director	06/09/2006	
	Allianz (UK) Ltd	United Kingdom	Director	06/09/2006	
	Allianz UK Pension Fund Trustees Ltd	United Kingdom	Member of the Board	05/12/2009	
	AGF Holdings UK	United Kingdom	Member of the Board	09/30/2011	
	AGF Insurance UK	United Kingdom	Member of the Board	09/30/2011	
	Allianz Australia Life Insurance Ltd	Australia	Director	04/21/2006	
	Allianz Australia Ltd	Australia	Director	04/21/2006	
	Allianz Australia Insurance Ltd	Australia	Director	04/21/2006	
	CIC Allianz Insurance Ltd	Australia	Director	04/21/2006	
	AGR US	United States	Member of the Board	08/06/2007	
	AMIC-AGCS Marine Insurance Company	United States	Member of the Board	01/01/2010	
	Allianz Mexico SA	Mexico	Member of the Board	03/27/2008	

Name	Company in which the term of office or function is served or exercised	Country	Term of office/Function	Date of 1st appointment	Date of expiry of term of office
Nicolas Dufourcq, born in 1963, a French national, is currently responsible for finance, risk management, IT and procurement at the Capgemini Group.	Euler Hermes	France	Member of the Supervisory Board	05/21/2010	SM called to approve the accounts for the 2012 financial year
	Capgemini Reinsurance Company	Luxembourg	Chairman	09/17/2004	
	Capgemini Reinsurance International	Luxembourg	Vice-Chairman		
	Prosodie SA		Director		
	Capgemini Holding Inc		Director	04/15/2005	
	Capgemini Energy GP LLC		Director	11/14/2005	
	Capgemini Mexico	Mexico	Director	09/27/2004	
	CGS Holdings Ltd		Director	09/30/2004	
	Capgemini UK plc		Director	09/30/2004	
	Capgemini Deutschland Holding GmbH	Germany	Director	04/23/2009	
	Capgemini Italia S.p.A.	Italy	Director	05/26/2009	SM called to approve the accounts for the 2011 financial year
	Capgemini Asia Pacific Pte.		Director	01/31/2005	
	Capgemini Australia Pty Ltd	Australia	Director	02/01/2005	
	Sogeti Sverige AB	Sweden	Director	01/22/2006	
	Sogeti Sverige Mitt AB	Sweden	Director		
	Sogeti Danmark A/S	Denmark	Director	07/08/2006	
	Sogeti Finland Oy	Finland	Director	01/01/2010	
	Sogeti Norge AS	Norway	Director	06/15/2007	
	Sogeti Nederland BV	Netherlands	Director	06/23/2005	
	Sogeti Belgium SA	Belgium	Director	05/30/2008	SM called to approve the accounts for the 2014 financial year
	Sogeti Luxembourg SA	Luxembourg	Director	08/01/2005	SM called to approve the accounts for the 2011 financial year
	Sogeti Deutschland GmbH	Germany	Director	12/21/2005	
	Sogeti Espana	Spain	Director	06/29/2005	
	Capgemini Financial Serviecs USA Inc	United States	Director	03/20/2007	
	Capgemini Financial Services Europe, Inc	United States	Director	03/20/2007	
	Capgemini Financial Services (Japan) Inc	Japan	Director	03/20/2007	
	Kanbay Limited (Bermuda)	Bermuda	Director	01/23/2008	
	Kanbay (Asia) Ltd (Mauritius)		Director	01/23/2008	
	Capgemini Hong Kong Ltd	Hong Kong	Director	01/31/2005	
	Capgemini Financial Services Australia Pty Ltd	Australia	Director	12/28/2007	
	CPM Braxis (Alternate to P. Hermelin)		Director	10/01/2010	
	Capgemini Singapore Pte. Ltd	Singapore	Director		

Name	Company in which the term of office or function is served or exercised	Country	Term of office/Function	Date of 1st appointment	Date of expiry of term of office
Jacques Richier, born in 1955, a French national, has been Chairman and Chief Executive Officer of Allianz France SA since January 2010.	Euler Hermes	France	Member of the Supervisory Board	05/21/2010	SM called to approve the accounts for the 2012 financial year
	Allianz Global Corporate & Specificity AG	Germany	Member of the Supervisory Board	01/12/2009	SM called to approve the accounts for the 2014 financial year
	Oddo & Cie SCA	France	Member of the Supervisory Board	12/10/2008	12/31/2011
	Paris Orléans	France	Member of the Supervisory Board	09/01/2010	03/31/2013
Thomas Bernd Quaas, born in 1952, a German national, has been Chairman and Chief Executive Officer of Beiersdorf AG since 2005.	Euler Hermes	France	Member of the Supervisory Board	05/21/2010	SM called to approve the accounts for the 2012 financial year
	Beiersdorf AG	Germany	Chairman	05/18/2005	
	Tesa SE	Germany	Member of the Supervisory Board	04/14/2005	
Elizabeth Corley, born in 1956 in Germany, a British national, has been Chief Executive Officer of Allianz Global Investors.	Euler Hermes	France	Member of the Supervisory Board	05/21/2010	SM called to approve the accounts for the 2012 financial year
	Allianz Global Investors AG	Germany	Member of the Group Management Board	10/01/2005	
	Allianz Global Investors Europe GmbH	Germany	Member of the Board of Directors Allianz Global Investors Holding GmbH	12/15/2005	
	Allianz Global Investors Deutschland GmbH	Germany	Member of the Supervisory Board	06/30/2008	
	Allianz Global Investors Advisory GmbH	Germany	Chairperson of the Supervisory Board	07/01/2005	
	Allianz Global Investors Kapitalanlagegesellschaft GmbH	Germany	Chairperson of the Board of Directors	06/30/2008	
	AGI Italia Sgr S.p.a.	Italy	Member of the Board of Directors	04/192007	
	AGI Luxembourg	Luxembourg	Chairperson of the Board of Directors	07/01/2005	
	Allianz France Global Investors France SA	France	Chairperson	01/27/2010	
	Forum of European Asset Managers (FEAM)		Member of the Management Committee		
	The City UK	United Kingdom	Member of the Board of Directors		
	The City of London	United Kingdom	Member of the City of London International Regulatory Strategy Group		
Yves Mansion, born in 1951, a French national, is a Company director.	Euler Hermes	France	Member of the Supervisory Board and of the Audit Committee	01/01/1992	SM called to approve the accounts for the 2011 financial year
	Autorité des Marchés Financiers	France	Member of the College of Non-voting Members	11/01/2003	05/29/2011
	Mansions SAS	France	Founder and Chairman	06/13/2007	
	Aviva France	France	Director and Chairman of the Audit Committee	10/01/2008	12/31/2012
	Aviva Participations	France	Director		

Name	Company in which the term of office or function is served or exercised	Country	Term of office/Function	Date of 1st appointment	Date of expiry of term of office
Jean-Hervé Lorenzi, born in 1947, a French national, is currently an advisor to the Board of Compagnie Edmond de Rothschild.	Euler Hermes	France	Member of the Supervisory Board and the Nomination and Remuneration Committee	11/19/2004	SM called to approve the accounts for the 2012 financial year
	Compagnie Financière de Saint-Honoré SA	France	Member of the Supervisory Board	06/25/2004	SM called to approve the accounts for the 2012 financial year
	Edmond de Rothschild Private Equity Partners SAS	France	Chairman of the Supervisory Board	12/12/2006	SM called to approve the accounts for the 2010 financial year
	Edmond de Rothschild Capital Partners SAS	France	Chairman of the Supervisory Board	12/12/2006	SM called to approve the accounts for the 2010 financial year
	Edmond de Rothschild Investment Partners SAS	France	Chairman of the Supervisory Board	12/12/2006	SM called to approve the accounts for the 2010 financial year
	Newstone Courtage SA	France	Member of the Supervisory Board	04/13/2007	SM called to approve the accounts for the 2010 financial year
	SIACI SA	France	Member of the Supervisory Board	04/13/2007	SM called to approve the accounts for the 2010 financial year
	Novespace SA	France	Permanent Representative on the Board of Directors of Compagnie Edmond de Rothschild Banque		Permanent representative of Compagnie Financière Edmond de Rothschild Banque on the Board of Directors
	Associés en Finance SA	France	Non-voting member		Renewed in 2011
	BNP Paribas Assurances SA	France	Member of the Supervisory Board	05/14/2007	SM called to approve the accounts for the 2012 financial year
	Crédit Foncier de France SA	France	Member of the Supervisory Board		Term of office ends on 12/31/2011, renewed in 2012
	Eramet	France	Member of the Supervisory Board and Chairman of the Audit Committee	02/01/2009	SM called to approve the accounts for the 2012 financial year
Robert Hudry, born in 1946, a French national, is a Company director.	Euler Hermes	France	Member of the Supervisory Board	04/07/2000	SM called to approve the accounts for the 2012 financial year
Charles de Croisset, born in 1943, a French national, is a Company director.	Euler Hermes	France	Member of the Supervisory Board and Nomination and Remuneration Committee	04/07/2000	SM called to approve the accounts for the 2012 financial year
	Fondation du Patrimoine	France	Chairman	December 2006	
	Renault	France	Director	04/01/2004	SM called to approve the accounts for the 2011 financial year
	SA des Galeries Lafayette	France	Member of the Board of Non-voting Members	05/01/2004	SM called to approve the accounts for the 2011 financial year
	LVMH	France	Director	05/01/2008	SM called to approve the accounts for the 2013 financial year
Philippe Carli, born in 1960, a French national, has been General Manager of Groupe Amaury since October 2010.	Euler Hermes	France	Member of the Supervisory Board	05/15/2009	SM called to approve the accounts for the 2011 financial year
	Éditions Amaury	France	CEO	10/01/2010	
	Coopérative de Distribution des Quotidiens	France	Chairman of the Board of Directors		
	Mediakiosk		Director		
	Fondation Supelec		Chairman		
	Chambre Franco-Allemande de Commerce et d'Industrie		Member of the Supervisory Board		
	Presstalis		Director		

2.3.2 GROUP MANAGEMENT BOARD MEMBER OFFICES

Name	Company in which the term of office or function is served or exercised	Country	Term of office/Function	Date of 1st appointment	Date of term of office expiration
Wilfried Verstraete	Euler Hermes	France	Chairman of Group Management Board	04/01/2009	03/31/2016
	Euler Hermes SFAC	France	Chairman of the Supervisory Board	04/17/2009	SM called to approve the accounts for the 2013 financial year
	Euler Hermes ACI	United States	Chairman of the Board of Directors	11/13/2009	
	Euler Hermes ACI Holdings Inc	United States	Chairman of the Board of Directors	11/13/2009	
	Euler Hermes Kreditversicherungs-AG	Germany	Chairman of the Supervisory Board	04/27/2009	SM called to approve the accounts for the 2012 financial year
	Euler Hermes World Agency	France	Board of Non-voting Members	05/10/2011	SM called to approve the accounts for the 2011 financial year
	Immobel	Belgium	Independent Director	08/29/2007	5/26/2011
Nicolas Hein	Euler Hermes	France	Member of the Board of Management	05/25/2004	3/31/2016
	Euler Hermes UK plc	United Kingdom	Director		12/31/2011 due to cross-border merger
	Euler Hermes Holdings UK plc	United Kingdom	Director		12/31/2011 due to cross-border merger into Euler Hermes Europe
	Euler Hermes ACI	United States	Director	03/31/2004	
	Euler Hermes ACI Holdings Inc	United States	Member of the Supervisory Board	03/31/2004	
	Euler Hermes Credit Insurance Belgium	Belgium	Director	05/10/2006	SM called to approve the accounts for the 2011 financial year
	Euler Hermes Kredietverzekering NV	Netherlands	Member of the Supervisory Board	11/26/2004	12/31/2011 due to cross-border merger into Euler Hermes Europe
	Euler Hermes SFAC	France	Vice-Chairman of the Supervisory Board	05/18/2004	SM called to approve the accounts for the 2013 financial year
	Euler Hermes World Agency	France	Non-voting Members	06/12/2008	SM called to approve the accounts for the 2011 financial year
	Euler Hermes SIAC	Italy	Chairman of the Board of Directors	03/23/2004	12/31/2011 due to cross-border merger into Euler Hermes Europe
	Euler Hermes Reinsurance AG	Switzerland	Director	11/22/2005	SM called to approve the accounts for the 2011 financial year

Name	Company in which the term of office or function is served or exercised	Country	Term of office/Function	Date of 1st appointment	Date of term of office expiration
Michel Mollard	Euler Hermes	France	Member of the Group Management Board	05/25/2004	Resignation 06/05/2011
	Euler Hermes SFAC	France	Permanent Representative	02/08/2010	Resignation 06/05/2011
	Euler Hermes UK Plc	United Kingdom	Director	06/17/2002	Resignation 06/05/2011
	Euler Hermes Holdings UK Plc	United Kingdom	Director	06/17/2002	Resignation 06/05/2011
	Euler Hermes ACI	United States	Vice-Chairman of the Board of Directors	12/19/2002	Resignation 05/23/2011
	Euler Hermes ACI Holdings Inc	United States	Vice-Chairman of the Board of Directors	12/19/2002	Resignation 05/23/2011
	Perfectis Private Equity	France	Chairman of the Supervisory Board		Resignation 05/06/2011
	Euler Hermes Reinsurance AG	Switzerland	Director	June 2011	Resignation 05/06/2011
	Euler Hermes Sigorta	Turkey	Director	07/02/2008	07/02/2011
Frédéric Bizière	Euler Hermes	France	Member of the Group Management Board	10/01/2011	03/31/2016
	Euler Hermes ACI	United States	Vice-Chairman of the Board of Directors	10/18/2011	
	Euler Hermes ACI Holdings Inc	United States	Vice-Chairman of the Board of Directors	10/18/2011	
	Euler Hermes Reinsurance AG	Switzerland	Director	03/09/2012	
	Euler Hermes Sigorta AS	Turkey	Director	07/02/2008	05/5/2011
Gerd-Uwe Baden	Euler Hermes	France	Member of the Group Management Board	05/25/2004	03/31/2016
	Euler Hermes Kreditversicherungs-AG	Germany	Member of the Supervisory Board	04/26/2010	SM called to approve the accounts for the 2012 financial year
	Euler Hermes World Agency	France	Non-voting Members	06/12/2008	SM called to approve the accounts for the 2011 financial year
	Euler Hermes Reinsurance AG	Switzerland	Chairman of the Board of Directors	06/28/2010	SM called to approve the accounts for the 2011 financial year
	Euler Hermes SIAC	Italy	Vice-Chairman of the Board of Directors	03/15/2010	12/31/2011 due to cross-border merger into Euler Hermes Europe
Dirk Oevermann	Euler Hermes	France	Member of the Group Management Board	02/01/2010	03/31/2016
	Euler Hermes Tech	France	Chairman	01/28/2010	Renewal by implied renewal
	Euler Hermes Collections Sp z o.o.	Poland	Chairman of the Supervisory Board	05/20/2010	

2.4 Report of the Chairman of the Supervisory Board to the Shareholders' Meeting on the corporate governance, internal control and risk management procedures established by the Company

Chairman's report pursuant to Article L. 225-68 of the French Commercial Code

February 16, 2012

To the Shareholders,

In accordance with the provisions of Article L. 225-68 of the French Commercial Code, the Chairman of the Euler Hermes Supervisory Board has issued a report devoted to corporate governance and internal controls, in addition to the Group Management Board's report.

The purpose of this report is notably to set out the composition of the Supervisory Board and the application of the principle of balanced representation of men and women on the Board, to describe the conditions governing the preparation and organization of its work, to list any limits placed by the Supervisory Board on the powers of the Group Management Board and to comment on the implementation of the Code of Corporate Governance laid down by representative bodies, as well as to describe internal control and risk management procedures, including those relating to the preparation and processing of financial and accounting information within the Company and its subsidiaries (referred to collectively as the "Group").

Under the supervision of the Chairman of the Supervisory Board, and after approval by the Supervisory Board, the work carried out in the preparation of this report was based primarily on the procedures coordinated by the Company Secretary in connection with the Group Finance function, as well as the major functional and operational departments. This report is also based on discussions with the Audit Committee.

This report has also been the subject of a report by the Company's Statutory Auditors on the internal control procedures used in the preparation and processing of accounting and financial information, and includes a declaration as to the provision of other required information, pursuant to Article L. 225-235 of the French Commercial Code.

This report was approved by the Supervisory Board on February 16, 2012.

I CORPORATE GOVERNANCE

Code of Corporate Governance

Since the 2008 fiscal year, the Company voluntarily adheres to the AFEP/MEDEF Code of Corporate Governance for listed companies, updated in April 2010. The AFEP/MEDEF Code may be consulted on the website www.medef.com.

The Euler Hermes Supervisory Board considers that these recommendations form part of the Company's approach to corporate governance, and notes that the majority of these recommendations have already been applied within the Group.

Euler Hermes therefore applies these recommendations, with the exception of the following:

- in 2011 it did not include a variable element in directors' fees, linked to attendance at Board and committee meetings by members of the Supervisory Board. This recommendation has, however, been adopted for 2012;
- in view of the recent composition of the Supervisory Board, the Supervisory Board did not consider it necessary for an independent third party to carry out a formal assessment in 2011. However, the Supervisory Board carries out a self-assessment on an annual basis and a formal assessment will be made by an independent third party in 2012;
- payments made to Dirk Oevermann in relation to his non-compete clause are not subject to any performance condition in 2011 and are not linked to a forced departure resulting from a change in control or strategy. This clause has been deleted by the Supervisory Board meeting of February 16, 2012.

The Company's supervisory and management bodies

The Group is headed by a Management Board, which is itself overseen by a Supervisory Board supported by an Audit Committee and a Nomination and Remuneration Committee.

The Company has opted for an organization that ensures the separation and balance of powers. The leadership and management powers assumed by the Group Management Board are clearly distinguished from the oversight and decision-making powers exercised by the Supervisory Board and the Shareholders' Meeting.

These structures are supported by the managers of cross-cutting functions, who are members of the Group Management Board and provide the foundations of the Group's operational management.

1 Supervisory Board: composition, preparation and organization of the work

1.1 Composition of the Supervisory Board

At the time of writing, the Supervisory Board comprised 11 members, as follows:

- Clement Booth, Chairman;
- Brigitte Bovermann, Vice-Chairman;
- Elizabeth Corley;
- Philippe Carli;
- Charles de Croisset;
- Nicolas Dufourcq;
- Robert Hudry;
- Jean-Hervé Lorenzi;
- Yves Mansion;
- Thomas Bernd Quaas;
- Jacques Richier.

The terms of office of the members of the Supervisory Board are staggered so as to avoid the need to replace all members at the same time, thereby helping foster a smooth transition.

In accordance with the principles stated in the AFEP/MEDEF Code, the Supervisory Board includes a number of independent members.

A member of the Supervisory Board is deemed independent in the absence of a relationship of any kind with the Company, its Group or its management that could compromise the exercise of his or her freedom of judgment.

To this end, the criteria determining whether directors qualify for independent status match those laid down in the AFEP/MEDEF Code. Accordingly, directors are deemed independent if they:

- are not employees or corporate officers of the Company or one of its consolidated subsidiaries and have not been in such a position for the previous five years;
- are not corporate officers of a company in which the Company holds, either directly or indirectly, a directorship, or in which a directorship is held or has been held within the past five years by an employee or a corporate officer of the Company;
- are not significant customers, suppliers, investment bankers or commercial bankers:
  - of the Company or its Group,
  - or for which the Company or its Group represents a significant part of the business;
- have no close family ties with a corporate officer;
- have not been auditors of the Company for the past five years;
- have not been directors of the Supervisory Board of the Company for more than 12 years.

Directors representing major shareholders of the Company or its parent company may be deemed independent if they do not take part in the control of the Company. Above a threshold of 10% of share capital or voting rights, the Board is required, upon a report issued by the Nomination and Remuneration Committee, to conduct a systematic review of the relevant director's independent status, taking into account the Company's shareholding structure and the existence of a potential conflict of interest.

At its meeting of February 15, 2011, the Nomination and Remuneration Committee reviewed on a case-by-case basis the status of all Supervisory Board members with regard to the independence criteria set out in the AFEP/MEDEF Code.

The Supervisory Board decided to qualify the following directors as independent, in accordance with the AFEP/MEDEF criteria:

- Philippe Carli, CEO of the Amaury Group since October 2010 and member of the Supervisory Board of Euler Hermes since May 2009;
- Nicolas Dufourcq, Head of Finance, Risk Management, Information Technology and Procurement of the Capgemini Group and a member of the Supervisory Board of Euler Hermes since May 2010;
- Thomas-Bernd Quaas, Chairman and CEO of Beiersdorf AG and member of the Supervisory Board of Euler Hermes since May 2010;
- Robert Hudry, Company director, member of the Supervisory Board of Euler Hermes since April 2000;
- Charles de Croisset, Company director, member of the Supervisory Board of Euler Hermes since April 2000;
- Jean-Hervé Lorenzi, advisor to the Management Board of Compagnie Edmond de Rothschild.

In accordance with the AFEP/MEDEF Code, independent directors represented more than one third of the members of the Supervisory Board in 2011.

These qualifications will be reviewed in 2012.

In addition, the members of the Supervisory Board comply with the legal provisions on multiple directorships. This is an important guarantee of their commitment and availability to the Group.

Lastly, with respect to the AFEP/MEDEF recommendation on the increased presence of women on company Boards and French law no. 2011-103 dated January 27, 2011 on the balanced representation of men and women on Boards of Directors and Supervisory Boards and professional equality, two women were elected to the Supervisory Board at the Shareholders' Meeting of May 21, 2010. Women currently account for 18% of Supervisory Board members.

The Supervisory Board will strive to ensure that women account for at least 20% of members within three years, and at least 40% within six years from the publication of the AFEP/MEDEF recommendation on April 19, 2010, *i.e.* by April 19, 2013 and April 19, 2016 respectively.

1.2 Internal regulations

The Supervisory Board has adopted internal regulations designed to complement the statutory rules, regulations and Articles of Association to which the Supervisory Board as a whole and individual members must comply. These Supervisory Board internal regulations are available on the Company's website: www.eulerhermes.com.

These regulations provide for, among other aspects:

- the organization of Supervisory Board meetings;
- a charter applicable to members of the Supervisory Board, setting out directors' rights and duties;
- the establishment of an Audit Committee, a Nomination and Remuneration Committee and other specialist committees.

The Supervisory Board's internal regulations provide, as regards the prevention and management of conflicts of interest, that:

- members of the Board are required to exercise all possible means to avoid any conflict between their moral and material interests and those of the Company. They must inform the Supervisory Board immediately of any conflict of interest, or potential conflict, and may not participate in discussions or vote on related resolutions;
- each member must advise the Board of any information which he or she possesses and which he or she believes might affect the Company's interests. He or she must express his or her concerns and opinions clearly;
- members of the Supervisory Board and any persons attending Board meetings may not, under any circumstances, take any actions likely to harm the Company's interests.

The internal regulations were adopted by the Supervisory Board at its meeting on May 7, 2010 and amended at its meeting on February 15, 2011.

Furthermore, the Audit Committee has adopted internal regulations dated February 15, 2011, which govern the running of this body, especially the extent of its tasks, the frequency of its meetings and its composition, in accordance with the provisions of Articles L. 823-19 *et seq*. of the French Commercial Code.

The Nomination and Remuneration Committee has also adopted internal regulations.

1.3 Organization of meetings of the Supervisory Board

Members of the Supervisory Board generally receive the information and documentation related to the topics on the agenda of the Supervisory Board meetings one week before the meeting date. This allows them to examine the issues to be discussed at the meeting. Particularly sensitive and/or urgent topics may be discussed without the prior distribution of documentation or with notice of less than one week.

To facilitate members' participation in Supervisory Board meetings, they may attend in person, *via* teleconference or *via* video conference (in accordance with legal and statutory requirements).

The Supervisory Board nevertheless prefers that members attend the meetings in person in order to foster debate.

It is provided that one item on the Supervisory Board's agenda every year shall involve a discussion on its functioning. More information on this point is provided in section 1.5 of this report.

The Supervisory Board is chaired by Clement Booth, who organizes and directs its work and reports to the Shareholders' Meeting. He ensures that Supervisory Board meetings cover all the points included on the agenda. He also ensures the proper functioning of the Company's management bodies and, in particular, makes certain that members of the Supervisory Board are able to carry out their duties.

The Supervisory Board also appointed a Vice-Chairman, Brigitte Bovermann, who chairs meetings in the absence of the Chairman.

1.4 Activities of the Supervisory Board during the year ended December 31, 2011

The Supervisory Board met seven times in 2011.

	02/15/2011	05/06/2011	06/17/2011	07/18/2011	07/26/2011	09/15/2011	11/09/2011	% attendance
Clement Booth	•	•	•	•	•	•	•	100
Brigitte Bovermann	•	•	•	•	•	•	•	100
Philippe Carli	•		•		•	•	•	71.43
Elizabeth Corley		•	•	•	•		•	71.43
Charles de Croisset	•	•	•	•		•	•	85.71
Nicolas du Fourcq	•	•	•		•		•	71.43
Robert Hudry	•	•	•	•	•	•	•	100
Thomas Bernd Quaas	•		•	•	•		•	71.43
Jean-Hervé Lorenzi		•	•	•	•	•	•	85.71
Yves Mansion	•	•	•	•	•	•	•	100
Jacques Richier	•	•	•	•	•	•	•	100

Attendance by Supervisory Board members averaged 87%.

The Supervisory Board carries out any audits and controls it deems appropriate at any time during the year and may request any documents it considers relevant in fulfilling its tasks.

In accordance with the law and under Article 11 of the Articles of Association, the Supervisory Board exercises permanent control over the management of the Company, carried out by the Group Management Board, and grants that body the prior authorizations required by law or the Articles of Association.

In 2011, the Supervisory Board also dealt with the following issues:

- calling of the Annual Shareholders' Meeting and recording the proposed resolutions (meeting of February 15, 2011);
- review of law no. 2011-103 dated January 27, 2011 and review of the Company policy concerning the balanced representation of females on the Board (meeting of February 15, 2011);
- review of the annual, interim and quarterly company and consolidated financial statements, as well as the 2010 management report (meetings of February 15, May 7, July 26 and November 5, 2011);
- progress on ensuring the Company's compliance with the Solvency II regulations (meeting of May 6, 2011);
- appointment of a member of the Group Management Board (meeting of September 15, 2011);
- authorization for the Group Management Board to negotiate, conclude and sign the lease for the premises located at Tour First in La Défense (meeting of June 17, 2011);
- approval and authorization to sign the framework agreement governing the arranging, creation and management of an Undertaking for Collective Investment in Real Estate for the purpose of carrying the building located at 1 rue Euler, 75008 Paris (meeting of November 9, 2011);
- authorization for the Group Management Board to sign a memorandum of understanding bearing on the creation of a joint venture with Mapfre as part of the merger of the two groups' credit insurance and bonding activities in Spain, Portugal and Latin America, and to continue talks with Mapfre (meeting of July 18, 2011);
- authorization for the Group Management Board to conclude three bank guarantees (meeting of July 26, 2011);
- renewal of guarantees provided by Euler Hermes SA as parent company to some Group subsidiaries (meeting of November 9, 2011);
- progress of the Blue Europe project: transformation of credit insurance companies in Europe into branches (meeting of February 15, 2011);
- review of Euler Hermes' investment strategy (meetings of July 26 and November 9, 2011).

1.4.1 PRINCIPLES GOVERNING CORPORATE OFFICERS' REMUNERATION

The Supervisory Board sets corporate officers' remuneration on the basis of a report prepared by the Nomination and Remuneration Committee. For further information on corporate officers' remuneration and benefits, *see section 2.2 of the 2011 Registration Document*.

Remuneration of Supervisory Board members

Members of the Supervisory Board may receive, in the form of directors' fees, remuneration in an amount set by the Shareholders' Meeting and extraordinary remuneration under conditions prescribed by law. The Chairman and Vice-Chairman may also receive special compensation, the amount of which is set by the Supervisory Board.

The Shareholders' Meeting of May 20, 2011 approved the allocation of directors' fees to members of the Supervisory Board in the amount of €450,000 in respect of 2011. Directors' fees allocated in respect of 2010 also amounted to €450,000.

The distribution of directors' fees between members of the Supervisory Board was determined on the following basis in 2011: at the Supervisory Board meeting on May 7, 2010, it was decided to allocate one unit per member. A single unit corresponds to an amount of €34,6 thousands in 2011. In addition, when the member of the Supervisory Board is also a committee member (audit and/or remuneration) and/or Chairman of the Board, he/she receives an additional one third of a unit. In total, a member of the Supervisory Board may not receive more than one unit plus one third of a unit.

At the Supervisory Board meeting of November 9, 2011, the Board decided, after considering the recommendations of the Nomination and Remuneration Committee, and subject to the endorsement of the aggregate amount of €500,000 proposed at the Shareholders' Meeting approving the financial statements for the year ended December 31, 2011, to change the method of allocating directors' fees between the members of the Supervisory Board. It will adopt the following method as of 2012:

- each member will receive €35,000 in respect of the current year;
- the Chairman will receive €75,000 in respect of the current year;
- each member of the Audit and/or Nomination and Remuneration Committees will receive an additional €15,000.

These amounts are conditional on the member's actual presence at meetings. The following deductions are applicable in the event of absence:

- at Supervisory Board meetings: €5,000 deducted for each absence;
- at Committee meetings: €3,000 deducted for each absence.

Payment of directors' fees to Supervisory Board members is made semi-annually in arrears.

Members of the Supervisory Board receive no other remuneration from the Company.

The amount of directors' fees received by members of the Supervisory Board is set out on page 34 of this Registration Document.

Remuneration of Group Management Board members

The principles governing the remuneration of Group Management Board members and its amount are determined by the Supervisory Board upon the recommendation of the Nomination and Remuneration Committee.

Members of the Group Management Board receive a fixed remuneration and a variable remuneration.

Fixed remuneration

Fixed remuneration is set in the light of market practice with respect to similar functions. This represents between 30% and 40% of the total remuneration of members of the Group Management Board.

Variable remuneration

At the end of each year, the Nomination and Remuneration Committee advises the Supervisory Board of its assessment of the performances of the members of the Group Management Board, and as such the amount of the associated variable portion. The Supervisory Board approves the amount of the variable portion calculated in this manner, in accordance with the criteria detailed below.

Variable remuneration (annual, mid-term and long-term bonus) represents 60% to 70% of the total remuneration of the members of the Group Management Board and, with regard to 2011, depends on individual performance criteria (based on completion of projects, organic growth, diversity, etc.) and the following three financial criteria: the first is linked to the Group's consolidated turnover, its operating income and its net income, the second to the achievement of operational contribution objectives, and the third to the achievement of qualitative personal objectives. For reasons of confidentiality, the expected level of achievement of these qualitative objectives is not made public.

These objectives are proposed by the Nomination and Remuneration Committee and approved by the Supervisory Board.

Variable remuneration breaks down into three different types of remuneration:

- the annual bonus payable in cash;
- the mid-term bonus:

  The members of the Group Management Board benefit from a mid-term bonus (MTB) system that was implemented in the Euler Hermes Group to increase the loyalty of its managers. The system works on a three-year basis: if the targets set are attained within the three-year period, an additional bonus is received at the end of the period;
- the long-term bonus:

  As part of a global long-term incentive plan aimed at Allianz Group senior management, the members of the Group Management Board also benefit from a long-term bonus system breaking down into RSUs (Restricted Stock Units) and SARs (Stock Appreciation Rights) awarded between 2004 and 2009.

No SARs were awarded to members of the Group Management Board in either 2010 or 2011.

In 2011, Group Management Board members were awarded RSUs, 50% of the value of which was based on change in the Allianz share price and 50% on change in the Euler Hermes share price, with a vesting period of four years starting on the date of the award compensating the performance in respect of year N-1.

Corporate office/Employment contract

In 2011, with the exception of Nicolas Hein, Group Management Board member and the Group's Chief Financial Officer, and Michel Mollard (who resigned on May 6, 2011), no member of the Group Management Board combined their corporate office with an employment contract.

Since the Supervisory Board of February 16, 2012, no more Management Board member has an employment contract.

Compensation for Group Management Board members in the event of termination of mandate

In 2011, the Group Management Board members who are exclusively corporate officers and do not have employee status benefit from severance payments in the event of the termination of their term of office due to their forced departure for reasons relating to a change in control or strategy.

Since the Supervisory Board of February 16, 2012, all Management Board members benefit from a severance payment in case of termination of their mandate. No management Board member benefit from an employment contract in 2012.

In such an event, compensation is paid in accordance with Article L. 225-90-1 of the French Commercial Code, on the condition that the performance criteria set out in section 2.2.1 of the 2011 Registration Document have been met. No indemnity may exceed two years' fixed and variable remuneration.

Non-compete clause

In 2011, with the exception of Dirk Oevermann, no member of the Group Management Board was subject to a non-compete clause for his/her term of office.

Since the Supervisory Board of February 16, 2012, no Group Management Board has a non-compete clause.

Supplementary pension plan for Group Management Board members

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

All Group Management Board members, with the exception of Gerd-Uwe Baden, benefit from French supplementary pension plans (AGIRC-ARRCO).

Wilfried Verstraete and Gerd-Uwe Baden benefit from the supplementary pension plan in force within the Allianz Group under the terms of the directorships they held previously within the Allianz Group.

With the exception of Wilfried Verstraete and Gerd-Uwe Baden, who benefit from the supplementary pension plan in force within the Allianz Group, all Group Management Board members benefit from the defined-contribution supplementary pension plan managed by ARIAL Assurances, in addition to the AGIRC-ARRCO supplementary pension plan.

Benefits in kind received by Group Management Board members

Group Management Board members benefit from a Company car and certain members receive payments relating to international mobility, special housing benefits and social guarantees for Company managers.

Details of remuneration for the 2011 financial year and severance packages paid to executives in 2011 and sums to be paid in 2012 in respect of 2011 are set out on page 27 onwards of the 2011 Registration Document.

1.4.2 SPECIALIZED COMMITTEES

The Supervisory Board may decide to set up specialist committees, the composition and powers of which it determines, to carry out specific duties under its responsibility, although it may not do so in the aim of delegating to a committee the powers vested in the Supervisory Board by law or by the Articles of Association, and such committees shall not reduce or limit the powers of the Group Management Board.

In 2011, an Audit Committee and a Nomination and Remuneration Committee were formed by the Supervisory Board.

Audit Committee

Firstly, it should be noted that the Company draws upon the report of July 22, 2010 by the AMF working group chaired by Mr. Poupart Lafarge on Audit Committees (hereinafter referred to as the Poupart Lafarge report).

Composition of the Audit Committee

The Audit Committee is made up of three non-executive members of the Company's Supervisory Board.

In 2011, the Audit Committee of the Supervisory Board comprised three members as follows:

- Robert Hudry, Chairman;
- Yves Mansion;
- Brigitte Bovermann.

This composition was approved at the Supervisory Board meeting of July 29, 2010.

Robert Hudry has specialist skills in finance and accounting. A graduate of the École Polytechnique, the École Nationale d'Administration (ENA) and an engineer from the École Nationale Supérieure de l'Aéronautique, he was Technical Advisor to the Ministry of Economy and Finance (1980-1981), assistant director and deputy director at Banque Paribas (1983-1986), director and Executive Vice President, Financial and Legal Affairs, at Usinor Sacilor (1986-1999).

Moreover, all other members of the Committee also have a minimum level of financial or accounting skills.

Yves Mansion is a graduate of the École Polytechnique, the École Nationale de la Statistique et de l'Administration Économique (1975), and the École Nationale d'Administration (ENA). He was Inspector of Finances and Chief Executive Officer at AGF (1990-2001) and Chairman and CEO at Société Foncière Lyonnaise (2002-2006). He is a member of the Collège français (the decision-making body) of the Autorité des Marchés Financiers.

Brigitte Bovermann graduated in economics and business administration with a major in accounting and company valuation (Ruhr University in Germany). She started her professional career as an academic. She joined Allianz Group in 1987. She has had various positions including CEO in Poland and Head of the Planning, Reporting, and IT department at Allianz Europe. She has been Head of Allianz's Global Insurance Lines & Anglo Markets department since January 2010.

Organization of the Audit Committee

The Chairman of the Audit Committee defines its tasks each year, depending on his or her assessment of the importance of a particular type of risk, in agreement with the Group Management and Supervisory Boards.

The Committee meets when convened by its Chairman, whenever the Chairman or the Supervisory Board deems it appropriate, and no less than three times a year.

Meeting agendas are set by the Committee Chairman, in conjunction with the Board when meetings are convened by that body. The agenda is given to committee members prior to the meeting, along with any information relevant to their discussions.

The Chairman is responsible for committee's secretariat.

To carry out its duties, the Audit Committee hears, if it deems fit, the Company's Statutory Auditors and directors with responsibility for the preparation of financial statements and internal controls, outside the presence of the Group Management Board.

It reviews the principles and methods, program and objectives, and the general findings of the Internal Audit function's operational control assignments.

The Statutory Auditors make known to the Audit Committee:

- their work program and the various surveys conducted;
- changes they required in the financial statements of periods being closed or other accounting documents, along with any relevant comments on the assessment methods used in their preparation;
- any irregularities and inaccuracies they discovered;
- their findings relating to the aforementioned comments and corrections to the results for the period.

The Statutory Auditors also review, in conjunction with the Audit Committee, any threats to their independence and any safeguard measures taken to mitigate these risks.

They make known to the Audit Committee any material weaknesses in internal control as regards the procedures for the preparation and processing of financial and accounting information, and provide annually the documents required by law.

The Audit Committee may also, with the agreement with the Group Management Board, speak with people liable to assist them in carrying out their duties, including senior operational and financial executives, as well as people in charge of processing information.

Main duties of the Audit Committee

The Audit Committee, acting under the sole and collective responsibility of the members of the Supervisory Board, assists the Supervisory Board in ensuring the accuracy and fairness of Euler Hermes' parent company and consolidated financial statements, the quality of internal controls, and information provided to shareholders and the market. The Audit Committee may issue advice and recommendations to the Supervisory Board in the areas described below.

The Audit Committee is tasked with:

- in regard to risk management and internal controls:
  - monitoring the effectiveness of internal controls and risk management systems, and in particular the evaluation of internal control systems, reviewing the work program and findings of the Audit function, assessing recommendations and their follow-up, and looking at working relations with the Internal Control function in preparing financial statements, and
  - carrying out regular reviews, in conjunction with the Group Management Board, of the main risks incurred by the Group, including through risk mapping;
- in regard to relations with the Statutory Auditors:
  - steering the selection of the Statutory Auditors and their replacements, issuing opinions on the amount of their fees and submitting the results of its work to the Supervisory Board,
  - ensuring that the Statutory Auditors' other assignments are not liable to affect their independence, and
  - reviewing the Statutory Auditors' work program, findings and recommendations;
- in regard to financial reporting and disclosure:
  - based on interviews with the Group Management Board and the Statutory Auditors, ensuring the pertinence and consistency of accounting policies adopted in the preparation of the parent company and consolidated financial statements, reviewing and assessing the scope of consolidation, and examining and verifying the appropriateness of accounting policies applied within the Group,
  - reviewing, before their presentation to the Supervisory Board, the parent company and consolidated financial statements, and
  - monitoring the process of preparing financial reports and disclosure and, if necessary, supervision.

This monitoring allows the Committee to issue, if necessary, recommendations for improving existing processes and, where appropriate, establishing new procedures.

The Audit Committee may be consulted on any matter relating to control procedures for unusual risks, especially when the Supervisory Board or the Group Management Board deem fit.

Work of the Audit Committee

The Audit Committee met four times in 2011. The attendance of committee members averaged 100%.

The Audit Committee reports regularly to the Supervisory Board on the performance of its duties and notes its comments.

The Audit Committee promptly informs the Supervisory Board of any difficulties encountered.

The Audit Committee includes any advice it considers useful in its reports:

- on the aptitude of the various procedures and the overall system to achieve their goal of controlling information and risks;
- on the effective implementation of existing procedures and, where appropriate, on resources needed to achieve their implementation.

It also makes recommendations and proposals aimed at improving the effectiveness of the various procedures and the overall system or at adapting them to changed circumstances.

If, during its deliberations, the Audit Committee discovers a significant risk that does not appear to have been adequately addressed, it warns the Chairman of the Supervisory Board.

Its Chairman provides a report to the Supervisory Board on the Audit Committee's work.

In 2011, the work of the Audit Committee was focused in particular on:

- reviewing the 2010 financial statements, looking at risk management and reviewing the "Chairman's report" on internal control (Audit Committee meeting of February 14, 2011);
- reviewing the financial statements for the first quarter of 2011, reviewing the report on internal controls prepared for France's Prudential Supervision Authority (ACP – Autorité de Contrôle Prudentiel) and quarterly assessment of risk controls (meeting of May 5, 2011);
- reviewing the financial statements for the second quarter of 2011 and quarterly assessment of risk controls (meeting of July 25, 2011);
- reviewing the financial statements for the nine months to end-September, looking at the execution of the 2011 internal audit plan, assessing the 2012 plan, and evaluating quarterly risk controls (meeting of November 8, 2011);
- adapting the Group to the Solvency II regulations;
- reviewing and approving the internal audit plan;
- the investment policy;
- the accounting policy for run-offs;
- reviewing and approval of financial communications.

Evaluation of the Audit Committee

In accordance with the Poupart Lafarge report, an evaluation of the Audit Committee was carried out in conjunction with the assessment of the functioning of the Supervisory Board as a whole (*see section 1.5 below*). The Supervisory Board asked the independent expert tasked with assessing the work of the Supervisory Board in 2012 to also carry out an evaluation of the work of the Audit Committee.

Nomination and Remuneration Committee

Composition

The Nomination and Remuneration Committee is made up of three non-executive members of the Company's Supervisory Board.

At the time of writing, the Nomination and Remuneration Committee of the Supervisory Board comprised three members as follows:

- Brigitte Bovermann, Chairman;
- Charles de Croisset;
- Jean-Hervé Lorenzi.

This composition was approved at the Supervisory Board meeting of July 29, 2010.

The term of office of the members of the Nomination and Remuneration Committee coincides with their term of office on the Supervisory Board.

Committee members' terms may be renewed when their term on the Supervisory Board is renewed.

In accordance with the AFEP/MEDEF Code, independent members comprise two thirds of the members of the Nomination and Remuneration Committee in 2011.

The Nomination and Remuneration Committee elects a Chairman.

Organization of the work of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee meets when convened by its Chairman, whenever the Chairman or the Supervisory Board deems it appropriate.

It met five times in 2011. The attendance of Nomination and Remuneration Committee members averaged 100%.

The Chairman of the Supervisory Board is involved in the work of the Nomination and Remuneration Committee, with the exception of any matter that concerns him or her personally.

Meeting agendas are set by the Committee Chairman, in conjunction with the Supervisory Board when meetings are convened by that body.

Duties

The main duties of the Nomination and Remuneration Committee, as part of the work of the Supervisory Board, are:

- in regard to appointments:
  - to examine all requests for appointment to the Supervisory Board and to issue an opinion on these applications or a recommendation to the Supervisory Board,
  - to examine the independent status of members of the Company's Supervisory Board, and to determine the appropriate number of independent members, and
  - to prepare recommendations in time for the replacement of corporate officers;

- in regard to remuneration:
  - to make recommendations concerning remuneration, pension and employee benefit schemes, benefits in kind and other financial entitlements, including, where appropriate, grants of stock options or bonus shares to members of the Group Management Board, and
  - to make recommendations concerning the remuneration of the members of the Supervisory Board.

Work of the Nomination and Remuneration Committee

In 2011, the work of the Nomination and Remuneration Committee was focused in particular on:

- the remuneration of Group Management Board members (February 2011 meeting);
- an assessment of the independence of the members of the Supervisory Board in view of the AFEP/MEDEF rules (February 2011 meeting);
- the preparation of the transaction proposed following the resignation of a member of the Group Management Board (meeting of May 6, 2011);
- a review of applications for membership of the Group Management Board to replace a resigning member and a decision on his or her remuneration (meetings of July 25 and September 13, 2011);
- an appraisal of the situation of a member of the Group Management Board suffering from a temporary incapacity for work (meeting of July 25, 2011);
- the allocation among the members of the Supervisory Board of Directors' fees awarded by the Ordinary Shareholders' Meeting of June 21, 2011 (meeting of November 9, 2011).

1.5 Evaluation of the Supervisory Board

To ensure best corporate governance practice, the Supervisory Board assesses its ability to respond to shareholders, who have given it a mandate to manage the Company by periodically reviewing its composition, organization and functioning. The following questions are addressed regularly:

- reviewing the Supervisory Board's operating procedures;
- ensuring that important issues are suitably prepared and discussed;
- examining the balance between men and women on the Board;
- assessing each member's real contribution the Supervisory Board's work as a result of his or her skills and involvement in discussions.

In accordance with the AFEP/MEDEF recommendations, the Supervisory Board conducts an annual evaluation of its composition, its organization and its functioning.

The Supervisory Board evaluates its work on the basis of a self-assessment questionnaire distributed among directors. The most recent of these questionnaires was given to directors on February 15, 2011.

After its reviews, the Supervisory Board considers possible avenues of improvement and, after discussions, decides on the appropriate measures to improve its performance. The main points raised by the evaluation were as follows:

- composition of the Board:
  - proportion of men and women,
  - areas of expertise;
- organization and work of the Board:
  - relevance of agenda items,
  - time allotted,
  - quality of documents submitted,
  - efficiency of committees;
- ability of the Board to fulfill its assignment:
  - monitoring the implementation of the Board's decisions,
  - training Board members,
  - availability of Board members.

Pursuant to the AFEP/MEDEF recommendations, the members of the Supervisory Board, at the Supervisory Board meeting of November 9, 2011, also agreed to undertake a formal assessment of the Board's work, which will be carried out by an independent expert in 2012.

Shareholders will be informed of the outcome of assessments in the annual report every year and, where appropriate, of action taken.

2 Group Management Board: composition, role and organization

2.1 Composition of the Group Management Board

At the time of writing, the Group Management Board was composed of five members as follows:

- Wilfried Verstraete, Chairman;
- Nicolas Hein;
- Frédéric Bizière since October 1, 2011, Michel Mollard until May 6, 2011;
- Gerd-Uwe Baden;
- Dirk Oevermann.

2.2 Operation of the Group Management Board

The Group Management Board operates according to internal regulations which are designed to complement the operating principles stipulated in the Articles of Association, while respecting the collegial principle of the Group Management Board. In addition, the internal regulations define the practical procedures for holding meetings and recording minutes. These regulations are regularly updated as a function of the Company's requirements and the missions that the Group Management Board sets for itself and its members.

The Group Management Board can set up committees. It decides on their composition and attributes, and they carry out their activity under its responsibility, but it cannot delegate its powers to such committees.

The Group Management Board meets as often as required in the interests of the Company. It met 23 times in 2011, an average of twice per month.

The Group Management Board is responsible for the general management of the Company. It defines the Company's strategic objectives and oversees their implementation. It also monitors the management of subsidiaries and divisions. Pursuant to the law, it adopts the financial statements, proposes the dividend, makes investment decisions and determines the financial policy. It also decides whether or not to underwrite risks beyond a given threshold.

The members of the Group Management Board share the supervision of the activities and functions of the Group. Only the Chairman represents the Company in its relations with third parties.

At least once a quarter, the Group Management Board presents a report to the Supervisory Board.

Lastly, the members of the Group Management Board must inform each other about the following:

- the most significant decisions taken in their entity or in the area of business for which they are responsible within the Group and in particular actions aimed at developing or adapting the Group's business;
- events whose scope, even if they take place within their area of responsibility, involves several entities and, in particular, changes in procedures or operational methods which, although not requiring formal approval by the members of the Group Management Board, may affect other Group companies.

The Chairman (CEO) is in charge of organizing and coordinating the business of all Group companies. Currently, he supervises at Group level the areas of Internal Audit, General Secretariat, Human Resources and Communications, as well as the activities of other members of the Group Management Board and relations with shareholders.

The four other members of the Group Management Board share supervision of the remaining cross-company functions, *i.e.* Risks, Information and Indemnification, Markets, Marketing, Commercial Development and Distribution," "Finance, Legal, Tax and Compliance," and "Operations," which includes in particular supervision of the Information Technology function.

The person responsible for each cross-company function sets the limits of powers granted to the managers of subsidiaries in each of the areas in question.

2.3 Limits on the Group Management Board's powers

The following decisions of the Group Management Board are subject to prior authorization from the Supervisory Board:

- the sale of property and the total or partial sale of shareholdings and the constitution of sureties on Company assets where the transaction exceeds €30,000,000;
- direct transactions or equity holdings that might significantly affect the Group's strategy and materially modify its financial structure or scope of activity where these exceed €5,000,000;
- the issue of securities, of any kind, that may result in a modification of the registered share capital regardless of the amount involved;
- transactions aimed at granting or contracting any borrowings or loans, credits or advances where these exceed €75,000,000;
- transactions aimed at constituting sureties, guarantees, deposits or bonding where these exceed €30,000,000.

When a transaction exceeds the specified amount, the approval of the Supervisory Board is required in each case.

3 Items likely to have an impact in the event of a public offer

These items are set out in the Group Management Board report.

4 The conditions for shareholders to participate in Shareholders' Meetings

It is noted, in accordance with Article 20 of the Company's Articles of Association, that the conditions under which shareholders take part in Shareholders' Meetings are those laid down in the regulations currently in force.

II INTERNAL CONTROL PROCEDURES AND THE CONTROL ENVIRONMENT

The Euler Hermes Group operates mainly in the fields of credit insurance, bonding and guarantees.

Existing regulatory obligations

Legal obligations (Financial Security Act in France, Sarbanes-Oxley Act in the United States) have been added to the existing set of regulations under which a company's management is directly responsible for all the Company's business, including its internal control system; *i.e.* the achievement of objectives and the design and implementation of resources making it possible to control them. These regulations include those issued by France's Prudential Supervision Authority (ACP – Autorité de Contrôle Prudentiel) and the applicable accounting standards. The recommendations of reports bearing on corporate governance must also be taken into account. All these rules and regulations have been taken into account in the Group's procedures.

1 Internal control

On January 22, 2007, the Autorité des Marchés Financiers, the French securities regulator, published its guidelines for internal control, defined as follows:

Internal control forms part of a company's systems and is defined and implemented under its responsibility with a view to ensuring:

- compliance with laws and regulations;
- application of instructions and strategies set by the Group Management Board;
- the correct functioning of the Company's internal procedures, in particular those intended to safeguard its assets;
- the reliability of financial reporting;

and, more generally, to contribute to the control of its activities, the effectiveness of its operations and the efficient use of its resources.

In accordance with the organizational methods common to Euler Hermes Group entities, as described previously, and the existing measures and procedures, the Supervisory Board and its Chairman, the Group Management Board and the relevant parts of the Group are kept regularly informed of internal controls and of the level of exposure to risk, the areas for improvement and the progress made with regard to the corrective measures adopted.

As part of the measures taken to comply with the Sarbanes-Oxley Act, and to ensure consistency, the Euler Hermes Group uses the internal control principles laid down by the COSO (Committee of Sponsoring Organizations), which apply within the Allianz Group. These principles are internationally acknowledged.

The Sarbanes-Oxley Act, adopted in the United States on July 25, 2002, and which has applied since the end of 2006 to European companies listed on the New York Stock Exchange, introduced measures to increase financial and accounting transparency and to emphasize directors' responsibility. These measures relate in particular to:

- certification by the CEO and the CFO that procedures and controls relating to published information have been defined, established, tested and maintained, and in addition that the effectiveness of these procedures and controls has been evaluated (section 302 of the Sarbanes-Oxley Act);
- assessment of the internal controls in a report by the directors stating the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting, an assessment of the effectiveness of this system, and certification by external auditors (section 404 of the Sarbanes-Oxley Act).

The Allianz Group, of which Euler Hermes forms a part, was subject to the obligations set out in the Sarbanes-Oxley Act and took steps to comply with them as from the financial statements drawn up at December 31, 2004. The work performed by Euler Hermes in the context of Allianz's requests in this regard is coordinated with the work required in relation to the French Financial Security Act.

Despite the fact that the Allianz Group was delisted from the New York Stock exchange in October 2009, the measures related to Sarbanes-Oxley are still applied within the Group.

The COSO defines internal control as a process implemented by an entity's General Management, managers and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations.

The COSO's definition of internal control breaks it down into five separate areas:

- the control environment (increasing staff awareness of the need for controls);
- risk assessment (factors likely to affect achievement of objectives);
- control activities (particularly the application of standards and procedures);
- information and communication of data to manage and control activities;
- the monitoring of control systems.

Internal control is designed to provide reasonable assurance regarding the achievement of the following objectives:

- financial performance, by the efficient and appropriate use of the Group's assets and resources and protection against the risk of losses (within the Company);
- precise and regular knowledge of the data required for decision-making and risk management;
- adherence to internal and external rules;
- prevention and detection of fraud and mistakes;
- accuracy, completeness of accounting records and preparation of reliable accounting and financial information in a timely manner.

Internal control, in accordance with the COSO's description, is described below.

2 The control environment

The control environment inside the Euler Hermes Group and its subsidiaries consists of the following:

- control structures;
- rules of conduct;
- the definitions of responsibilities and control of individual objectives.

2.1 THE PRINCIPLES OF CORPORATE GOVERNANCE

The Group's General Management has launched a new organization with effect from January 1, 2010. The new organization is characterized by central operating functions and geographic division of the world into six regions. Direct control of the subsidiaries is split between these regions.

The Euler Hermes Group has applied the principles of corporate governance by organizing the structures of the holding company so as to supervise and control the subsidiaries that remained in existence in 2011. It has set up the following structures within its largest subsidiaries (Euler Hermes SFAC, Euler Hermes SIAC, Euler Hermes UK, Euler Hermes ACI, Euler Hermes Credit Insurance Belgium, Euler Hermes Kredietverzekering, Euler Hermes Kreditversicherungs-AG, Euler Hermes Nordic):

Governance structures:

- a Board of Directors or Supervisory Board, depending on the entity. It includes representatives of the shareholder (the Group) and directors from outside the Group, and meets four times a year in the presence of the CEO. Its task is to define the strategic orientations and control the business activities of the subsidiary and of its CEO. It reviews the subsidiary's financial statements, main projects, legal risks and development. Its work is based on Group reports drawn up by Group management control and specific indicators in the Sales and Marketing, Risks, and Litigation areas, in particular;
- an Audit Committee of the Supervisory Board: This consists of two or three directors and generally meets, with the subsidiary's management, on the day before Supervisory Board meetings. It carries out a detailed review of the subsidiary's financial statements, internal controls and the activity of internal and external auditors. The internal and external auditors take part in the work. They may discuss matters outside the presence of the Company's General Management at the request of members of the Committee or its Chairman. The Committee reports to the Board of Directors or Supervisory Board, depending on the entity;

- a Remuneration Committee: consisting of the CEO, the representative of the shareholder and a non-executive Chairman. The Committee decides on the remuneration of the members of the subsidiary's Management Committee on the basis of the CEO's proposals. The Group Remuneration Committee is informed of its decisions;
- a Finance Committee whose role is defined in chapter III, entitled "Accounting and financial internal control procedures," shown hereafter.

Management structures:

- a Management Committee or Management Board, depending on the entity, chaired by the CEO. It is made up of the main managers and meets at least once a month. It monitors the subsidiary's operations on the basis of reports drawn up by the Management Control function and specific indicators. Its Chairman reports to the Supervisory Board;
- a Management Audit Committee: This committee is made up of members of the Management Committee and its Chairman (or his/her deputy). It meets between four and eight times a year. It reviews in detail internal audit reports, is responsible for communicating the contents of the report within the Company and monitors the implementation of recommendations and the completion of the internal audit program.

The former Hermes Group companies have similar structures based on the Supervisory Board and the German "Vorstand" model of Management Board.

The smaller subsidiaries have an Audit Committee, which plays the same role as in the larger subsidiaries.

As of December 31, 2011, Euler Hermes has simplified its legal structure in Europe by amalgamating 13 of its former subsidiaries into a single insurance company, Euler Hermes Europe, based in Brussels.

Following the completion, on December 31, 2011, of the merger of these 13 entities into Euler Hermes Europe, the Group brought together into a single legal entity, in addition to Belgium, 12 local insurance branches located in the following countries: Czech Republic, Denmark, Finland, Hungary, Ireland, Italy, Norway, Netherlands, Romania, Slovakia, Sweden and United Kingdom.

The governance structure described above was implemented within Euler Hermes Europe as replacement for the governance structures in place at the subsidiaries which were transformed into branches.

2.2 ACTIONS REGARDING ETHICS

The Compliance function of Euler Hermes is supported by a network of Regional Compliance Officers reporting directly to the Group Compliance Officer. The Group Compliance Division's central team designs and supervises the different compliance measures deployed throughout the Group. The Group Compliance Officer reports directly to the Chief Financial Officer and to the Group Risk Committee. He is also the main contact for Allianz France and Allianz SE in all matters relating to compliance.

Each year, a compliance action plan is drawn up at Group level, and Regional Compliance Officers are responsible for its implementation. The measures decided are based on a diagnosis of the risks – particularly compliance risk – which are summarized in a document regularly transmitted to the Group Risk Committee.

The Compliance division covers numerous domains, including anti-money laundering measures, prevention of fraud and corruption, conflicts of interest, international sanctions and antitrust law. It also monitors the adherence of French capital market regulations, particularly in the domains of insider information and transactions on Euler Hermes securities made by its directors.

One priority in 2011 was the further implementation of the global anti-corruption program as part of an initiative launched by Allianz. Three key actions were an update of internal rules for gifts and entertainments, the creation of practical guidance for the operational departments on conflicts of interest and the rollout of an online training course on anti-corruption and anti-fraud standards in the Turkish and UK operations. This course will be deployed across all regions throughout 2012.

In another major initiative, the Euler Hermes compliance team was strengthened in terms of communication, exchange of best practice and sharing of responsibilities. Regional Compliance Officers have each been assigned the shared responsibility for a dedicated task on which they will be working jointly with the Group Compliance Officer. This structure will significantly accelerate the implementation of compliance standards within Euler Hermes.

2.3 DEFINITION OF FUNCTIONS AND MONITORING INDIVIDUAL OBJECTIVES

The appropriate skill levels are ensured by recruitment procedures, supported by job descriptions. All staff currently participate in individual annual interviews to review their performance and set annual targets with their line manager that are consistent with the entity's objectives.

3 Risk assessment

3.1 RISK MAPPING

Risks were first mapped in 2002, by identifying operational risks in collaboration with the management teams of the subsidiaries. Risk mapping is intended to facilitate the drawing-up of five-year and one-year audit plans.

The risk-mapping process was reviewed in 2011. It is based on an audit universe spanning all functional and operational areas. The audit universe comprises:

- 82 aggregate audit subjects, which are processes applied in all the main Group entities (important regions and subsidiaries);
- 3 additional business lines;
- 59 entitles of lesser importance.

The Group takes eight risk categories into account: Market, Credit, Actuarial, Costs, Operational, Liquidity, Reputation and Strategic.

These risks are assessed for each sub-process and each main entity in respect of the probability of their occurrence, their scale in the event of materialization and their sensitivity to the control environment.

The results of risk mapping are submitted to Management Audit Committees and the Audit Committee of the Supervisory Board. This review takes place systematically when audit programs are defined.

3.2 SOLVENCY II PROJECT

The Solvency II directive significantly modifies the Group's approach to manage different types of risk. It redraws the framework of solvency rules for all insurance companies in order to guarantee all undertakings.

The Euler Hermes Group has embarked on a process:

- first, the implementation of the Solvency II directive,

- second, consultations between regulators, the industry and European lawmakers involving discussions and work with representative bodies.

The monitoring of this project was reinforced in late 2010 with the creation of a Steering Committee. Its main task is to monitor the implementation of the project within the Euler Hermes Group, in close collaboration with the Allianz Risk function. Under the responsibility of the Euler Hermes Risk function, this monitoring covers all cross-company functions and subsidiaries involved in the project.

3.3 GROUP RISK CONTROL DEPARTMENT

The Group has set up a Risk Control department with a view not only to monitoring risks but also to quantifying risks. Recent and prospective changes in the regulatory framework influence the architecture and implementation of such a structure, alongside considerations such as management's need to optimize the allocation of financial resources based on risk and to strengthen this aspect of internal control and transparency.

The Risk Management function is tasked with:

- analyzing and quantifying all types of risks, including financial, credit, premium and operational risks, using the appropriate tools and methods, in constant interaction with all cross-company functions and in connection with all Group entities. Control procedures enhance the robustness of this organization. They enable information at all levels of the Group to be harmonized and reported in order to establish risk objectives in line with the implementation of limits on the various types of risk;
- verifying the implementation of a risk management system, including the establishment, in conjunction with the other cross-company functions, of a risk strategy, a set of risk management policies and all elements required under pillar II of the Solvency II project.

This department measures quantitative risks on the basis of capital risk and it measures qualitative risks *via* a series of procedures and *ad hoc* reports.

The decisions that concretize the Group's risk control policy and endorse the measures required for pro-active risk management are taken by the Group Risk Committee in close contact with the Committees of other cross-company functions or in conjunction with the Group Management Board. This closer management of risks is carried out as a complement to and in collaboration with the existing control structures under the independent review of the Risk Control function. Risk management actions are relayed to the entities by their corresponding structures, which interact with the Group's structures. The various committees and the information flows within the Group's structures that are escalated to the Group Management allow the management and control of the changing risk environment and of any exceptional risk event that may require the implementation of specific measures.

3.4 THE ACTUARIAL FUNCTION

The role of the Group's actuarial team is to coordinate and control reserves held by the entities and to oversee the application of methods for estimating reserves. This role is conducted notably through dedicated committees formed between the central division and the local entities responsible for maintaining reserves. These committees review calculation assumptions, the methods applied, and the principal events that could impact reserves. Changes in reserves over time and their adequacy, as well as their surpluses, are analyzed in detail. This approach ensures consistency in the methods and practices used to determine consolidated amounts, and provides an explanation of variances while also providing support and a framework for local entities, which remain responsible for maintaining their reserves.

3.5 ORGANIZATION OF INTERNAL CONTROL ACTIVITIES

Supervision of the internal control mechanism is deployed at three levels: control of the implementation of rules and procedures by management, control by the Insurance functions and control *via* audits.

Implementation of rules by management

Euler Hermes' rules and general principles have been drawn up by the Group's cross-company departments, in agreement with the Group Management Board, in the areas of Risk, Litigation, Debt Collection, Sales/Marketing, Finance, Accounting, Reinsurance, Information Technology, Audit, Communications and Human Resources. They have been introduced in the principal entities as procedures that include, notably, individual responsibility thresholds and the organization of specific Risk and Sales/Marketing Committees, for example.

Our principal subsidiaries also have:

- a Risk business model and quality standards for management of debtor risk;
- a Collection business model and quality standards for debt collection.

First-level controls

At Group level, there are cross-company teams for the Risk/Litigation, Sales/Marketing and Strategy/International Development operational domains, and for support domains such as Operations, Information Technology, Finance and Accounting, Reinsurance, Internal Audit, Human Resources, Communication and Risk Management. Each of these teams reports to a member of the Group Management Board and supervises the implementation of the Group Directives at the Group's subsidiaries.

For example, the cross-company credit risk team monitors the Group's exposure to credit risk on a Group-wide basis. To achieve this, it has access to the Group's monthly reporting, and a monthly report devoted to significant risks. Remedial actions are coordinated within:

- the Group Risk Underwriting Committee, whose meetings are attended by the regional Risk Officers. This committee, chaired by the Head of the cross-company risk team, meets every two months;
- a regional Risk Committee, meeting twice per year. This committee is attended by Risk Officers at the Group and regional levels and for each regional subsidiary;
- local Risk Committees in the biggest subsidiaries and using a system of delegation of powers.

Procedures describing the processes and the main related controls have been drawn up for each department.

Controls are carried out by the operational units themselves. These controls may be integrated into the processing of transactions (first-level) and some may be integrated into automated systems. In addition, they may be carried out by units or individuals that are independent of the above-mentioned operational units or distinct from those that carried out the first-level controls (second-level).

Second-level controls: compliance

Second-level controls are conducted by the Compliance, ICOFR (formerly SOX) and Risk Management functions. These second-level controls are also detailed in this report.

Third-level controls: internal audit

The Group has an audit service organized into different domains: Risk, Sales/Marketing, Finance/Accounting, Operations and Corporate Governance. There is also a local audit structure in Germany to handle the specific requirements of the German financial authorities. The Group is currently appointing specific Audit Correspondents per region. The team's budgeted headcount is 21 (FTE). The Head of Group Audit reports to the Euler Hermes Audit Committee and to the Group CEO. He participates, as a permanent member, in subsidiary Audit Committees with local Audit Managers.

An annual program of audit assignments is drawn up every year. This program, based on risk mapping and a pragmatic approach to requirements, includes global audits of the subsidiaries, and cross-company audits of processes performed simultaneously in the main subsidiaries. It is drawn up in accordance with a structured procedure in the second half of the year. It is the subject of a discussion, communication and validation process with operational staff, General Management and Audit Committees. The last stage of the validation process is the presentation of the program to the Euler Hermes Audit Committee for approval in November. The audit program is consistent with achieving five-year risk management, in accordance with Allianz guidelines, while at the same time providing short-term management of the biggest risks. The following audits were conducted in 2011: local audits in the subsidiaries in the first quarter, 3 sovereign audits (audits of subsidiaries) in the final three quarters, 17 cross-company audits, of which 3 are still underway, 2 *ad hoc* audits (carried out at the request of the General Management) and 6 IT audits.

The audit activity is circumscribed by an audit charter. It was updated in July 2011, and approved by the Audit Committee. It sets out in detail the assignments, organization and various levels of control within the Euler Hermes Group and its subsidiaries. It is complemented by the development of audit standards and procedures at local and Group levels.

In 2010, the Allianz Group Audit function issued two documents (Allianz Group Audit Policy and the Standard Audit Manual), which the Euler Hermes Group has adopted.

The Group audit structure also underwent a quality audit carried out by the Allianz Group Audit function. Monitoring of the implementation of the Allianz Group Audit function's recommendations yielded a very satisfactory outcome.

In 2011, the Allianz Group Audit function also audited Euler Hermes and assessed its audit practices. The results of this assessment were satisfactory.

Specific procedures regarding information security

Information security procedures within the Group are carried out by two principal functions:

- the Group Security function;
- the Group Information Systems Security function.

Security

The Group Security Officer is responsible for:

- implementing security policies and procedures within the Group;
- ensuring compliance with those policies and procedures by all Group entities;
- defining new policies and procedures, where required;
- coordinating the Business Continuity Management plans within the Group. A review of major entities' plans is currently underway;
- assessing the security risks in the Euler Hermes Group Security Risk Log and proposing mitigation activities to the Group Security Committee.

More particularly, he/she has responsibility for all user aspects. He/she coordinates a network of correspondents in the business units (two workshops annually).

Information systems security

The Group IT Security Officer is responsible for:

- ensuring the implementation of technical means within the Euler Hermes Group to improve IT security (*e.g.* firewall systems for the corporate network, antivirus software to protect our network from attacks from outside, encryption software to protect confidential data, authentication and authorization software to make sure that every user can only access those data he is allowed to access);
- establishing and monitoring controls to ensure compliance with the EH information security policies.

The Group IT Security Officer in the Group's Information Technology management team is in charge of coordinating actions relating to IT security with the IT Security Managers in the subsidiaries, in particular as regards the introduction of technical standards relating to information system security.

Both functions work on the basis of the given Allianz Group standards on Information Security and Business Continuity Management serving as minimum requirements for all Allianz organizational entities.

Group Security Committee

All activities concerning information security and business continuity management are supervised and controlled by the Group Security Committee. It is chaired by the Group CEO, and its members are the Group COO, the Group CAO, the Group CIO, the Group Audit Director, the Group IT Security Officer and the Group Security Officer. The Committee meets once per quarter. Every six months, the Euler Hermes Group Security Risk Log is reassessed and potential risk mitigation activities are defined if necessary.

IT quality assurance and new developments

The Group IT division oversees the design and development of software applications by the IT departments of the largest Group entities. Quality audits (IT Architecture and Quality – ITAQ) are also organized when requested by the Group IT Director, a local IT Manager or the Group IT Architecture and Strategy department.

Consolidation and harmonization of systems

The Euler Hermes Group's IT systems are currently undergoing consolidation. Subsidiaries are inter-connected by means of a long-distance network.

The resources (data, equipment) required to manage the Group's credit insurance commitments are centralized at one site. There is a back-up site in the event of any problem and data recovery tests are carried out regularly.

The Group production center and local production centers apply data back-up procedures and use off-site data storage.

In accordance with Allianz's policy, in 2011 Euler Hermes updated and tested the business continuity plans introduced throughout the Group in 2004.

The Group is pursuing the development of a policy of harmonization and integration of systems (infrastructure and applications): Risks (IRP), Sales/Marketing, Litigation and Debt Collection, Reporting (Rebus) and Financial. Their progressive rollout within the Group will help reinforce access-control procedures and the standardization of subsidiaries' internal control systems.

The Group's internal audit structure and Group subsidiaries' audit teams work together on reviews of IT projects or reviews of recently implemented applications.

Procedures for the assessment of financial internal controls by the Group

The Allianz Group was delisted from the New York Stock Exchange in October 2009, but decided nevertheless to maintain all procedures related to ICOFR ("Internal Controls Over Financial Reporting," formerly SOX).

Within the Euler Hermes Group, five subsidiaries – Euler Hermes SFAC, Euler Hermes Kreditversicherungs-AG, Euler Hermes UK, Euler Hermes ACI and Euler Hermes SIAC – which had implemented all the procedures related to ICOFR between 2004 and 2009, also maintained these requirements in 2011.

It should be noted that Euler Hermes UK and Euler Hermes SIAC became divisions of Euler Hermes Europe on December 31, 2011, and are accordingly based in Belgium.

III ACCOUNTING AND FINANCIAL INTERNAL CONTROL PROCEDURES

Accounting and financial controls are carried out by the Group Financial Division, which is split into three departments:

- the Consolidation department;
- the Financial Control department;
- the Asset Management department.

All three departments report to the Group CFO, and carry out regular controls and monitoring of accounting and financial information and of management indicators specific to the activity.

Both the Consolidation and the Financial Control department are broken down by geographical area, which means that each geographical area is covered by a Consolidator and a Financial Controller.

1 The Consolidation department

Euler Hermes is consolidated by the Allianz Group, which since 1998 has drawn up its consolidated financial statements in accordance with IAS/IFRS (International Accounting Standards/International Financial Reporting Standards).

Euler Hermes has been presenting its consolidated accounts in accordance with IFRS since 2005.

All of the principles and rules applicable to the companies of the Euler Hermes Group are described in a consolidation manual, which is made available to all of the entities.

The IFRS accounting and appraisal principles are described in Note 2 of the notes to the 2011 consolidated financial statements.

The Consolidation department includes three Consolidators reporting to the department Head.

Its role is to produce the reported consolidated financial statements of the Euler Hermes Group and to provide the shareholders with the information needed for the integration of the accounts of Euler Hermes Group into their own consolidated financial statements.

The Consolidation department's direct contacts are the Accounting and Financial Divisions of the consolidated entities and the Consolidation Division of the shareholding company.

All of the Group companies that fulfill the relevant legal and regulatory requirements are consolidated, with the exception of those that are expressly excluded for clearly specified reasons. Exclusions can concern newly created Group companies in particular.

The consolidated financial statements of Euler Hermes are drawn up on a quarterly basis. They are signed off by the Group Management Board of Euler Hermes and are presented to the Group Audit Committee followed by the Supervisory Board.

They are published four times a year and are signed off on a quarterly, half-yearly and annual basis in accordance with the regulations of the AMF. The financial statements for the period ended June 30 are subject to a limited review by the Statutory Auditors while the annual financial statements, including both the individual financial statements of the consolidated entities and the consolidated financial statements per se, are subject to a full audit.

In addition, the quarterly financial statements drawn up by the Group companies and sent to the Consolidation department are subject to a certificate of compliance signed by the Chairman and the CFO of the subsidiary.

An identical certificate signed by the Chairman of the Group Management Board and the Group CFO is submitted to the shareholders.

The consistency and regularity of the consolidated data are ensured by the application of a standard consolidation package, regular updating of Group instructions and monitoring of their application.

A common chart of accounts allowing retrieval of information in accordance with the principles used by our shareholders has been implemented for all Group companies.

Consolidation package

This is a standard document that has been configured and formatted using the BFC (Business Financial Consolidation) software used by all Group companies, which has three modules:

- financial statements: consolidated statement of financial position, consolidated income statement, statement of cash flows, evidence of tax liabilities and ancillary tables;
- statistical statements providing details and analysis of the information included in the financial statements;
- statements related to the commitments given and received which must be listed and appraised on a periodic basis.

Instruction manual

Available to all of the consolidated entities *via* the network, this document describes the general accounting principles applicable to the Group, the appraisal and accounting methods used for each item in the consolidated statement of financial position and the consolidated income statement, and instructions for reporting the consolidation package.

2 The Financial Control department

Organized into three levels

Financial control is carried out jointly by the Financial Control department of each subsidiary, by the Regional Controllers, and by the Financial Control department of the Group Financial Division.

This structure allows the Group Financial Control function, which is organized by region, to carry out second-level controls.

The Group Financial Control department reports to the member of the Group Management Board in charge of finance.

On top of this are the controls carried out by the shareholders (Allianz).

Ongoing communication with the corporate governance bodies

The Group Financial Control department gives a presentation of the results on a monthly basis to the Group Management Board, and on a quarterly basis to the Audit Committee and the Supervisory Board. It may also prepare additional analyses on specific points, upon the Group Management Board's request,

Assignments of the Financial Control department

The main tasks of the Financial Control department are as follows:

a) budget:

- draw up the budgets and budget forecasts for the coming three years;
- monitor and update the revised forecasts for the current financial year on a monthly basis;

b) closing operations:

- carry out month-end closing in SAP for the reference shareholder, in addition to quarterly closing by the Consolidation department;
- verify the consistency of the data in the consolidation packages;
- analyze on a monthly basis the evolution of the activity using operational and financial indicators;
- consolidate the monthly data reporting sent by the subsidiaries;

c) reporting:

- draw up the budgets and revised budget forecasts of the holding company and the central entities;
- make comparisons between the subsidiaries;
- draw up the monthly data reportings to management and quarterly reporting to the shareholders, reference and minority shareholders.

Use of harmonized tools within the Group

The control functions are based on harmonized reporting procedures defined by the Group Financial Control department. This harmonization facilitates comparisons based on time and region and benchmarking (notably of costs).

The statements reported by the subsidiaries must be accompanied by comments on the activity written by the Chief Financial Officer and validated by the Chief Executive Officer. These comments must highlight any material discrepancies from one month to another or in relation to the budget, the budget forecasts or the previous year.

One data analysis process covering all activity

Regardless of the activity in question (monthly accounts closure, quarterly closure, forecasts or budget preparation), the control procedures mainly relate to the following data:

- external data: reinsurance terms and conditions, financial assumptions and tax rates;
- internal data: commercial activity (change in the commercial portfolio and translation into premiums, etc.), changes in claim ratios and in cost ratios, and monitoring of employee numbers;
- compliance with accounting rules: provisions booked on premiums, provisions booked on claims, monitoring of liquidated provisions;

This analysis is carried out by region and business line.

Specific features of procedures for drawing up budgets and for budget forecasting

Budgets are drawn up based on the following cycle:

- the Group Financial Control department sends out budget guidelines, which are approved by the Group Management Board and to which a harmonized budget package is attached (mid-July);
- the regions send their specific budget instructions and their internal assumptions so that these can be checked for consistency (internal and external) in relation to the interim results;
- each subsidiary draws up its budget which is then approved by the CEO. Their budget packages are then sent to the CFO and CEO of that particular region, who consolidate the region's budgets and carry out second-level controls;
- the budget packages are sent to the Group Financial Control department (mid-September);

- budget meetings are held for the Group, as represented by the Group Management Board, the Group Financial Control department and the shareholder representative, and the regions, as represented by the CEO, the CFO and in some cases the Head of Financial Control;
- presentation of the budget to the reference shareholder for approval (mid-November).

A comprehensive and detailed review of the annual forecasts is conducted once a year, in September. At this point the budgets are adjusted to take account of recent developments in relation to the activity. This formally leads to the sending of budget guidelines and the return transmission of a budgetary package to the Group, which is the subject of in-depth discussions between the subsidiaries, the regions and the Group.

In addition, a simplified review of the local rolling forecasts is carried out on a monthly basis and is used to rapidly identify any changes in the subsidiaries that would have an impact on the Group results.

3 The Asset Management department

The role of this department is to carry out cross checks on the coherence of the financial investment policies of the subsidiaries and their compliance with the instructions provided by the Group.

The latter relate to the breakdown of portfolios by asset class, the level of recommended risk, notably for the maturity of the bond portfolios and for the credit rating of issuers, the calculation of benchmark indices, the choice of Portfolio Managers and the choice of establishments responsible for the custody of the securities.

This supervision involves monthly financial meetings between the General Management and the Finance department of the subsidiary, the representatives of the portfolio management company and the Group Financial Division.

At these meetings, recommendations are issued concerning the purchase and sale of securities and the reinvestment strategy to be used for cash flows from operating activities.

The Group Management Board of Euler Hermes holds the decision-making power.

The Asset Management department organizes two Group financial meetings each year with the Group Management Board and the shareholder representatives. At this meeting, past management performance is reviewed and future strategies are decided.

Lastly, the Asset Management department manages the debt of the holding company, and negotiates new loans and related hedging instruments. It obtains prior approval from the Group Management Board.

Conclusion

This report has been presented to and approved by the Audit Committee and the Supervisory Board.

Date: February 16, 2012

Clement Booth

Chairman of the Supervisory Board of Euler Hermes

2.5 Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Supervisory Board of the company Euler Hermes SA

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2011

To the shareholders,

In our capacity as Statutory Auditors of Euler Hermes S.A, and in accordance with Article L. 225-235 of the French Commercial Code ("Code de commerce"), we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-68 of the French Commercial Code for the year ended December 31, 2011.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L. 225-68 particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- to attest that this report contains the other disclosures required by Article L. 225-68 of the French Commercial Code ("Code de commerce"), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L. 225-68 of the French Commercial Code ("Code de Commerce").

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-68 of the French Commercial Code ("Code de commerce").

Paris La Défense and Paris, March 26, 2012

KPMG Audit FS II French original signed by	ACE – Auditeurs et Conseils d'Entreprise French original signed by
Régis Tribout	François Shoukry
Partner	*Partner*

3

ANALYSIS OF THE FINANCIAL INFORMATION AS OF DECEMBER 31, 2011

3.1 Selected financial information

(in € million)	2011	2010	2009
Consolidated turnover	2,274.9	2,147.7	2,085.7
Gross technical result (1)	569.1	573.3	(27.3)
Net technical result	358.7	348.6	(64.8)
Investment income (2)	113.1	123.2	148.4
Current operating income	**471.7**	**471.9**	**83.6**
"Excellence" project	(5.5)	(72.5)	(0,0)
Other operating income (expense)	(2.5)	(10.4)	(8.8)
Operating income	**463.7**	**389.0**	**74.7**
CONSOLIDATED NET INCOME	**330.3**	**294.5**	**19.0**

(1) Excluding non technical expenses.
(2) Net of expenses.

3.2 Key events

3.2.1 KEY EVENTS OF 2011

The following significant events occurred in the year 2011:

Changes in the share capital and in share ownership

As of December 31, 2011, the Allianz Group owned 30,744,048 shares out of a total of 45,159,477 shares, corresponding to 68.08% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into Allianz consolidation scope.

During the year 2011, 56,745 new shares were created by the exercise of options. As of December 31 2011, Euler Hermes' share capital was composed of 45,159,477 shares, including 1,481,765 shares held in treasury stock.

Legal restructuring "Blue Europe"

During 2011, Euler Hermes initiated the legal restructuring project "Blue Europe", with the aim of creating a single risk carrier for Northern and Southern European entities in addition to the risk carriers in Germany and France.

With the creation of "Euler Hermes Europe", the Group offers improved service quality to its customers while giving them the opportunity to work with a unique risk carrier covering several countries in Europe. The legal changes do not affect clients' day-to-day business interactions with the Group. Euler Hermes maintains the same proximity to its clients as before. All Euler Hermes policies and bonds continue to be issued by the branch in the relevant country, as in the past.

On December 31, 2011, Euler Hermes merged twelve separate insurance companies or branches into its Belgian entity, renamed "Euler Hermes Europe". The new single legal structure is based in Belgium with local branches in the Czech Republic, Denmark, Finland, Hungary, Italy, Netherlands, Norway, Romania, Slovakia, Sweden, UK and Ireland.

The transaction was authorized by the National Bank of Belgium and the regulatory authorities in the countries concerned. It was approved by the Shareholders' Meetings of each of the merged entities and finally by Euler Hermes Europe on December 31, 2011.

The cross border mergers and the capital operations were done at book value as of December 31, 2011. This reorganization also generated €2.9 million of restructuring expenses (mostly consulting fees), booked as of December 31, 2011.

The new organization is effective since December 31, 2011.

Creation of an insurance company in Turkey

After five years of operating through its parent company Allianz, Euler Hermes has now obtained its license to operate in the Turkish market as an insurance company.

The opening of the Euler Hermes subsidiary in Turkey – Euler Hermes Sigorta – is a further step on the way to expanding private credit insurance cover both for Turkish firms and for companies exporting to Turkey.

Project to create a joint venture with Mapfre

On July 19, 2011, Euler Hermes and Mapfre, the number one Spanish insurance company, signed a memorandum of understanding to build a strategic alliance. The target is to jointly develop the credit and bond insurance businesses in Spain, Portugal and Latin America. Through this alliance, Euler Hermes and Mapfre will each own 50% of a joint venture integrating their existing activities in those markets. The joint venture is expected to start operating in 2012, subject to the completion of the necessary conditions including the signing of all relevant agreements and the required regulatory approvals in the relevant countries.

At end-December 2011, €4.6 million gross expenses, mainly consulting fees, had been booked by the Group regarding this project.

Follow-up on "Excellence" Project

During the second half of 2010, Euler Hermes initiated the Excellence Project, which aims at steering its business in the most efficient way. At end-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 agreements were signed with employee representative bodies in all countries. As of December 31, 2011, the restructuring provision had been partially used, amounted to €45.9 million.

Headquarters building transfer to OPCI and preparation for relocation of headquarters and Paris-based operations in 2012

The Group and the Paris-based activities will relocate to First Tower in La Défense, France, during the first half of 2012. The target is to house all Paris-based staff in a single location.

In December 2011, the Group created a real estate fund (OPCI), named "Euler Hermes Real Estate", under the French legal form of "*Société de Placement à Prépondérance Immobilière à Capital Variable* (SPPICAV)".

The buildings at 1 and 8 rue Euler, Paris, were transferred to this real estate fund in December 2011. Refurbishment work on the building at 1 rue Euler is planned for the period following the staff move. These buildings, which are considered as operating property, will be requalified as real estate investment after the completed relocation in 2012.

At end-December 2011, a total of €8.4 million in costs related to the move and the creation of the OPCI has been booked by the Group, mainly in consulting fees (architects, studies, etc.), accelerated depreciation, and costs of refurbishment for the premises rented by the Group.

3.2.2 KEY EVENTS POST DECEMBER 31, 2011

No important event likely to affect the financial statements occurred between year-end 2011 and the date at which this document was published.

3.3 Activity report

3.3.1 ACTIVITY OF EULER HERMES SA

Euler Hermes SA is the parent company of the Euler Hermes Group. It does not conduct any commercial or industrial activities and generates the bulk of its revenues from shareholdings.

Acquisition of subsidiaries and participating interests

During 2011, Euler Hermes initiated the legal restructuring project "Blue Europe".

On December 31, 2011, the Group merged twelve separate insurance companies or branches into its Belgian entity, renamed "Euler Hermes Europe". The new single legal structure is based in Belgium with local branches in the Czech Republic, Denmark, Finland, Hungary, Italy, Netherlands, Norway, Romania, Slovakia, Sweden, UK and Ireland.

The transaction was authorized by the National Bank of Belgium and the regulatory authorities in the countries concerned. It was approved by the Shareholders' Meetings of each of the merged entities and finally by Euler Hermes Europe on December 31, 2011.

The cross border mergers and the capital operations were done at book value as of December 31, 2011. This reorganization also generated €2.9 million of restructuring expenses (mostly consulting fees), booked as of December 31, 2011.

The new organization is effective since December 31, 2011.

Before this restructuring, Euler Hermes SA progressively:

- acquired on June 15, 2011, the minority shares of EH Belgium for a price €22,000, in order to hold 100% of EH Belgium;
- fully paid up its shares of EH Belgium on November 22, 2011, for a total of €84,284.

Euler Hermes realized the cross border mergers as of December 31, 2011. The shares of the merged entities were exchanged at their book value:

- Euler Hermes UK plc shares were transferred to EH Belgium for €238,683,768;
- Euler Hermes SIAC shares were transferred to EH Belgium for €94,535,667;
- Euler Hermes Kreditverzerkering NV shares were transferred to EH Belgium for € 28,492,950.

As of December 31, 2011, Euler Hermes Belgium also changed its name into Euler Hermes Europe.

In addition, the situation of Euler Hermes Collection Sp. Z.o.o. has led Euler Hermes SA to book an allowance for depreciation of €10 million as of December 31, 2011.

Comments on the results

Net income for the year stands at €109.2 million compared with €166.8 million in 2010. The table below shows the main components of the Company's income:

(in € thousands)	2011	2010	Variation %
Income from participating interests [(1)]	169,852	193,935	-12.4%
Other net financial expenses [(2)]	(18,475)	(12,928)	42.9%
Net operating expenses [(3)]	(51,579)	(32,302)	59.7%
Provision for (-) or writeback of (+) depreciation of treasury stock [(4)]	(15,592)	4,770	-426.9%
ORDINARY INCOME	**84,205**	**153,475**	**-45.1%**
Exceptional items [(5)]	1,521	392	287.8%
Corporation tax[(6)]	23,504	12,963	81.3%
NET INCOME	**109,230**	**166,830**	**-34.5%**

(1) Revenue from participating interests decreased by €24 million in 2011 compared to 2010. Dividends received from Germany in 2010 were particularly high due to gains realized from the sale of service companies to the Holding.
(2) This heading comprised mainly €12 million in interest expenses on financial debt taken out with associates and €7.8 million in interest charges on bank loans. These interest expenses increased compared to the previous year due to higher interest rates on debt and to an average debt level which was slightly higher in 2011 than in 2010.
(3) The €19.2 million increase in net operating expenses is due to the combined effects of both the €10 million depreciation on its subsidiary, Euler Hermes Collection Sp Z.o.o, in 2011 and to the write back in 2010 of a provision on UK participating interests for €6.2 million. Excluding this, the increase is €3.1 million, mostly due to fees related to various projects: Solvency II, Mapfre, Excellence and Blue Europe.
(4) Due to the drop in the financial markets during the year, a provision for depreciation of treasury stock has been booked for €15 million.
(5) This item includes tax regularization on previous years for €1.9 million.
(6) Euler Hermes SA heads the tax group for French companies that are more than 95%-owned.

Dividends

As recommended by the Group Management Board, the Supervisory Board recommends to the Shareholders' Meeting that dividends should be paid in cash for €198.7 million, which corresponds to a dividend per share of €4.40.

Proposed allocation of income	2011
Source	
Retained earning from previous year	337,276
Net income for the year	109,230
	446,506
Allocation	
Allocation to reserves	
Legal reserve	0
Special reserve for long-term capital gains	0
Total proposed dividend*	198,702
Retained earnings	247,804
	446,506

* *Total proposed dividend includes the share of dividend that relates to own shares. The General Meeting Assembly will be proposed to report this share of dividend to the credit of the retained earnings at the date of dividend payment.*

3.3.2 PERFORMANCE IN THE GROUP'S MAIN GEOGRAPHICAL REGIONS

Euler Hermes organization is based on six geographical regions, each with clear development and profitability targets: Germany, Austria and Switzerland, France, Northern Europe, Americas, Mediterranean Countries and Africa and Asia Pacific.

Figures presented hereunder are after intra-region eliminations but before inter-region eliminations.

Germany, Austria and Switzerland

This region includes the direct insurance and reinsurance activities carried out by the German companies in Germany, Austria and Switzerland.

(in € thousands)	2011	2010	Variation %
Earned premiums	603,016	621,572	-3.0%
Premium-related revenues	170,150	169,984	0.1%
Turnover	**773,166**	**791,556**	**-2.3%**
Net financial income	34,362	69,938	-50.9%
TOTAL REVENUES FROM ORDINARY ACTIVITIES	**807,528**	**861,494**	**-6.3%**
Insurance service expense	(259,096)	(246,029)	5.3%
Net outwards reinsurance income or expense	(86,663)	(124,749)	-30.5%
Other expenses	(302,620)	(317,982)	-4.8%
TOTAL OPERATING EXPENSES	**(648,379)**	**(688,760)**	**-5.9%**
ORDINARY OPERATING INCOME	**159,149**	**172,734**	**-7.9%**
Net combined ratio	*47.3%*	*61.1%*	

Area contribution: After intra-region eliminations & before inter-region eliminations

Turnover decreased by -2.3% for the region in 2011. This performance was attributable to a 3% fall in earned premiums, accompanied by a sustained level of premium-related revenues.

The decrease in earned premiums was related to scope differences between 2010 and 2011. In 2010 figures included a share of business related to Australia and New Zealand, which was progressively transferred to the Asia Pacific region, and a share of bonding business transferred at end-2010 to the Northern Europe region.

At constant scope, earned premiums are stable, reflecting the pressure on prices which was not offset by high insured turnover volumes. Premium-related revenues are stable despite higher exposure due to pressure on prices on information fees and to the progressive transfer of the collection business to EH Collection.

The drop in financial income is essentially due to one-off gains realized from the sale of service companies in April 2010 to the Holding. In addition, 2010 included a very positive foreign exchange result while this is zero in 2011. Returns on invested bond portfolios during 2011 remain at approximately the same level as the previous year.

Insurance service expenses increased by 5.3% in 2011. This increase reflects the rise in exposure related to higher risk underwriting for the year 2011. The greater number and amount of current year claims has been partly offset by positive claims cost results from previous years.

Less margin was ceded to the Group reinsurance, due to higher claims in 2011, and the region also benefited from positive impact on reinsurance commission.

Other expenses are -4.8% below the previous year as a result of lower legal and consulting fees and IT and communication expenses.

France

(in € thousands)	2011	2010	Variation %
Earned premiums	341,898	315,251	8.5%
Premium-related revenues	74,593	75,037	-0.6%
Turnover	**416,491**	**390,288**	**6.7%**
Net financial income	37,169	43,298	-14.2%
TOTAL REVENUES FROM ORDINARY ACTIVITIES	**453,660**	**433,586**	**4.6%**
Insurance service expense	(172,205)	(103,989)	65.6%
Net outwards reinsurance income or expense	(32,433)	(43,228)	-25.0%
Other expenses	(161,226)	(152,517)	5.7%
TOTAL OPERATING EXPENSES	**(365,864)**	**(299,734)**	**22.1%**
ORDINARY OPERATING INCOME	**87,796**	**133,852**	**-34.4%**
Net combined ratio	*68.5%*	*52.4%*	

Area contribution: After intra-region eliminations & before inter-region eliminations

The turnover increased by 6.7% as a result of growth in premiums of 8.5%, which was in turn due to the improvement in insured parties' turnover and the success of the CAP policies (credit insurance top-up schemes). Service revenues, which in 2010 included revenues related to CAP policies, decreased by 0.6%. Excluding this exceptional effect in 2010, information and collection fees have performed well, increasing by 7.2%.

The financial income is lower than last year by €6 million, due to lower realized gains on investment properties, as a consequence of the slowdown in the real estate disposal policy initiated in 2009.

Higher insurance service expenses reflected the deterioration in the claims environment, especially in the second half of 2011. The gross claims ratio was particularly low in 2010, at 51%. In 2011, it settled at 65%.

The increase in other expenses is due to the rise in brokerage costs which is linked to premium growth and specific costs incurred by the region in respect of the move to La Défense that will take place in 2012.

Northern Europe

This region includes the direct insurance and reinsurance activities carried out in Northern European countries (Belgium, Netherlands, United Kingdom, Finland, Sweden, Denmark and Norway) and in Eastern Europe (Hungary, Poland, Czech Republic, Romania, Slovakia and Russia).

(in € thousands)	2011	2010	Variation %
Earned premiums	429,288	404,322	6.2%
Premium-related revenues	68,143	67,389	1.1%
Turnover	**497,431**	**471,711**	**5.5%**
Net financial income	12,389	11,065	12.0%
TOTAL REVENUES FROM ORDINARY ACTIVITIES	**509,820**	**482,776**	**5.6%**
Insurance service expense	(140,252)	(212,163)	-33.9%
Net outwards reinsurance income or expense	(103,860)	(71,046)	46.2%
Other expenses	(198,510)	(174,014)	14.1%
TOTAL OPERATING EXPENSES	**(442,622)**	**(457,223)**	**-3.2%**
ORDINARY OPERATING INCOME	**67,198**	**25,553**	**163.0%**
Net combined ratio	*60.9%*	*90.6%*	

Area contribution: After intra-region eliminations & before inter-region eliminations

Turnover increased by 5.5% due to the positive development of premiums. Rising premiums have been triggered both by the strong commercial development in Eastern Europe and also by the sharp increase in insured turnover of the policyholders. The turnover increase is also due to a change in scope with part of the bonding activity having transferred from Germany to Northern Europe over 2011.

Financial income in 2011 was €1.3 million above 2010, driven by a positive foreign exchange rate effect compensating for lower income from bonds due to reinsurance deposit reimbursements.

The gross claims ratio for all years dropped from 52% in 2010 to 33% in 2011. The variation of 19 points is due for 16 points to the impact of write up/write back of the HMV reserve between the two years. Without this impact, the gross claims ratio settled at 41% in 2011, 3 points lower than 2010.

Net outward reinsurance expense came in at €104 million (+46.2%), as a consequence of the improved technical margin of the region (premiums net of insurance service expenses).

The increase in other expenses is triggered by the increase in brokerage costs linked to the increase in premiums and the one-off positive effect of the previous year coming from the release of a pre-retirement plan in Belgium.

As a result of all the above mentioned effects, the ordinary operating income significantly increased in 2011 by +163%.

Mediterranean countries & Africa

This region includes the direct insurance and reinsurance activities carried out by the Group's companies in Italy, Spain, Greece, Morocco and Turkey.

(in € thousands)	2011	2010	Variation %
Earned premiums	230,281	173,986	32.4%
Premium-related revenues	54,904	48,004	14.4%
Turnover	**285,185**	**221,990**	**28.5%**
Net financial income	5,551	8,070	-31.2%
TOTAL REVENUES FROM ORDINARY ACTIVITIES	**290,736**	**230,060**	**26.4%**
Insurance service expense	(106,030)	(74,194)	42.9%
Net outwards reinsurance income or expense	(43,976)	(39,280)	12.0%
Other expenses	(119,629)	(107,495)	11.3%
TOTAL OPERATING EXPENSES	**(269,635)**	**(220,969)**	**22.0%**
ORDINARY OPERATING INCOME	**21,101**	**9,091**	**132.1%**
Net combined ratio	*77.0%*	*98.3%*	

Area contribution: After intra-region eliminations & before inter-region eliminations

Earned premiums increased by €56.3 million (+32.4%), due to a very positive commercial change in the portfolio everywhere in the region as well as positive change in policyholders' turnover. Premium-related revenues also increased by 14.4% compared with 2010, reflecting a growth of 21.6% in information service revenues, mainly due to the increase in exposure, while debt collection revenues fell by 19.8% due to the low claims level in 2010 and beginning of 2011, and corresponding revenue. Turnover as a whole increased by €63.3 million (+28.5%).

Financial income decreased by €2.5 million (-31.2%) mainly due to the impairment of €2.7 million in Greek government bonds (nominal exposure of €4 million before impairment).

Insurance service expense was up by €31.8 million (+42.9%) compared to 2010 due to claims increasing slightly faster than premiums, as 2010 was an historical low point, and due to the large Miro claims in 2011 (€11.2 million). The region benefited from €55.6 million of positive run-offs in 2011, similar to the €55.7 million of 2010.

Net outward reinsurance expense increased by 12.0% and other expenses increased by 11.3%, considerably less than turnover, due to lower fixed costs achieved through savings in administration and service expenses as well as to reinsurance commission increase.

The net combined ratio actually improved by 21.3 points mainly due to lower net costs.

Americas

This region includes all the direct insurance and reinsurance activities carried out in the United States, Mexico, Brazil, Argentina, Colombia, Chile, and Canada.

(in € thousands)	2011	2010	Variation %
Earned premiums	192,646	182,366	5.6%
Premium-related revenues	31,163	32,701	-4.7%
Turnover	**223,809**	**215,067**	**4.1%**
Net financial income	9,385	10,572	-11.2%
TOTAL REVENUES FROM ORDINARY ACTIVITIES	**233,194**	**225,639**	**3.3%**
Insurance service expense	(74,742)	(53,445)	39.8%
Net outwards reinsurance income or expense	(51,621)	(51,084)	1.1%
Other expenses	(90,929)	(86,128)	5.6%
TOTAL OPERATING EXPENSES	**(217,292)**	**(190,657)**	**14.0%**
ORDINARY OPERATING INCOME	**15,902**	**34,982**	**-54.5%**
Net combined ratio	*88.5%*	*60.8%*	

Area contribution: After intra-region eliminations & before inter-region eliminations

Turnover increased by 4.1% for the region compared with 2010. In US dollars, the increase was 10.3%, with positive contributions from all areas, as earned premiums increased by 12% and premium related revenues increased by 1%.

The decline in net financial income is the result of currency fluctuations, as this income increased 9.8% at constant exchange rates due to €1.1 million gains realized in 2011 versus €0.2 million realized losses in 2010, more than offsetting the impact of declining yields in the portfolio in 2011.

The current year gross loss ratio increased from 40.7% in 2010 to 47.4% in 2011 as risk exposures increased. The prior year's runoff decreased from 11.4% in 2010 to 8.6% in 2011.

Other expenses have increased in line with the total revenues. In US dollars, the increase is 11.9% versus an increase of 12% in premiums. The majority of the expense increases came from Latin America, and outpaced the growth in turnover due to investments in this area.

Ordinary operating income dropped due to increased insurance service expense and other expenses, despite the improvement in total revenues from ordinary activities.

Asia Pacific

This region includes all direct insurance and reinsurance activities carried out by branches based in Asia, Australia and New Zealand.

(in € thousands)	2011	2010	Variation %
Earned premiums	53,619	44,406	20.7%
Premium-related revenues	16,579	15,833	4.7%
Turnover	**70,198**	**60,239**	**16.5%**
Net financial income	2,050	5,022	-59.2%
TOTAL REVENUES FROM ORDINARY ACTIVITIES	**72,248**	**65,261**	**10.7%**
Insurance service expense	430	(18,491)	-102.3%
Net outwards reinsurance income or expense	(22,919)	(9,374)	144.5%
Other expenses	(39,601)	(31,474)	25.8%
TOTAL OPERATING EXPENSES	**(62,090)**	**(59,339)**	**4.6%**
ORDINARY OPERATING INCOME	**10,158**	**5,922**	**71.5%**
Net combined ratio	*49.6%*	*94.4%*	

Area contribution: After intra-region eliminations & before inter-region eliminations

The turnover in Asia Pacific grew by 16.5% in 2011 benefiting from good performance on organic growth and additional premiums from Oceania business.

Earned premiums increased by 20.7% of which 15.3% from additional perimeter (Oceania which was transferred from Germany to Asia Pacific, *see analysis of the region Germany, Austria and Switzerland*) and 5.4% from historical perimeter, despite the regulatory ban of credit insurance in India for 10 months and the aftermath of the Earthquake-Tsunami-Nuclear crisis in Japan.

Premium-related services increased by 4.7% reflecting the development of the insurance activity.

The financial income is strongly impacted by the euro fluctuation since regional policies are issued in US dollars or local currencies. This foreign exchange positively contributed to the region revenues up to €2 million (to be compared to €5 million in 2010).

The current year gross loss ratio was 45.9% in 2011 but was fully offset by run off on previous attachment years as regional economies recovered faster than expected.

The net outward reinsurance expense is higher, in proportion with the technical margin of the region (premiums net of insurance service expense).

Other expenses increased by 25.8%, due to acquisition and information expenses following top line growth on the one hand and additional investments (staff and IT) to further develop the activity on key markets on the other.

Ordinary operating income was up by €4.2 million, as a consequence of top line growth and low claims level, and despite increased investments.

Group reinsurance

Euler Hermes Reinsurance AG in Switzerland and Euler Hermes Ré in Luxembourg are the two reinsurance companies of the Group.

The figures reflect on the one hand the cession from the Group companies to both reinsurance companies and, on the other hand, the retrocession of the premium and claims to the external reinsurance market.

(in € thousands)	2011	2010	Variation %
Earned premiums	1,098,903	882,331	24.5%
Premium-related revenues	0	0	0.0%
Turnover	**1,098,903**	**882,331**	**24.5%**
Net financial income	20,181	11,701	72.5%
TOTAL REVENUES FROM ORDINARY ACTIVITIES	**1,119,084**	**894,032**	**25.2%**
Insurance service expense	(474,605)	(277,465)	71.1%
Net outwards reinsurance income or expense	(173,055)	(213,548)	-19.0%
Other expenses	(319,233)	(243,905)	30.9%
TOTAL OPERATING EXPENSES	**(966,893)**	**(734,918)**	**31.6%**
ORDINARY OPERATING INCOME	**152,191**	**159,114**	**-4.4%**
Net combined ratio	*75.7%*	*62.4%*	

Area contribution: After intra-region eliminations & before inter-region eliminations

The significant growth in earned premiums (+24.5%) is due to a higher cession from the largest Group operating companies to the reinsurance subsidiaries. This harmonization policy of the cession rate among the Group companies started in 2008 and is almost complete in 2011. These cessions are eliminated at Group level in the consolidated financial statements. Regarding Group contribution, only premiums and claims from non consolidated companies remain: COSEC (Portugal), ICIC (Israel), Prisma (Austria) and OeKB (Austria);these grew by 14% to €60.8 million.

Reinsurance subsidiaries do not record premium related revenues as these are not subject to reinsurance.

The net financial income increased by 72.5% and amounted to €20.2 million in total revenues. This growth is the result of the larger investment base coming from the positive cash-flows generated by the regions and ceded to the Group reinsurance subsidiaries and the efficient investment policy. The focus was to secure the portfolio and look at short-term opportunities to generate a higher return.

The growth in turnover and financial income led to a 25.2% increase in revenues from ordinary activities.

After an exceptionally low level in 2010, the cost of claims returned to more standard levels in 2011. The higher cost of claims reduced the positive margin ceded to the external reinsurance market.

The other expenses mainly included the reinsurance commissions paid to the ceding companies according to the proportional reinsurance treaties (quota-share). These are eliminated in the consolidated financial statements. After a reduction in 2010, the average commission rate paid to the ceding companies rose slightly in 2011 due to the recovery in incoming business over the last 2 years. This explains the higher growth in other expenses (30.9%) than in earned premiums (24.5%).

The ordinary operating income shows a profit of €152 million compared with €159 million in 2010, with higher revenues being offset by a higher net combined ratio coming from higher claims losses.

3.3.3 PERFORMANCE OF THE GROUP'S BUSINESS

Consolidated turnover consists of premium income, comprising earned premiums generated by direct insurance and assumed business, and service revenues, premium-related or not.

Premiums

Credit insurance policies are designed to cover the risk of non payment by the policyholder's customers.

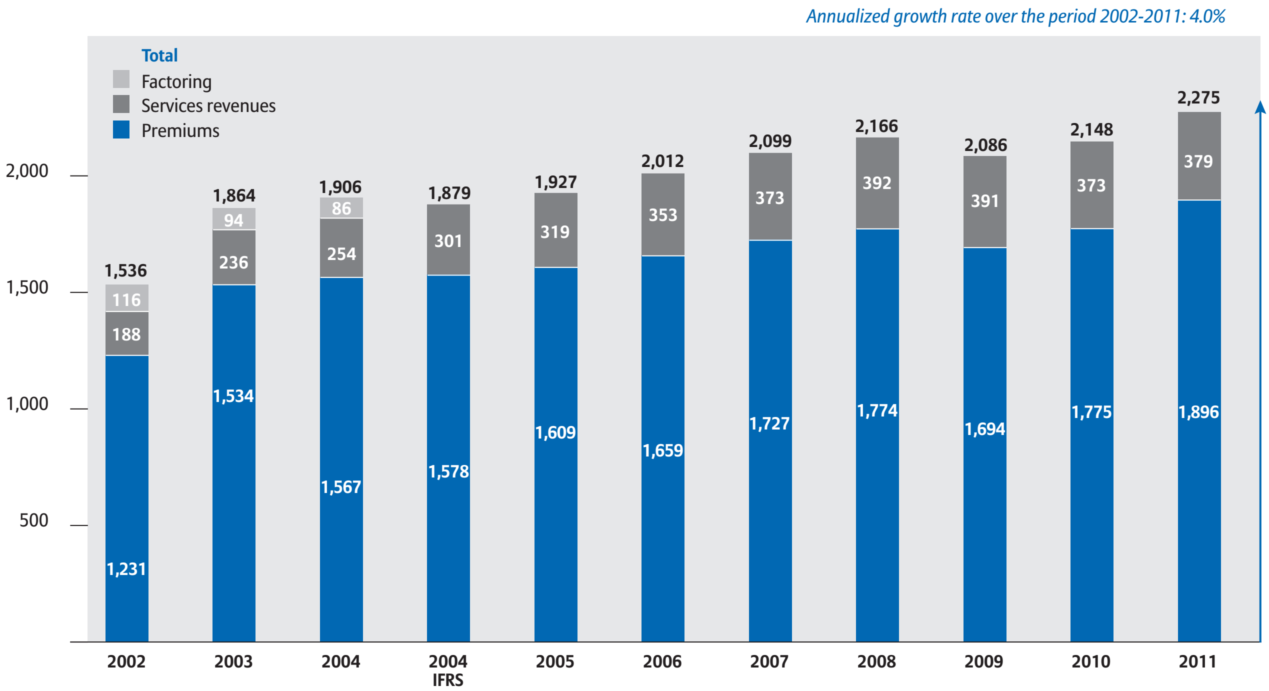
The premiums are based mainly on our policyholder's sales or their outstanding customer risk, which also depends on their sales.

Service revenues

Service revenues consist mainly of two types of service fees: information and collection fees.

- Information fees: these consist of billings for research and analysis carried out to provide our policyholders with the required credit insurance cover, and amounts billed for monitoring the solvency of their customers. All these revenues are directly related to our credit insurance business and Euler Hermes does not sell services offering access to business solvency information to third parties that are not policyholders.
- Collection fees: these correspond to the amounts billed for debt collection services provided to policyholders and to companies that are not policyholders.

Consolidated Turnover (in € million)



Turnover reached an historical high in 2011 at €2,275 million, up by 5.9% against 2010.

Consolidated turnover by region

(in € million)	2011 (1)	2010 (2)	Variation % (1)/(2)	2010 (3)	Variation % (1)/(3)
Regions					
Germany/Austria/Switzerland	757.3	764.5	-0.9%	760.7	-0.5%
France	411.4	384.2	7.1%	381.3	7.9%
Northern Europe	479.8	454.4	5.6%	459.9	4.3%
Med. Countries & Africa	271.1	209.2	29.6%	212.0	27.9%
Americas	218.4	209.7	4.2%	198.5	10.0%
Asia Pacific	60.5	59.3	2.0%	59.4	2.0%
EH Reinsurance + others	76.4	66.5	15.0%	66.5	15.0%
EULER HERMES GROUP	**2,274.9**	**2,147.7**	**5.9%**	**2,138.3**	**6.4%**

Group contribution: After inter-region eliminations & intra-region eliminations.
(1) Turnover with geographical reclassification (average rate December 2011).
(2) Turnover with geographical reclassification (average rate December 2010).
(3) Turnover with geographical reclassification at constant exchange rate.

Turnover 2011 amounts to €2,274.9 million, 5.9% above last year and 6.4% at constant exchange rate.

This improvement is driven by a record net new production (€90.4 million) as a result of a strong new production (€ 270 million) and a good retention rate (89% in 2011 compared with 85% in 2010 and 82% in 2009) combined with a dynamic insured turnover growth. These positive effects are partially offset by the rate decrease granted this year (-5%) as pressure on premium rates was growing linked to a still low claims environment until fall of 2011.

In Europe, despite the slowdown in the economy, in the second half of 2011, the Group experienced growth in its core European markets, except in Germany.

The lower figure in Germany was due to a slow commercial start in early 2011 and to pressure from competitors on rates, which were not completely offset by the positive evolution in the insured turnover volume.

France is performing well with an increase in turnover of +7.1%, due to a solid commercial performance and favorable change in policyholders' turnover.

The strong performance in the Mediterranean region is due to dynamic growth in policyholders' turnover combined with good performance on new production and stable rate increases. Part of the increase compared to the previous year was also due to the commercial portfolio restructuring initiated in 2009 and which had a negative impact in 2010. Growth in the Mediterranean region benefited from high premium rates which helped to preserve profitability.

Breakdown of turnover between premium income and related revenues

(in € thousands)	2011	2010	Variation in amount	Variation %
Premiums	1,896,146	1,775,199	120,947	6.8%
Other Revenues	378,776	372,535	6,241	1.7%
TOTAL CREDIT INSURANCE TURNOVER	**2,274,922**	**2,147,734**	**127,188**	**5.9%**

Premiums equaled €1,896 million in 2011, their historical record level. Premiums over the year were up by 6.8% against the previous year, with growth being even better at constant exchange rates (+7.5%).

Service revenues rose by 1.7%. Increases from information fees were partially offset by lower collection fees, which suffered from low claims level till third quarter 2011.

3.4 Consolidated results

The information regarding the operating result and the financial position is consistent with ESMA (European Securities and Markets Authority, former CSER) recommendations no. 27-32.

The loss ratio is defined as the cost of claims relative to earned premiums after deduction of rebates granted to policyholders. The cost ratio is defined as the sum of the contract acquisition expense, administration expense, other underwriting income and expense after deduction of premium-related services, relative to earned premiums after deduction of rebates granted to policyholders. Other non-technical income and expense is excluded from the cost ratio (with the exception of buildings used for operations).

3.4.1 EARNED PREMIUMS

(in € thousands)	2011	2010	Variation %
Gross earned premiums	1,896,146	1,775,199	6.8%
Ceded premiums	(675,751)	(635,385)	6.4%
Net earned premiums	**1,220,395**	**1,139,814**	**7.1%**
Cession rate	35.6%	35.8%	

While gross earned premium levels increased by 6.8%, net earned premiums rose by 7.1% due to a slight decrease in quota-share reinsurance premium cession.

3.4.2 COST OF CLAIMS

(in € thousands)	2011	2010	Variation %
Gross claims costs	(786,358)	(704,799)	11.6%
Ceded claims costs	235,504	224,525	4.9%
NET CLAIM COSTS	**(550,854)**	**(480,274)**	**14.7%**
Gross Claims ratio	**41.5%**	**39.7%**	
Net Claims ratio	**45.1%**	**42.1%**	

The gross claims ratio increased by 1.8 point between 2010 and 2011 with a higher claims ratio on the 2011 current attachment year (+3 points), partially compensated by higher run-off ratio from previous years (+1 point).

The part of premiums ceded to reinsurance is higher than the part of claims ceded to reinsurance because the reinsurance cost is not proportional. As a consequence the net claims ratio increased much more between 2010 and 2011, from 42.1% to 45.1 %.

Cost of claims on current attachment year

(in € thousands)	2011	2010	Variation %
Gross claims costs current attachment year	(1,086,391)	(964,231)	12.7%
Ceded claims costs current attachment year	322,754	289,057	11.7%
NET CLAIM COSTS CURRENT ATTACHMENT YEAR	**(763,637)**	**(675,174)**	**13.1%**

	2011	2010	Variation pts
Regions			
Germany/Austria/Switzerland	52%	45%	7 pts
France	65%	51%	14 pts
Northern Europe	57%	60%	-3 pts
Med. Countries & Africa	70%	75%	-5 pts
Americas	47%	41%	6 pts
Asia & Pacific	46%	67%	-21 pts
GROSS CLAIMS RATIO CURRENT YEAR	**57%**	**54%**	**3 pts**

Area contribution:after intra-region eliminations & before inter-region eliminations

Gross claims costs current year are up 12.7% against last year. The gross claims ratio current year, at 57%, is a result of the increase in exposure and of an overall deteriorated claims environment observed mainly in the second half of 2011.

Four claims of medium size impacted the gross ratio for a total of €101 million, explaining 5 points of the 2011 gross loss ratio.

Among these four claims, EH built up a specific claims reserve for Schlecker in Q4 2011 impacting the full year loss ratio in 2011 by less than 2 points.

When this German retailer filed for insolvency, Euler Hermes contacted its policyholders and the liquidator in order to evaluate the outstanding invoices covered by its running policies and the retention rights on the stocks, the Euler Hermes main collateral. Euler Hermes discussed with the liquidator to evaluate the potential proceeds out of the real estate and the other long term assets of the company.

Net claims are increasing slightly more than gross claims as the average cession rate came down from 30.0% in 2010 to 29.7% in 2011.

Net run-off

(in € thousands)	2011	2010	Variation %
Gross claims costs previous attachment years	300,033	259,432	15.6%
Ceded claims costs previous attachment years	(87,251)	(64,532)	35.2%
NET CLAIMS COSTS PREVIOUS ATTACHMENT YEARS	**212,782**	**194,900**	**9.2%**

Gross run-off levels on previous attachment years reached €300 million in 2011, against €259 million in 2010. As observed in 2010, all regions contributed to this positive run-off.

The high level of run-off is mostly due to higher recoveries than expected, and the release of specific case reserves (HMV, flood in Australia, exit of factory cover in India).

Overall net positive run-offs stood at €213 million compared to €195 million the previous year, up 9.2% against 15.6% in gross terms, linked to higher run-off cessions than last year.

3.4.3 OPERATING EXPENSES

GROUP

(in € thousands)	2011	2010	2010 *proforma*		Variation amount	Variation %
HR expenses	473,507	458,925	457,201	(1)	16,306	3.6%
Brokerage	217,672	205,536	204,452	(2)	13,219	6.5%
IT & Communications	77,255	104,365	91,744	* (3) (5)	(14,489)	-15.8%
Facilities & Occupancy	48,598	47,221	44,370	(4)	4,228	9.5%
Non IT depreciation & amortization	-	8,053	-	(4)		
Audit, Tax, Legal & Consulting fees	32,705	30,229	29,421	(3)(5)	3,283	11.2%
Agency, Marketing & Advertising	15,540		12,985	(3)(5)	2,555	19.7%
Representation & Other Travel Expenses	20,304	16,527	16,527		3,777	22.9%
External information & collection expenses	63,188	64,441	64,441		(1,253)	-1.9%
Other Operating Expenses	54,375	45,554	49,545	(1)(2)(4)(6)	4,829	9.7%
GROSS EXPENSES BY NATURE	**1,003,143**	**980,853**	**970,687**		**32,456**	**3.3%**
Claims Handling Operating Expenses	(65,885)	(94,806)	(85,566)	(6)	19,680	-23.0%
Investment Management Expenses	(9,877)	(7,813)	(6,887)	(6)	(2,990)	43.4%
Gross Operating Expenses	**927,380**	**878,234**	**878,234**		**49,146**	**5.6%**
of which non technical expenses	(7,879)	(8,633)	(8,633)		754	-8.7%
TOTAL GROSS TECHNICAL EXPENSES	**919,501**	**869,600**	**869,600**		**49,901**	**5.7%**
Service fees	(378,776)	(372,535)	(372,535)		(6,241)	1.7%
Reinsurance commission	(237,751)	(194,783)	(194,783)		(42,968)	22.1%
Net technical expenses	**302,974**	**302,282**	**302,282**		**692**	**0.2%**
Gross technical expense ratio	**-28.5%**	**-28.0%**	**-28.0%**		**-0.5 pts**	
Net technical expense ratio	**-24.8%**	**-26.5%**	**-26.5%**		**1.7 pts**	

* *Exceptional depreciation of Convergence in Germany in 2010 for €13.4 million.*

Comments on proforma 2010

Starting 2011, a new cost accounting and controlling follow-up has been implemented at Group level. This leads to new definition and reclassification for some expenses per nature:

(1) Income and expense from leased staff are reclassified from "Other recurring expenses - of which other general costs" into "HR expenses".
(2) Misbooking of part of acquisition expenses in 2010.
(3) IT consulting fees are reclassified from "IT & Communication" into "Audit, Tax, Legal & Consulting fees".
(4) "Facilities and occupancy" have been redefined and include in 2011 only real estate & own building related expenses. Expenses related to furniture & fixture are reclassified under "Other operating expenses". In addition, depreciation and amortization costs, previously presented in "Non IT depreciation & amortization", now come under "Facilities and occupancy" for the part related to own building (€4.5 million in 2010) and in "Other operating expenses" for the part related to furniture & fixture (€3.5 million).
(5) "Legal & consulting fees" have been more precisely defined and split between "Audit, Tax, Legal & Consulting fees" and "Agency, Marketing and Advertising". In addtion, IT consulting fees previously in "IT & Communications" have been reclassified into "Audit, Tax, Legal & Consulting fees".
(6) Due to new cost accounting rules, presentation of gross expenses by nature was changed in 2011 without any impact on the gross expenses by destination in P&L.

The gross operating expenses increased by 5.6%, being €49.1 million compared to 2010:

- this increase was to a large extent driven by the brokerage expenses (€13 million, +6.5%) which followed the trend of gross earned premiums (+6.8%);
- HR expenses, which are higher by €16 million (+3.6%) compared to 2010, were impacted by the €6.1 million release of provision for pensions in Belgium in 2010, without which the increase would have been 2.2%, due to increase in wages and salaries;
- the move of the headquarters and Paris-based operations to La Défense impacted the operating expenses by €5.9 million, of which €2.5 million was for facilities and occupancy and €3.4 million for consulting fees. The total costs relating to that project also included €2.4 million of expenses allocated to financial expenses;
- agency, marketing & advertising expenses increased by €2.6 million (+19.7%) mostly due to the rebranding campaign (Euler Hermes will be the sole Group brand throughout the world as of 2012);

- travel expenses increase by €3.8 million (+22.9%) as a consequence of more client visits as part of the customer centricity initiative in Excellence. The increase was also due to international projects in 2011: Blue Europe, which spans thirteen European countries and the joint venture project with Mapfre which involves seven countries from Europe to South America.

Gross operating expenses grew by 5.6%, which was lower than the increase in premiums. However, since service revenues were reintegrated in the cost base and these revenues grew more slowly than expenses, the gross expense ratio was slightly higher than last year.

The net expense ratio, however, is lower than last year because it includes the reinsurance commission paid by the Group's reinsurers; which is higher by €43 million compared to last year.

3.4.4 ORDINARY OPERATING INCOME BEFORE FINANCIAL INCOME

Ordinary operating income before financial income reached €359 million in 2011 against €349 million last year. This profit can be attributed mainly to higher premiums than in 2010.

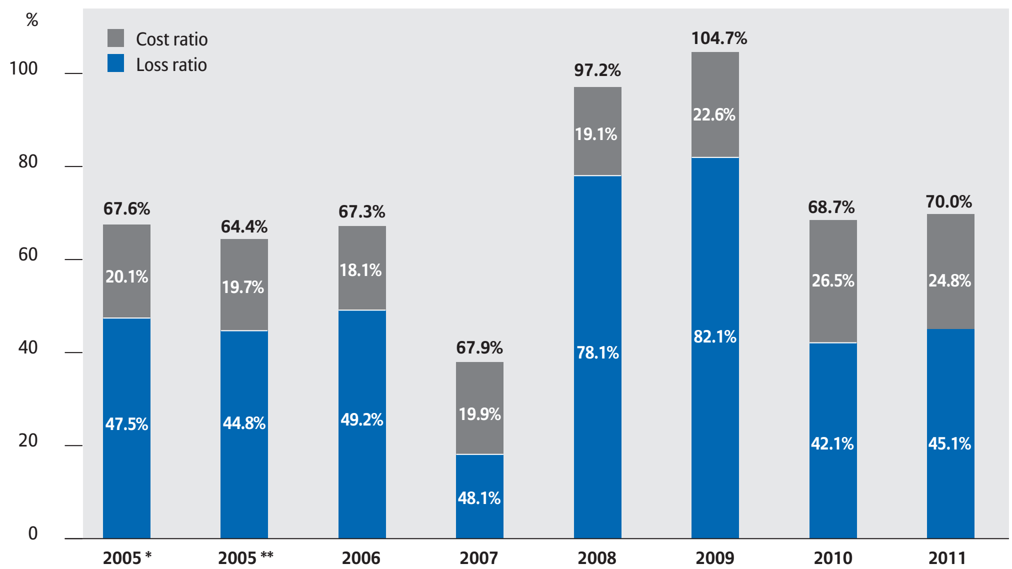
(in € thousands)	2011	2010	Variation %
Net earned premiums	1,220,395	1,139,814	7.1%
Net claims costs	(550,854)	(480,274)	14.7%
Net operating expenses	(302,974)	(302,283)	0.2%
Other non technical charges	(7,879)	(8,633)	-8.7%
ORDINARY OPERATING INCOME EXCLUDING FINANCIAL INCOME	**358,688**	**348,624**	**2.9%**
Net combined ratio	70.0%	68.7%	

3.4.5 NET COMBINED RATIO

The net combined ratio after reinsurance equaled 70.0% for 2011, up by 1.3 points compared to 2010.

The increase reflects the loss ratio which rose by 3 points, partially offset by the improvement of 1.7 points in the cost ratio.

NET COMBINED RATIO AFTER REINSURANCE (IN % OF NET EARNED PREMIUM)



* *Historical data (non IFRS).*

** *New definition (rebates deducted from premium, non technical expense excluded).*

3.4.6 FINANCIAL MARKETS

2011 was hit by successive events which deeply affected financial markets as well as the real economy: revolution in several Middle Eastern countries; the Fukushima nuclear catastrophe in Japan; governments which were dismissed, such as in Portugal, Greece and Italy; the triple A loss for the United States; the eurozone debt crisis; and the restructuring of the Greek debt.

All these events brought about very high volatility on the markets, forcing most European countries to implement increasingly restrictive austerity plans.

Moreover, after reacting to the inflationary risk by implementing monetary policies in Europe, as well as in emerging countries, central banks had to adapt to the macroeconomic slow-down by lowering their interest rates on the one hand and by using different measures, in order to deal with the liquidity problems faced by the banking sector, on the other hand.

In the meantime, two large plans arose through the European Solidarity Fund and the IMF: €78 billion for Portugal and €76 billion for Greece. Furthermore, the ECB (European Central Bank) granted loans to the banking sector for terms of up to three years and supported the Italian and Spanish bond markets, through massive interventions.

However, these different measures did not prevent credit rating agencies from lowering the ratings of some countries, including the United States, whose rating was lowered to AA for the first time in history, and putting 15 eurozone countries under negative watch.

The ratings of peripheral Southern European countries had already been lowered.

Rates

Investors were still confident at the beginning of the year, due to favorable economic events and 10-year German bonds even reached 3.50% in early April. However, risk aversion increased as the situation in Greece and Portugal deteriorated.

At the end of the year, due to massive intervention from the ECB, and despite hair cuts on the Greek debt, the gap between the interest rates of countries at the heart of the eurozone (Germany, Netherlands), which had reached 200 points at the height of the crisis, fell back to 120 points for the French 10-year debt, compared to Germany. Over the year, 10-year rates decreased to finish at 1.83% versus 2.96% as of January 1, 2011 in Germany and 3.15% versus 3.36% in France. Italian rates, however, increased to 7.11% in 2011, versus 4.82% in 2010.

Monetary policy

After two successive increases leading to a +25 points rise over the first part of the year, the ECB had to lower its interest rate by 50 points to return to 1% at the end of the year. In the meantime, it implemented loans to banks, for terms of up to 3 years, for a total amount of €500 billion, in order to address the tensions in the inter-banking sector. Mr. M. Draghi was appointed to replace Mr. J.C. Trichet at the head of the ECB.

In the United States and the United Kingdom, central banks supported their economies by maintaining low rates, launching a quantitative easing program in the US, and buying back gilts in the UK.

Shares

Over the year, performances were negative. The Global Index decreased by 7.1%. However, if European countries showed a decrease (Eurostoxx decreased by -18.1%), the United States did not follow the same trend and showed a flat performance.

Investors withdrew from emerging markets' stock exchanges, which showed a decrease of 20%.

Foreign Exchange

Tensions in the eurozone made the US dollar, the Japanese yen and the Swiss Franc more attractive. The US dollar, weak over the first half year (losing more than 10% against the euro), strengthened later to finish the year at €1 = $1.294, which is 2.3% higher than its starting point.

Commodities

Gold was still attractive in 2011, increasing its price by 28%. An ounce of gold hit $1,923 at its highest, and then decreased sharply, by 15% in three days in September. At the end of 2011, the ounce was at $1,567.

The crude oil price also went up consequently to tensions in the Middle East, which strongly disrupted the oil markets, namely with the decrease in Libyan production.

3.4.7 FINANCIAL INCOME

(in € thousands)	2011	2010	Variation %
Income from investment property	1,170	1,683	-30.5%
Income from securities	72,866	68,764	6.0%
Other financial income	27,032	22,909	18.0%
Investments income	101,068	93,356	8.3%
Investment expenses	(10,545)	(7,813)	35.0%
Net FX result	2,499	13,022	-80.8%
Net gains and losses on sales of investments less impairment and amortisation	20,029	24,683	-18.9%
NET FINANCIAL INCOME (EXCLUDING FINANCING EXPENSE)	**113,051**	**123,248**	**-8.3%**

The net investment income stands at €113.1 million in 2011 compared with €123.2 million in 2010.

Excluding foreign exchange effects, financial income reached €110.5 million at the end of December 2011, equal to last year's level of €110.2 million.

This stable result compared to last year is due to higher current investment income for €7.7 million, linked to reinvestment of cash flows generated by the activity; which are balanced by higher investment expenses for €2.7 million and lower realized gains and losses net of impairment for -€4.7 million. The impairments are higher than last year by €2.8 million, mainly impacted by an impairment on Greek bonds for €2.7 million.

The quality of the investment portfolio and the cautious investment strategy in 2011 allowed the Company to emerge from the financial crisis in good condition.

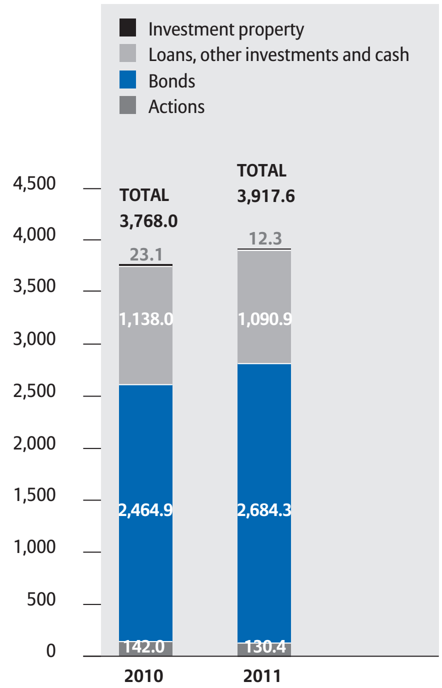
Net unrealized gains only decreased by €13.2 million, following gains of €20 million from the increase in value of the bond portfolio, whose investments were sought-after by investors. Unrealized gains on the bond portfolio increased from €40.2 million to €44.7 million with only €2.7 million of impairment (Greek bonds).

At end-December 2011, the market value of the Group's investment portfolio had increased by €150 million to €3,918 million.

Taking into account the capital gains realized for €20.0 million and the overall evolution of the markets, unrealized capital gains reserves decreased by €13.2 million to €63.2 million, corresponding to 1.6% of the investment portfolio.

	December 31, 2011					December 31, 2010				
(in € millions)	Amortised cost	Unrealised gain reserve	Net book value	Market value	Unrealised gains and losses	Amortised cost	Unrealised gain reserve	Net book value	Market value	Unrealised gains and losses
• Shares	120.2	10.2	130.4	130.4	-	119.5	22.5	142.0	142.0	-
• Bonds	2,639.5	44.7	2,684.3	2,684.3	-	2,424.7	40.2	2,464.9	2,464.9	-
• Loans and other investments	743.6	-	743.6	743.6	-	831.8	-	831.8	831.8	-
Total financial investments	**3,503.4**	**54.9**	**3,558.3**	**3,558.3**	**-**	**3,376.1**	**62.7**	**3,438.8**	**3,438.8**	**-**
Buildings third party use		**-**	**4.0**	**12.3**	**8.3**	**-**	**-**	**9.3**	**23.1**	**13.7**
Cash	**-**	**-**	**347.3**	**347.3**	**-**	**-**	**-**	**306.2**	**306.2**	**-**
TOTAL	**-**	**-**	**3,909.7**	**3,918.0**	**8.3**	**-**	**-**	**3,754.3**	**3,768.0**	**13.7**

INVESTMENT PORTFOLIO (IN € MILLION) – MARKET VALUE AS AT DECEMBER 31ST, 2011



3.4.8 ORDINARY OPERATING INCOME

Including net financial income, ordinary operating income amounted to €471.7 million in 2011, very stable compared with €471.9 million in 2010.

(in € thousands)	2011	2010	Variation %
Technical result	358,688	348,625	2.9%
Financial income net of expenses	113,051	123,248	-8.3%
ORDINARY OPERATING INCOME	**471,739**	**471,873**	**0.0%**

3.4.9 CONSOLIDATED NET INCOME

Consolidated net income stood at €330 million, compared to €294 million at end- December 2010.

(in € thousands)	2011	2010	Variation %
Ordinary operating income	**471,739**	**471,873**	**0.0%**
Other non ordinary income and expense	(8,030)	(82,943)	-90.3%
Financing expenses	(17,075)	(13,572)	25.8%
Income from companies accounted for by equity method	17,037	15,802	7.8%
Corporation tax	(130,166)	(93,377)	39.4%
Non controlling interests	(3,238)	(3,331)	-2.8%
CONSOLIDATED NET INCOME	**330,267**	**294,452**	**12.2%**
Tax rate	**28.1%**	**23.9%**	

Euler Hermes recorded restructuring costs for a total amount of €8.0 million, of which €5.5 million related mostly to the Excellence project and €2.9 million to the Blue Europe legal restructuring.

Financing expenses amounted to €17.1 million, up by €3.5 million compared to 2010. The increase in the financing charge is due to rate increase for €3 million and to change in the average debt base for €1 million.

Corporation tax amounted to €130 million over 2011, compared to €93 million in 2010. The tax due in 2010 was lowered by an exceptional €6 million tax provision release booked in France and linked to a change in the tax treatment of the capitalization reserves. Additionally, the 2011 tax rate increased to 28.1% as a proportionally lower part of the Group result was made in Switzerland (where the tax rate is 17.5%), and as specific taxes are higher in some countries (mainly France and Italy).

3.5 Cash and Capital

The information contained in this section complements section 5.3 “Consolidated statement of cash flows” and Note 12 “Cash and cash equivalents” of the notes to the consolidated financial statements in section 5.5 of this document.

The Group generated positive cash flow over 2011 with the cash position at €347 million as of December 31, 2011, higher by €41 million in comparison to 2010:

- cash flow from operating activities increased significantly to reach €503 million at year-end compared to €309 million at end- 2010. This results from the combined effects of dynamic turnover, positive impact from run-off on previous -attachment years, and better reinsurance conditions;
- cash flow from investing activities is still a need compared to last year. At -€149 million at the end of 2011 compared to -€545 million at end-2010, the change (+ €396 million) contributed to improving the Group’s total cash position by year-end. This corresponds mostly to short-term bank deposits at year-end;
- cash flow from financing activities amounted to -€313 million as of December 31, 2011, compared to a positive contribution of €104 million in 2010. This is mainly due to €179 million of dividend paid out to shareholders, whereas no dividend was paid in 2010, and the reimbursement of the loan to Allianz France for €110 million. At end-December, 2011, liquidities are principally held in euros, as the Company’s main area of business is the eurozone.

3.6 Financing

3.6.1 BORROWING CONDITIONS

The information contained in this section is complementary to Note 17 "Borrowings" of the notes to the consolidated financial statements in section 5.5 of this document.

Loans held by Euler Hermes SA as of December 31, 2011 were taken out under the following terms:

- a five-year loan of €125 million from Crédit Agricole. The loan expires on June 18, 2015 and has an annual fixed interest rate of 3.05%. Euler Hermes SA has the option to reimburse all or part of this loan by anticipation after a two-year period, being June 18, 2012 at the earliest;
- a five-year loan of €125 million from HSBC France. The loan also reaches maturity on June 18, 2015 and has an annual fixed interest rate of 3.05%. Euler Hermes SA has the option to reimburse all or part of the loan by anticipation after a two-year period, being June 18, 2012 at the earliest;
- a ten-year loan of €135 million with Allianz Belgium. The loan reaches maturity on June 24, 2020 and has an annual fixed interest rate of 4.04%.

On the first two loans mentioned above, the interest rate may be adjusted according to the external rating of Euler Hermes as follows:

Rating of Standard & Poor's or equivalent agency	Applicable interest rate
AA- or higher rating	3.05% a year
A+	3.05% a year
A	3.15% a year
A-	3.15% a year
BB+ or lower rating	3.95% a year

The third loan is also subject to an interest rate adjustment clause tied to Euler Hermes' rating, as follows:

Rating of Standard & Poor's	Applicable interest rate
AA-	4.04% a year
A-	4.04% +15 bp a year
BBB+ or lower rating	4.04% +90 bp a year

In addition, since Euler Hermes operates in the insurance-credit sector, it must comply with regulatory ratios limiting the use of capital.

3.6.2 SOURCES OF FINANCING

The Company made no firm commitments for major investments in 2011, notably as regards external growth, which could require establishing new sources of financing.

3.7 Consolidated shareholders' equity and adjusted capital

3.7.1 CONSOLIDATED SHAREHOLDERS' EQUITY

As of December 31, 2011, consolidated shareholders' equity amounts to €2,296 million compared with €2.148 million at the end of 2010. The table below describes the main changes in shareholders' equity during the year.

(in € thousands)	Capital stock (1)	Additional paid-in capital (1)	Retained earnings (2)	Revaluation reserve (3)	Other: Translation reserve (4)	Other: Treasury stock (5)	Shareholders' equity, Group share	Non controlling interests	Total shareholders' equity
Shareholders' equity as at December 31.2010 – IFRS	**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 variations	-	-	-	(1)	-	-	(1)	-	(1)
Impact of translation differences	-	-	-	264	8,289	-	8,553	-	8,553
Net income recognised in shareholders' equity	**-**	**-**	**-**	**(6,733)**	**8,289**	**-**	**1,556**	**180**	**1,736**
Net income for the year	-	-	330,267	-	-	-	330,267	3,238	333,505
Total revenues and losses recognised for 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	-	-	-	-	-	-	-	-	-
Other movements	-	-	(34)	-	-	-	(34)	24	(10)
Shareholders' equity as at December 31.2011 – IFRS	**14,451**	**454,536**	**1,879,323**	**32,666**	**(25,543)**	**(77,556)**	**2,277,877**	**18,002**	**2,295,879**

(1) As of December 31, 2011, Euler Hermes' share capital is composed of 45,159,477 fully paid up shares, including 1,481,765 treasury shares. 56,745 new shares were created as the result of the exercise of stock options in 2011. The share premium of Euler Hermes SA consequently increased by €1.9 million.
(2) During 2011, retained earnings were inflated by the net income of €330 million (excluding minority interests). In addition, Euler Hermes SA paid out a total dividend of €175 million (excluding minority interests) to its shareholders. Consolidated reserves included provisions for equalization, booked in the statutory accounts of the European insurance companies.
(3) In accordance with IAS 39, available-for-sale securities have been restated at fair value through the revaluation reserve without any impact on the income statement. The change in the revaluation reserve for the period came to €6.7 million net of tax.
(4) The change in translation differences for the year relates mainly to the US dollar, for an impact of €7.9 million, the British pound for €6.0 million, and other currencies such as the zloty, Brazilian real, Hungarian forint, etc.
(5) The -€11 million contribution of treasury shares is linked to the new shares created over 2011 (see Note 1).

3.7.2 ADJUSTED CAPITAL

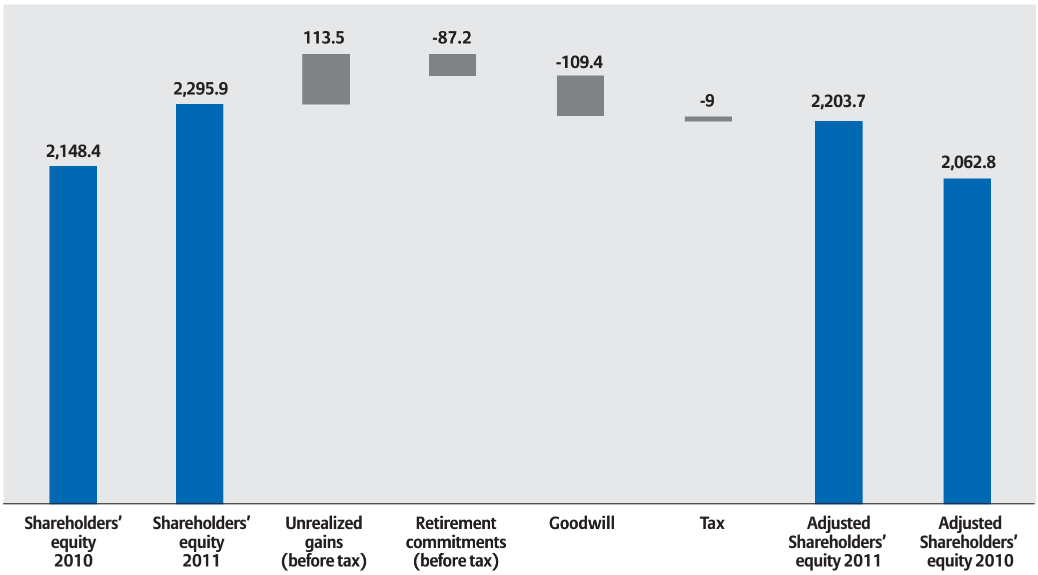
The Group's adjusted capital after tax corresponds to its consolidated shareholders' equity after adjusting for the following:

- unrealized gains on assets not recognized at fair value (mainly investment property and property used in the Group's operations);
- retirement commitments (IAS 19 corridor);
- goodwill;
- tax effect on unrealized capital gains and retirement commitments.

Adjusted capital after tax amounted to €2,203.7 million versus €2,062.8 million at end-2010, corresponding to an increase of 6.83%. This is the result of:

- the evolution of the shareholder's equity mentioned in section 3.7.1;
- a slight increase in non-amortized actuarial differences on retirement commitments;
- a slight increase in the goodwill on consolidated entities.

ADJUSTED CAPITAL AFTER TAX– DECEMBER 31ST, 2011 (IN € MILLION)

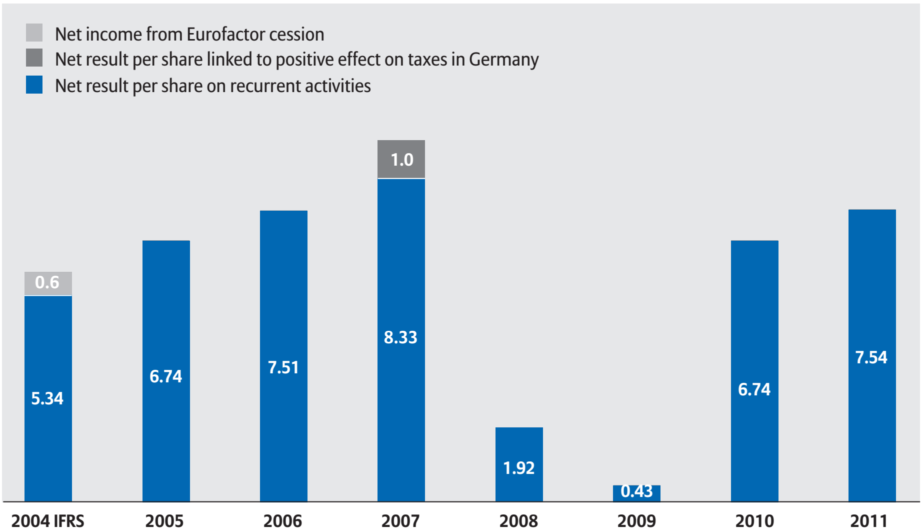


3.8 Creation of value for the shareholder

3.8.1 EARNINGS PER SHARE

Earnings per share before dilution came to €7.54 in 2011, versus €6.74 in 2010.

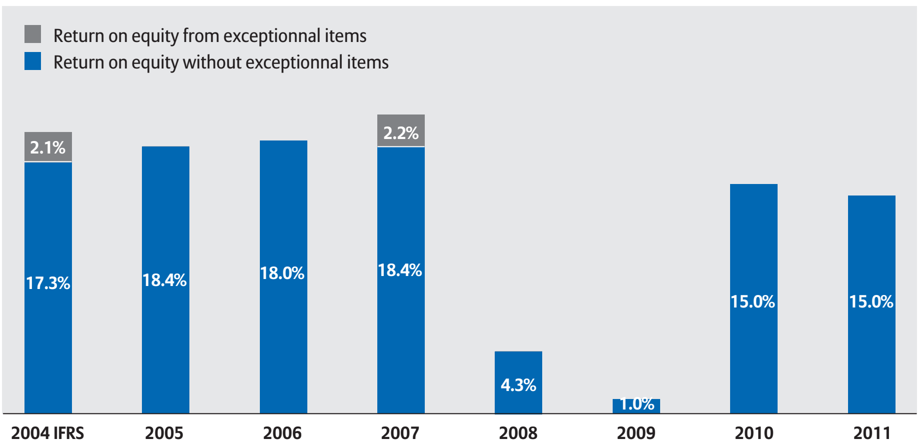
NET RESULT PER EULER HERMES SHARE (IN €)



3.8.2 RETURN ON EQUITY

The return on equity in accounting terms [1] and excluding exceptional items equaled 15.0%, in line with last year.

RETURN ON EQUITY (IN %)



(1) *Calculated on the basis of net income, Group share relative to the average of shareholders' equity (excluding minority interests), Group share between end-December 2010 and end-December 2011.*

3.8.3 RETURN ON ALLOCATED CAPITAL

As a member of the Allianz Group, Euler Hermes uses the concept of return on allocated capital as an indicator of performance and the creation of shareholder value. This indicator measures the surplus value created by the Company's operations in relation to the cost of the capital allocated to those operations.

The operating contribution of the activity is measured using the method applied in the Allianz Group. Basically, this method consists in deducting the opportunity costs of surplus capital from the actual net income.

Total capital allocated to the business amounted to €1,889 million in 2011. The return on allocated capital is 17.1%, a similar level to last year.

(in € thousands)	2011	2010
Net income, Group share	330,267	294,452
Opportunity cost of surplus capital after tax	(6,568)	(2,956)
OPERATING CONTRIBUTION OF ACTIVITY	**323,699**	**291,496**
Allocated capital (based on S&Ps quotation A)	1,888,957	1,712,068
Return on allocated capital	**17.1%**	**17.0%**

3.9 Trends and outlook

3.9.1 TRENDS

Review of 2011: Slowing world recovery, increasing downside risks

World economic growth slowed sharply in 2011 (+2.9% after +4.1% in 2010). World trade growth halved (+6.7% in 2011, following +13.5% in 2010) and though the world economy continued to grow (+7.4% between Q2 2008 and Q3 2011), the slowdown that started in late 2010 has become far more acute.

Extraordinary shocks, such as the earthquake and tsunami in Japan, and the Arab spring, the economic consequences of which were particularly severe, have contributed to this slowdown. The Japanese economy, for example, ended the year much weakened (-0.3% in 2011, after +4.1% in 2010).

The slowdown is far more widely explained, however, by the aftershocks of the 2009 recession (the biggest growth contraction for 60 years) and the unstable recovery that followed.

On the one hand, slamming the brakes on stimulus measures laid bare the structural weaknesses of the major economies: excess capacities, high unemployment levels and the need for both households and (especially) states to reduce their debt. On the other, the gasping economic dynamism of the emerging economies confirms the vulnerability of the growth rates they have posted. For these economies dependence on demand from the developed countries, commodity prices, and aggressive but volatile monetary policies, implemented to respond to inflationary pressures and increase competitiveness, explain the slowdown.

In Europe (with growth of +1.6% in 2011 for the eurozone, following +1.8% in 2010) as in the United States, it was concerns over sovereign debt that initiated the halt to growth, with varying force, despite a fairly positive third quarter in most economies. Financial markets (stocks, money, bonds and currencies) underwent real turbulence in the second half of 2011, as it became increasingly difficult to absorb sovereign debt without clear visibility over the solvency of states. The explosion in public deficits and sovereign debt has been the epicenter of the concerns of investors and governments in the absence of any clear solution.

Outlook for 2012: The global economy will be uncertain in 2012, after a weak start

The first half of the year is expected to prove particularly sluggish, with the eurozone in the doldrums and also a marked slowdown in emerging country growth rates. The second half of the year should improve, as the solutions implemented to support the euro should prove effective, and drive a slight recovery in 2013.

However, overall, Euler Hermes' 2012 forecasts (+2.6% before +3% in 2013) have been substantially revised since mid-2011: by -0.8 points for global growth, -0.7 point for the United States, -1.5 point for the eurozone and by between -0.5 and -1.2 point for the emerging countries. The expected growth figures for China (+8.1% in 2012, after +9.2% in 2011) and Brazil (+3.0% in 2012, as in 2011) show just how much the engine is seizing up under pressure from the countries that are struggling with austerity packages (due to high debts and deficits). The expected easing of commodity prices (notably oil prices, with Brent crude stabilized at US$110 a barrel) – once the key strength of net exporters – will also be a big determinant of the slowdown in emerging economies in 2012.

In the eurozone, the lack of forward visibility for businesses (investment surveys) and households (the employment outlook and confidence surveys) will take its toll on growth in 2012, at best expected at +0%, before a +1.2% rebound in 2013 once the rescue mechanisms deployed for the eurozone take hold. Several economies should see more or less short episodes of contraction, ranging from one quarter, as in Germany (0.8% growth in 2012, after 3.0% in 2011) to actual recession, as in Greece (-2.7% in 2012, following -5.5% in 2011), Portugal (-1.9% in 2012, following -1.4% in 2011) and Italy (-1.2% in 2012, following +0.5% in 2011). Inflation and unemployment will be important variables, as well as interbank lending conditions. This depressed demand will affect the emerging economies (by the order of several tenths of a percentage point of GDP for China, for example), but mostly it will impact on the strength of the trade balance of the eurozone itself.

Eastern Europe will be particularly affected (3.1% in 2012, following 4.3% in 2011) *via* its links with Western Europe in banking (capital repatriation needs) and in trade. Russia, with growth revised to 3.7% in 2012 (following 4.0% in 2011) will be particularly tested by lower commodity prices, its ageing industrial apparatus, and emerging political risk.

Some economies, however, will remain relatively resilient. In emerging economies, GDP growth, despite being shaved by several tenths of a percentage point, will remain at high levels. In India, for example, GDP will expand by 7.5% in 2012 (as in 2011).

For Africa, the Middle East and Latin America, resilience will come in part from the rise of consumer middle classes: a big structural change for these economies in terms of GDP (but one that increases GDP per capita very little), and in part from their commodity wealth, which will continue contributing positively to growth, despite slightly lower expected average export prices in 2012.

In addition to the necessary implementation of high-precision monetary policies, and the harnessing of their commodity wealth, the other determinant of growth in the balance in 2012 will be the resilience of consumption.

In the US for example, where the likelihood of a double-dip recession has lessened following encouraging economic data in the second half of 2011, consumption should continue driving the economy, even if the same factors that dogged the economy earlier in 2011 will continue to be a drag, lowering the forecast for 2012 GDP growth to a weak, but still positive 1.8% (following +1.7% in 2011), well below the pre-crisis decade average of 3.5%.

Lastly, Japan should finally came out of its rut with 1.8% growth in 2012, after recession (-0.3%) in 2011. Growth will be automatically supported by the post-disaster recovery efforts, but the economy remains threatened by loss of competitiveness and over indebtedness.

Worse scenarios are plausible but less likely at present

The risks to the forecast remain significant with the eurozone in difficulty. Expectations could be revised considerably should the fragility of the banking system, heavily exposed to European bonds (the size of debt haircuts, the degree to which struggling interbank credit translates into loans in the real economy) come to upset the recovery that has begun in the global economy.

But other notable risks could also lead a change of forecasts, such as (i) a speculative attack on US debt, (ii) a "wait-and-see" stance of some major economies in the run-up to elections, or of simply non-responsive (or at times over-responsive) reactions that could push them closer to the brink, (iii) an overheating in some emerging economies or (iv) a collapse in China's real estate bubble.

Trends in corporate insolvencies

The fall in business insolvencies continued in 2011 but ran out of steam in many countries and should reverse in 2012 (+3% in 2012, following -3% in 2011).

The Euler Hermes Global Insolvency Index (GII) continued to fall in 2011, but at a slower than expected rate of -3%, compared to the -5% drop anticipated in June 2011. This slower decline (compared to the -5% drop seen in 2010), however, still left the index on a favorable course, after the record 28% increase in business insolvencies worldwide posted in 2009.

The slowdown in world economic growth and the sharp drop in world trade growth, notably in the second half, coupled with the ending of stimulus measures in order to better manage runaway budget deficits, have brought down the efforts initiated by businesses to reduce their costs and make their production apparatus more flexible. The industrial fabric's vulnerability to the worsening economic environment is all the greater in that some countries are experiencing a major loss of competitiveness. Industrial profitability is very reactive to fiscal stimuli, which the austerity measures have swept aside, and this seems to be behind the worsening in regional insolvency indices, notably in the countries of Southern Europe (+13% in 2011, following +1% in 2010), and in the United Kingdom (+6% in 2011, following -17% in 2010). The index for the eurozone was also on the rise again in 2011 (+6%, following -1% in 2010).

Some countries in 2011, however, posted a considerable slowing in business insolvencies, for example, the United States (-12% in 2011, following -7% in 2010), as well as Poland, Denmark, Slovakia, Lithuania and Singapore (-23%, after +5% in 2010).

This initial improvement in 2011, sometimes due to base effects, is unfortunately at great risk. The GII moves into the red in 2012 for 25 of the 33 countries in our sample, forecasting rising numbers of business insolvencies, with the biggest expected increase in Greece (+26% in 2012). Many countries are seeing a rebound in insolvencies – *e.g.* France (+4% in 2012, after -2% in 2011) and Brazil (+17%, after -8% in 2011) – confirming the need for a minimum level of growth and possibly of public stimuli, both in the emerging countries and in the advanced economies, for the number of insolvencies to fall. Apart from the UK (-4% in 2012, following +6% in 2011) and Australia (-3%, following +9% in 2011), where the uptrend in insolvencies has reversed, those countries that are continuing to see a fall in insolvencies (*e.g.* the US, China, Germany, Russia and Canada) will see a net slowing in the downtrend in 2012.

This forecast emphasizes how six months of tight monetary and fiscal policies have impacted on the real economy in the shape of increased risk of default for already weakened businesses. The consequences of depressed demand in the advanced economies and the prolonged rationing of credit to finance business will crystallize in 2012. The level of overall insolvencies, still not back to normal, will move even further away from the pre-2008/2009 crisis level. This time, however, there are no public remedies available to help.

Corporate insolvencies of more than €100 million in 2011 (list established at end-October)

Table of the largest corporate insolvencies in 2011 known at the start of November 2011, as identified by Euler Hermes subsidiaries in the following countries: Germany, Belgium, South Korea, Spain, United States, France, Hungary, Italy, Japan, Poland, United Kingdom, Sweden, Czech Republic, Denmark, Finland, Switzerland.

Country	Companies	Last know turnover (in € million)	Sector	Date of insolvency
USA	AMR Corporation	16,628	Air transport	11/2011
Japan	Agura Bokujo	4,164	Farming of animals	08/2011
USA	Newpage Corporation	2,697	Manuf. of paper and paper products	09/2011
USA	Borders Group, Inc	2,118	Retailing	02/2011
UK	Maltby Investments Ltd	1,952	Sporting and other recreational activities	02/2011
Japan	Sf Corporation	1,824	Financial intermediation	08/2011
UK	Turbo Beta plc	1,807	Service activities	04/2011
USA	Dynegy Holdings LLC	1,742	Prod., collection and distribution of electricity	11/2011
USA	MF Global Holdings Ltd	1,675	Financial intermediation	10/2011
Japan	Hayashibara	1,272	Manuf. of other chemical products	02/2011
UK	Southern Cross Healthcare Group plc	1,057	Service activities	08/2011
UK	Camden Group Services Ltd	1,026	Sale of motor vehicles	06/2011
USA	Appleseed's Intermediate Holdings LLC	825	Retailing	01/2011
UK	Rok plc	791	Building of complete constructions or parts thereof; civil engineering	06/2011
UK	Connaught plc	783	Real estate activities with own or leased property	01/2011
UK	Castle Topco Ltd	630	Service activities	10/2011
Japan	Hayashibara biochemical laboratory	612	Wholesaling	02/2011
UK	Bp (gom) Development & Production Ltd	588	retailing sale of automotive fuel	08/2011
USA	Lee Enterprises Inc	567	News agency activities	12/2011
UK	Bt Equipment Finance Ltd	563	Other financial intermediation	02/2011
France	Mory Team	542	Transport	06/2011
Germany	Teldafax	500	Prod., collection and distribution of electricity	06/2011
USA	The PMI Group Inc	481	Financial intermediation	11/2011
USA	Constar International, Inc	479	Manuf. of plastics products	01/2011
Korea (South)	Namkwang Engineering & Construction co, Ltd	458	Construction	04/2011
USA	Nebraska Book Co	454	Retailing	06/2011
Germany	Manroland AG	435	Manuf. of machinery and equipment	11/2011
Germany	Beluga Reederei	415	Inland water transport	03/2011
Korea (South)	Korea Development Corporation	415	Construction	12/2011
UK	JJB Sports plc	412	Retailing trade of new goods in specialized stores	04/2011
Spain	Hijos de J Barreras SA	409	Building and repairing of ships and boats	09/2011
Japan	Taiyo Shokusan	402	Real estate activities	05/2011
UK	DTZ holdings plc	399	Manuf. of electric motors, generators and transformers	12/2011
Korea (South)	Chinhung International Inc	388	Construction	02/2011
Spain	Bruesa Construcción SA	385	Construction	02/2011
Germany	JJ Sietas Schiffswerft GmbH u. Co.	384	Building and repairing of ships and boats	11/2011
Spain	Establecimientos Miró SL	365	wholesaling of household goods	06/2011
Korea (South)	Lig Engineering & Construction co, Ltd	363	Construction	03/2011
Japan	Hayashibara Shoji	354	Wholesaling	02/2011
Japan	Fukuoka Century Golf Club	336	Sporting and other recreational activities	06/2011
Japan	Maruwa Shoji	323	Financial intermediation	04/2011
France	Comareg	320	Publishing	11/2011
Denmark	Amagerbanken	287	Financial intermediation	02/2011
Italy	Baldassini-Tognozzi-Pontello Costruzioni Generali s.p.a.	275	Construction	08/2011
Italy	Eldo Ttalia s.p.a.	254	Retailing	11/2011
Japan	Sun City	239	Real estate activities	09/2011
Spain	Clesa SL	238	Manuf. of dairy products	06/2011

Country	Companies	Last know turnover (in € million)	Sector	Date of insolvency
Italy	A.&.G. Marco s.p.a.	216	Business services	07/2011
Spain	Coperfil Obras y Servicios SA	211	Construction	03/2011
Switzerland	Swissmetal Industries AG	211	Manuf. of fabricated metal products, except machinery and equipment	07/2011
Spain	Urende SL	204	wholesaling of household goods	10/2011
Italy	Consorzio Etruria scrl	197	Retailing	06/2011
Germany	Sellner GmbH	180	Manuf. of parts and accessories for motor vehicles and their engines	01/2011
France	Neo Securité	170	Business services	03/2011
Germany	Schlott Gruppe AG	170	Printing and service activities related to printing	01/2011
Japan	Gunmaken Ringyo Kosha	160	Forestry, logging and related service activities	04/2011
France	Photowatt	157	Services	11/2011
Denmark	Fionia Holding A/S	152	Financial intermediation	07/2011
Italy	GDM – s.p.a.	150	Retailing	04/2011
Spain	Sia Copper	139	Manuf. of basic precious and non-ferrous metals	02/2011
Germany	AKT Altmärker Kunststoff-Technik GmbH	121	Manuf. of parts and accessories for motor vehicles and their engines	01/2011
Germany	J. Fink Druckerei	121	Printing and service activities related to printing	02/2011
France	A Novo	120	Electronics	07/2011
France	Circle Printers	115	Printing and service activities related to printing	11/2011
France	Mobiwire	115	Telecom	12/2011
Germany	Reinhold Meister GmbH	114	Construction	11/2011
Belgium	Leaf Business Holdings Belgium	114	Manufacturing	04/2011
Czech Republic	Konsorcium B+K, sro	108	Wholesaling	02/2011
Finland	Moventas Wind Oy	103	Manuf. of fabricated metal products, except machinery and equipment	06/2011
France	Vitembal	100	Packaging	04/2011

3.9.2 OUTLOOK

In this context of slow economic growth in 2012, Euler Hermes expects that the demand for credit insurance coverage will remain strong as corporates will be willing to protect their assets and their cash flows. Euler Hermes will target clients in its core Europeans markets but also in the Americas and emerging markets and hopes to achieve solid new production again.

Constant dialogue with prospects and policyholders will remain a key driver of Euler Hermes' strategy, with priority set on customer loyalty and retention.

In addition to organic growth, Euler Hermes' premium development is also correlated to the variation in the insured turnover volume. The slow economic growth expected in 2012 is expected to impact the insured turnover volume and the Group expects that its turnover evolution will more likely be driven by the organic growth of the commercial portfolio and by stable rates than by the evolution in the insured turnover. Euler Hermes expects an increase of 3% to 5% of its earned premium in 2012.

The Group has set up a permanent risk monitoring program for its portfolio, with specific monitoring for large risks and fragile sectors and countries. Proactive risk management enabled Euler Hermes to avoid major losses in 2011 and to witness a relatively low increase in insolvencies. In 2011, the net claims ratio was still below 50% which is not sustainable in the long run.

Reinsurance is key for managing the capital required to cover the Group's business. In light of its capital surplus, the Group has decided to increase its retention rate for the credit insurance activity by almost 2 points. Euler Hermes also put in place effective risk coverage for major claims by limiting the impact of any large claim to a maximum of 5% of its net equity.

On the cost side, the increase in variable reinsurance commissions paid by the reinsurers is expected to contribute to a reduction in the net cost ratio by more than 1 point.

The "Excellence" program is on track and should allow the Group to improve its net cost ratio by a further 1 point in 2012.

The Group expects its bond portfolio to continue to be the main contributor to its financial income in 2012. Capital gains should not reach the 2011 levels.

Euler Hermes intends to continue its international expansion by investing in new economic powers (Asia and Latin America) in order to support its clients' development.

The Group considers that the actual macroeconomic environment remains quite volatile, which implies a potential increase in insolvencies in most European markets. However, Euler Hermes has used recent years to reprice its commercial portfolio according to underlying risks, to improve its risk management tools and governance, and to go on its reorganisation. Both should allow Euler Hermes to mitigate the negative impact of the upcoming economic slowdown and produce solid financial results once again in 2012.

4

MAJOR RISK FACTORS AND THEIR MANAGEMENT WITHIN THE GROUP

4.1 Risk factors

Euler Hermes draws readers' attention to the risks described below. These risks are liable to have a material impact on our operations, our consolidated net income, our financial position, our share price, our solvency margin or our ability to achieve expected results.

The description of risks provided below is not exhaustive. Other risks and uncertainties that are currently unknown or regarded as minor could, in the future, significantly affect our business, our financial position, our consolidated net income, our cash flows or our share price.

The risks described below are inherent to the nature of the Group's operations and its economic, competitive and regulatory environments. In view of the numerous contingencies and uncertainties associated with these risks, management is not always able to quantify their impact with accuracy. However, to prevent, detect and manage risks on an ongoing basis, Euler Hermes has implemented numerous risk management processes, procedures and controls. These processes, like any control and monitoring system, cannot be regarded as an absolute guarantee; rather, they offer a reasonable assurance of security in respect of operations and of control over results.

The Risk Management organization is described in section 4.2 of this Registration Document. Furthermore, while the risks described in section 4.1 may have measurable financial consequences or potential for significant liabilities, these factors are reflected in the Group's consolidated and combined financial statements, in accordance with the applicable IFRS. The risks described below are classified on the basis of their origin. This presentation aims to reflect management's current views on the potential consequences of each risk to the Euler Hermes Group. While management devotes significant resources to Risk Management on an ongoing basis, as described in section 4.2 of this document, the Group's Risk Management activities, like any system of control, are subject to inherent limits and cannot provide absolute certainty or protect the Group against the risks described in section 4.1, or any losses potentially caused by these risks.

4.1.1 RISK FACTORS RELATED TO INSURANCE OPERATIONS

The prevailing and future economic environment

By its nature, Euler Hermes' activity is directly related to economic activity.

The prevailing challenging economic environment has various effects, some of which may have conflicting impacts:

- a decline in premiums stemming from a downturn in economic activity, leading to a reduction in policyholders' turnover, which is the basis for calculating the insurance premium, or a loss of policies (termination of unprofitable policies by Euler Hermes, failure of policyholders, termination by policyholders);
- a potential increase in premiums resulting from the signing of new policies (new policyholders seeking coverage of their client receivables or existing policyholders extending their coverage), or from rate increases;
- an increase in the frequency of claims and a possible increase in « severity of claims » .

To address this risk, Euler Hermes acts in three ways to reduce the sensitivity of its results to the economic environment:

- implementation of more precise monitoring of limits granted, aimed at limiting the losses borne jointly by policyholders, reinsurers and Euler Hermes;
- diversification of sector and geographical risks;
- products diversification through the introduction of services less closely related to economic activity.

The persistence of difficult economic conditions may have a negative impact on Euler Hermes' net income, its financial strength, its solvency margin, its share price and, potentially, its reputation.

The occurrence of natural or human disasters, or the consequences of emerging, and inherently unpredictable risks

The proliferation of weather events worldwide, not to mention other risks such as acts of terrorism, explosions, the emergence and progression of pandemics or the impact of future climate change could, in addition to their immediate damage and impact, have a material impact on insurers' operations as well as their current and future results.

While past experience shows that such events have little impact on the Group's results, Euler Hermes cannot rule out the possibility that such events could affect its net income in the future.

A failure of or change in regulations impacting the process of underwriting insurance risks

The management of credit-insurance risk and bonding is based on a strong risk culture combined with contract management and client service. In addition to managing the subscription of contracts, the Group provides a service to policyholders to reduce the risks weighing on their receivables.

As such, during the period of insurance, all requests for insurance cover on a given customer are analyzed in accordance with specific solvency criteria for the customer in question (financial analysis, prior claims). Cover is then issued on the basis of the risk profile of the commercial transaction associated with the request.

Credit-insurance risk management processes are based on an ability to analyze the solvency of the policyholder's customer on the basis of all information gathered.

The following factors are needed to ensure this capacity for analysis:

- the possibility of gathering or purchasing information about our policyholders' customers;
- the correct functioning of a centralized information system gathering information and requests for cover;
- the establishment and consistent application of written rules governing the analysis of information gathered and decisions on requests for cover;
- the enforcement of these rules at two levels: by a central team tasked with this purpose and by the internal audit function.

A failure of one of the processes or tools in place, or change in the statutory or regulatory requirements under which such operations are carried out could have an impact on net income or financial strength. They could also lead to legal or regulatory fines. Lastly, they could have consequences on the Group's reputation.

The possibility of recording losses in the event of the materialization of the assumptions used to determine insurance reserves

Determining insurance reserves, including reserves for premiums not yet written or reserves for un-notified claims, is based on inherently uncertain elements derived from assumptions bearing on future change in factors that may be (i) economic, demographic, social, legislative, regulatory, financial, or (ii) linked to the conduct of the policyholder or its customer.

The use of these numerous assumptions involves a significant amount of evaluation on the part of the Group's governing bodies and change in these assumptions may affect the level of reserves, with a negative impact on Euler Hermes' net income, financial position, solvency margin and valuation.

A failure of reinsurers, higher reinsurance costs or reduced capacity of reinsurers in the credit-insurance market

The theoretical exposure granted by Euler Hermes is not based solely on the Group's available capital.

The theoretical exposure is based on the fact that some of the claims arising from this exposure will be transferred to external reinsurers, the transfer being purchased to cover a financial year.

It should be borne in mind that the act of transferring some of the risks borne by Euler Hermes to reinsurance companies does not release it from its obligation to indemnify its policyholders.

In concrete terms, Euler Hermes is subject to the following risks:

i) the insolvency of one of its reinsurers;

ii) failure to purchase reinsurance treaties at acceptable prices.

Euler Hermes has implemented management rules to assess the solvency of its reinsurers and ensure the proper diversification of such transfers. Nevertheless, one or more reinsurers could no longer be able to meet its commitments, leading to a rise in Euler Hermes' own losses.

In addition, reinsurance capacity and the pricing of reinsurance treaties depend on the prevailing economic conditions, and can vary substantially. As such, Euler Hermes may have difficulty purchasing reinsurance at acceptable prices.

The materialization of one of these risks could have a long-term effect on affect its activity, its net income and its solvency margin.

4.1.2 RISK FACTORS RELATING TO THE CAPITAL MARKETS, THE SOUNDNESS OF THE CREDIT RATING AND THE VALUATION OF ASSETS AND OTHER RELATED ASPECTS

Risks bearing on the investment portfolio

The risks described below could, if they materialize, have negative impacts on current and future turnover, net income, cash flows, financial position and, in some cases, the Euler Hermes share price.

i) Interest rate risk

As its portfolio is invested primarily in bonds (national, supranational and, to a lesser extent, corporate), Euler Hermes is subject to interest rate risk.

During periods of declining interest rates, the risk is that the portfolio's average interest rate could fall (reinvestment being made at lower rates) or that the portfolio duration could increase (making the portfolio more susceptible to future changes in interest rates).

During periods of rising interest rates, the risk is that the market value of the bond portfolio could decline, possibly resulting in unrealized losses or the need to write down the value of bonds.

Euler Hermes has implemented an asset management policy aimed at minimizing these risks, including asset-liability management factoring in all local constraints.

ii) Equity market risk

As it has invested in shares (or their equivalent), Euler Hermes is exposed to a decline in the equity markets which may last for a longer or shorter period. This could result in Euler Hermes having to record unrealized losses or asset impairments.

Euler Hermes has implemented an asset management policy aimed at selecting high-quality issuers and diversifying risk in this asset class.

iii) Property risk

Euler Hermes is exposed to property risk, *via* the buildings housing the Group's operations, as well as its investment properties.

The risk is that market values may fall, thereby reducing the unrealized capital gains on these buildings or requiring the Group to record unrealized losses.

iv) Counterparty risk

Losses due to the failure of financial institutions and third parties, including potential defaults on or restructuring of sovereign debt, the impairment of invested assets and unrealized losses could all affect the value of our investments and reduce our profitability.

Euler Hermes has implemented management rules to diversify risk (geographic as well as sector) and to reduce the risk of default by investing in counterparties boasting robust financial health.

The downgrade of ratings of our capacity to settle claims or our financial strength

Ratings of capacity to settle claims or financial strength have increasingly become important elements in determining insurance companies' relative competitive positions. Rating agencies review their ratings and methodologies on an ongoing basis, and can revise their ratings at any time. Accordingly, our current ratings may vary.

In a financial crisis and given the deteriorating financial markets in recent months, some rating agencies have downgraded their outlook on the life insurance industry, and have cut the ratings of an increasingly large number of companies. However, Standard & Poor's AA- rating of Euler Hermes has remained unchanged even if perspective has been changed to negative.

A ratings downgrade or the potential for one, and, more importantly, a move below an AA rating, could have adverse effects on the Company, by:

- (i) undermining its competitive position;
- (ii) preventing it from distributing new insurance policies;
- (iii) increasing the rate of redemption or termination of existing insurance policies;
- (iv) raising the cost of reinsurance;
- (v) limiting its access to sources of funding and/or increasing the cost of such funding;
- (vi) imposing the need to provide additional guarantees for certain contracts;
- (vii) having an adverse impact on relations with creditors or trading counterparties;
- (viii) having a significantly adverse impact on public confidence.

Any of these outcomes could have an adverse impact on Euler Hermes' operations, liquidity, consolidated net income, turnover and financial position.

Exchange rate fluctuations

Euler Hermes is exposed to exchange rate fluctuations due to:

- the presence of subsidiaries outside the eurozone. The Group's main subsidiaries outside the eurozone operate in US dollars, pounds sterling and Swiss francs;
- the granting of limits by a subsidiary in a currency that is not the said subsidiary's reporting currency.

As of December 31, 2011, 32.2% of the Group's turnover was generated outside the eurozone.

To reduce its exposure to exchange rate fluctuations, Euler Hermes applies the congruence principle (matching of assets and liabilities denominated in a currency other than that used to keep accounts).

Moreover, Euler Hermes does not invest in foreign currencies for speculative purposes.

Lastly, the Euler Hermes Group does not use hedging instruments to guard against exchange rate fluctuations.

4.1.3 RISK FACTORS WITHIN THE EULER HERMES GROUP

The reliance of the Euler Hermes SA holding company on its subsidiaries to cover its expenses and dividend payments

As a holding company, Euler Hermes SA does not have its own activity, all insurance or service activities being carried out by its subsidiaries. As such, Euler Hermes SA is dependent on the dividends paid by its subsidiaries and other funding sources to meet its expenses, including the payment of dividends and interest on its debt.

Euler Hermes SA anticipates that the dividends received from its subsidiaries and other sources of funding will continue to cover the costs it faces as a holding company, *i.e.* including interest payments on funding contracts in progress and dividends to shareholders.

Due to the different risk factors described in this section, Euler Hermes may receive a reduced dividend or no dividend from some of its subsidiaries, or need to provide some of them with significant financial support, in the form of loans or capital contributions, which could significantly impact its liquidity and its ability to pay dividends.

Estimates made by the Group and its governing bodies

Determining the amount of reserves and impairments is based on periodic assessments and estimates of the known and inherent risks of each underlying event. These assessments and estimates are revised as conditions change or as new information becomes available.

The Group's governing bodies, in the light of this information and in accordance with the principles and methods set out in the consolidated financial statements (*see Note 2 "IFRS accounting and valuation rules" in the notes to the consolidated financial statements*), analyze, assess and regularly make decisions based on their assessment of the causes and consequences of change impacting the previous estimate of what constituted an adequate level of reserves and impairments.

However, Euler Hermes cannot guarantee that its governing bodies have correctly estimated the level of impairments and reserves recorded in the financial statements, and that any additional impairments or reserves will not adversely affect the Group's net income and financial position.

A slowdown in the growth of the Group's operations

Growth observed in recent years, both internal and external, may, despite the strategic expansion objectives of the governing bodies, not continue or may not be in line with expectations, mainly due to challenging conditions in the financial markets, the capital markets and change in economic conditions.

Euler Hermes has taken initiatives to enter new markets either by expanding its existing credit-insurance business in new geographical areas in which the Group was not present or where its earlier presence was only marginal, or in the form of new products related to credit insurance, such as debt recovery for third parties.

Maintaining high levels of expansion could also be made more difficult by change in existing regulations or tax laws.

An inability of the Group to capitalize on its innovative products or its partnerships and new methods of distribution, to deploy them within the Group and develop them in line with its objectives could adversely affect the growth of Euler Hermes' business.

The diversity of the countries in which Euler Hermes operates

Euler Hermes markets its products and services in Europe, North and South America, Asia, Turkey, Russia and some African countries through varied legal structures and distribution channels, including subsidiaries with majority or minority stakes, partnerships, joint ventures, agents and independent brokers, etc.

The diversity of the Group's international presence exposes it to very different and often very fluctuating economic, financial, regulatory, commercial, social and political environments, which could potentially affect demand for its products and services, the value of its investment portfolio or the solvency of its local business partners.

The successful implementation of the Group's overall strategy may be hampered by the environment of some countries in which Euler Hermes operates, with adverse effects on the Group's net income and financial position.

Existence of unexpected liabilities relating to discontinued operations and expenses relating to other off-balance sheet commitments

Euler Hermes may occasionally keep insurance and reinsurance liabilities or other off-balance sheet commitments stemming from the sale or liquidation of various activities, or be required to provide guarantees and undertake other off-balance sheet transactions.

If the existing reserves for such obligations and liabilities are insufficient, the Group may have to record additional expenses that may impact its net income significantly.

For more information, *see Note 33 of the Group's consolidated financial statements on commitments given and received.*

Operational failures or inadequacies

Euler Hermes' activity is based very heavily on its processes and information systems.

As such, Euler Hermes makes considerable efforts to maintain and modernize its information systems and the efficiency of its processes. In particular, Euler Hermes ensures that its processes and information systems are consistent with industry standards, regulatory standards, technological standards and the preferences of its policyholders.

However, Euler Hermes is exposed to operational risks that are inherent to the Group's business and which may be of human, organizational, material or natural origin, or result from other events within or outside the Group. This operational risk may materialize in various ways, chiefly: interruptions or failures of information systems used by the Group, errors, fraud or malice on the part of its employees, policyholders or intermediaries, non-compliance with internal and external regulations, intrusion into information systems, etc.

While Euler Hermes strives to achieve better management of all of these operational risks in order to limit their potential impact, they could result in financial losses, a deterioration in the Group's liquidity, disruption of its activity, regulatory sanctions or damage to its reputation.

4.1.4 RISK FACTORS STEMMING FROM THE COMPETITIVE OR REGULATORY ENVIRONMENT

A highly competitive environment

Euler Hermes operates in a highly competitive market, in which other players are sometimes subject to different regulations, sometimes use multiple distribution channels and sometimes offer more competitive prices than those of the Group. In addition, several products offer an alternative to credit insurance and increase customers' possibilities in respect of cover.

In view of this competitive pressure, Euler Hermes may need to adjust the prices of some of its products and services or its policy for underwriting risks, which could affect its ability to maintain or improve profitability and adversely affect its net income and financial position.

Reinforcement of and change in regulations at the local, European and international levels

The credit insurance business is subject to specific regulations in different countries. Changes to the laws and regulations governing the insurance business could significantly affect the conduct of operations and Euler Hermes' offer of insurance products.

The implementation of the Solvency II directive

To implement the Solvency II directive, Euler Hermes has developed a project structure under the authority of the Group's Chief Financial Officer and Chief Risk Officer.

As part of this project, Euler Hermes has decided to implement an internal model in conjunction with its reference shareholder in order to model all of its individual risks, bearing in mind that the standard formula does not adequately represent the Group's risk profile, especially in respect of credit insurance.

At the time of writing, Euler Hermes could not be assured that its internal model would obtain approval from the regulators supervising the Group. In the event of its internal model failing to be approved, the application of the standard formula laid down under Solvency II might take the Euler Hermes' solvency margin below the level consistent with its risk profile, thereby requiring the Group to carry out a capital increase and possibly resulting in reputational risk.

Moreover, as the implementing legislation has not yet been finalized, a number of choices have been made in preparation for implementing the directive. There is uncertainty as to the validity of these choices, potentially resulting in additional costs when implementing the final version of the directive and its implementing legislation, or regulatory sanctions if Euler Hermes is late in implementing the said texts.

Change in tax laws and regulations at the local, European or international levels

Changes in tax legislation in the countries in which Euler Hermes operates could have an adverse effect on the Group's operations, cash flows and net income.

Furthermore, such changes in tax laws and regulations, or lower-than-expected or poorly timed operating performances, could cause significant change to the Group's deferred tax assets, leading to a reduction in the value of some tax assets or preventing their use.

This situation could have a material adverse impact on Euler Hermes' net income and financial position.

Potential change to international accounting standards

Euler Hermes' consolidated financial statements are drawn up in accordance with the international accounting standards 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. Cf. Note 2 "IFRS accounting and valuation rules" in the notes to the consolidated financial statements.

Plans to amend existing standards are being considered by the International Accounting Standards Board (IASB), some of which may have a significant impact on the financial statements of insurance companies and financial institutions. These potential changes could concern both the recognition of the Group's assets and liabilities, as well as its income and expenses in the consolidated income statement.

The impact of such changes is difficult to assess at this stage, but would be liable to affect Euler Hermes' net income and financial position.

The variety of legal systems in the countries in which the Group operates

In recent years, Euler Hermes has accelerated its international expansion in countries in which judicial dispute resolution systems can differ in terms of maturity from those that exist in Europe or the United States. As such, Euler Hermes may find it difficult to take legal action or enforce rulings. In such a situation, the possible legal implications could affect the Group's operations and net income.

4.2 Quantitative and qualitative appendices relating to risk factors

4.2.1 THE RISK MANAGEMENT ORGANIZATION

The Risk Management function

The responsibilities of the Risk Management function are as follows:

- identify, measure and take part in the management of financial, insurance and operational risks;
- define and monitor appetite for these risks – reinforcement of the risk-reporting process, limits and the decision-making processes – in four dimensions: revenue, value, capital, liquidities;
- calculate the economic capital related to operations. Economic capital is calculated using an internal model, responsibility for the development of which is shared between the Group, for the risks associated with the insurance business, and the reference shareholder for all other risks;
- carry out the approval process with supervisors in preparation for Solvency II and the Swiss Solvency Test;
- build a favorable environment in terms of models/indicators/standards, but also in respect of culture for the different business lines, in order to ensure that risks are consistent with the risk appetite validated locally by the Group;
- more broadly, take all action necessary to provide an effective “second line of defense” on all risks.

To fulfill these missions, the team is fully independent. While it has no operational function, it is closely associated with the Group’s management and decision-making processes. It relies on other Group functions, at both the Group and local levels, and in particular the commercial, underwriting limits, claims management and financial resources functions.

All activities and the results of risk analysis are subject to regular reporting.

The organization of the Risk Management function

Risk Management is organized around three pillars:

1) Euler Hermes’ senior management:

– defines and implements the business strategy under delegation from the Supervisory Board and/or the Group Management Board,

– defines and develops internal controls and the framework of the Risk Management function,

– ensures that activity is consistent with the defined risk appetite.

The senior management relies on various committees to carry out its tasks, including:

– the Risk Committee,

– the Investment Committee,

– the Reinsurance Committee,

– the Sales Committees,

– the Risk Underwriting Committees;

2) Risk Management, which is tasked with:

– defining and implementing the Risk Management system within the organization, particularly the risk governance rules,

– ensuring that all the legal entities of the Group comply with these rules.

The Risk Management function is led by a Chief Risk Officer, who reports to the Chief Financial Officer.

The Chief Risk Officer and his/her team act independently and have no operational responsibilities.

The Risk Management function works closely with the Compliance function and the Actuarial department;

3) the internal audit function:

– independently and objectively verifies that all processes implemented as part of Risk Management are properly defined and implemented, and suggests improvements.

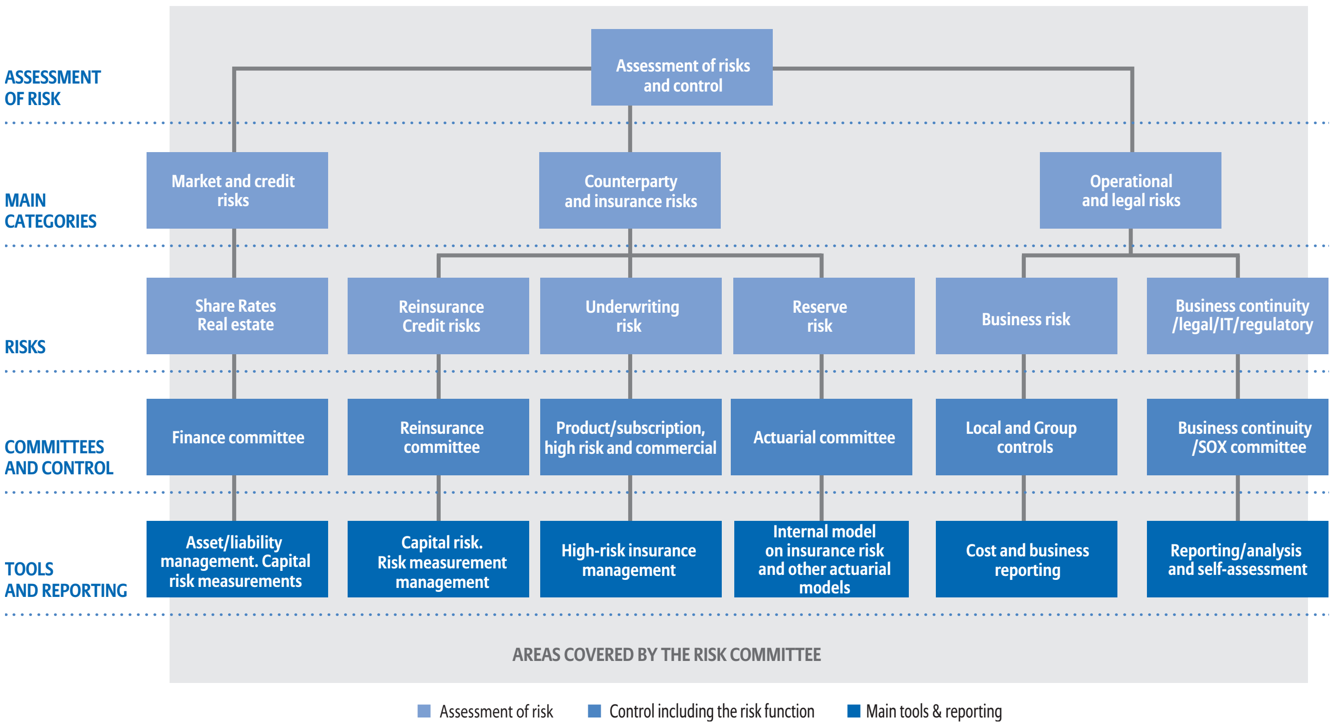
The local Risk Management function

Risk Management in the various legal entities has the same tasks and is organized in the same way as at Group level.

In particular, each legal entity defines a local risk appetite, in line with the Group risk appetite, and manages its activity on the basis of a local risk appetite.

The main Risk Management flows

The various types of risk, identified and classified by category and function together with the related control flows, are presented in the following diagram:



This structure aims to identify and proactively monitor all risks by maintaining responsibility for their management at the operational level. This allows routine Risk Management to be spread across the operations of the entire Group, while at the same time allowing the function to respond to specific events as efficiently as possible. The Group Risk Office prepares risk reports in collaboration with the operational functions in order to keep management informed. Committees are important channels, as centers of responsibility and decision-making for Risk Management, but also in spreading a culture of risk awareness and identifying the strengths and weaknesses of the risk management process. All these elements combine to form an ongoing risk management mechanism that includes a forward-looking view of major risks, especially with regard to any changes in the environment or trends. As such, Euler Hermes is particularly well prepared to monitor adverse developments and take appropriate action.

4.2.2 INSURANCE RISK

Product approval

Euler Hermes has set up a group-level Product Committee responsible for approving all new products or changes to existing products.

The Product Committee comprises the Group's main functions, especially marketing, commercial underwriting, risk underwriting, management control, reinsurance and risk management.

The Committee's purpose is to approve products from different perspectives (commercial, internal processes, profitability, impact on solvency, etc.) and to make a recommendation to the Group Management Board.

Underwriting of the risk

The underwriting of the risk is done in two phases:

a) the signature of the insurance contract

The credit insurance contract contains all management rules and parameters of the relationship between Euler Herrmes and the policyholder (deductible, maximum liability,...). These rules and parameters are differentiated depending on the risk profile of each policyholder. The functionning of the contract is based on the declaration by the policyholder of the unpaid invoices he has emitted according to a certain declaration term and, during the insurance period, the exchanges between Euler Hermes and the policyholder are regular in order to manage the most adequately as possible the list of granted limits. The principle of global coverage of the turnover of the policyholder is one of the key element in order to increase the diversification of the risk and avoid anti-selection phenomenon.

b) the management of granted limits

Euler Hermes has implemented a risk business model in order to face in the most efficient way the insurance risk.

Key elements of this risk business model are:

- its definition by the Group and a local uniform application;
- a local underwriting of the limits;
- a periodic control at group level;
- processes to buy or collect information on the clients of our policyholders (debtors);
- a Group grading system;
- specialized teams;
- a centralized IT system in which all policyholders requests are entered, and all granted limits and any information on the debtors are stored. This unique IT system also controls any incoming and outcoming information;
- quality standard for the services provided to our policyholders.

The following table sets out the Euler Hermes Group's gross theoretical exposure in two ways:

1) the country in which the policyholder's customer is located [(1)];

2) the economic sector to which the policyholder's customer belongs.

1. THE COUNTRY OF THE POLICYHOLDER'S CUSTOMER

(in € million)	2011	%	2010	%	Variation
Total Europe	**585,493**	**83.4%**	**538,896**	**85.2%**	**8.6%**
of which : France	189,571	27.0%	186,676	29.5%	1.6%
United-Kingdom	50,436	7.2%	44,763	7.1%	12.7%
Germany	134,099	19.1%	123,326	19.5%	8.7%
Italy	68,340	9.7%	59,186	9.4%	15.5%
Belgium Luxembourg	14,365	2.1%	13,313	2.1%	7.9%
Netherlands	20,193	2.9%	18,144	2.9%	11.3%
Spain	20,546	2.9%	17,468	2.8%	17.6%
Eastern Europe	33,513	4.8%	26,114	4.1%	28.3%
Scandinavia	23,456	3.3%	22,271	3.5%	5.3%
Other Europe	30,974	4.4%	27,635	4.4%	12.1%
Total Americas	**70,874**	**10.1%**	**56,180**	**8.9%**	**26.2%**
of which: United States	46,241	6.6%	37,494	5.9%	23.3%
Canada	7,819	1.1%	6,521	1.0%	19.9%
Other Americas	16,814	2.4%	12,165	1.9%	38.2%
Asia-Oceania	**32,659**	**4.6%**	**26,498**	**4.2%**	**23.3%**
Middle East	**8,036**	**1.1%**	**5,969**	**0.9%**	**34.6%**
Africa	**5,294**	**0.8%**	**5,012**	**0.8%**	**5.6%**
TOTAL	**702,356**	**100.0%**	**632,555**	**100.0%**	**11.0%**

2. THE SECTOR OF THE POLICYHOLDER'S CUSTOMER

(in € million)	2011	%	2010	En %	var
Automotive	24,624	3.5%	20,024	3.2%	23.0%
Chemicals	43,349	6.2%	37,171	5.9%	16.6%
Commodities	41,455	5.9%	35,225	5.6%	17.7%
Computers & Telecoms	17,105	2.4%	15,703	2.5%	8.9%
Construction	101,883	14.5%	96,843	15.3%	5.2%
Electronics	34,036	4.8%	28,856	4.5%	18.0%
Food	72,897	10.4%	64,265	10.1%	13.4%
Household equipement	29,522	4.2%	26,899	4.3%	9.8%
IT Services	13,117	1.9%	11,316	1.8%	15.9%
Machinery & Equipment	45,184	6.4%	41,029	6.5%	10.1%
Metal	64,802	9.2%	54,063	8.5%	19.9%
Paper	14,653	2.1%	14,373	2.3%	1.9%
Retail	101,866	14.5%	95,586	15.1%	6.6%
Services	59,878	8.5%	53,268	8.4%	12.4%
Textile	16,640	2.4%	14,789	2.3%	12.5%
Transport	18,088	2.6%	15,799	2.5%	14.5%
Unknown	3,257	0.5%	7,346	1.2%	-55.7%
TOTAL	**702,356**	**100.0%**	**632,555**	**100.0%**	**11.0%**

(1) Euler Hermes covers the risk of non-payment of an invoice issued by a policyholder to its customer. As such, the relevant focus of analysis is not the policyholder but the policyholder's customer.

Reinsurance

The purchase of reinsurance is an important part of the management of the Group's insurance activity and the control of its risks.

Euler Hermes has entrusted the purchase of reinsurance to its Switzerland-based reinsurance company (EH Ré AG).

Rules have been laid down to guide the purchase of reinsurance, and their application is subject to regular internal auditing.

In addition, a Reinsurance Committee comprising the Group Chief Executive Officer, Group Chief Financial Officer, EH Ré AG Chief Executive Officer and Group Risk Officer makes a recommendation to the Group Management Board.

The placement is preceded by:

- quantitative analysis to ensure that the proposed structures match the risk borne by Euler Hermes, in terms of both frequency and severity, especially in the event of changes in the economic conditions in which Euler Hermes operates;
- analysis of the financial strength of reinsurers on the panel.

Underwriting and claims management

One of the responsibilities of the subsidiaries as part of their insurance activities is to establish reserves to cover the occurrence of an incident resulting in an insurance claim. These reserves must be sufficient to guarantee the settlement of future claims.

To ensure the proper functioning of this process, Euler Hermes has developed and implemented written procedures for:

- claims management, setting out in particular the conditions for opening and settling a claim;
- management of claims recoveries (both before and after settlement);
- recognition of all transactions associated with determining the ultimate loss recorded by Euler Hermes.

These rules are subject to regular review by the Group Claims department and periodic review by the Internal Audit department.

The process applies to each notified claim.

Euler Hermes has implemented a process of defining IBNR reserves covering un-notified claims relating to the current financial year. For the definition of this reserve, *see the following section*.

Assessment of reserves

Claims reserves recorded at a given time result from three reserves:

- reserves for notified claims, covering notified claims;
- IBNR reserves, covering un-notified claims relating to the current year;
- expectations of future recoveries of settled claims.

The reserve for notified claims is subject to case-by-case analysis, as described in the preceding paragraph.

The determination of the IBNR reserves and expectations of future recoveries of settled claims result from periodic actuarial analysis conducted by the Actuarial departments of each legal entity and overseen by the Group Actuarial department.

The Group Actuarial department is also tasked with ensuring that the overall level of the Group's reserves is sufficient to cover future claims, and to establish and verify the correct implementation of actuarial principles, with which the calculations of estimated reserves must be consistent.

The entire process is subject to periodic review by the Internal Audit department and by external auditors.

The rules for establishing reserves are consistent with local laws and regulations.

At the current time, the main actuarial methodologies used by the Group's subsidiaries are those based on claims triangles (Chain Ladder, Bootstrapping methodology, etc.) or other methodologies (Bornhuetter Fergusson, etc.). These methodologies aim to define a reasonable range of estimates within which the Actuarial departments set their recommended loss ratios.

On the basis of this range, calculated by actuaries, their recommendations and other analysis (actuarial or not), management sets the level of reserves to be adopted for each quarterly closing during meetings of the Loss Reserve Committees. Loss Reserve Committee meetings are held in each subsidiary and then at Group level. They are held at least once per quarter, but can be called in the event of a major event requiring a major revision to the level of reserves (especially a major claim).

It should nevertheless be noted that the estimates are based mainly on assumptions that may differ from subsequent observations, particularly in the event of change in the economic and legal environments, especially if they simultaneously affect the Group's main portfolios.

A description of the main factors governing change in claims is provided in chapter 3.3 of this document.

CLAIMS/PREMIUMS RATIO

	2004	2005 pro-forma	2006	2007	2008	2009	2010	2011
Claims/Premiums Ratio [1]	**45.9%**	**44.8%**	**49.2%**	**48.1%**	**78.1%**	**82.1%**	**42.1%**	**45.1%**

(1) In accordance with IFRS.

COST OF CLAIMS FOR EULER HERMES GROUP

	2011			2010		
(in € thousands)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	**1,198,907**	**(350,946)**	**847,961**	**1,092,840**	**(334,480)**	**758,360**
of which, claims paid	253,231	(72,787)	180,444	227,949	(85,783)	142,166
of which, claims reserves	868,086	(273,537)	594,549	775,381	(244,264)	531,117
of which, claims handling expenses	77,590	(4,622)	72,968	89,510	(4,433)	85,077
Recoveries for the current period	**(112,516)**	**28,192**	**(84,324)**	**(128,609)**	**45,423**	**(83,186)**
Recoveries received	(9,925)	3,300	(6,625)	(39,998)	27,171	(12,827)
Change in reserves for recoveries	(102,591)	24,892	(77,699)	(88,611)	18,252	(70,359)
Cost of claims from prior periods	**(288,523)**	**80,953**	**(207,570)**	**(269,805)**	**68,741**	**(201,064)**
of which, claims paid	515,789	(155,751)	360,038	694,617	(205,924)	488,693
of which, claims reserves	(804,415)	238,944	(565,471)	(954,615)	273,359	(681,256)
of which, claims handling expenses	103	(2,240)	(2,137)	(9,807)	1,306	(8,501)
Recoveries from prior periods	**(11,510)**	**6,297**	**(5,213)**	**10,373**	**(4,209)**	**6,164**
Recoveries received	(140,860)	31,345	(109,515)	(153,865)	30,220	(123,645)
Change in reserves for recoveries	129,350	(25,048)	104,302	164,238	(34,429)	129,809
COST OF CLAIMS	**786,358**	**(235,504)**	**550,854**	**704,799**	**(224,525)**	**480,274**

TECHNICAL RESERVES FOR EULER HERMES GROUP

	12/31/2011			12/31/2010		
(in € thousands)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	**1,625,729**	**(509,643)**	**1,116,086**	**1,557,083**	**(470,718)**	**1,086,365**
Current period	923,395	(278,818)	644,577	819,386	(247,103)	572,283
Prior periods	702,334	(230,825)	471,509	737,697	(223,615)	514,082
Recoveries to be received	**(202,858)**	**51,880**	**(150,978)**	**(229,888)**	**51,958**	**(177,930)**
Current period	(103,123)	26,861	(76,262)	(89,986)	19,163	(70,822)
Prior periods	(99,735)	25,019	(74,716)	(139,902)	32,795	(107,107)
CLAIMS RESERVES	**1,422,871**	**(457,763)**	**965,108**	**1,327,195**	**(418,760)**	**908,435**

BREAKDOWN BY TYPE OF RESERVE

	12/31/2011			12/31/2010		
(in € thousands)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	**311,752**	**(53,418)**	**258,334**	**303,689**	**(50,510)**	**253,179**
Claims reserves	**1,422,871**	**(457,763)**	**965,108**	**1,327,195**	**(418,760)**	**908,435**
of which, reserves for known claims	995,738	(351,103)	644,635	922,871	(313,706)	609,165
of which, reserves for late claims	530,033	(147,027)	383,006	532,256	(146,324)	385,932
of which, reserves for claims handling expenses	97,273	(11,512)	85,761	94,995	(7,842)	87,153
of which, other technical reserves	2,685	(1)	2,684	6,960	(2,846)	4,114
of which, recoveries to be received	(202,858)	51,880	(150,978)	(229,887)	51,958	(177,929)
No-claims bonuses and rebates	**164,642**	**(34,780)**	**129,862**	**150,510**	**(31,094)**	**119,416**
TECHNICAL RESERVES	**1,899,265**	**(545,961)**	**1,353,304**	**1,781,394**	**(500,364)**	**1,281,030**

Claims developments:

For a specific attachement year, the claims developments follow the process of claims declaration, payment and recovery. This process can run over many years.

The below tables represent :

A) THE DEVELOPMENT OF ULTIMATE CLAIMS PER ATTACHEMENT AND DEVELOPMENT YEAR :

ESTIMATE OF THE FINAL COST OF CLAIMS FOR THE DIRECT BUSINESS EXCLUDING ACCEPTANCE OF MOST GROUP ENTITIES (BEFORE REINSURANCE) (1)

Accident \ development year (in € thousands)	1	2	3	4	5	6	7	8	9	10	Difference (2)	% Diff.
2002	1,071,408	884,309	859,157	831,391	823,041	817,207	806,892	798,807	796,292	795,148	276,260	25.8%
2003	987,024	768,258	701,968	697,434	689,502	683,851	655,673	653,717	650,973		336,051	34.0%
2004	819,859	680,855	635,854	627,541	622,209	615,533	620,348	624,767			195,092	23.8%
2005	841,054	764,392	727,712	726,260	716,066	717,192	708,103				132,951	15.8%
2006	837,028	787,884	743,313	728,431	738,389	736,585					100,443	12.0%
2007	850,433	844,220	830,020	832,520	836,602						13,831	1.6%
2008	1,341,825	1,417,423	1,448,610	1,445,477							-103,652	-7.7%
2009	1,147,801	889,882	855,857								291,944	25.4%
2010	854,878	659,656									195,222	22.8%
2011	1,009,635										0	0

(1) All figures (Current & Previous years) and when necessary have been converted based on the End of Year 2011 Euro conversion rate.
(2) Variance: Surplus or shortfall of the latest estimated claims cost over the initial estimated claims cost for a specific year.

B) THE DEVELOPMENT OF PAID CLAIMS PER ATTACHEMENT AND DEVELOPMENT YEAR :

DEVELOPMENT TRIANGLES FOR CUMULATIVE CLAIMS PAID NET OF RECOURSE FOR MOST OF THE GROUP ENTITIES (BEFORE REINSURANCE) (1)

Accident \ development year (in € thousands)	1	2	3	4	5	6	7	8	9	10
2002	299,574	680,434	771,059	787,813	791,101	790,912	792,359	788,411	788,043	786,593
2003	236,071	558,797	607,631	631,622	638,639	637,332	640,485	640,217	641,653	
2004	222,722	535,953	585,793	595,295	597,016	594,399	601,989	603,920		
2005	261,665	630,592	674,411	688,247	686,873	688,562	691,165			
2006	275,858	657,159	699,425	699,723	719,742	720,605				
2007	264,977	699,046	766,590	791,100	801,792					
2008	373,757	1,117,982	1,274,998	1,319,850						
2009	399,414	721,527	767,405							
2010	211,306	499,913								
2011	266,719									

(1) All figures (Current & Previous years) and when necessary have been converted based on the End of Year 2011 Euro conversion rate.

4.2.3 MARKET RISK

Market risk is the risk of losses that may result from fluctuations in the prices of the financial instruments comprising the Group's investment portfolio.

Interest rate risk

Interest rate risk measures the sensitivity of the value of assets and liabilities to changes in the interest rate curve.

Interest rate risk management, while recognizing the short duration of the liabilities, also takes into account the continuity of activity in order to increase the duration of investments and thus achieve higher returns on investments in fixed-income products.

	12/31/2011		12/31/2010	
Bond portfolio broken down by maturity	(in € million)	(%)	(in € million)	(%)
0 to 1 year	462	17%	421	17%
1 to 3 years	777	29%	862	35%
3 to 5 years	734	27%	522	21%
5 to 7 years	375	14%	314	13%
7 to 10 years	306	12%	291	12%
Beyond 10 years	30	1%	55	2%
TOTAL	**2,684**	**100%**	**2,465**	**100%**

Exchange rate risk

Exchange rate risk measures the sensitivity of assets and liabilities to changes in the exchange rates of the reporting currency and the currencies in which assets and liabilities are recorded on the balance sheet.

Euler Hermes faces exchange rate risk in various ways, mainly with respect to:

- limits granted to a policyholder in a currency other than the reporting currency, potentially leading to change in the cash position or the levels of reserves (under the procedures of claims handling or recovery) recorded in currencies other than the reporting currency;
- reinsurance in a currency other than the reporting currency;
- investment in a currency other than the reporting currency;
- presence of branches or subsidiaries operating in a currency other than the reporting currency of the parent company.

To limit the exchange rate risk, and in accordance with rules laid down by local regulators, the congruence principle, *i.e.* the matching of assets and liabilities at the local level, is applied.

For this reason, and because of the high level of concentration of activity in the eurozone, Euler Hermes does not hold any currency hedging instruments.

As of December 31, 2011, the portion of the financial portfolio carried by the Euler Hermes Group in currencies other than the euro amounted to 21.2% of the market value of the portfolio.

FINANCIAL PORTFOLIO OF THE GROUP BY CURRENCY

	2011		2010	
	(in € million)	(in %)	(in € million)	(in %)
EUR	2,814	78.8%	2,775	80.2%
GBP	241	6.8%	295	8.5%
USD	276	7.7%	209	6.0%
Other currencies	240	6.7%	182	5.3%
TOTAL	**3,571**	**100%**	**3,462**	**100%**

Assets comprise the investment portfolio, technical reserves recorded as assets and the sold portion of technical reserves recorded as liabilities.

Liabilities comprise technical reserves and financial liabilities.

The principle of matching assets and liabilities at the local level and the emphasis on the euro in the Company's business has allowed the Group to avoid the need of hedging residual exchange-rate risk.

	2011			2010		
Exchange rate risk	**United States**	**United-Kingdom**	**Group**	**United States**	**United-Kingdom**	**Group**
Net income attributable to owners of the Company in € thousands at 12.31	8,055	7,316	330,267	21,333	(4,448)	294,452
Exchange rate at year end	*0.7729*	*1.1972*		*0.7484*	*1.1618*	
Net income attributable to owners of the Company in local currency	10,422	6,111		28,505	(3,829)	
Variation in exchange rate of 100 basis points *(sign of Net result)*	*0.7629*	*1.1872*		*0.7384*	*1.1718*	
Net income in € thousands after exchange rate variation	**7,951**	**7,255**	**330,102**	**21,048**	**(4,486)**	**294,129**
% Variation in relation to initial result	**-1.29%**	**-0.84%**	**-0.05%**	**-1.34%**	**0.86%**	**-0.11%**

Equity market risk

Equity market risk measures the sensitivity of the value of assets to change in equity prices. By extension, minority stakes in unlisted companies and investments in funds dominated by equities or convertible bonds are deemed to be equities. Please notice however that investments in convertible bonds are classified in the category 'Bonds' hereunder.

Approximately 3% of Euler Hermes' investment portfolio was in equities as of end-2011. This percentage is consistent with the strategic allocation of the investment portfolio, as well as its tactical allocation, as defined by the Investment Committee.

As of December 31, 2011, the maximum proportion of equities allowed in the strategic allocation of the investment portfolio was 7,5%.

	2011		2010	
	(in € million)	(%)	(in € million)	(%)
Bonds	2,684.2	69%	2,465	65%
Shares	130.2	3%	142	4%
Real estate investment	12.3	0.3%	23	1%
Loans, deposits and other financial investments	743.8	19%	832	22%
TOTAL FINANCIAL INVESTMENTS	**3,570.5**	**91%**	**3,462**	**92%**
Cash	347.3	9%	306	8%
TOTAL FINANCIAL INVESTMENTS + CASH	**3,917.8**	**100%**	**3,768**	**100%**

Liquidity risk

Liquidity risk is the risk of Euler Hermes' financial resources not being sufficient to cover its cash needs.

Liquidity risk is subject to specific monitoring by the Group, in both its insurance activities and financial investments.

Each entity carries out projections of the cash flows derived from its insurance operations, its investment portfolio and any dividends received from subsidiaries, and then monitors these flows. These cash flow projections are reviewed during Finance Committee meetings.

With the exception of Euler Hermes' German entity, which pools cash with the various German entities comprising the Allianz Group, Group entities manage their liquidities on an independent basis.

Sources of liquidity available to Euler Hermes (excluding the divestment of its investment portfolio) are mainly as follows:

- the excess liquidity of a company;
- shareholders;
- the banking market;
- the bond market.

Based on short- and medium-term cash projections and stress tests applied to these projections (liabilities as well as assets), Euler Hermes considers its liquidity risk to be low.

As of December 31, 2011, some of the Euler Hermes Group's financing debt (described in Note 17 of chapter 5 of this document) was subject to specific clauses in addition to standard clauses relating to the existence of reserves or refusal to certify the financial statements, which could lead to a change in borrowing costs. Indeed, 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 & Poor's.

Real Estate risk

The real estate risk measures the sensitivity of the value of property assets to change in the market value of the real estate. This risk covers the buildings housing the Group's operations (described in Note 8 of chapter 5 of this document), as well as the reale estate leased to other parties (described in Note 5 to chapter 5 of this document).

Investments in real estate or real estate products (for own use or investment) account for 6% of the market value of the investment portfolio. This percentage is consistent with the strategic allocation of the investment portfolio, as well as tactical allocation, as defined by the Investment Committee and in force as of December 31, 2011.

Sensitivity tests

In addition to calculating the capital required to cover risk, the Group performs regular sensitivity tests to ensure the consistency of its protection and its sensitivity to scenarios involving heightened risk. The results are illustrative of the risk under consideration, but they also, like all simulations, have limits. The simulation is based on the situation at a given date, the year-end in the present case. As such, the results do not reflect the possibility that events could be managed gradually or ex-post. The lack of dynamic management precludes simulations of all but extreme cases, with no capacity to adapt positions or structures in the event of significant adverse change.

Risk of shares and bonds in portfolio (amounts in € million)	**Market Value at December 31st 2011**	**Impact of 100 basis point rate rise***	**Impact of 10% fall in equity market**	**Market Value at December 31st 2010**	**Impact of 100 basis point rate rise****	**Impact of 10% fall in equity market**
Bonds	2,684	(85.4)	-	2,465	(81.1)	-
Shares	130	-	(11.8)	142	-	(12.6)
TOTAL	**2,814**			**2,607**		

* *Average sensitivity 3%, calculated on the main subsidiaries representing over 99% of the bond portfolio at the end of 2011.*
** *Average sensitivity 3%, calculated on the main subsidiaries representing over 99% of the bond portfolio at the end of 2010.*

Risk of shares in portfolio at 12/31/2011 (amounts in € million)	**Market Value at 12/31/2011/ scenarios impact**	**Revaluation reserves/ shareholders' equity impact**	**Amortized cost/economic account impact**
TOTAL	**130**	**10**	**120**
Impact of 10% fall in equity markets	(11.8)	(10.2)	(1.6)
Impact of 30% fall in equity markets	(35.3)	(10.2)	(25.1)

Shareholders' equity impact does not take account of deferred taxes. Income impact is before tax

(amounts in € million)	**Net Income 2011**	**Fall in premiums -10%**	**10% rise in cost of claims 2011**	**Increase in management costs of 10%**	**Net Income 2010**	**Fall in premiums -10%**	**10% rise in cost of claims 2011**	**Increase in anagement costs of 10%**
Variation in net income	**330**	**(49)**	**(51)**	**(55)**	**294**	**(45)**	**(44)**	**(52)**

Financial portfolio at 12/31/2011 (in € million)	**Assets (a)**	**Liabilities (b)**	**Engagements en devises (c)**	**Net position before hedging (d) = (a) – (b) +/- (c)**	**Hedging instruments (e)**	**Net position after hedging (f) = (d) – (e)**
EUR	2,814	393	0	2,421	0	2,421
GBP	241	0	0	241	0	241
USD	276	0	0	276	0	276
Autres devises	240	0	0	240	0	240
TOTAL	**3,571**	**393**	**0**	**3,178**	**0**	**3,178**

(a) Financial assets.
(b) Borrowings.

12/31/2011	Impact on net income before tax (in € thousands)		Impact on own funds before tax (in € thousands)	
	Rise by 100 bps	Fall by 100 bps	Rise by 100 bps	Fall by 100 bps
GBP	80	(80)	1,273	(1,273)
USD	218	(218)	3,558	(3,558)
TOTAL (GROUP)	**298**	**(298)**	**4,831**	**(4,831)**

4.2.4 COUNTERPARTY RISK

Counterparty risk is the loss Euler Hermes would incur in the event of the insolvency of one of its business partners, namely the failure of a reinsurer, a bank, a bond or equity counterparty, or the non-execution by a policyholder of its commitments.

Euler Hermes has implemented various mechanisms to anticipate and limit the consequences of the failure of one of its counterparties.

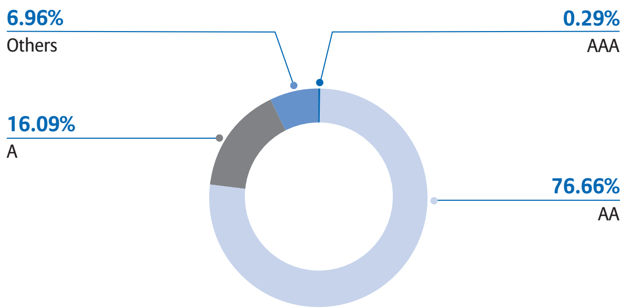
Failure of a reinsurer

Mechanisms for detecting and limiting counterparty risk:

- selection of reinsurers on the basis of their counterparties (rated A or higher or subject to the special prior approval of the Euler Hermes Group Management Board in the event of the rating being below A);
- limits on concentration risk on a single reinsurer;
- constant monitoring by the various operational entities *via* maturity analysis of reinsurers' credits and debits, and the amount of technical reserves transferred to them;
- requests for letters of credit or security deposits from reinsurers;
- cut-offs of reinsurance treaties a few years after the implementation of the reinsurance contract.

In the event of the failure of a reinsurer or any event that may result in the failure of a reinsurer, the Company would conduct a risk analysis of the event. It would then take steps, on the basis of its findings, to minimize the negative impact on Euler Hermes.

In such cases, assets carried by Euler Hermes in connection with the relevant counterparty would be impaired.



DISTRIBUTION OF TECHNICAL PROVISIONS CEDED BY RATING OF REINSURERS (THE PERIMETER COVERED REPRESENTS 93.2% OF THE PROVISIONS CONSIDERED OUT OF THE GROUP TOTAL AT DECEMBER 31ST, 2011)

AAA	1,466	0.29%
AA	390,086	76.66%
A	81,852	16.09%
Others	35,410	6.96%
TOTAL	**508,814**	**100%**

Failure of a bank

Mechanisms for detecting and limiting counterparty risk:

- selection of banks on the basis of their rating (rated A or higher);
- limits on the available cash held in bank accounts;
- increase in the number of banks with which companies deal.

In the event of the failure of a banking counterparty, all the Company's cash on the accounts held by the bank in question would be impaired.

Failure of a bond or equity counterparty

Mechanisms for detecting and limiting counterparty risk:

- Implementation of a strict policy limiting investment in a single private issuer to 5% of total assets.

	December 31st, 2011		December 31st, 2010	
Bond portfolio per rating	(in € million)	(%)	(in € million)	(%)
AAA	1,907	71%	1,679	68%
From AA+ to AA-	167	6%	367	15%
From A+ to A-	320	12%	363	15%
Others	290	11%	56	2%
TOTAL	**2,684**	**100%**	**2,465**	**100%**

Failure of a policyholder

Mechanisms for detecting and limiting counterparty risk:

- The Company has established procedures for the proactive management of funds held with policyholders, in particular to avoid a financial loss in the event of the default of a policyholder.

MATURITY

	December 31st, 2011				
(in € thousands)	< 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total credit insurance receivables	**530,459**	**4,668**	**-**	**-**	**535,127**

Trade receivables are subject to strict monitoring procedures. 99% of trade receivables have a maturity of less than three months. Any outstanding receivable above six months is fully reserved.

4.2.5 OPERATIONAL, LEGAL, REGULATORY AND TAX RISKS

Euler Hermes, jointly with its reference shareholder, has implemented an analysis framework to identify and quantify operational risk that could stem from a global failure of the organization, from our systems, from human error or from an external event. Ensuring the pertinence of the processes implemented to manage these risks is a cornerstone of the Risk Management function.

Operational risk

The steering of operational risk is carried out in accordance with the policy laid down in the Group's operational risk policy, and is based on the deployment and maintenance of an appropriate and consistent internal control organization, guaranteeing appropriate operational risk management for each Group entity.

Euler Hermes' operational risk management system is based on:

- the crisis management and business continuity plans;
- the definition of internal management rules and operational procedures specifying the manner in which operations should be carried out;
- a process of periodic escalation of operating losses above €10,000 and a regular analysis of scenarios that could, if they materialize, result in an operating loss.

The operational risk management system, set out for all Group entities, is based on two levels of control, with responsibilities and control plans suited to each level:

- permanent self-monitoring at the operational level and continuous management control;
- periodic checks conducted in each entity by internal audit function.

In addition, a program covering own insurance risks has been set up in each Euler Hermes Group company, in a decentralized manner.

Regulatory risk

The Group is subject to various regulations governing the insurance, banking and asset management businesses.

The Group is also subject to strict regulations due to its listing on Euronext Paris.

Euler Hermes has implemented the necessary structures to comply with the regulations of the countries in which it operates. They apply the laws of their country of establishment and comply with administrative requirements or those set by local supervisory authorities, as well as specific prudential rules.

In particular, each entity has appointed a correspondent tasked with implementing the EU directive on data protection, and the Group has strengthened its control over the application of regulations by making a person within the Group responsible for this function, in conjunction with correspondents within each entity.

Legal and arbitration proceedings

In the ordinary course of its business, the Group is involved in legal actions (notably debt collection proceedings) and is subject to tax assessments and administrative audits. Reserves are systematically established accordingly.

The unfavourable outcome of any pending or future litigation could have an adverse impact on Euler Hermes' business, financial position, consolidated net income, reputation or image. Euler Hermes carefully manages its relationships with external parties, and each entity has a local structure or the necessary legal means to take the appropriate action in the event of disputes.

To the best of Euler Hermes knowledge, there are no governmental, judicial or arbitration proceedings, either pending or threatening, which have had over the last twelve months or may in the future have a material impact on the financial position or profitability of the Company and/or Group.

Tax risks

Tax teams at both Group and local level monitor change in regulations.

Compliance risk

Compliance risk relates to the application of appropriate rules of behavior for a given period or situation.

To deal with this risk, a Group Head of Compliance, working in conjunction with correspondents in every region, monitors compliance with rules governing ethics, fraud, money laundering and the observance of periods during which trading in Euler Hermes securities is suspended.

Reputational risk

Euler Hermes has implemented measures necessary to protect its image and actively communicate to its shareholders, customers, employees and, more broadly, the financial community on its financial strength through:

- regular disclosure, both internally and externally;
- continuous monitoring of our image and reputation;
- a set of rules to determine whether our operations may result in a reputational risk.

Labor and environmental risks

On labor issues, the major challenge facing Euler Hermes is how to keep employees and how to attract the best talent in the future.

On environmental issues, the stakes are quite low for Euler Hermes, due to the generally clean nature of its business.

4.2.6 ESTIMATED CAPITAL REQUIREMENTS

As mentioned above, Euler Hermes has decided to implement an internal model covering all of these risks, as part of the implementation of the Solvency II project.

Pending authorization of its internal model, and until the final calibration of the standard formula is known, Euler Hermes produces estimates of its capital requirements based on the latest version of the model developed by Standard & Poor's.

The model assigns risk factors to different balance sheet items. As such, portfolio securities are classified by rating, as well as exposure to reinsurers. Insurance and reserve risk is deduced by the direct application of factors to net amounts, after reinsurance, of net premiums and claim reserves respectively.

The amounts needed to achieve an A rating, simulated on the basis of this method, are presented in the following table:

Risk Capital (in € million)	**2011**	**2010**
C1: Market Risk	289	254
C2: Counterparty Risk	57	56
C4: Premiums Risk	1,177	1,083
C5: Reserve Risk	366	319
Simulation S&P RAC*	**1,889**	**1,712**

* *New S&P model simulation for A rating.*

The model shows that Euler Hermes' risk capital requirements increase by 10% compared to 2010. This simulation is based on an internal approach and adjustments potentially made by rating-agency analysts could alter the outcome.

The variation against end of 2010 is mainly driven by:

- the increase of exposure and retention rates, which have an impact on premium and reserve risks;
- the increase in investment classified as loans or equivalent creating an additional charge on the market risk.

5

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2010 (established in accordance with IFRS including comparative data for fiscal 2009 under the same standards) and for the year ending December 31, 2009 (established in accordance with IFRS including comparative data for fiscal 2008 under the same standards) and the related report of the Statutory Auditors are included by reference in this Registration Document. They appear 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 and on pages 77 to 181 of the Registration Document of the Company for financial year 2009, as registered by the AMF on April 20, 2010 under no. D 10-0293.

5.1 Consolidated statement of financial position

(in € thousands)	Notes	December 31, 2011	December 31, 2010
Goodwill	3	109,407	107,713
Other intangible assets	4	69,712	65,554
Intangible assets		**179,119**	**173,267**
Investment property	5	4,019	9,323
Financial investments	6	3,558,317	3,438,756
Derivatives		5,458	5,099
Investments- insurance businesses		**3,567,794**	**3,453,178**
Investments accounted for by the equity method	7	**105,196**	**98,066**
Share of assignees and reinsurers in the technical reserves and financial liabilities	18	**545,961**	**500,364**
Operating property and other property, plant and equipment	8	149,277	151,262
Acquisition costs capitalised		51,919	45,671
Deferred tax assets	9	22,052	43,209
Inwards insurance and reinsurance receivables	10	495,312	478,913
Outwards reinsurance receivables	10	39,815	112,420
Corporation tax receivables		47,429	77,777
Other receivables	11	266,898	218,854
Other assets		**1,072,702**	**1,128,106**
Cash	12	347,338	306,201
TOTAL ASSETS		**5,818,110**	**5,659,182**
Capital stock		14,451	14,433
Additional paid-in capital		454,536	452,625
Reserves		1,471,500	1,363,344
Net income, group share		330,267	294,452
Revaluation reserve		32,666	39,399
Foreign exchange translation		(25,543)	(33,832)
Shareholders' equity, group share		**2,277,877**	**2,130,421**
Non controlling interests	14	18,002	18,015
Total shareholders' equity		**2,295,879**	**2,148,436**
Provisions for risks and charges	15	**259,721**	**230,187**
Bank borrowings		255,119	255,118
Other borrowings		138,234	249,168
Borrowings	17	**393,353**	**504,286**
Non-life technical reserves	18	1,899,265	1,781,394
Liabilities related to contracts		**1,899,265**	**1,781,394**
Deferred tax liabilities	9	330,133	365,633
Inwards insurance and reinsurance liabilities	19	217,012	194,625
Outwards reinsurance liabilities	19	104,541	172,356
Corporation tax payables		34,433	14,612
Other payables	20	283,773	247,653
Other liabilities		**969,892**	**994,879**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,818,110**	**5,659,182**

5.2 Consolidated income statement

(in € thousands excepted for the earnings per share)	Notes	Year ended December 31 2011	Year ended December 31 2010	4th Quarter ended December 31 2011	4th Quarter ended December 31 2010
Premiums written		2,024,882	1,891,266	449,736	437,163
Premiums refunded		(122,353)	(120,885)	(30,537)	(25,031)
Change in unearned premiums		(6,383)	4,818	53,159	57,476
Earned premiums		**1,896,146**	**1,775,199**	**472,358**	**469,608**
Premium-related revenues		378,776	372,535	95,879	97,287
Turnover	21	**2,274,922**	**2,147,734**	**568,237**	**566,895**
Investment income		101,068	93,356	22,169	24,663
Investment management charges		(10,545)	(7,813)	(3,446)	(1,843)
Net gain (loss) on sales of investments less impairment and depreciation write backs		26,559	28,465	3,172	(3,327)
Change in fair value of investments recognised at fair value through profit or loss		(700)	200	72	314
Change in investment impairment provisions		(5,830)	(3,982)	(1,378)	(1,255)
Net change in foreign currency		2,499	13,022	2,020	1,950
Net investment income	22	**113,051**	**123,248**	**22,609**	**20,502**
Insurance services expense		**(786,358)**	**(704,799)**	**(245,520)**	**(207,598)**
Outwards reinsurance income		(675,751)	(635,385)	(168,829)	(166,274)
Outwards reinsurance expense		473,255	419,308	142,600	120,710
Net outwards reinsurance income or expense	21	**(202,496)**	**(216,077)**	**(26,229)**	**(45,564)**
Contract acquisition expense	24	**(380,231)**	**(349,124)**	**(100,678)**	**(93,206)**
Administration expense	24	**(207,766)**	**(193,643)**	**(51,948)**	**(44,020)**
Other ordinary operating income	25	**19,536**	**28,021**	**(1,410)**	**13,731**
Other ordinary operating expense	25	**(358,919)**	**(363,487)**	**(84,285)**	**(97,467)**
Current operating income		**471,739**	**471,873**	**80,776**	**113,273**
Other non ordinary operating expense	26	(26,713)	(82,943)	(6,466)	(72,048)
Other non ordinary operating income	26	18,683	-	9,566	-
Operating income	21	**463,709**	**388,930**	**83,876**	**41,225**
Financing expense		(17,075)	(13,572)	(4,002)	(4,639)
Share of Income from companies accounted by the equity method	7	17,037	15,802	4,115	3,975
Corporation tax	27	(130,166)	(93,377)	(28,845)	(1,167)
CONSOLIDATED NET INCOME		**333,505**	**297,783**	**55,144**	**39,394**
o/w					
Net income, Group share		**330,267**	**294,452**	**54,225**	**38,606**
Non controlling interests		3,238	3,331	919	788
Earnings per share	28	**7.54**	**6.74**		
Diluted earnings per share	28	**7.54**	**6.73**		
Earnings per share of continuing activities		**7.54**	**6.74**		
Diluted earnings per share of continuing activities		**7.54**	**6.73**		

5.3 Consolidated statement of other comprehensive income

(in € thousands)	Year ended December 31 2011	Year ended December 31 2010	4th Quarter ended December 31 2011	4th Quarter ended December 31 2010
Net income, Group share	**330,267**	**294,452**	**54,225**	**38,606**
Non controlling interests	3,238	3,331	919	788
Other comprehensive income elements				
Change in fair market value of asset held for sale transfered through profits & losses (Gross amount)	(15,422)	(9,292)	(540)	2,560
Change in fair market value of asset held for sale transfered through profits & losses (Tax amount)	4,205	2,718	161	(709)
Change in fair market value of asset held for sale booked through equity (Gross amount)	2,801	3,196	765	(35,409)
Change in fair market value of asset held for sale booked through equity (Tax amount)	1,420	(1,250)	(1,180)	10,190
Change in fair market value of asset held for sale booked – minority interests share net of corporation tax	180	(221)	(7)	(74)
Other change in fair market value of asset held for sale booked through equity	(1)	(47)	(1)	6
Change in translation reserve (included impact on revaluation reserve) booked through equity (Gross amount)	13,235	41,925	21,560	13,692
Change in translation reserve (included impact on revaluation reserve) booked through equity (Tax amount)	(4,682)	(15,910)	(6,889)	(7,694)
Total other comprehensive income net of taxes	**1,736**	**21,119**	**13,868**	**(17,438)**
TOTAL COMPREHENSIVE INCOME	**335,241**	**318,902**	**69,012**	**21,956**
Total comprehensive income, Group share	331,823	315,792	68,100	21,242
Total comprehensive income, minority interests	3,418	3,110	912	714

5.4 Consolidated statement of cash flows

(in € thousands)	Notes	Twelve months ended December 31 2011	2010
Net income, Group share		**330,267**	**294,452**
Corporation tax		130,166	93,344
Financing expense		17,075	13,572
Operating income before tax		**477,508**	**401,369**
Minority interests		3,238	3,331
Allocation to and writebacks of depreciation, amortisation and reserves		54,722	165,451
Change in technical reserves		89,436	(62,695)
Change in deferred acquisition costs		(2,141)	9,071
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		1,467	61
Realised capital gains/(losses) net of writebacks		(26,719)	(32,681)
Unrealised foreign exchange gain (loss) in company accounts		12,530	(14,630)
Revenues and expenses linked to stock options and similar		-	217
Interest revenues received accrued		(2,130)	(4,538)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		**130,402**	**63,586**
Income (loss) of companies accounted for by the equity method		(17,037)	(15,802)
Dividends received from companies accounted for by the equity method		8,417	7,918
Change in liabilities and receivables relating to insurance and reinsurance transactions		(15,793)	(55,812)
Change in operating receivables and liabilities		(9,737)	42,673
Change in other assets and liabilities		(19,195)	(14,693)
Corporation tax		(51,494)	(120,363)
Cash flow related to operating activities		**(104,839)**	**(156,079)**
CASH FLOW FROM OPERATING ACTIVITIES		**503,071**	**308,876**
Acquisitions of subsidiaries and joint ventures, net of acquired cash		(2,877)	1,791
Disposals of subsidiaries and joint ventures, net of ceded cash		(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		**(2,753)**	**1,791**
Disposals of AFS securities		995,631	910,403
Matured HTM securities		580	595
Disposals of investment properties		16,730	45,267
Disposals of securities held for trading		1,451	1,882
Cash flow linked to disposals and redemptions of investments		**1,014,392**	**958,147**
Acquisitions of AFS securities		(1,215,044)	(1,181,396)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties		(2,996)	(3,825)
Acquisitions of trading securities		(2,894)	(2,726)
Cash flow linked to acquisitions of investments		**(1,220,934)**	**(1,187,947)**
Disposals of other investments and intangible assets		992,086	654,335
Acquisitions of other investments and intangible assets		(931,794)	(971,722)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		**60,292**	**(317,387)**
CASH FLOW FROM INVESTING ACTIVITIES		**(149,002)**	**(545,396)**

		Twelve months ended December 31	
(in € thousands)	Notes	2011	2010
Increases and decreases in capital		4,979	3,952
Increases in capital		*4,979*	*3,822*
Decreases in capital		-	*130*
Change in treasury stock		(10,897)	18,858
Dividends paid		(178,820)	(4,137)
Cash flow linked to transactions with the shareholders		**(184,737)**	**18,673**
Change in non voting shares		-	-
Changes in loans and subordinated securities		(110,462)	91,625
Issue		*1,885*	*251,018*
Repayment		*(112,347)*	*(159,393)*
Interest paid		(18,011)	(6,653)
Cash flow from group financing		**(128,473)**	**84,971**
CASH FLOW FROM FINANCING ACTIVITIES		**(313,210)**	**103,644**
Impact of foreign exchange differences on cash and cash equivalents		279	7,457
Reclassification		(0)	(10,172)
OTHER NET CHANGES IN CASH		**279**	**(2,715)**
Change in cash flows		**41,138**	**(135,591)**
Change in cash and cash equivalents		**41,138**	**(135,591)**
Cash and cash equivalents at begining of period	**12**	**305,851**	**441,442**
Cash and cash equivalents at end of period	**12**	**346,988**	**305,851**

The Group generated positive cash flow over 2011 with cash position at €347 million as of December 31, 2011, higher by €41 million in comparison to end-2010:

- cash flow from operating activities increased significantly to reach €503 million at year end compared to €309 million at the end of 2010. This results from the combined effects of dynamic turnover, positive impact from run-off on previous attachment years, and better reinsurance conditions;
- cash flow from investing activities is still a need compared to last year. At -€149 million at end-2011 compared to -€545 million at end-2010, the change (+€396 million) contributed to the improvement in the Group's total cash position by year-end. This corresponds mostly to short-term bank deposits by year-end;
- cash flow from financing activities amounted to -€313 million as of December 31, 2011, compared to a positive impact of €104 million last year. This is mainly due to €179 million of dividend paid out to shareholders, whereas no dividend was paid in 2010, and €110 million corresponding to the reimbursement of the loan to Allianz France.

At the end of December 2011, liquidities are principally held in euros, as the Company's main area of business is the eurozone.

5.5 Consolidated statement of changes in equity

FOR THE YEAR 2011

(in € thousands)	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**

FOR THE YEAR 2010

(in € thousands)	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	**14,426**	**451,959**	**1,430,684**	**43,500**	**(59,273)**	**(85,517)**	**1,795,779**	**20,698**	**1,816,477**
Available-for-sale assets (AFS)	-	-	-	-	-	-		-	
Measurement gain/(loss) taken to shareholders' equity	-	-	-	1,946	-	-	**1,946**	(221)	**1,725**
Impact of transferring realised gains and losses to income statement	-	-	-	(6,574)	-	-	**(6,574)**	-	**(6,574)**
Other movements	-	-	-	(48)	-	-	**(48)**	-	**(48)**
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	-	-	-	575	25,441	-	**26,016**	-	**26,016**
Components of other comprehensive income net of tax	**-**	**-**	**-**	**(4,101)**	**25,441**	**-**	**21,340**	**(221)**	**21,119**
Net income for the year	**-**	**-**	**294,452**	**-**	**-**	**-**	**294,452**	**3,331**	**297,783**
Comprehensive income of the period	**-**	**-**	**294,452**	**(4,101)**	**25,441**	**-**	**315,792**	**3,110**	**318,902**
Capital movements	7	666	-	-	-	18,858	**19,531**	-	**19,531**
Dividend distributions	-	-	6	-	-	-	**6**	(4,143)	**(4,137)**
Shareholders' equity component of share-based payment plans	-	-	217	-	-	-	**217**	-	**217**
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	**-**	-	**-**
Other movements	-	-	(904)	-	-	-	**(904)**	(1,650)	**(2,554)**
CLOSING SHAREHOLDERS ' EQUITY	**14,433**	**452,625**	**1,724,455**	**39,399**	**(33,832)**	**(66,659)**	**2,130,421**	**18,015**	**2,148,436**

At December 31, 2011, the share capital of Euler Hermes consisted of 45,159,477 fully paid-up shares. At the same date the Group held 1,481,765 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 totaled €(6,733,000) net of taxes.

The €8,289 thousand variance in translation differences during the year concerned mainly the US dollar for €7,907,000 and the pound sterling for €5,957,000.

56,745 new shares were created as a result of the exercise of stock options during 2011. Following these transactions, the additional paid-in capital of Euler Hermes SA increased by €1,911,000.

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

5.6 Notes to the consolidated financial statements

Detailed summary of the notes to the consolidated financial statements

NOTE 1. SIGNIFICANT EVENTS

The following significant events occurred during 2011:

Changes in the share capital and share ownership

As of December 31, 2011, the Allianz Group owned 30,744,048 shares out of a total of 45,159,477 shares, corresponding to 68.08% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into Allianz consolidation scope.

During the 2011 financial year, 56,745 new shares were created by the exercise of options. As of December 31, 2011, Euler Hermes' share capital was composed of 45,159,477 shares, including 1,481,765 shares held as treasury stock.

Legal restructuring "Blue Europe"

During 2011, Euler Hermes initiated the legal restructuring project "Blue Europe" with the aim of creating a single risk carrier for Northern and Southern European entities in addition to the risk carriers in Germany and France.

With the creation of "Euler Hermes Europe", the Group offers its European clients a strong new risk carrier and improved customer service. The legal changes do not affect clients' day-to-day business interactions with the Group. Euler Hermes maintains the same proximity to its clients as before. All Euler Hermes policies and bonds continue to be issued by the branch in the relevant country, as in the past.

On December 31, 2011, Euler Hermes merged twelve separate insurance companies or branches into its Belgian entity, renamed "Euler Hermes Europe". The new single legal structure is based in Belgium with local branches in the Czech Republic, Denmark, Finland, Hungary, Italy, Netherlands, Norway, Romania, Slovakia, Sweden, UK and Ireland.

The transaction was authorized by the National Bank of Belgium and the regulatory authorities in the countries concerned. It was approved by the Shareholders' Meetings of each of the merged entities and finally by Euler Hermes Europe on December 31, 2011.

The cross border mergers and capital operations were done at book value as of December 31, 2011. This reorganization also generated €2.9 million of restructuring expenses (mostly consulting fees), booked as of December 31, 2011.

The new organization is effective as of December 31, 2011.

Creation of an insurance company in Turkey

After five years of operating through its parent company Allianz, Euler Hermes has now obtained its license to operate in the Turkish market as an insurance company.

Euler Hermes and Allianz have been cooperating in Turkey since 2005. The opening of the Euler Hermes subsidiary in Turkey – Euler Hermes Sigorta – is a further step on the way to expanding private credit insurance cover both for Turkish firms and for companies exporting to Turkey.

Project to create a joint venture with Mapfre

On July 19, 2011, Euler Hermes and Mapfre, the number one Spanish insurance company, signed a memorandum of understanding to build a strategic alliance. The target is to jointly develop the credit and bond insurance businesses in Spain, Portugal and Latin America. Through this alliance, Euler Hermes and Mapfre will each own 50% of a joint venture integrating their existing activities in those markets. The joint venture is expected to start operating in 2012, subject to the completion of the necessary conditions including the signing of all relevant agreements and the required regulatory approvals in the relevant countries.

At end- December 2011, €4.6 million gross expenses, mainly consulting fees, had been booked by the Group regarding this project.

Follow-up on "Excellence" Project

On December 31, 2010 Euler Hermes initiated the Excellence Project which aims at steering its business in the most efficient way. The impact on the accounts included a restructuring provision of €56.6 million and a restructuring expense of €15.9 million.

During 2011, the project continued to progress and agreements were signed with employee representative bodies in all countries. As of December 31, 2011, the restructuring provision had been partially used, and amounted to €45.9 million.

Headquarters building transfer to OPCI and preparation for relocation of headquarters and Paris-based operations in 2012

The Group and the Paris-based activities will relocate to First Tower in La Défense, France, during the first half of 2012. The target is to house all Paris-based staff in a single location.

In December 2011 the Group created a real estate fund (OPCI), named "Euler Hermes Real Estate", under the French legal form of *Société de Placement à Prépondérance Immobilière à Capital Variable* (SPPICAV).

The buildings at 1 and 8 rue Euler, Paris, were transferred to this real estate fund in December 2011. Refurbishment work on the building at 1 rue Euler is planned for the period following the staff move. These buildings, which are considered as operating property, will be requalified as real estate investment after the completed relocation in 2012.

At end-December 2011, a total of €8.4 million in costs related to the move and the OPCI has been booked by the Group, mainly in consulting fees (architects, studies, etc.), accelerated depreciation, and costs of refurbishment for the premises rented by the Group.

NOTE 2. IFRS ACCOUNTING AND VALUATION RULES

Euler Hermes SA is a company domiciled in France. The registered office of Euler Hermes SA is located at 1 rue Euler, 75008 Paris. The consolidated financial statements as of December 31, 2011 include Euler Hermes SA and its subsidiaries (the whole designated as "the Group" and each subsidiary individually as "the entities of the Group") and the quota-share of the Group in its associated companies or joint ventures.

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

The financial statements of the Euler Hermes Group as of December 31, 2011 were approved by the Group Management Board on February 15, 2012 and presented to the Supervisory Board on February 16, 2012. They will be submitted for validation to the Shareholders' Meeting on May 25, 2012.

2.1 General Principles

In accordance with European regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements published at December 31, 2011 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, 2011, 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 Euler Hermes Group applied the standards and the following amendments on January 1, 2011:

- revised IAS 24 – Related parties: without impact;
- IAS 32 update – Classification of the emitted application rights: without impact;
- IFRIC 14 update – Prepayments of a Minimum Funding Requirement: without impact;
- IFRS 1 update – limited exemption from comparative IFRS 7 disclosures: without impact;
- IFRIC 19 Extinguishing Liabilities with Equity Instruments: without impact.

Euler Hermes did not apply standards and interpretations published by the IASB but the application of which is not mandatory on January 1, 2011.

The standards, amendments and interpretations published but not applicable on December 31, 2011 are the following:

- 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 and IAS 28;
- IFRIC 13 – Fair value of award credits;
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine;
- IAS 12 – Deferred Tax: Recovery of Underlying Assets;
- 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.

For information, Euler Hermes Group would be impacted by IAS 19 update that cancels the "corridor" application. For 2011 full year closing, the unrecognized actuarial differences would reduce shareholder's equity for €87,246,000.

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

2.2 Consolidation scope

Since the 1st quarter 2011, Euler Hermes fully integrates the credit insurance business in Turkey with its subsidiary Euler Hermes Sigorta Anonim Sirketi.

The following companies were liquidated during financial year 2011:

- on May 23, 2011, the Euler Hermes service company of Hong Kong;
- on September 23, 2011 service company in Estonia named Euler Hermes Service Estonia Oü;
- on October 11, 2011 service company in Latvia named Euler Hermes Services Latvija.

During the 4th quarter 2011, Euler Hermes created a new insurance branch "EH Europe Slovakia" held by Euler Hermes Europe SA (NV) (*see Note 1 – Significant events*).

During the 4th quarter 2011, following the creation of Euler Hermes Real Estate (on December 9, 2011) and the transfer of the office buildings (*see Note 1 – landmarks of period*), Euler Hermes created four companies which hold shares in this fund:

- Financière Calisto;
- Financière Aldebaran;
- Financière Sirius;
- Financière Soho.

Since December 31, 2011, subsequent to the merger of 12 entities into the Company Euler Hermes Europe (formerly Euler Hermes Credit Insurance Belgium SA), a single legal structure based in Belgium now operates with local branches in the Czech Republic, Belgium, Denmark, Finland, Hungary, Italy, Netherlands, Norway, Romania, Slovakia, Sweden, UK and Ireland.

The operations of transfers of shares and merging were booked on December 31, 2011 and the shares were exchanged at book value, without impact on the consolidated accounts for the financial year 2011 (*see Note 1 – Significant events*).

2.3 List of consolidated companies

French companies	Consolidation Method	December 31, 2011 % control	December 31, 2011 % interest	December 31, 2010 % control	December 31, 2010 % interest
Euler Hermes SA (1) 1, rue Euler - 75008 Paris Siret No.: 552 040 594	Held by Allianz SA: 68,08%		Parent company		Parent company
Bilan Services SNC 25, boulevard des Bouvets - 92000 Nanterre Siret No.: 333 192 631	Full	50.00	50.00	50.00	50.00
Euler Hermes SFAC Asset Management SA 1, rue Euler - 75008 Paris Siret No.: 422 728 956	Full	100.00	100.00	100.00	100.00
Euler Hermes Services SAS 1, rue Euler - 75008 Paris Siret No.: 414 960 377	Full	100.00	100.00	100.00	100.00
Euler Hermes SFAC SA 1-3-5, rue Euler - 75008 Paris Siret No.: 348 920 596	Full	100.00	100.00	100.00	100.00
Euler Hermes SFAC Crédit SAS 1, rue Euler - 75008 Paris Siret No.: 388 236 853	Full	100.00	100.00	100.00	100.00
Euler Hermes SFAC Recouvrement SAS 1, rue Euler - 75008 Paris Siret No.: 388 238 026	Full	100.00	100.00	100.00	100.00
Euler Hermes Tech SAS 1, rue Euler - 75008 Paris Siret No.: 388 237 091	Full	100.00	100.00	100.00	100.00
Euro Gestion 1, rue Euler - 75008 Paris FR0007047568	Full	100.00	100.00	100.00	100.00
Euler Gestion 1, rue Euler - 75008 Paris FR0007434980	Full	100.00	100.00	100.00	100.00
Euler Hermes World Agency 8, rue Euler - 75008 Paris Siret No.: 487 550 907	Full	100.00	100.00	100.00	100.00
Gie Euler Hermes SFAC Services 1, rue Euler 75008 Paris Siret No.: 393 302 708	Full	100.00	100.00	100.00	100.00
Financière Callisto 5, rue Euler 75008 Paris FR51503326514	Full	100.00	100.00	0.00	0.00
Euler Real Estate 25, rue Louis Legrand 75002 Paris In progress	Full	100.00	100.00	0.00	0.00
Financière Aldebaran 5, rue Euler 75008 Paris FR91493467609	Full	100.00	100.00	0.00	0.00
Financière Sirius 5, rue Euler 75008 Paris FR51488480567	Full	100.00	100.00	0.00	0.00
Financière Soho 5, rue Euler 75008 Paris FR08503326241	Full	100.00	100.00	0.00	0.00

(1) Proportion held is based on a total of 45,159,477 shares (before restatement of treasury shares).

Foreign companies	Country	Consolidation Method	December 31, 2011 % control	December 31, 2011 % interest	December 31, 2010 % control	December 31, 2010 % interest
Bürgel Wirtschaftsinformationen GmbH & Co. KG 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 GmbH Friedensallee 254 – Hamburg	Germany	Full	100.00	100.00	100.00	100.00
Euler Hermes Rating GmbH Friedensallee 254 – 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 Kreditversicherungs AG Friedensallee 254 – Hamburg	Germany	Full	100.00	100.00	100.00	100.00
Euler Hermes Argentina San Martin 550- C1004AAL Buenos Aires	Argentina	Full	100.00	100.00	100.00	100.00
Euler Hermes Trade Credit Underwriting Agents Level 14, 2 Market Street Sydney NSW 2000 Australia	Australia	Full	100.00	100.00	100.00	100.00
Prisma Kreditversicherungs AG Himmelpfortgasse 29 – 1010 Vienna	Austria	Equity	49.00	49.00	49.00	49.00
OeKB EH Beteiligungs- u. Manag Strauchgasse 1-3 – 1011 – Vienna	Austria	Equity	49.00	49.00	49.00	49.00
Euler Hermes Europe SA (NV) 15, rue Montoyer – 1000 Brussels – RC Brussels: 31 955	Belgium	Full	100.00	100.00	100.00	100.00
Euler Hermes Services Belgium SA (NV) 15, rue Montoyer – 1000 Brussels – RC Brussels: 45 8033	Belgium	Full	100.00	100.00	100.00	100.00
Graydon Belgium (NV) Uibreidingstraat 84 Bus 1 – 2500 Berchem	Belgium	Equity	27.50	27.50	27.50	27.50
Euler Hermes Seguros de Crédito SA Alameda Santos 2335 Conj. 51 – Cerqueira César 01419-002 – São Paulo	Brazil	Full	100.00	100.00	100.00	100.00
Euler Hermes Serviços Ltda Alameda Santos 2335 Conj. 51 – Cerqueira César 01419-002 – São Paulo	Brazil	Full	100.00	100.00	100.00	100.00
Euler Hermes Do Brasil Exportaçao Alameda Santos 2335 Conj. 51 – Cerqueira César 01419-002 – São Paulo	Brazil	Full	100.00	100.00	100.00	100.00
Euler Hermes Canada Services 1155, René-Lévesque Blvd West, suite 1702 – Montréal H3B 3Z7	Canada	Full	100.00	100.00	100.00	100.00
Euler Hermes Information Consulting (Shanghai) Co. Ltd 9/F Mirae Asset Tower, 166 Lujiazui Ring Road, Pudong New Area, Shanghai, 200120, PRC	China	Full	100.00	100.00	100.00	100.00
Euler Hermes Seguros de Crédito SA Avda. Presidente Kennedy 5735, of. 801, Torre Poniente – Las Condes, Santiago	Chile	Full	100.00	100.00	100.00	100.00
Euler Hermes Chile Servicios Limitada Avda. Presidente Kennedy 5735, of. 801, Torre Poniente – Las Condes, Santiago	Chile	Full	100.00	100.00	100.00	100.00
Euler Hermes Colombie Carrera 13A no. 29-24, Torre Colseguros – Bogota	Colombia	Full	100.00	100.00	100.00	100.00
Euler Hermes Crédito Sucursal en Espana de EH SFAC SA 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 Services Estonia OÜ Pirita tee 20, T-building, 10127 – Tallinn, Estonia	Estonia	Full	0.00	0.00	100.00	100.00

NB: Percentages of control and interest are determined on the last day of the financial period.
(1) These entities have been closed with EH Credit Insurance Belgium SA the 31st of December, 2011 (See Significant events of the period).

Foreign companies	Country	Consolidation Method	December 31, 2011 % control	December 31, 2011 % interest	December 31, 2010 % control	December 31, 2010 % interest
Euler Hermes ACI Inc 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 ACI Services, LLC 800, Red Brook Boulevard – Owings Mills, MD 21117	United States	Full	100.00	100.00	100.00	100.00
Euler Hermes UMA 600 South 7th Street – Louisville, LA 4020	United States	Full	100.00	100.00	100.00	100.00
Euler Hermes Emporiki SA 109-111, Messogion Ave – Politia Business Center – 115 26 Athens	Greece	Full	60.00	60.00	60.00	60.00
Euler Hermes Emporiki Services Limited 109-111, Messogion Ave – Politia Business Center – 115 26 Athens	Greece	Full	60.00	60.00	60.00	60.00
Euler Hermes Credit Underwriters Hong Kong Ltd 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 Services (HK) Ltd Suites 403-11, 4/F, Cityplaza 4 – 12 Taikoo Wen Road – Taikoo Shing, Hong Kong	Hong Kong	Full	0.00	0.00	100.00	100.00
Euler Hermes Magyar Követeléskezelö Kft Kiscelli 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 Credit Management Service Ireland Ltd The Arch, Blackrock Business Park, Craysfort Avenue, Blackrock, Co Dublin, Republic of Ireland	Ireland	Full	100.00	100.00	100.00	100.00
The Israeli Credit Insurance Company Ltd (ICIC) 2, Shenkar Street – 68010 Israël – Tel Aviv	Israel	Equity	33.33	33.33	33.33	33.33
Euler Hermes SIAC Services SRL Via Raffaello Matarazzo – 00139 Roma	Italy	Full	100.00	100.00	100.00	100.00
Logica Sofware SRL Via Borsellino – Reggio Emilia	Italy	Full	100.00	100.00	100.00	100.00
Euler Hermes Credit Services (Japan) Ltd 08-07, Kyobashi 1-chome, Chuo-Ku – Tokyo	Japan	Full	100.00	100.00	100.00	100.00
Euler Hermes Services Latvija SIA Cesu 31/8, LV-1012 Riga	Latvia	Full	0.00	0.00	100.00	100.00
UAB Euler Hermes Services Baltic Konstitucijos ave 7, Vilnius – Lithuania	Lithuania	Full	100.00	100.00	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 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 Crédito SA 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 SA 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 Trade Credit Ltd Lumley Centre Level 1, 152 Fanshawe Street, Auckland 1010	New Zealand	Full	100.00	100.00	100.00	100.00
Euler Hermes Interborg NV Hoogoorddreef 5 – Postbus/PO 1100 AL Amsterdam	Netherlands	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.
(1) These entities have been closed with EH Credit Insurance Belgium SA the 31st of December, 2011 (See Significant events of the period).

Foreign companies	Country	Consolidation Method	December 31, 2011 % control	December 31, 2011 % interest	December 31, 2010 % control	December 31, 2010 % interest
Euler Hermes Services BV Pettelaarpark 20 – Postbus 70571 – NL-5201 CZ's-Hertogenbosch	Netherlands	Full	100.00	100.00	100.00	100.00
Graydon Creditfink BV Hullenbergweg 260 – 1101 BV Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Graydon Holding NV Hullenbergweg 260 – 1101 BV Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Graydon Nederland BV Hullenbergweg 260 – 1101 BV Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Kisys Krediet Informatie Systemen BV Hullenbergweg 270 – 1101 BV Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
MarkSelect BV Diemerhof 26 – Postbus 22969 – 1100 DL Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Interpolis Kredietverzekeringen NV 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 Ubezpieczen Euler Hermes SA 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 SA (COSEC) Avenida de Republica, n° 58 – 1069-057 Lisboa	Portugal	Equity	50.00	50.00	50.00	50.00
Euler Hermes Cescob Service, s.r.o. Molakova 576/11, 186 00 Prague 8	Czech Republic	Full	100.00	100.00	100.00	100.00
Euler Hermes Servicii Financiare SRL 6 Petru Maior street, Bucharest 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 Management Services UK Ltd 1, Canada Square – London E14 5DX	United Kingdom	Full	100.00	100.00	100.00	100.00
Graydon UK Limited Hyde House, Edgware road – Colindale – London NW9 6LW	United Kingdom	Equity	27.50	27.50	27.50	27.50
Euler Hermes Credit Insurance Agency (S) Pte. Ltd 3 Temasek Avenue – # 08-01 Centennial Tower – Singapore 039130	Singapore	Full	100.00	100.00	100.00	100.00
Euler Hermes Serwis SRO Bratislava Plynarenska 4659/1 821 09 Bratislava, Slovakia	Slovakia	Full	100.00	100.00	100.00	100.00
Euler Hermes Service AB Klara Norra Kyrkogata 29 – SE 101 34 Stockholm	Sweden	Full	100.00	100.00	100.00	100.00
Euler Hermes Services AG Tödistrasse 65 – 8002 Zurich	Switzerland	Full	99.50	99.50	99.50	99.50
Euler Hermes Reinsurance AG Tödistrasse 65 – 8002 Zurich	Switzerland	Full	100.00	100.00	100.00	100.00
Euler Hermes Risk Yönetimi Dereboyu Sokak, Sun Plaza, Plaza Cubes, Maslak – 34398 Istanbul	Turkey	Full	100.00	100.00	100.00	100.00
Euler Hermes Sigorta Anonim Sirketi Dereboyou Sokak – Sun Plaza, Floor 13, Plaza Cubes, Off. N°24, Maslak – 34398 – 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.
(1) These entities have been closed with EH Credit Insurance Belgium SA the 31st of December, 2011 (See Significant events of the period).

In accordance with 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.

2.4 Consolidation principles and methods

Business combinations

Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date on which control is transferred to the Group. 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 recognized amount of any non-controlling interests in the acquired asset; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquired asset; less
- the net recognized amount (generally at fair value) of the identifiable assets acquired and liabilities assumed.

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

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

Transaction 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 remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquired company's employees and relate to past services, then all or a portion of the amount of the 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 previously held 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 and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

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

The Group currently has holdings of less than 20% in certain mutual funds that are not consolidated. Control 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 (*see Note 1 – Significant events*).

The Euler Hermes Group owns 100% of these mutual funds.

Loss of control

At loss of control, the Group derecognizes 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 on the loss of control is recognized 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 that 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 and are recognized initially at cost. 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 on 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 AG;
- Graydon Holding NV;
- 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 out by each venturer using its own assets in pursuit of the joint operations. 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 Kredietverzekering NV, which owns 3,742 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 on intra-group transactions are eliminated during the preparation of the consolidated financial statements. Income and expenses arising on 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-month period ending on December 31.

2.7 Use of estimates

The production of the consolidated financial statements of Euler Hermes is based on estimates for part of the 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 on Risk management.

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

	Estimate	Communicated Information
Note 3	Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit 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 ajusted 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 in the period less the amount of premiums recorded in 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 in 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 recognised in the balance sheet using the projected unit credit method, based on the Group actuarial assumptions.
Note 31	Stock option plans	The fair value of the liabilities resulting from the SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price, until expiry of he obligation, and 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.

At 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 recognized in 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. At 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:

- 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 in the case of significant fluctuations in the exchange rate).

The Group's share of any foreign exchange translation arising on 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 eurozone were as follows:

	December 31, 2011		December 31, 2010	
(in € vs currency)	Closing	Average	Closing	Average
Pound sterling	0.8353	0.8713	0.8608	0.8560
US dollar	1.2939	1.4000	1.3362	1.3207
Swedish krona	8.9120	9.0070	8.9655	9.4926
Brazilian real	2.4159	2.3380	2.2177	2.3234
Hong Kong dollar	10.0510	10.8960	10.3856	10.2611
Swiss franc	1.2156	1.2318	1.2504	1.3700
Polish złoty	4.4580	4.1380	3.9750	4.0049

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 that 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 31, 1998, goodwill is recognized 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 31, 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 recognized 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 1, 2004, goodwill is no longer amortized 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 section 2.11. Impairment*).

At 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.

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 criteria 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 recognized at cost less any accumulated amortization and write-downs. Subsequent expenditure relating to recognized intangible assets is capitalized 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 recognized as an expense in the consolidated income statement when incurred.

Intangible assets with a defined useful life are amortized on a straight-line basis over their estimated useful lives. The amortization charge is recognized 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 is amortized over their estimated useful life.

Costs relating to the development phase are capitalized provided that the entity can demonstrate: 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, 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. Impairment tests are performed for each Cash Generating Unit (CGU) or group of CGUs to which 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 recognized 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 of between 1.5% depending on the CGU concerned, and a cost of capital between 6.09% and 11.08% depending on the CGU. With effect from 2006, the cost of capital rate used is determined by geographical region. The model is based on the projected 3-year budget prepared by management with a final year based on normalized 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 of December 31, 2011 are detailed per CGU in Note 3 – Goodwill.

The impairment loss recognized in the consolidated income statement is allocated in priority up to the goodwill related to the Cash Generating Unit, and is allocated then, 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 recognized 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 amortization, if impairment had not been recognized.

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 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 recognized 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 recognizes 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 capitalized under IAS 16 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 capitalized) 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 recognized. 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 the asset at the end of its useful life, net of any costs relating to its disposal.

For each category of property assets, the Group has identified six significant components, in addition to land, 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 Note 5 – Investment and operating property.

Impairment

INVESTMENT PROPERTY

A provision for impairment of property is recognized where required to reduce the value of the property to the higher of the value in use and the expert valuation decreased by costs of 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 recognized in order to reduce the value of the operating property to the higher of the value in use and the expert valuation decreased by costs of 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 is recognized 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/fittings	straight-line	10 years;
■ motor vehicles	straight-line	5 years.

2.14 Financial instruments

Financial investments

In accordance with IFRS, financial investments are analyzed 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 recognized 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 recognized 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 (included the actuarial amortization) is recognized in "available-for-sale assets", with a corresponding entry in the revaluation reserve, with no impact on the consolidated income statement.

IMPAIRMENT

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

The amount of the accumulated loss removed from shareholders' equity and recognized 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 recognized in the consolidated income statement.

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

Impairment recognized 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 recognized risk of default of the issuer.

DISPOSAL

In the event of disposal, the amounts recognized in the revaluation reserve are recognized 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 recognized 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 amortized cost using the effective interest rate method. Premiums and discounts are included in the calculation of amortized cost and are recognized 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 principally 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 (except for a derivative that is a designated and effective hedging instrument).

INITIAL RECOGNITION

Assets held for trading purposes are recognized 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 recognized in the consolidated income statement for the period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that 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 amortized cost using the effective interest rate method. Financial income for the period is recorded by applying the effective interest rate to the amortized 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 carrying amount of the asset and the value of estimated future cash flows, discounted at the original effective interest rate of the financial asset.

Derivatives

A derivative is a financial instrument, or another agreement falling within the scope of application of IAS 39, that has the following three features: (a) its value fluctuates as a function of changes in an interest rate, in the price of a financial instrument, in the price of a specific commodity, in an exchange rate, in a price or rate index, in a credit rating or a credit index, or in another variable (the "underlying"); (b) it requires no net initial investment or a net initial investment that is less than that which 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 recognized as follows:

- the hedging instrument is recognized at fair value and any changes are recognized 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 recognized 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 recognized 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 recognized through shareholders' equity. The ineffective portion of the hedge is recognized immediately through the consolidated income statement.

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

Acquisition costs capitalized relate to insurance policies. They mainly comprise brokerage commissions and expenses incurred by the Sales and Marketing departments. The capitalized 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 capitalized is included in acquisition expense reported in the consolidated income statement.

2.17 Current and deferred tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized 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 recognized 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 recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- 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 recognized 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 section 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 amount of the obligation. 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 recognized, 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. However, no exceptional events, disputes or arbitration procedures currently exist that are likely to have a material impact on the Group's activity, results or financial situation.

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 recognized 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 recognized as a liability is also adjusted for any actuarial variances and the past service cost.

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 recognized 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 recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized 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, such that the amount ultimately recognized 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 has put in place stock option plans for the benefit of executives of the Euler Hermes Group. On 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 analyzed 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 parts of the contract)).

On August 18, 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 recognized initially less, where applicable, accumulated amortization 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 call into 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. Euler Hermes has thus 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 equalization;
- 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, have been retained for the measurement of insurance contracts.

ANALYSIS BY FUNCTION OF EXPENSES RELATING TO CONTRACTS

Expenses relating to insurance contracts are initially recognized according to their nature and then analyzed 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 recognized 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 recognized in turnover stem from the guarantees given to policyholders to cover their trade receivables that arise in 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) or late claims.

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 recoveries received;
- 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.

Additional information on the measurement of claims reserves is provided in section under risk management.

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 recognized 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 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

At each closing, insurance contract liabilities net of related assets (acquisition costs capitalized 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 recognized 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 recognized in accordance with the terms of the various treaties. The share of assignees in the technical reserves is measured in the same way as technical reserves gross of reinsurance appearing in liabilities. Cash deposits received from reinsurers are recognized in liabilities arising on assigned reinsurance transactions. Receivables due from reinsurers are subject to impairment write-downs if the ceded company won’t 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 unfavorable 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 recognized originally at fair value less any related transaction costs, and are subsequently measured at amortized 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 recognized 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.

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 correspond 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 recognized 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 recognized in the consolidated income statement. The Group generally uses the FIFO method (First In, First Out). Shares exchanged under a public share exchange offer result in the recognition of a capital gain on exchange.

CHANGE IN FAIR VALUE OF INVESTMENTS RECOGNIZED 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 recognized. 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 expense

Insurance services expense includes 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

Administration expense mainly comprises salary costs and costs relating to the IT systems, affected to the administration of the contracts.

2.29 Other ordinary operating income and expense

Other ordinary operating income and expense comprise:

- other technical expenses;
- employee profit-sharing and incentive plans;
- other net non-technical income;
- provisions for risks and charges;
- other income and expenses;
- interest on arrears relating to the retail credit activity managed by Euler Hermes Credit Insurance in Belgium.

Other ordinary income and expenses correspond to charges not allocated by function relating to the services activity of the Euler Hermes Group.

2.30 Other operating income and expense

These revenue and expense items arise from a major event that occurred during the accounting period and are such that they would distort the interpretation of the Group's performance. They therefore consist of very few items that are unusual in nature and occur infrequently, and are for a material amount.

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.

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.

	December 31, 2011						December 31, 2010
(in € thousands)	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6,229	63,890	31,731	8,242	8,628	118,720	114,262
Impairment losses	(409)	(10,598)	-	-	-	(11,007)	(10,680)
Carrying amount	**5,820**	**53,292**	**31,731**	**8,242**	**8,628**	**107,713**	**103,582**
Change during the year							
Openning carrying amount	5,820	53,292	31,731	8,242	8,628	107,713	103,582
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	(393)
Other changes	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	1,584	1,037	-	(15)	2,606	4,524
Impairment losses	-	(912)	-	-	-	(912)	-
Closing carrying amount	**5,820**	**53,964**	**32,768**	**8,242**	**8,613**	**109,407**	**107,713**
Closing 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**

Depreciation of the goodwill of €912,000 comes from the expected decrease of future cash flows on the Irish portfolio.

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 generating 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 also include 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.

Results of impairment tests

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Cost of capital (net of tax)	11.08%	6.17%	6.09%	8.52%	6.42%	6.04%
of which, risk-free rate	*6.93%*	*2.02%*	*1.94%*	*4.37%*	*2.27%*	*1.89%*
of which, risk premium (bêta = 0.83)	*4.15%*	*4.15%*	*4.15%*	*4.15%*	*4.15%*	*4.15%*
Effective tax rate	48.0%	26.5%	35.0%	34.0%	25.0%	32.3%
Normalised return on financial portfolio	5.8%	1.5%	1.3%	3.6%	3.6%	1.3%
Gross combined ratio	80.5%	85.0%	82.0%	80.0%	79.0%	78.0%
Target retention rate	31.7%	30.3%	30.3%	29.5%	30.3%	36.1%
Perpetual growth	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Value in use (in € millions)	273.6	348.4	518.5	142.5	114.1	1,570.6
Contribution to Group consolidated net asset (in € millions)	138.4	272.9	351.8	100.6	53.2	999.6
Surplus (or deficit)	135.3	75.5	166.7	42.0	60.9	571.0

Sensitivity of impairment tests

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

- sensitivity on long-term growth: the impairment tests were performed with the 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 assets. These valuations support the fact that no complementary goodwill impairment is recognized;
- sensitivity on cost of capital: the impairment tests were performed with the 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 assets. These valuations support the fact that no complementary goodwill impairment is recognized;
- 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 assets for all CGUs, except UK. For UK, this valuation led to the identification of value in use lower than the invested capital amount by €6.8 million. For other CGUs, the valuations support the fact that no complementary goodwill impairment is recognized.

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 assets.

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Perpetual growth	-12.2%	0.1%	-0.9%	-1.7%	-5.4%	-1.7%
Cost of capital	20.8%	7.4%	8.3%	11.3%	12.2%	9.0%
Gross combined ratio	96.8%	87.7%	86.4%	87.3%	89.4%	86.0%

NOTE 4. OTHER INTANGIBLE ASSETS AND CONTRACTS PORTFOLIO

	December 31, 2011				December 31, 2010			
(in € thousands)	Contract porfolio	IT development and software	Other intangible assets	Total	Contract porfolio	IT development and software	Other intangible assets	Total
Balance at opening period								
Gross value	4,127	176,658	25,005	205,790	4,635	155,049	22,850	182,534
Amortisation	(4,445)	(121,725)	(14,066)	(140,236)	(3,709)	(74,816)	(13,257)	(91,782)
Impairment	-	-	-	-	-	-	-	-
Carrying amount	**(318)**	**54,933**	**10,939**	**65,554**	**926**	**80,233**	**9,593**	**90,752**
Change during the year								
Carrying amount at opening period	**(318)**	**54,933**	**10,939**	**65,554**	**926**	**80,233**	**9,593**	**90,752**
Acquisitions	626	29,060	418	30,104	(625)	24,155	2,320	25,850
Expenses capitalised	-	-	-	-	-	-	-	-
Changes in consolidation scope	-	3	-	3	-	-	(2)	(2)
Disposals	-	(148)	(92)	(240)	-	(3,250)	(62)	(3,312)
Reclassifications	-	(225)	225	-	33	(2)	-	31
Foreign exchange differences	13	28	-	41	43	441	(3)	481
Net amortization	373	(24,585)	(1,074)	(25,286)	(709)	(25,712)	(907)	(27,328)
Net provisions for impairment	-	(464)	-	(464)	-	(20,931)	-	(20,931)
Other changes	-	-	-	-	14	(1)	-	13
Carrying amount at closing period	**694**	**58,602**	**10,416**	**69,712**	**(318)**	**54,933**	**10,939**	**65,554**
Balance at closing period								
Gross value	4,772	199,849	25,544	230,165	4,127	176,658	25,005	205,790
Amortization	(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**

The increase in IT development and software mainly results from the applications developed by the Group (Collection IMX, PATH, etc.).

NOTE 5. INVESTMENT AND OPERATING PROPERTY

	December 31, 2011		December 31, 2010	
(in € thousands)	Investment property	Operating property	Investment property	Operating property
Balance at opening period				
Gross value	13,232	184,231	35,663	185,370
Depreciation	(3,909)	(50,234)	(10,746)	(48,801)
Impairment losses	-	(6,797)	-	(6,797)
Carrying amount	**9,323**	**127,200**	**24,917**	**129,772**
Change during the year				
Carrying amount as opening period	9,323	127,200	24,917	129,772
Acquisitions	-	3,000	-	3,825
Change in consolidation scope	-	-	-	-
Disposals	(5,188)	-	(16,958)	(4,074)
Reclassifications	-	-	1,621	1,891
Changes in foreign currency translation adjustements	-	108	-	109
Net depreciation	(117)	(6,376)	(257)	(4,323)
Net provisions for impairment	-	-	-	-
Other changes	-	-	-	-
Carrying amount at the end of the period	**4,018**	**123,932**	**9,323**	**127,200**
Balance at the end of the period				
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)
Carrying amount	**4,019**	**123,932**	**9,323**	**127,200**
Fair value	**12,312**	**229,162**	**23,070**	**227,650**

Amounts recorded in the income statement	Twelve months ended December 31	
Investment property	2011	2010
Rental revenues from investment property	1,170	1,683
Direct operating expenses relating to property	(187)	(290)

As of December 31, 2011, disposals in investment property concern sales realized by Euler Hermes SFAC for a selling price of €16.4 million, carrying the realized profit to €11.2 million (before tax impact).

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

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 no active market for a given financial instrument, the Group estimates the fair value using a valuation technique. Valuation techniques include the use of recent transactions under normal competitive conditions between informed and consenting parties, where available, referenced 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

	December 31, 2011						December 31, 2010					
(in € thousands)	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	300	191	1,071	-	1,071	1,071	700	371
Total held-to-maturity assets	**491**	**-**	**491**	**491**	**300**	**191**	**1,071**	**-**	**1,071**	**1,071**	**700**	**371**
Available-for-sale assets												
Equities	120,226	10,195	130,421	130,421	2,756,938	57,277	119,523	22,517	142,040	142,040	2,546,894	58,960
Bonds	2,639,057	44,737	2,683,794	2,683,794					2,423,654	40,162		
Total Available-for-sale assets	**2,759,283**	**54,932**	**2,814,215**	**2,814,215**	**2,756,938**	**57,277**	**2,543,177**	**62,679**	**2,605,856**	**2,605,856**	**2,546,894**	**58,960**
Loans, deposits and other financial investments	743,611	-	743,611	743,611	-	-	831,829	-	831,829	831,829	-	-
Total loans, deposits and other financial investments	**743,611**	**-**	**743,611**	**743,611**	**-**	**-**	**831,829**	**-**	**831,829**	**831,829**	**-**	**-**
TOTAL FINANCIAL INVESTMENTS (EXCLUDING INVESTMENTS IN CONSOLIDATED COMPANIES)	**3,503,385**	**54,932**	**3,558,317**	**€558,317**	**2,757,238**	**57,468**	**3,376,077**	**62,679**	**3,438,756**	**3,438,756**	**2,547,594**	**59,331**

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

	December 31, 2011				December 31, 2010			
(in € thousands)	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
• Equities:	120,226	10,195	130,421	130,421	119,523	22,517	142,040	142,040
• Bonds:	2,639,548	44,737	2,684,285	2,684,285	2,424,725	40,162	2,464,887	2,464,887
• Loans and other investments	743,611	-	743,611	743,611	831,829	-	831,829	831,829
TOTAL FINANCIAL INVESTMENTS	**3,503,385**	**54,932**	**3,558,317**	**3,558,317**	**3,376,077**	**62,679**	**3,438,756**	**3,438,756**

EH Group didn't account for any significant impairment as of December 31, 2011. EH Group does not hold any financial assets such as "dynamic treasury mutual funds" or "subprime investments".

Fair value hierarchy

Available-for-sale assets

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

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

Level 2 is mainly composed of Allianz 3-year bonds (for an amount of €160 million), and German mortgage bonds (*Pfandbriefe*).

Level 3 is mainly composed of participation in Private Equity Funds, non-consolidated shares and of Moroccan & Hungarian unlisted government bonds.

Other financial investments

The HTM bond, loans and the other investments are valued at cost. As a result, their hierarchical ranking is level 1.

Classification by geographical zone

(in € thousands)	France	Other countries	Group
Held-to-maturity assets			
Bonds	-	491	491
Total held-to-maturity assets	**-**	**491**	**491**
Available-for-sale assets			
Equities	116,555	13,866	130,421
Bonds	633,325	2050 469	2683 794
Total available-for-sale assets	**749,880**	**2,064,335**	**2814 215**
Loans, deposits and other financial investments	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**

Movements in the periods

(in € thousands)	December 31, 2011				December 31, 2010
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Carrying amount as opening period	**1,071**	**2,605,856**	**831,829**	**3,438,756**	**2,840,735**
Increase in gross value	-	1,215,044	1,264,288	**2,479,332**	2,127,270
Decrease in gross value	(580)	(980,326)	(1,350,971)	**(2,331,877)**	(1,552,630)
Revaluation	-	(12,186)	-	**(12,186)**	(7,326)
Impairment	-	(5,830)	-	**(5,830)**	(2,997)
Changes in foreign currency translation adjustements	-	9,016	(901)	**8,115**	42,646
Reclassifications	-	-	-	**-**	6,910
Other changes	-	(17,359)	(634)	**(17,993)**	(15,852)
Carrying amount as closing period	**491**	**2,814,215**	**743,611**	**3,558,317**	**3,438,756**

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

Exposure of the Group to countries which have a sovereign debt restructuring plan (Greece, Ireland, Spain & Portugal)

Greece

Euler Hermes Group is exposed to Greek sovereign debt through its local subsidiary up to a nominal of €4,300,000 for a market value of €1,620,000 (maturity 2012). An exceptional impairment was booked at end of December 2011 for €2,680,000 (€1,916,000 was booked as of the end of September 2011).

Portugal

Portuguese company COSEC, equity method consolidated within Euler Hermes, is exposed locally at the level of:

Maturity (in € thousands)	A Total exposure	B Market value	A (-) B Unrealized gains or losses
2012	16,900	16,908	8
2013	3,491	2,865	(626)
2014	643	458	(185)
2015	917	626	(291)
	21,950	**20,856**	**(1,094)**

Ireland

The Group has no exposure to Irish debt.

Spain

The Group has no more exposure to the Spanish debt.

Italy

The Group is exposed to the sovereign debt of Italy:

Maturity (in € thousands)	A Total exposure	B Premium/Discount amortization	A (+) B = C Amortized cost	D Market value	D (-) C Unrealized gains or losses
2012	58,500	(683)	57,817	58,124	308
2013	22,000	180	22,180	21,758	(422)
	80,500	**(503)**	**79,997**	**79,882**	**(115)**

The Group is exposed to the sovereign debt of Hungary

The Euler Hermes Group is exposed to Hungarian sovereign debt through its local subsidiary company at the level of a nominal and a value of market of €1,000,000 (maturity 1st half 2012).

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

NOTE 7. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

Information on equity-accounted investments

Company (in € thousands)	Country	December 31, 2011 Assets (1)	Shareholders' equity (2)	Turnover (3)	Net income	% of capital held
OeKB Beteiligungs- und Management AG	Austria	186,250	114,016	81,127	18,178	49.00%
Graydon Holding NV	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%
The Israeli Credit Insurance Company Ltd	Israel	69,812	32,766	27,777	4,329	33.33%
		442,805	**192,715**	**218,082**	**41,281**	

(1) Assets based on IFRS statements as of September 30, 2011.
(2) Shareholders' equity based on IFRS statements as of September 30, 2011 including goodwill.
(3) The turnover corresponds to the turnover in the IFRS statements as of September 30, 2011 (+) ¼ of the total turnover of 2010.

Company (in € thousands)	Country	December 31, 2010 Assets	Shareholders' equity	Turnover	Net income	% of capital held
OeKB Beteiligungs- und Management AG	Austria	181,349	105,955	71,145	13,639	49.00%
Graydon Holding NV	Netherlands	52,718	4,135	72,519	14,462	27.50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	103,646	38,106	39,259	6,472	50.00%
The Israeli Credit Insurance Company Ltd	Israel	63,893	30,474	25,352	5,719	33.33%
		401,606	**178,670**	**208,275**	**40,291**	-

Movements during the period

(in € thousands)	December 31, 2011	December 31, 2010
Opening carrying amount	**98,066**	**89,254**
Increases	-	-
Decreases	(997)	-
Reclassification	-	(1)
Share of income for the period	17,038	15,802
Dividends paid	(8,417)	(7,918)
Impairment	-	-
Foreign exchange differences	(210)	291
Other changes	(284)	638
Closing carrying amount	**105,196**	**98,066**

Contribution to shareholders' equity (without equity method income of 2011)

(in € thousands)		December 31, 2011	December 31, 2010
OeKB Beteiligungs- und Management AG	Austria	55,868	51,917
Graydon Holding NV	Netherlands	1,951	1,137
Companhia de Seguro de Creditos SA (COSEC)	Portugal	19,419	19,053
The Israeli Credit Insurance Company Ltd	Israel	10,921	10,157
SHARE OF SHAREHOLDERS' EQUITY		**88,159**	**82,264**

Contribution to income

		Twelve months ended December 31	
(in € thousands)		2011	2010
OeKB Beteiligungs- und Management AG	Austria	8,907	6,683
Graydon Holding NV	Netherlands	3,300	3,977
Companhia de Seguro de Creditos SA (COSEC)	Portugal	3,387	3,236
The Israeli Credit Insurance Company Ltd	Israel	1,443	1,906
SHARE OF TOTAL INCOME		**17,037**	**15,802**

NOTE 8. OPERATING PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT

	December 31, 2011			December 31, 2010		
(in € thousands)	Operating property	Other property and equipment	Total	Operating property	Other property and equipment	Total
Opening balance						
Gross value	184,231	138,750	322,981	185,370	143,809	329,179
Amortisation	(50,234)	(114,578)	(164,812)	(48,801)	(115,152)	(163,953)
Impairment	(6,797)	(110)	(6,907)	(6,797)	(110)	(6,907)
Carrying amount	**127,200**	**24,062**	**151,262**	**129,772**	**28,547**	**158,319**
Change during the year						
Carrying amount at opening period	**127,200**	**24,062**	**151,262**	**129,772**	**28,547**	**158,319**
Acquisitions	3,000	16,928	19,928	3,825	16,051	19,876
Changes in consolidation scope	-	21	21	-	655	655
Disposals	-	(6,323)	(6,323)	(4,074)	(9,349)	(13,423)
Reclassifications	-	(25)	(25)	1,891	(3,513)	(1,622)
Foreign exchange differences	108	127	235	109	505	614
Net depreciation	(6,376)	(8,842)	(15,218)	(4,323)	(8,850)	(13,173)
Net provisions for impairment	-	(603)	(603)	-	-	-
Other changes	-	-	-	-	16	16
Carrying amount at closing period	**123,932**	**25,345**	**149,277**	**127,200**	**24,062**	**151,262**
Balance at closing period						
Gross value	187,356	144,606	331,962	184,231	138,750	322,981
Depreciation	(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**

Disposals of Other property, plant and equipment and the related depreciation correspond mainly to the change in IT equipment in Germany and France.

NOTE 9. DEFERRED TAX

Breakdown by type of tax

(in € thousands)	December 31, 2011	December 31, 2010
Deferred tax assets	123,631	134,264
Deferred tax liabilities	(431,712)	(456,688)
Net deferred tax	**(308,081)**	**(322,424)**
Tax losses	7,592	28,232
Deferred tax assets linked to revaluation of AFS investments	8,952	8,365
Deferred tax assets – provisions for retirement commitments	1,691	1,409
Deferred tax assets – technical reserves	39,231	44,417
Other deferred tax assets	66,165	51,841
Total deferred tax assets	**123,631**	**134,264**
Deferred tax liabilities linked to revaluation of AFS investments	(22,592)	(27,615)
Deferred tax liabilities – provisions for retirement commitments	(14,603)	(13,582)
Deferred tax liabilities – technical reserves	(336,939)	(365,605)
Other deferred tax liabilities	(57,578)	(49,886)
Total deferred tax liabilities	**(431,712)**	**(456,688)**
Net deferred tax	**(308,081)**	**(322,424)**
After offsetting deferred tax assets and liabilities by tax entity		
Deferred tax assets	22,052	43,209
Deferred tax liabilities	(330,133)	(365,633)
NET DEFERRED TAX	**(308,081)**	**(322,424)**

The activated tax losses concern for €15.5 million the reinsurance subsidiaries (Switzerland and Luxembourg), for €3 million the Belgian subsidiary, and Euler Hermes Kreditversicherungs for €4.1 million.

The non-activated tax losses are mainly due to the German branches for €14 million, €3 million for the Irish branch, the Chinese service entity for €1.4 million and the Spanish branch for €1.5 million, the future use of these tax losses being unpredictable.

Movement in deferred tax by geographical region

(in € thousands)	December 31, 2010	Change through income statement	Change relating to revaluation of AFS inv.	Foreign exchange difference	Other movements	December 31, 2011
France	(126,558)	26,666	5,613	-	(405)	(94,684)
Germany, Austria and Switzerland	(216,768)	13,029	1,150	-	(773)	(203,362)
Northern Europe	(2,275)	(6,127)	(436)	(163)	(854)	(9,854)
Mediterranean countries & Africa	11,201	(53)	431	(5)	-	11,575
Asia Pacific	32	(553)	(131)	1	445	(205)
Americas	(2,556)	(3,393)	133	(456)	(249)	(6,521)
Reinsurance	4,814	(14,698)	(167)	929	1	(9,121)
Other countries	(318)	-	-	-	318	-
Group Services/Holdings	10,004	(7,179)	-	-	1,267	4,092
	(322,424)	**7,693**	**6,593**	**307**	**(250)**	**(308,081)**

With regard to Germany and France, the deferred tax liability is mainly due to the cancellation under IFRS of the equalization reserve.

Change in standard tax rate

	December 31, 2011	December 31, 2010
Group rate	**28.07%**	**23.87%**
France	34.43%	34.43%
Germany	32.28%	32.28%
Italy	32.47%	32.47%
United Kingdom	26.50%	28.00%
United States	35.00%	35.00%
Netherlands	25.00%	25.50%
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 recognized in the consolidated income statement compared with gross income before tax and adjusted for the profits of companies accounted for by the equity method.

A reconciliation between the tax rate of the parent company Euler Hermes SA and the effective tax rate in 2011 is provided in Note 27.

A temporary and extraordinary tax contribution equal to 5% of the amount of income tax to be paid has been set up for 2011 and 2012 in France. This contribution is limited to two fiscal years and has no impact on deferred tax positions. However, the additional tax income to be paid related to 2012 has been anticipated in the 2011 closing period.

NOTE 10. INSURANCE AND REINSURANCE RECEIVABLES

Breakdown by type

	December 31, 2011			December 31, 2010
(in € thousands)	Gross	Provisions	Net	Net
Receivables from policyholders and agents	229,874	(17,102)	212,772	204,168
Earned premiums not yet written	180,425	-	180,425	159,718
Receivables from guaranteed debtors	74,265	-	74,265	88,513
Receivables from reinsurance transactions	69,609	(1,944)	67,665	138,934
TOTAL CREDIT INSURANCE RECEIVABLES	**554,173**	**(19,046)**	**535,127**	**591,333**

Breakdown by maturity

	December 31, 2011				
(in € thousands)	< 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL CREDIT INSURANCE RECEIVABLES	**530,459**	**4,668**	**-**	**-**	**535,127**

Provisions for bad debts from policyholders and agents

(in € thousands)	December 31, 2011	December 31, 2010
Balance at opening period	**(17,751)**	**(16,558)**
Change in consolidation scope	-	-
Provision	(2,275)	(3,830)
Write back	2,793	3,662
Foreign exchange translation	131	(20)
Other changes	-	(1,005)
Balance at closing period	**(17,102)**	**(17,751)**

NOTE 11. OTHER RECEIVABLES

Breakdown by type and by maturity

	December 31, 2011			December 31, 2010
(in € thousands)	Gross	Provision	Net	Net
Current account	36,038	-	36,038	19,163
Other taxes receivables	44,239	-	44,239	32,482
Other receivables	**180,136**	**(8,414)**	**171,722**	**155,461**
of which, accrued interest not due	*50,759*	-	*50,759*	*47,745*
Deferred charges	12,106	-	12,106	10,483
Other adjustment accounts	1,541	-	1,541	676
Other assets	1,252	-	1,252	589
TOTAL OTHER RECEIVABLES	**275,312**	**(8,414)**	**266,898**	**218,854**

Breakdown by maturity

(in € thousands)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL OTHER RECEIVABLES	**262,892**	**2,434**	**1,572**	**-**	**266,898**

NOTE 12. CASH AND CASH EQUIVALENTS

(in € thousands)	December 31, 2011	December 31, 2010
Cash in bank and at hand	317,077	255,774
Cash pooling	30,261	50,427
Total cash	**347,338**	**306,201**
Total cash per balance sheet	**347,338**	**306,201**
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(350)	(350)
TOTAL CASH AND CASH EQUIVALENTS	**346,988**	**305,851**

NOTE 13. REVALUATION RESERVE

(in € thousands)	Investments	Tax	Foreign exchange difference	Associated companies	Other	Revaluation reserve except minority interests	Minority interests	Revaluation reserve
Opening balance	**61,703**	**(22,426)**	**180**	**(496)**	**438**	**39,399**	**(193)**	**39,206**
Change in fair market value of asset held for sale transfered through profits & loss (Gross amount) – group	(15,422)	4,205	188	-	(1)	(11,029)	-	(11,029)
Change in fair market value of asset held for sale booked through equity (Gross amount) – group	3,085	1,420	76	-	(0)	4,579	-	4,579
Change in fair market value of asset held for sale booked through equity (Gross amount) – COSEC associated company	-	-	-	(284)	-	(284)	-	(284)
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	-	-	-	-	-	-	180	180
Other movements	-	-	-	-	0	0	-	0
CLOSING BALANCE	**49,366**	**(16,801)**	**444**	**(780)**	**437**	**32,666**	**(13)**	**32,653**

NOTE 14. MINORITY INTERESTS

Movements during the year

(in € thousands)	December 31, 2011	December 31, 2010
Non-controlling interests at start of period	**18,015**	**20,698**
Non-controlling interests' share of net income	**3,238**	**3,331**
Movements on latent reserves (excluding currency translation impact)	**180**	**(256)**
Other movements		
Foreign currency translation differences	26	(7)
Dividends paid to minority shareholders	(3,455)	(4,143)
Capital increases and other movements	(2)	(1,608)
Non-controlling interests at end of period	**18,002**	**18,015**

Breakdown by company

(in € thousands)	December 31, 2011	December 31, 2010
Euler Hermes in France	1,030	994
Euler Hermes in Switzerland	3	5
Euler Hermes in Germany	11,312	11,458
Euler Hermes in Morocco	3,857	3,254
Euler Hermes in Greece	1,800	2,304
NON-CONTROLLING INTERESTS	**18,002**	**18,015**

NOTE 15. PROVISIONS FOR RISKS AND CHARGES

(in € thousands)	December 31, 2010	Allowance	Write back (used)	Write back (not used)	Reclassification	Other changes	December 31, 2011
Retirement scheme *(see Note 16 - Employee Benefits for more details)*	**52,928**	**8,745**	**(5,750)**	**(1,028)**	**(963)**	**267**	**54,199**
Defined-benefit retirement plans	52,928	8,745	(5,750)	(1,028)	(963)	267	54,199
Defined-contribution retirement plans	-	-	-	-	-	-	-
Other provisions for risks and charges	**177,259**	**85,660**	**(41,337)**	**(14,452)**	**(438)**	**(1,170)**	**205,522**
Provision for tax liabilities	14,236	46,686	(14,264)	-	130	(85)	46,703
Provision for tax litigation in Germany	65	-	-	-	-	194	259
Provision for tax uncertainties	29,209	11,683	(3,648)	(3,285)	-	-	33,959
Provisions for employee benefits	51,846	17,548	(7,628)	(2,177)	(568)	(1,048)	57,973
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	71,074	2,583	(12,068)	(6,615)	-	(196)	54,777
Provisions for sundry disputes	8,561	7,160	(3,728)	(2,375)	-	(35)	9,583
TOTAL PROVISIONS FOR RISKS AND CHARGES	**230,187**	**94,405**	**(47,087)**	**(15,480)**	**(1,401)**	**(903)**	**259,721**

Defined-contribution retirement plans have been reclassified in “Other debts”.

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 capitalization pension plan. The funds are managed by La Mondiale, an insurance firm;
- Euler American Credit Indemnity Company Associates Retirement Savings Plan: this is a defined-contribution plan for full-time employees of Euler American Credit Indemnity. A provision must be raised pursuant to the Employee Retirement Income Security Act of 1974 (ERISA);
- United Kingdom: 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:
  - Denmark: the plan is managed by Danica, a Danish life insurance company,
  - Finland: 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, have been accounted as defined-benefit plans since December 31, 2009.

(in € thousands)	France	United States	United Kingdom	Scandinavia	Total
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)
Provision at December 31, 2007	**-**	**(1,470)**	**-**	**-**	**(1,470)**
Expense booked in 2007	(391)	(230)	(1,020)	(1,374)	(3,015)

Defined-contribution retirement plans are accounted for in “Other debts” as of December 31, 2011.

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 Sfac. 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 Sfac. The contributions are paid by CARDIF to the beneficiaries or their surviving spouse (reversion) until their death. There are 2 beneficiaries;
- TFR (Italy): 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.

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

  – the retirement age has been taken as 60 years for women and 65 years for men,

  – the probability of leaving the company within the next five years for employees under 40 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 SIAC and are not identified separately;
- EHUK Defined-benefit plan: Euler Hermes in the UK operates a defined-benefit pension plan that covers all employees who had joined the Company prior to December 31, 2001. Under this plan, employees will be granted a pension on retirement (the normal age being 63 years), which will be a fraction of their salary upon retirement and based on their length of service within the company.

  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 revaluation of certain rights, notably those earned prior to April 6, 1997, is not covered by a legal obligation, but is discretionary. The assumptions used to calculate the commitment were reviewed in 2005 following the decision to no longer finance the revaluation of the discretionary increase in rights earned prior to 1997. This took into account the Company's recent practice and the current position of the fund, factors that tend to reduce the probability of such discretionary revaluations being granted in the future. The commitment was reduced by £13.7 million at December 31, 2005. In this regard, £8.4 million was treated as actuarial gains and £5.7 million was recognized in the 2006 consolidated income statement as past service costs.

  At December 31, 2011, the present value of pension commitments in respect of this plan came to £132 million, funded by the fund as the market value of the assets stood at £132 million;
- AVK/APV EPV: Euler Hermes Kreditversicherungs-AG, Euler Hermes Forderungsmanagement GmbH, Euler Hermes Risk Management & Co.KG and Euler Hermes Rating Gmbh have implemented a defined-benefit pension plan for all their employees. The beneficiaries will receive an annuity upon retirement at 65 years old at the latest. This plan is managed in part by external companies, namely Pensionskasse AVK and Unterstûtzungskasse APV. Employees who leave the Company prior to the date provided for may benefit from an annuity of a lower amount than that provided for initially;
- Euler Hermes Credit Insurance Belgium has implemented a plan that covers the payment to employees of Euler Hermes Credit Insurance Belgium and Euler Hermes Services Belgium of a fixed capital amount (equal to a multiple of their salary at 60 years old). It also provides coverage in the event of the death, being a multiple of their salary based on the composition of their family, or invalidity of the employee;
- Euler Hermes Kredietverzekeringen NV (the Netherlands) has implemented a defined-benefit pension plan for its employees that is managed by Delta Lloyd;
- Scandinavia:

  – Sweden: a multi-employer plan that is managed by SPP, one of the largest life insurance companies. The employee begins to accrue pension at 28 years old. The employee can receive a pension from 65 years old. The employee is then guaranteed 65% of their final salary,

  – Norway: a multi-employer plan that is managed by Vital, a Norwegian life insurance company. The employee begins to accrue pension from the first day of employment. The employee can receive a pension from 67 years old. The employee is then guaranteed 70% of their final salary.

12/31/2011 (in € thousands, except for actuarial assumptions)	France & Greece								Nordic		
	Retirement indemnities	PSAD	CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	FTP	VITAL	Total
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 amortized	**(291)**	**-**	**-**	**-**	**(33,591)**	**(49,354)**	**(2,468)**	**(1,301)**	**(573)**	**333**	**(87,246)**
Net commitments < 0	**(3,048)**	**(3,601)**	**-**	**(5,692)**	**-**	**(37,064)**	**(2,156)**	**(476)**	**(784)**	**(1,376)**	**(54,199)**
Net commitments > 0	**-**	**-**	**20**	**-**	**23,598**	-	**-**	**-**	**-**	**-**	**23,618**
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 undiscounting)	(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	-	-	-	-	-	-	-	-	-	-	-
• Amortization of actuarial gains and losses	(29)	85	(212)	-	-	(1,176)	-	-	(5)	-	(1,337)
• Amortization of prior service cost	-	-	-	-	-	-	-	8	-	-	8

12/31/2011 (in € thousands, except for actuarial assumptions)	France & Greece								Nordic		
	Retirement indemnities	PSAD	CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	FTP	VITAL	Total
• Amortization 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 rate.

Structure of plan assets (2)	Retirement indemnities	PSAD	CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	FTP	VITAL	Total
• Shares									11.10%	10.40%	
• Bonds	100.00%		100.00%		95.00%	See template below		See template below	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 Interpolis Kredietverzekeringen	Euler Hermes Kredietverzekering 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%

12/31/2010 (in € thousands, except for actuarial assumptions)	France & Greece								Nordic			
	Retirement indemnities	PSAD	CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	FTP	VITAL	CEO's PLAN	Total
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 amortized	**(979)**	**-**	**22**	**-**	**(23,174)**	**(53,372)**	**(2,653)**	**(170)**	**(565)**	**339**	**-**	**(80,552)**
Net commitments < 0	**(3,208)**	**(3,928)**	**-**	**(5,870)**	**-**	**(34,189)**	**(3,099)**	**(514)**	**(857)**	**(1,262)**	**-**	**(52,928)**
Net commitments > 0	**-**	**-**	**20**	**-**	**23,172**	-	**-**	**-**	**-**	**-**	**-**	**23,192**
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 undiscounting)	(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

12/31/2010 (in € thousands, except for actuarial assumptions)	France & Greece								Nordic			
	Retirement indemnities	PSAD	CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	FTP	VITAL	CEO's PLAN	Total
• Expected return on any other assets	-	-	-	-	-	-	-	(7)	-	-	-	(7)
• Amortization of actuarial gains and losses	6	(493)	-	(615)	-	(64)	-	-	(8)	-	-	(1,174)
• Amortization of prior service cost	-	-	-	-	-	-	-	-	-	-	-	-
• Amortization 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)	Retirement indemnities	PSAD	CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	FTP	VITAL	CEO's PLAN	Total
• 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	Forderungsmanagement GmbH	Euler Hermes Kreditversicherungs AG	NV Interpolis 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%

12/31/2009 (in € thousands, except for actuarial assumptions)	France								Nordic			
	Retirement indemnities	PSAD	CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	FTP	VITAL	CEO's PLAN	Total
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 amortized	**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)**
• Current period service cost	(285)	-	-	(39)	(1,584)	(6,928)	(749)	(206)	141	223	193	(9,234)
• Finance cost (effect of undiscounting)	(276)	(241)	-	(259)	(6,288)	(18,133)	(958)	(185)	119	33	25	(26,163)
• Expected return on plan assets	83	-	-	-	5,734	(2,625)	645	21	(81)	(33)	(20)	3,724

12/31/2009 (in € thousands, except for actuarial assumptions)	France			Italy	United Kingdom	Germany	Belgium	Netherlands	Nordic			Total
	Retirement indemnities	PSAD	CARDIF						FTP	VITAL	CEO's PLAN	
• Expected return on any other assets	-	-	-	-	-	-	-	-	-	-	-	-
• Amortization of actuarial gains and losses	16	397	-	(7)	(745)	196	-	-	22	-	2	(119)
• Amortization of prior service cost	-	-	-	-	-	-	-	-	-	-	-	-
• Amortization of unrecognized initial obligation	-	-	-	-	-	-	-	-	-	-	-	-
• Profit/loss on curtailment/ settlement	-	-	-	-	-	-	-	-	-	-	-	-
• Asset ceiling limitation	-	-	-	-	-	-	-	-	-	-	-	-
• Exceptional events	-	-	-	-	-	-	-	-	-	-	-	-
• Other	-	-	-	-	(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

	Retirement indemnities	PSAD	CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	FTP	VITAL	CEO's PLAN	Total
• 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%	-	

12/31/2008 (in € thousands, except for actuarial assumptions)	France Retirement indemnities	France PSAD	France CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	Total
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 assumptions	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 amortized	**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

12/31/2008 (in € thousands, except for actuarial assumptions)	France								
	Retirement indemnities	PSAD	CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	Total
• Expected return on all other assets	-	-	-	-	-	-	-	-	-
• Amortization of actuarial gains and losses	9	(21)	-	-	(457)	(191)	-	-	(660)
• Amortization of past service costs	-	-	-	-	-	-	-	-	-
• Amortization 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%	

12/31/2007 (in € thousands, except for actuarial assumptions)	France								
	Retirement indemnities	**PSAD**	**CARDIF**	**Italy**	**United Kingdom**	**Germany**	**Belgium**	**Netherlands**	**Total**
Actuarial liability at start of period	**(5,278)**	**(5,078)**	**(3,040)**	**(10,364)**	**(147,090)**	**(329,006)**	**(15,138)**	**(4,219)**	**(519,213)**
• Cost of services provided during the period	(306)	-	-	(582)	(3,962)	(8,904)	(785)	(324)	(14,863)
• Interest expense	(200)	(222)	(135)	(481)	(7,282)	(14,896)	(656)	(158)	(24,030)
• Employee contributions	-	-	-	-	-	(2,552)	(74)	(55)	(2,681)
• Change of pension plan	-	-	-	-	-	-	-	1,519	1,519
• Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-
• Reductions of pension plans	-	-	-	(147)	-	-	-	-	(147)
• Disposals of pension plans	-	-	-	-	-	-	-	-	-
• Exceptional events	-	-	-	-	-	-	-	-	-
• Actuarial gains (losses) due to a change in assumptions	467	230	295	-	12,225	30,777	(275)	29	43,748
• Actuarial gains (losses) due to a change in experience	88	88	(63)	-	(1,638)	1,494	1,124	(29)	1,064
• Benefits paid	296	485	151	1,783	3,409	10,817	980	-	17,921
• Translation differences	-	-	-	-	12,183	-	-	-	12,183
• Other	-	-	-	-	582	327	-	91	1,000
• Removal of the discretionary clause	-	-	-	-	-	-	-	-	-
Actuarial liability at end of period	**(4,933)**	**(4,497)**	**(2,792)**	**(9,791)**	**(131,573)**	**(311,943)**	**(14,824)**	**(3,146)**	**(483,499)**
Fair value of assets at start of period	**838**	**-**	**3,301**	**-**	**135,294**	**258,878**	**9,418**	**2,941**	**410,670**
• Actual return on plan assets	35	-	221	-	5,960	13,048	419	(310)	19,373
• Experience effect on returns from assets	-	-	-	-	-	(8,420)	69	-	(8,351)
• Employee contributions	-	-	-	-	1	2,552	74	55	2,682
• Employer contributions	664	-	-	-	2,691	5,885	2,038	149	11,427
• Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-
• Reductions of pension plans	-	-	(51)	-	-	-	-	-	(51)
• Disposals of pension plans	-	-	-	-	-	-	-	(480)	(480)
• Benefits paid	(296)	-	(151)	-	(3,409)	(7,678)	(980)	29	(12,485)
• Translation differences	-	-	-	-	(11,720)	-	-	-	(11,720)
• Other	(77)	-	-	-	(582)	-	-	(160)	(819)
Fair value of assets at end of period	**1,164**	**-**	**3,320**	**-**	**128,235**	**264,265**	**11,038**	**2,528**	**410,551**
Actuarial differences still to be amortized	**427**	**-**	**528**	**-**	**(18,657)**	**(18,703)**	**496**	**161**	**(35,748)**
Negative net commitments	**(4,196)**	**(4,497)**	**-**	**(9,791)**	-	**(28,975)**	**(4,282)**	**(779)**	**(52,520)**
Positive net commitments	-	-	-	-	**15,319**	-	-	-	**15,319**
Expenses for the period	**(475)**	**96**	**(135)**	**(1,210)**	**(4,259)**	**(11,523)**	**(1,021)**	**(668)**	**(19,195)**
• Cost of services provided during the period	(306)	-	-	(582)	(3,962)	(8,904)	(785)	(324)	(14,863)
• Financial cost (discounting effect)	(200)	(222)	(135)	(481)	(7,282)	(14,896)	(656)	(158)	(24,030)
• Expected return on plan assets	34	-	-	-	8,360	13,048	420	(6)	21,856

12/31/2007 (in € thousands, except for actuarial assumptions)	France								
	Retirement indemnities	PSAD	CARDIF	Italy	United Kingdom	Germany	Belgium	Netherlands	Total
• Expected return on all other assets	-	-	-	-	-	-	-	(72)	(72)
• Amortization of actuarial gains and losses	(3)	318	-	-	(1,375)	(771)	-	-	(1,831)
• Amortization of past service costs	-	-	-	-	-	-	-	-	-
• Amortization of initial unrecognised liability	-	-	-	-	-	-	-	-	-
• Profit or loss resulting from reduction or liquidation	-	-	-	(147)	-	-	-	-	(147)
• Asset ceiling	-	-	-	-	-	-	-	-	-
• Exceptional events	-	-	-	-	-	-	-	-	-
• Other	-	-	-	-	-	-	-	(108)	(108)
Actuarial assumptions									
• Discount rate	5.10%	5.30%	4.00%	5.10%	5.10%	5.50%	4.50%	5.60%	
• Rate of inflation	2.00%	2.00%	-	2.00%	3.15%	1.85%	2.25%	2.00%	
• Expected rate of return on plan assets	4.50%	-	4.00%	-	6.40%	5.20%	4.85%	5.60%	
• Expected rate of return on all reimbursement rights	-	-	-	-	-	-	-	-	
• Expected rate of salary increases	3.00%	-	-	3.00%	4.15%	2.40%	3.75%	2.00%	
• Rate of increase in medical costs	-	-	-	-	-	-	-	2.00%	
• Rate of increase in annuities	-	1.90%	-	-	-	1.85%	-	-	
• Retirement age	60	0	60	60-65	63	63	60	65	
• Remaining length of service	10	0	5	0	20	15	12	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%

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 € thousands)	Pension benefits	Post-retirement benefits
2011	13,848	171
2012	13,556	160
2013	14,556	61
2014	15,684	253
2015	16,724	166
2016	18,267	406
2017-2021	105,983	2,346

NOTE 17. BORROWINGS

Breakdown by type

(in € thousands)	December 31, 2011	December 31, 2010
Subordinated debt	**-**	**-**
Term loans and other term borrowings	255,119	255,118
Demand accounts	-	-
Borrowings from banking sector businesses	**255,119**	**255,118**
Other borrowings	138,234	249,168
TOTAL BORROWINGS	**393,353**	**504,286**

Borrowings from banking sector businesses correspond to the following items:

- loan 2010 from Crédit Agricole of €125 million with redemption on June 18, 2015, with fixed annual interest rate of 3.05%;
- loan 2010 from HSBC of €125 million with redemption on June 18, 2015, with fixed annual interest rate of 3.05%;
- loan from Emporiki Bank to Euler Hermes Emporiki Credit Insurance for €1 million;
- accrued interest for €4.15 million.

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

- loan 2010 of €135 million with redemption on June 24, 2020, with fixed annual interest rate of 4.04%;
- accrued interest for €2.9 million;
- a cash pooling agreement with Allianz Group for €0.3 million.

Breakdown by maturity

(in € thousands)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL BORROWINGS	**7,385**	**968**	**250,000**	**135,000**	**393,353**

Breakdown by maturity for interests to be paid

(in € millions)	2011	2012 to 2019 (1)	2020
Borrowing 2010 of €135 million maturity 06/24/2020, annual rate fix to 4.04%	5.45	43.63	2.73
TOTAL FUTUR INTEREST EXPENSES WITH ALLIANZ GROUP	**5.45**	**43.63**	**2.73**

(in € millions)	2011	2012 to 2014 (2)	2015
Borrowing 2010 of €125 million maturity 06/18/2015, annual rate fix to 3.05%	3.81	11.44	1.91
Borrowing 2010 of €125 million maturity 06/18/2015, annual rate fix to 3.05%	3.81	11.44	1.91
TOTAL FUTUR INTEREST EXPENSES WITH OTHERS THAN ALLIANZ GROUP	**7.63**	**22.88**	**3.81**

(1) This interest is accumulated over 8 years; the annual interest on loans amounts to €5.45 million.
(2) This interest is accumulated over 3 years; the annual interest by loans amounts to €3.81 million.

NOTE 18. TECHNICAL RESERVES

(in € thousands)	December 31, 2010	Allowance net of write backs	Foreign exchange differences	Other changes	December 31, 2011
Reserve for unearned premiums	303,689	6,385	1,334	344	311,752
Reserve for claims net of forecasts of recoveries	1,327,195	93,223	6,098	(3,645)	1,422,871
Reserve for no-claims bonuses and refunds	150,510	14,012	71	49	164,642
Gross technical reserves	**1,781,394**	**113,620**	**7,503**	**(3,252)**	**1,899,265**
Reserve for unearned premiums	50,510	(9,791)	829	11,870	53,418
Reserve for claims net of forecasts of recoveries	418,760	38,449	389	167	457,763
Reserve for no-claims bonuses and refunds	31,094	4,718	3	(1,035)	34,780
Reinsurers' share of technical reserves	**500,364**	**33,376**	**1,221**	**11,002**	**545,961**
NET TECHNICAL RESERVES	**1,281,030**	**80,244**	**6,282**	**(14,254)**	**1,353,304**

Claims reserves

(in € thousands)	December 31, 2011 Gross	Reinsurance	Net	December 31, 2010 Gross	Reinsurance	Net
Claims reserves gross of recoveries	**1,625,729**	**(509,643)**	**1,116,086**	**1,557,083**	**(470,718)**	**1,086,365**
Current period	923,395	(278,818)	644,577	819,386	(247,103)	572,283
Prior periods	702,334	(230,825)	471,509	737,697	(223,615)	514,082
Recoveries to be received	**(202,858)**	**51,880**	**(150,978)**	**(229,888)**	**51,958**	**(177,930)**
Current period	(103,123)	26,861	(76,262)	(89,986)	19,163	(70,822)
Prior periods	(99,735)	25,019	(74,716)	(139,902)	32,795	(107,107)
CLAIMS RESERVES NET OF RECOVERIES TO RECEIVE	**1,422,871**	**(457,763)**	**965,108**	**1,327,195**	**(418,760)**	**908,435**

Breakdown by type of reserve

(in € thousands)	December 31, 2011 Gross	Reinsurance	Net	December 31, 2010 Gross	Reinsurance	Net
Reserves for unearned premiums	**311,752**	**(53,418)**	**258,334**	**303,689**	**(50,510)**	**253,179**
Claims reserves	**1,422,871**	**(457,763)**	**965,108**	**1,327,195**	**(418,760)**	**908,435**
of which, reserves for known claims	995,738	(351,103)	644,635	922,871	(313,706)	609,165
of which, reserves for late claims	530,033	(147,027)	383,006	532,256	(146,324)	385,932
of which, reserves for claims handling expenses	97,273	(11,512)	85,761	94,995	(7,842)	87,153
of which, other technical reserves	2,685	(1)	2,684	6,960	(2,846)	4,114
of which, recoveries to be received	(202,858)	51,880	(150,978)	(229,887)	51,958	(177,929)
No-claims bonuses and rebates	**164,642**	**(34,780)**	**129,862**	**150,510**	**(31,094)**	**119,416**
Technical reserves	**1,899,265**	**(545,961)**	**1,353,304**	**1,781,394**	**(500,364)**	**1,281,030**

NOTE 19. INSURANCE AND REINSURANCE LIABILITIES

Breakdown by type and by maturity

(in € thousands)	December 31, 2011	December 31, 2010
Policyholders' guarantee deposits and miscellaneous	97,951	91,001
Due to policyholders and agents	119,061	103,624
Liabilities arising from inwards insurance and reinsurance transactions	**217,012**	**194,625**
Due to reinsurers and assignors	86,014	147,495
Deposits received from reinsurers	18,527	24,861
Outwards reinsurance liabilities	**104,541**	**172,356**
TOTAL INSURANCE AND REINSURANCE LIABILITIES	**321,553**	**366,981**

(in € thousands)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL INSURANCE AND REINSURANCE LIABILITIES	**318,747**	**2,806**	**-**	**-**	**321,553**

NOTE 20. OTHER LIABILITIES

(in € thousands)	December 31, 2011	December 31, 2010
Tax and social liabilities	131,816	120,211
Other operating liabilities	129,863	105,413
Deferred income	9,785	9,763
Other accrued expenses	-	0
Other liabilities	12,305	12,266
TOTAL OTHER LIABILITIES	**283,769**	**247,653**

(in € thousands)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL OTHER LIABILITIES	**278,574**	**1,494**	**3,701**	**-**	**283,769**

The other liabilities are mainly liabilities under services agreements for €12.2 million.

NOTE 21. BREAKDOWN OF OPERATING INCOME

	Twelve months ended December 31					
	2011			2010		
(in € thousands)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	2,024,882	(698,056)	1,326,826	1,891,266	(660,868)	1,230,398
Premiums refunded	(122,353)	32,596	(89,757)	(120,885)	33,354	(87,531)
Gross premiums written – credit insurance	1,902,529	(665,460)	1,237,069	1,770,381	(627,514)	1,142,867
Change in unearned premiums	(6,383)	(10,291)	(16,674)	4,818	(7,871)	(3,053)
Earned premiums	**1,896,146**	**(675,751)**	**1,220,395**	**1,775,199**	**(635,385)**	**1,139,814**
Premium-related revenues	378,776	-	378,776	372,535	-	372,535
Turnover	**2,274,922**	**(675,751)**	**1,599,171**	**2,147,734**	**(635,385)**	**1,512,349**
Net investment income	**113,051**	**-**	**113,051**	**123,248**	**-**	**123,248**
Claims paid	(618,235)	193,892	(424,343)	(727,006)	234,316	(492,690)
Claims reserves expense	(90,428)	34,748	(55,680)	102,568	(12,918)	89,650
Claims handling expense	(77,695)	6,864	(70,831)	(80,361)	3,127	(77,234)
Insurance services expense	**(786,358)**	**235,504**	**(550,854)**	**(704,799)**	**224,525**	**(480,274)**
Brokerage commissions	(180,005)	-	(180,005)	(174,432)	-	(174,432)
Other acquisition costs	(199,076)	-	(199,076)	(172,254)	-	(172,254)
Change in acquisition costs capitalised	(1,150)	-	(1,150)	(2,438)	-	(2,438)
Contract acquisition expense	**(380,231)**	**-**	**(380,231)**	**(349,124)**	**-**	**(349,124)**
Impairment of portfolio securities and similar	**-**	**-**	**-**	**-**	**-**	**-**
Administration expense	**(207,766)**	**-**	**(207,766)**	**(193,643)**	**-**	**(193,643)**
Commissions received from reinsurers	**-**	**237,751**	**237,751**	**-**	**194,783**	**194,783**
Other ordinary operating income and expense	**(339,383)**	**-**	**(339,383)**	**(335,466)**		**(335,466)**
CURRENT OPERATING INCOME	**674,235**	**(202,496)**	**471,739**	**687,950**	**(216,077)**	**471,873**

Cost of claims

	Twelve months ended December 31					
	2011			2010		
(in € thousands)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	**1,198,907**	**(350,946)**	**847,961**	**1,092,840**	**(334,480)**	**758,360**
of which, claims paid	253,231	(72,787)	180,444	227,949	(85,783)	142,166
of which, claims reserves	868,086	(273,537)	594,549	775,381	(244,264)	531,117
of which, claims handling expenses	77,590	(4,622)	72,968	89,510	(4,433)	85,077
Recoveries for the current period	**(112,516)**	**28,192**	**(84,324)**	**(128,609)**	**45,423**	**(83,186)**
Recoveries received	(9,925)	3,300	(6,625)	(39,998)	27,171	(12,827)
Change in reserves for recoveries	(102,591)	24,892	(77,699)	(88,611)	18,252	(70,359)
Cost of claims from prior periods	**(288,523)**	**80,953**	**(207,570)**	**(269,805)**	**68,741**	**(201,064)**
of which, claims paid	515,789	(155,751)	360,038	694,617	(205,924)	488,693
of which, claims reserves	(804,415)	238,944	(565,471)	(954,615)	273,359	(681,256)
of which, claims handling expenses	103	(2,240)	(2,137)	(9,807)	1,306	(8,501)
Recoveries from prior periods	**(11,510)**	**6,297**	**(5,213)**	**10,373**	**(4,209)**	**6,164**
Recoveries received	(140,860)	31,345	(109,515)	(153,865)	30,220	(123,645)
Change in reserves for recoveries	129,350	(25,048)	104,302	164,238	(34,429)	129,809
Cost of claims	**786,358**	**(235,504)**	**550,854**	**704,799**	**(224,525)**	**480,274**

NOTE 22. NET FINANCIAL INCOME

(in € thousands)	Year ended December 31, 2011	2010
Revenues from investment property	**1,170**	**1,683**
Revenues from equity & debt securities	**72,866**	**68,764**
Revenues from securities	72,843	68,723
Available for sale assets through equity	-	-
Held to maturity	23	41
Revenues from loans, deposits and other financial investments	**24,706**	**19,996**
Other financial income	**2,326**	**2,913**
Investment income	**101,068**	**93,356**
Depreciation of investment property	(117)	(258)
Investment management expenses	(10,064)	(7,177)
Interest paid to reinsurers	(364)	(377)
Other financial expenses	-	(1)
Investment expense	**(10,545)**	**(7,813)**
Profits (losses) on sales of property	**11,442**	**19,969**
Profits (losses) on sales of securities	**15,117**	**8,495**
Available for sale assets through equity	15,117	8,495
Trading assets	-	-
Held to maturity	-	-
On sales of loans to banks and customers	-	-
Profits (losses) on sales of participating interests	**-**	**1**
Net gain (loss) on sales of investments less impairment and depreciation write backs	**26,559**	**28,465**
Change in fair value of derivatives	(700)	200
Change in fair value of trading assets	-	-
Change in fair value of investments recognised at fair value through the income statement	**(700)**	**200**
Reserve for impairment of investments	(5,830)	(3,982)
Change in impairment of investments	**(5,830)**	**(3,982)**
Net change in foreign currency	**2,499**	**13,022**
Net financial income (excluding financing expense)	**113,051**	**123,248**

NOTE 23. EXPENSES BY DESTINATION ALLOCATED BY NATURE

(in € thousands)	Year ended December 31			Evolution
	2011	2010 Proforma	2010	
Other ordinary operating income and expense	(339,383)	(335,466)	(335,466)	1.17%
Contract acquisition expense	(380,231)	(349,124)	(349,124)	8.91%
Administration expense	(207,766)	(193,643)	(193,643)	7.29%
Claims handling expenses	(65,885)	(85,567)	(94,806)	-23.00%
Investment management charges	(9,877)	(6,887)	(7,813)	43.42%
TOTAL EXPENSES BY DESTINATION	**(1,003,143)**	**(970,687)**	**(980,852)**	**3.34%**

(in € thousands)	Year ended December 31			Evolution
	2011	2010 Proforma	2010	
HR Expenses	(473,507)	(457,201)	(458,925)	3.57%
Brokerage	(217,672)	(204,452)	(205,536)	6.47%
IT & communications	(77,255)	(91,744)	(104,365)	-15.79%
Facilities & occupancy	(48,598)	(44,370)	(47,221)	9.53%
Non IT depreciation & amortization	-	-	(8,053)	0.00%
Legal & consulting fees	(48,244)	(42,406)	(30,229)	13.77%
Other recurring expenses	(137,867)	(130,514)	(126,523)	5.63%
TOTAL EXPENSES BY NATURE	**(1,003,143)**	**(970,687)**	**(980,852)**	**3.34%**

Due to new cost accounting rules, presentation of gross expenses by nature was changed in 2011 without any impact on the gross expenses by destination in P&L.

NOTE 24. OPERATING LEASES

(in € thousands)	December 31, 2011		
	United Kingdom	United States	Netherlands
Less than 1 year	67	2,026	53
1 to 5 years	591	7,519	856
More than 5 years	1,778	3,363	0
TOTAL	**2,436**	**12,908**	**909**

(in € thousands)	December 31, 2010		
	United Kingdom	United States	Netherlands
Less than 1 year	194	1,527	0
1 to 5 years	681	4,810	873
More than 5 years	1,918	3,382	0
TOTAL	**2,793**	**9,720**	**873**

NOTE 25. OTHER ORDINARY OPERATING REVENUES AND EXPENSES

	Year ended December 31	
(in € thousands)	2011	2010
Other technical income	19,398	28,021
Other non-technical income	138	-
Other ordinary operating income	**19,536**	**28,021**
Other technical expense	(350,902)	(354,854)
Other non-technical expense	-	(306)
Employee profit sharing and bonuses	(8,017)	(8,327)
Other ordinary operating expense	**(358,919)**	**(363,487)**
OTHER ORDINARY OPERATING INCOME AND EXPENSE	**(339,383)**	**(335,466)**

The other non-technical income is a netting of interests on defined-benefit plans (-€9.3 million) and interest income of counterpart asset plans (€9.4 million).

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

NOTE 26. OTHER OPERATING REVENUES AND EXPENSES

	Year ended December 31	
(in € thousands)	2011	2010
Other non-ordinary operating expense	(26,713)	(82,943)
Other non-ordinary operating income	18,683	-
OTHER OPERATING INCOME AND EXPENSE	**(8,030)**	**(82,943)**

The other non-ordinary expenses are mainly restructuring expenses provisioned as of December 31, 2010 and consulting fees.

The other non-ordinary income is composed of write backs, used and unused, of the restructuring provisions booked as of December 31, 2010.

NOTE 27. CORPORATION TAX

Breakdown of tax charge

(in € thousands)	December 31, 2011
Corporation tax	142,963
Adjustments relating to prior years	-
Provision for tax uncertainties & penalties	8,400
Other	(13,157)
Total current tax	**138,206**
Timing differences	51,613
Change in tax rate or new tax	7,576
Tax benefits relating to prior years	(379)
Other	(66,849)
Total differed tax	**(8,039)**
TOTAL CORPORATION TAX AS REPORTED IN THE INCOME STATEMENT	**130,167**

Tax proof

(in € thousands)		
Consolidated income before taxes	**463,671**	
Theoretical tax rate		34.43%
Tax at theoretical tax rate	(159,642)	
Tax at effective tax rate	(130,166)	28.07%
Difference	**(29,476)**	**6.36%**
Impact of differences between group and local tax rates	**31,629**	**-6.82%**
o/w Swiss tax rate impact 17,5%	22,271	-4.80%
o/w British tax rate impact 26,5%	960	-0.21%
o/w German tax rate impact 32,28%	3,445	-0.74%
o/w German special tax rate impact 16,45% (Bürgel)	1,282	-0.28%
o/w Luxembourg tax rate impact 30%	1,120	-0.24%
o/w Polish tax rate impact 19%	247	-0.05%
o/w Italian basis tax rate impact 27.5%	1,138	-0.25%
o/w Other OE's tax rate impact	1,165	-0.25%
Local specific taxes	**(4,652)**	**1.00%**
o/w CVAE – France (1%)	(2,874)	0.62%
o/w IRAP – Italy (4,97%)	(2,779)	0.60%
o/w German trade tax	1,001	-0.22%
Restatement of the equity method net income impact	**5,684**	**-1.23%**
Prior year's tax reappraisal	**471**	**-0.10%**
Change in tax rates (mainly in Italy & in the UK)	**1,127**	**-0.24%**
Non taxable local net income for the funds Euler & Euro Gestion	**4,059**	**-0.88%**
Utilization of Net Ordinary Losses previously unrecognized (Swiss Branch)	**960**	**-0.21%**
Utilization of Net Ordinary Losses previously unrecognized (EH Services)	**287**	**-0.06%**
Belgian notionals interests	**868**	**-0.19%**
US State Taxes	**(733)**	**0.16%**
Non deductible dividends (5%)	**(4,775)**	**1.03%**
Tax impact of Hong Kong branches in Germany & Run-Off of Baltics activities	**(2,020)**	**0.44%**
Provision for tax uncertainties	**(4,385)**	**0.95%**
Cancellation of deferred taxes on Fiscal Funds Perfectis	**(760)**	**0.16%**
Other	**1,715**	**-0.37%**

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 28.07%.

The main variances are due to the difference between the 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	
	2011	**2010**
Distributable net income (in € thousands)	330,267	294,452
Weighted average number of ordinary shares before dilution	43,793,689	43,687,621
Earnings per share (in €)	**7.54**	**6.74**
Distributable net income (in € thousands)	330,267	294,452
Weighted average number of ordinary shares after dilution	43,816,737	43,782,712
Diluted earnings per share (in €)	**7.54**	**6.73**

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 23,048 in 2011 (95,091 in 2010). 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 25, 2012 the payment of a dividend of €4.40 *per* share for financial year 2011.

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.

Profit & loss by segment

	Twelve months ended December 31, 2011									
(in € thousands)	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
Of which, dividends	*(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**
o/w	-									
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

	Twelve months ended December 31, 2010									
(in € thousands)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia-Pacific	Reinsurance group	Group services	Inter-segment eliminations	Group
Premiums written	674,944	347,498	424,326	177,539	188,678	44,528	955,988	-	(922,235)	1,891,266
Premiums refunded	(54,339)	(32,685)	(23,635)	(5,200)	(2,562)	(1,326)	(59,517)	-	58,379	(120,885)
Change in unearned premiums	967	438	3,631	1,647	(3,750)	1,204	(14,140)	-	14,821	4,818
Earned premiums – non-Group	**621,572**	**315,251**	**404,322**	**173,986**	**182,366**	**44,406**	**882,331**	**-**	**(849,035)**	**1,775,199**
Premium-related revenues – non-Group	169,984	75,037	67,389	48,004	32,701	15,833	-	24,281	(60,694)	372,535
Turnover – intra-sectoral	**791,556**	**390,288**	**471,711**	**221,990**	**€ 215,067**	**60,239**	**882,331**	**24,281**	**(909,729)**	**2,147,734**
Investment income	69,938	43,298	11,065	8,070	10,572	5,022	11,701	197,883	(234,301)	123,248
Of which, dividends	*(3,958)*	*(1)*	*-*	*-*	*-*	*-*	*-*	*(193,935)*	*197,894*	*-*
Total ordinary income	**861,494**	**433,586**	**482,776**	**230,060**	**225,639**	**65,261**	**894,032**	**222,164**	**(1,144,030)**	**2,270,982**
Insurance services expense	(246,029)	(103,989)	(212,163)	(74,194)	(53,445)	(18,491)	(277,465)	-	280,977	(704,799)
Outwards reinsurance expense	(357,500)	(124,938)	(249,724)	(113,763)	(120,148)	(28,368)	(489,979)	-	849,035	(635,385)
Outwards reinsurance income	232,751	81,710	178,678	74,483	69,064	18,994	276,431	-	(512,803)	419,308
Other income and expense	(317,982)	(152,517)	(174,014)	(107,495)	(86,128)	(31,474)	(243,905)	(56,615)	291,897	(878,233)
Total other income and expense	**(688,760)**	**(299,734)**	**(457,223)**	**(220,969)**	**(190,657)**	**(59,339)**	**(734,918)**	**(56,615)**	**909,106**	**(1,799,109)**
Ordinary operating income	**172,734**	**133,852**	**25,553**	**9,091**	**34,982**	**5,922**	**159,114**	**165,549**	**(234,924)**	**471,873**
Other operating income and expense	(41,540)	(2,634)	(23,619)	(9,126)	(1,799)	-	-	(4,225)	-	(82,943)
Operating income	**131,194**	**131,218**	**1,934**	**(35)**	**33,183**	**5,922**	**159,114**	**161,324**	**(234,924)**	**388,930**
Financing expense	(532)	(102)	(1,693)	(290)	(417)	(14)	(126)	(16,257)	5,859	(13,572)
Income from companies accounted for by the equity method	10,660	5,142	-	-	-	-	-	-	-	15,802
Corporation tax	(29,473)	(39,462)	3,945	21	(11,433)	(589)	(28,822)	12,436	-	(93,377)
Consolidated net income	**111,849**	**96,796**	**4,186**	**(304)**	**21,333**	**5,319**	**130,166**	**157,503**	**(229,065)**	**297,783**
o/w	-									
NET INCOME, GROUP SHARE	**108,689**	**96,424**	**4,186**	**(103)**	**21,333**	**5,319**	**130,166**	**157,503**	**(229,065)**	**294,452**
Minority interests	3,160	372	-	(201)	-	-	-	-	-	3,331

Depreciation, amortization and provisions by segment

(in € thousands)	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)**

(in € thousands)	Twelve months ended December 31, 2010									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia-Pacific	Reinsurance group	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(13,352)	(2,910)	(289)	(11)	(985)	-	-	88	-	**(17,459)**

Amortization and impairment charges on non-current assets are now analyzed by function. Consequently, the breakdown is no longer directly visible in the consolidated income statement in the 2010 and 2011 financial statements.

Balance sheet by segment

(in € thousands)	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**

	December 31, 2010									
(in € thousands)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia-Pacific	Reinsurance group	Group services	Inter-segment eliminations	Group
Goodwill	-	-	65,117	7,803	31,731	3,064	-	(2)	-	107,713
Other intangible assets	29,662	10,849	8,363	3,125	3,571	977	1,371	9,902	(2,266)	65,554
Investments – insurance businesses	551,257	782,450	149,059	151,836	87,926	9,877	193,776	1,843,071	(316,074)	3,453,178
Investments accounted for by the equity method	63,715	34,352	-	-	-	-	-	(1)	-	98,066
Share of assignees and reinsurers in the technical reserves and financial liabilities	222,274	61,825	221,549	167,103	69,183	28,497	283,996	110	(554,173)	500,364
Insurance and reinsurance receivables	94,718	80,982	196,466	53,264	61,565	17,930	241,015	(47)	(154,560)	591,333
Other assets	304,794	154,907	134,938	87,539	76,993	(14,930)	51,180	170,069	(122,513)	842,977
TOTAL ASSETS	**1,266,420**	**1,125,365**	**775,492**	**470,670**	**330,969**	**45,415**	**771,338**	**2,023,102**	**(1,149,586)**	**5,659,185**
Technical reserves	461,371	234,352	482,308	352,984	194,756	49,544	553,208	48	(547,177)	1,781,394
Liabilities related to inwards insurance and reinsurance transactions	19,962	69,770	32,885	21,697	3,402	4,581	(6,923)	442	48,809	194,625
Liabilities related to outwards reinsurance transactions	36,356	10,664	108,235	36,389	24,679	433	211,053	43	(255,497)	172,355
Other liabilities	423,890	264,267	131,753	68,605	43,456	6,989	9,088	732,439	(318,115)	1,362,372
TOTAL LIABILITIES	**941,579**	**579,053**	**755,181**	**479,675**	**266,293**	**61,547**	**766,426**	**732,972**	**(1,071,980)**	**3,510,746**

NOTE 30. RELATED PARTIES

Euler Hermes is owned mainly by the Allianz France 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	59.49%
Allianz Vie	3,879,818	8.59%
Treasury shares	1,481,765	3.28%
Sub-total	**32,225,813**	**71.36%**
Public (bearer securities)	12,933,664	28.64%
TOTAL	**45,159,477**	**100.00%**

Transactions

	Twelve months ended December 31							
	2011				2010			
(in € thousands)	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures	Allianz SE	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating income	48,749	-	-	26,296	41,447	-	-	16,328
Insurance services expense	(14,697)	-	-	(18,327)	(43,535)	-	-	(1,178)
Net income or expense on reinsurance	(74,255)	-	-	(146)	(57,517)	-	-	(68)
Financing expense	-	(5,530)	(2,705)	-	-	(3,662)	(4,268)	-
Other financial net incomes	(12,582)	-	-	(6,990)	(9,993)	-	-	(2,109)

Receivables and liabilities

	December 31, 2011				December 31, 2010			
(in € thousands)	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures
Financial Investments (Allianz SE bond)	160,000	-	-	-	160,000	-	-	-
Current accounts (accrued interests included)	(41,112)	-	(1,207)	1,817	(22,854)	-	(237)	(200)
Net operating receivables	2,525	-	-	763	1,831	-	-	3,087
Borrowings (accrued interests included)	-	137,879	-	-	-	137,879	110,936	-
Operating liabilities	(3,018)	-	-	274	1,140	-	201	237

The following entities invested in Allianz SE 3-year corporate bonds for a total amount of €160 million:

- Euler Hermes Reinsurance AG;
- Euler Hermes Kreditversicherungs AG;
- Euler Hermes holdings UK Plc;
- Euler Hermes SIAC spa;
- Euler Hermes SFAC SA.

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

The loan of 110 million signed with Allianz France International, and whose term was planned for September 2012, was partially paid off for €75 million in July 2011; the balance of the refund, for €35 million, was paid in December 2011.

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

Remuneration of senior executives

MEMBERS OF THE GROUP MANAGEMENT BOARD

	December 31	
(in € thousands)	**2011**	**2010**
Salaries and other short-term benefits for the year	6,108	5,902
Capital gain from SAR/RSU exercise	-	-
Benefits in kind	105	51
Other indemnities	1,435	206
TOTAL	**7,648**	**6,159**
Share-based attribution (number)		
• Euler Hermes options & LTI EH	-	-
• AEI (ex RSU)	21,772	19,374

Details related to the stock option plans are set out in Note 31.

As with all employees who receive their salaries in France, the members of the Group Management Board benefit from a mandatory defined-contribution plan of which the employer share is 1% of the gross amount of salaries.

Some members of the Group Management Board who are solely corporate officers and are not employees are protected by special agreements in the case of cessation of activity. These agreements are intended to replace the statutory provisions protecting salaried employees in the event of dismissal. These specific provisions concern Mr. Verstraete and Mr. Oevermann.

For Wilfried Verstraete, gross compensation would total 200% of his last fixed and variable annual remuneration.

Dirk Oevermann would receive compensation worth two years of variable remuneration (annual bonus + mid-term bonus).

In accordance with the TEPA law dated August 21, 2007, this compensation is subject to meeting performance criteria.

Dirk Oevermann's performance condition is met if the average rate of return on risk-adjusted capital (RoRAC) as observed by the Supervisory Board in the consolidated financial statements audited over the past two financial years before his cessation of activity is greater than or equal to the rate for the budget approved in the Planning Dialogue. In the event of removal in the first two years of office, *i.e.* on or before December 31, 2011, the performance condition is met if the RoRAC as observed by the Supervisory Board in the audited 2010 consolidated financial statements is greater than or equal to 6.23% for 2010.

For Wilfried Verstraete, the performance condition is considered to have been met if the average RoRAC as recorded by the Supervisory Board in the audited consolidated financial statements for the two years prior to the cessation of activity, exceeds 9%. In the event of removal from office between January 1, 2010 and December 31, 2011, the performance condition is considered to have been met if annual RoRAC as observed by the Supervisory Board in the consolidated interim financial statements available from the 2nd half of 2009 exceeds the rate retained for the 2010 Strategic Dialogue, *i.e.* 7%.

MEMBERS OF THE SUPERVISORY BOARD

	December 31	
(in € thousands)	**2011**	**2010**
Remuneration related to their offices in Euler Hermes	161	114
Remuneration related to their functions in other entities of the Allianz group	7,327	5,765
Salaries and other short term benefits for the year	*7,067*	*5,592*
Capital gain from SAR/RSU exercise	-	-
Benefits in kind	*260*	*173*
TOTAL	**7,488**	**5,879**
Share-based payments (number):		
• AEI (ex RSU)	20,130	36,356

Furthermore, Wilfried Verstraete and Gerd-Uwe Baden, members of the Group Management Board, benefited from an additional pension plan of the Allianz Group.

NOTE 31. STOCK OPTION PLANS

Euler Hermes stock option plans

AMOUNT CHARGED IN THE CONSOLIDATED INCOME STATEMENT

(in € thousands)	2011	2010
Charge in respect of the June 22, 2008 allocation of share purchase options	0	217
TOTAL	**0**	**217**

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 2003	July 2004	June 2005	September 2006	June 2008
Fair value of options allocated	8.93	11.66	13.10	22.29	6.83
Characteristics					
Date of EGM	04/23/2003	04/23/2003	04/23/2003	05/22/2006	05/22/2006
Period of validity of options	8 years	8 years	8 years	8 years	8 years
Rights vesting period	2 years	2 years	2 years	2 years	2 years
Assumptions					
Risk-free interest rate	3.80%	4.16%	3.01%	4.01%	4.72%
Expected volatility (1)	30%	30%	25%	25%	33%
Rate of return on shares	2.81%	4.14%	3.98%	3.74%	10.51%

(1) Expected volatility is calculated using historical market prices.

Sundry restrictions

- Subscription plans adopted by the EGM of April 23, 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 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 23, 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 allocation date. The shares purchased are transferable either immediately or after a period of four years from the date of the offer (other than in the event of loss of employment, retirement, incapacity or death), depending on the country.

- Mixed plans adopted by the EGM of May 22, 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 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

At December 31, 2011, the following options are potentially exercisable:

	Subscription plans (1)			Purchase plans (2)	
Allocation date	**July 2003**	**July 2004**	**June 2005**	**September 2006**	**June 2008**
Number of options outstanding	0	58,533	143,050	151,400	127,400
End of subscription period	July 2011	July 2012	June 2013	September 2014	June 2016
Exercise price of valid options at end of period	0.00	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. The subscription plan of July 8, 2003 fell due on July 7, 2011, 34,645 options were raised and 4,800 options were lost during the exercise.
(2) The EGM of May 22, 2006 authorized the allocation of share purchase and/or subscription options to all Euler Hermes Group employees and also to its corporate officers. The options granted in September 2006 were purchase options only. The Group Management Board of June 20, 2008 approved the request from the Supervisory Board of June 15, 2008 related to the granting of a purchase plan (authorized by the Combined Shareholder's Meeting of May 22, 2006).

Transactions under the share option plans since January 1, 2010 may be summarized as follows:

	Year ended December 31, 2011				
	Average exercise price (in €)	**Number of options**	**Average price of EH share on exercise dates** (in €)	**Average residual term** (in years)	**Exercise price range of options still outstanding at end of period** (in €)
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**

	Year ended December 31, 2010				
	Average exercise price (in €)	**Number of options**	**Average price of EH share on exercise dates** (in €)	**Average residual term** (in years)	**Exercise price range of options still outstanding at end of period** (in €)
Start of period	**63.00**	**566,750**	-	-	-
Allocation	-	-	-	-	-
Fiscal Year	34.45	19,522	34.45	-	-
Cancellation	65.74	2,200	-	-	-
End of period	**64.01**	**545,028**	0.00	**3.24**	**27,35-91,82**

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. 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 executives 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 € thousands)	05/19/2004	05/18/2005	05/17/2006	03/08/2007	03/06/2008	03/12/2009	03/11/2010	Total
Fair value at December 31, 2011 (in €)	**0.00**	**0.77**	**0.30**	**0.08**	**1.73**	**21.96**	**5.03**	
Total commitment	0	26	10	2	46	361	164	610
Opening commitment	97	177	45	26	170	261	202	978
Charge recognised during the period	374	(151)	(35)	(24)	(124)	(15)	(112)	(87)
Exercise of options	(471)	0	0	0	0	0	0	(471)
Closing commitment	**0**	**26**	**10**	**2**	**46**	**246**	**90**	**420**

(in € thousands)	03/08/2007	03/06/2008	03/12/2009	03/11/2010	03/10/2011	Total
Fair value at December 31, 2011 (in €)	**73.91**	**69.64**	**65.03**	**60.12**	**60.12**	
Total commitment	1,007	893	526	974	1,413	4,812
Opening commitment	855	548	201	326	0	1,930
Charge recognised during the period	110	115	78	110	503	916
Exercise of options	0	0	0	0	0	0
Closing commitment	**965**	**663**	**279**	**436**	**503**	**2,846**

SAR

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

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

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.

RSU

On the exercise date, after a five-year vesting period, Allianz can choose to remunerate the RSU in cash or by allocating 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 31, 2011

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 recognized as the rights are vested, and is thus spread over two years for the SAR (except March 2009 plan, 4 years) and five years for the RSU. At December 31, 2011, the liability relating to the SAR and RSU still to be exercised amounted to €3,266 thousands.

Information on plans currently in effect

	SAR							RSU					
Allocation date	**Rights vesting period** (in years)	**Reference price** (in €)	**SAR at the opening**	**SAR granted**	**SAR cancelled**	**SAR exercised**	**SAR transfered**	**Rights vesting period** (in years)	**RSU granted**	**RSU at the opening**	**RSU cancelled**	**RSU exercised**	**RSU transfered**
05/19/2004	2	83.47	26,632	-	-	(26,632)	-	-	-	-	-	-	-
05/18/2005	2	92.87	34,190	-	-	-	-	-	-	-	-	-	-
05/17/2006	2	132.41	33,288	-	-	-	-	-	-	-	-	-	-
03/08/2007	2	160.13	27,062	-	-	-	-	5	13,619	-	-	-	-
03/06/2008	2	117.38	26,436	-	-	-	-	5	12,826	-	-	-	-
03/12/2009	4	51.95	16,452	-	-	-	-	5	8,081	-	-	-	-
03/11/2010	4	87.36	32,629	-	-	-	-	5	16,197	-	-	-	-
03/10/2011	-	-	-	-	-	-	-	4	-	23,510	-	-	-

Euler Hermes Group long-term incentive plans

In 2011, Euler Hermes Group long-term incentive (LTI) plans were implemented. 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 € thousands)	**03/01/2011**	**Total**
Fair value at December 31, 2011 (in €)	**45.75**	
Total commitment	2,477	2,477
Opening commitment	0	0
Charge recognised during the period	954	954
Exercise of options	0	0
Closing commitment	**954**	**954**

EH RSU

The EH LTI is granted in the form of RSU of Euler Hermes with a four-year 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 1, 2011.

After the Vesting Date of the EH RSU (March 2015 for the first EH RSU granted), the participant shall 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:

(The average closing prices of the Euler Hermes stock on the 10 days at the end of the vesting period
(-) Euler Hermes stock price at the allocation date)
(x) Number of granted EH RSU

Information on plans currently in effect:

	EH RSU						
Allocation date	Rights vesting period (in years)	RSU at the opening	RSU granted	RSU cancelled	RSU exercised	RSU transfered
03/01/2011	4	-	54,144	-	-	-

The attribution for 2011 for the Group Management Board was:

- RSU Allianz 8,696;
- RSU Euler Hermes 13,076.

NOTE 32. GROUP EMPLOYEES (CONTRACTED HEADCOUNT)

	December 31, 2011	December 31, 2010
Germany & Switzerland	1,959	2,073
France	950	941
Northern Europe	1,342	1,375
Mediterranean Countries & Africa	570	603
America	549	528
Asia-Pacific	192	166
Captive of reinsurance	9	9
Service Group	594	509
TOTAL EULER HERMES GROUP	**6,165**	**6,204**

Staff costs totaled €473.5 million for the year ended December 31, 2011 against €458.9 million in 2010. Remuneration paid to members of the Group Management Board during the year came to €7,648 thousand and €7,488 thousand for members of the Supervisory Board (of which €161 thousand related to office and €7,327 thousand related to function in other group Allianz entities.

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 NV Interpolis Kreditverzekeringen). The headcount of companies accounted for by the equity method is not taken into account.

NOTE 33. COMMITMENTS GIVEN AND RECEIVED

(in € thousands)	December 31, 2011	December 31, 2010
Commitments received	**9,462**	**11,125**
Deposits, sureties and other guarantees	9,462	11,125
Commitments given	**107,292**	**14,519**
Deposits, sureties and other guarantees	107,292	14,519
of which, commitments to Citibank	50,000	-
of which, commitments to Société Générale	38,643	-
of which, commitments associated with membership of an EIG	51	54
of which, securities buyback agreement	-	-

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

The €38.6 million commitment is a guarantee to Romanian bank BRD, a subsidiary of Société Générale Group, in relation to the issuance of a bond policy by Euler Hermes Kredietverzekering NV.

NOTE 34. AUDITORS' FEES

	KPMG Audit FS II				ACE			
	Amount		%		Amount		%	
(in € thousands)	2011	2010	2011	2010	2011	2010	2011	2010
Audit								
• Statutory audit and report on company and consolidated financial statements								
• Issuer	354	405	10%	12%	182	126	44%	31%
• Fully-consolidated subsidiaries	2,567	2,379	73%	72%	212	267	51%	64%
• Other services directly related to appointment as Statutory Auditor								
• Issuer	161	294	5%	9%	19	19	5%	5%
• Fully-consolidated subsidiaries	216	153	6%	5%				
Sub total	**3,298**	**3,231**	**94%**	**98%**	**413**	**412**	**100%**	**100%**
Other services provided to fully-consolidated subsidiaries								
• Legal, tax and social	35	31	1%	1%				
• IT	15	14	0%	1%				
• Strategy	150		4%					
• Human resources								
• Other	5	9	0%	0%				
Sub total	**206**	**54**	**6%**	**2%**				
TOTAL	**3,504**	**3,285**	**100%**	**100%**	**413**	**412**	**100%**	**100%**

NOTE 35. SUBSEQUENT EVENTS

No events occurred subsequent to the December 31, 2011 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 Chapter 4 "Major risk factors and their management within the Group" of this Registration Document.

5.7 Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Euler Hermes SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Group Management Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2 Justification of our assessments

The accounting estimates used in preparing the financial statements as at December 31, 2011 were conducted in an uncertain environment, linked to the financial crisis in the euro area, accompanied by a liquidity and economic crisis, which makes it difficult to grasp the economic outlook. It is in this context that under the requirements of Article L. 823.9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- Your Group set up technical reserves to cover its commitments. Paragraphs 2.7 and 2.23 of Note 2 "IFRS accounting and valuation rules" and Note 18 of the Notes to the consolidated financial statements specify the methodologies used. Based on the information available on the closing date, our assessment of technical reserves was based on the analysis of the calculation methodology used by the different companies in the Group, as well as the assessment of assumptions made.
- Financial investments are recognized and valued using the methods described in paragraph 2.14 of Note 2 "IFRS accounting and valuation rules" and in Note 6 of the Notes to the consolidated financial statements. We checked that the valuation methods used had been correctly applied and then assessed , firstly the data and assumptions used to values them, and secondly, the classification methods selected on the basis of the documentation prepared by the Group.

- The Group performs each year-end, or where there is a indication of a loss in value, an impairment test of goodwill, as described in paragraphs 2.7 and 2.11 of Note 2 "IFRS accounting and valuation rules" and in Note 3 of the Notes to the consolidated financial statements. We examined the methods used to perform this impairment test as well as the cash flow forecasts and other assumptions made.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense and Paris, March 26, 2012

KPMG Audit FS II	ACE – Auditeurs et Conseils d'Entreprise
French original signed by	French original signed by
Régis Tribout	François Shoukry
Partner	*Partner*

6

PARENT COMPANY FINANCIAL STATEMENTS

6.1 Balance sheet as of December 31, 2011

ASSETS

(in €)	Notes	Gross	Amort & depr.	Net 12/31/2011	Net 12/31/2010
Intangible assets	3.1	8,948,546	8,341,822	606,724	1,416,063
Property, plant & equipment	3.1	378,133	327,127	51,006	81,411
Financial assets					
Shares in associated enterprises	3.2	1,686,083,556	10,000,000	1,676,083,556	1,685,977,272
Other financial assets	3.3	91,830,794	15,592,453	76,238,341	118,565,425
Fixed assets		**1,787,241,029**	**34,261,402**	**1,752,979,627**	**1,806,040,171**
Receivables	3.4	68,917,545		68,917,545	59,996,486
Cash and cash equivalents	3.5	41,320,225		41,320,225	137,974,129
Current assets		**110,237,770**		**110,237,770**	**197,970,615**
Translation differences	3.11	**0**		**0**	**0**
TOTAL ASSETS		**1,897,478,799**	**34,261,402**	**1,863,217,397**	**2,004,010,786**
Off-balance sheet commitments received:	5.3			0	0

LIABILITIES

(in €)	Notes	12/31/2011	12/31/2010
Share capital	3.6.1	14,451,033	14,432,874
Additional paid-in capital		454,535,634	452,624,791
Reserves			
• Legal reserve		1,443,614	1,443,614
• General reserve		77,473,535	77,473,535
• Reserve for treasury shares		86,337,135	85,517,335
• Other reserves		180,051,605	180,871,405
Retained earnings brought forward		337,275,873	345,675,158
Income for the financial year		109,230,335	166,830,268
Regulated provisions		87,128	37,810
Shareholders' equity	3.6.2	**1,260,885,892**	**1,324,906,790**
Provisions	3.7	**372,231**	**37,710**
Borrowings and other financial liabilities	3.8	564,821,034	640,218,664
Trade payables and related accounts	3.9	6,938,060	5,353,759
Social security, tax and other liabilities	3.10	27,203,494	29,987,118
Liabilities		**598,962,588**	**675,559,541**
Translation differences	3.11	**2,996,686**	**3,506,745**
TOTAL LIABILITIES		**1,863,217,397**	**2,004,010,786**
Off-balance sheet commitments given:	5.3	110,858,991	13,573,313

6.2 Income statement

(in €)	Notes	2011	2010
Financial and operating income			
Revenues from shares in associated enterprises	4.1	169,851,596	193,935,031
Other financial income	4.2	1,946,167	3,561,072
Write backs of provisions for foreign exchange losses	3.7	0	256,149
Write backs of provisions for impairment of treasury shares	3.3.2	0	4,770,414
Write backs of provisions for impairment of shares in associated enterprises	3.2.2	0	6,171,768
Net income from sale of marketable securities		231,442	50,117
Various services	4.3	3,567,247	4,975,192
Total I		**175,596,452**	**213,719,743**
Financial and operating expenses			
External expenses	4.4	37,479,322	32,945,566
Taxes, duties and similar payments		623,799	418,998
Payroll and social security contributions	4.5	5,763,936	8,982,907
Other ordinary management expenses	5.2	450,000	450,000
Depreciation and amortization of assets	3.1.2	829,396	907,929
Provisions for impairment of shares in associated enterprises	3.2.2	10,000,000	0
Provisions for impairment of treasury shares	3.3.2	15,592,453	0
Other finance expenses	4.6	20,652,289	16,539,109
Total II		**91,391,195**	**60,244,509**
Ordinary income (I - II)		**84,205,257**	**153,475,234**
Exceptional income			
Other exceptional income	4.7	2,197,823	2,847,862
Write backs of provisions	3.7	4,362	2,893
Total III		**2,202,185**	**2,850,755**
Exceptional expenses			
Carrying amount of shares in associated enterprises sold		0	909
Other exceptional expenses	4.7	282,759	2,414,779
Regulated provisions	3.6.2	49,318	37,810
Provisions for impairment	3.1.2	10,348	0
Provisions	3.7	338,883	5,098
Total IV		**681,308**	**2,458,596**
Exceptional income (III - IV)		**1,520,877**	**392,159**
Income tax expense (Surplus)	4.8	**23,504,201**	**12,962,875**
NET INCOME		**109,230,335**	**166,830,268**

6.3 Notes to the Parent Company Financial Statements

These notes should be read in conjunction with the statement of financial position before the allocation of net income for the financial year ended December 31, 2011, which shows total assets of €1,863,217,397, and the income statements, which show net income of €109,230,335.

The financial year covers the 12-month period from January 1 to December 31, 2011.

These notes comprise:

- the accounting policies and principles applied;
- significant events during the financial year;
- notes to the statement of financial position;
- notes to the income statement;
- other information.

These notes and tables form an integral part of the annual financial statements as approved by the Group Management Board and reviewed by the Supervisory Board at its meeting of February 16, 2012.

1 ACCOUNTING POLICIES AND PRINCIPLES

The 2011 Company financial statements have been prepared in accordance with Articles L. 123-12 to L. 123-28 of the French Commercial Code, (the provisions of decree no. 83-1020 of November 29, 1983 now in Articles R. 123-172 to R. 123-208 of the French Commercial Code), the regulations of the Comité de la réglementation comptable (French Accounting Regulations Committee – CRC), and in particular with CRC regulation no. 99 – 03 of April 29, 1999 relating to the revision of the French General Chart of Accounts.

2 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The following events occurred during 2011:

Shares in associated enterprises

Over 2011, Euler Hermes initiated the legal restructuring project “Blue Europe” with the aim of creating a single risk carrier for northern and southern Europe entities besides the risk carriers in Germany and France.

On December 31, 2011, Euler Hermes merged in its Belgium entity, renamed “Euler Hermes Europe”, twelve separate insurance companies or branches.

The new single legal structure is based in Belgium with local branches in the Czech Republic, Denmark, Finland, Hungary, Italy, Netherlands, Norway, Romania, Slovakia, Sweden, UK and Ireland.

The transaction has been authorised by the National Bank of Belgium and the regulatory authorities in the countries concerned. It was approved by the Shareholders’ General Meetings of each of the entities merged and eventually by Euler Hermes Europe on December 31, 2011. The new organization is effective at December 31, 2011.

Before this restructuring, Euler Hermes SA progressively:

- acquired on June 15, 2011, the minority shares of EH Belgium for a price €22,000, in order to hold 100% of EH Belgium;
- fully paid its shares of EH Belgium on November 22, 2011, for a total of €84,284;
- Euler Hermes realized the cross border mergers as of December 31, 2011. The shares of the merged entities Euler Hermes UK plc, Euler Hermes SIAC, Euler Hermes Kreditverzerkering NV were exchanged at their book value for a total of €361,712 thousands.

As of December 31, 2011, Euler Hermes Belgium also turned its name into Euler Hermes Europe.

In addition, the situation of Euler Hermes Collection Sp. Z.o.o. has led the Euler Hermes SA to book an allowance for depreciation of €10 million as of December 31, 2011.

Project of a creation of a joint venture with Mapfre

On July 19, 2011, Euler Hermes and Mapfre, the first Spanish insurance company, signed a memorandum of understanding to build a strategic alliance. The target is to jointly develop the credit and bond insurance businesses in Spain, Portugal and Latin America. Through this alliance, Euler Hermes and Mapfre will both own 50% of a joint venture integrating their existing activities in those markets. The joint venture is expected to start operating in 2012, subject to the completion of the usual conditions including the signing of all relevant agreements and the required regulatory approvals in the relevant countries.

At end of December 2011, €4.6 million gross expenses, mainly consulting fees, have been booked regarding this project (*see 4.4 External charges*).

"Excellence" project

Over 2011, Euler Hermes followed up the Excellence Project. This three years' program, launched in 2010, aims at steering its business in the most efficient way.

Consulting fees relating to this project are booked in external charges for the quota share attributed to the company (*see 4.4 External charges*).

Provision for own detained treasury shares

Due to the drop of the financial markets during the year, a provision for depreciation of treasury stock has been booked for €15,592 thousands (*see 3.3.2 Impairment of other financial assets*).

Headquarters' transfer announced for 2012

The Group and the Paris-based activities will relocate to the First tower in La Défense, France, during the first semester 2012.

On June 20, 2011, a lease was signed, with effective date on January 1, 2012.

3 NOTES TO THE PARENT COMPANY BALANCE SHEET

A – Assets

3.1 Intangible Assets; Property, Plant, and Equipment; and Amortization and Depreciation

3.1.1 Intangible Assets; Property, Plant and Equipment

Intangible assets and property, plant, and equipment were as follows as of December 31, 2011:

(in €)	Gross amount at start of year	Increases	Decreases	Gross amount at year-end
Intangible assets (1)	**8,948,546**	**0**	**0**	**8,948,546**
Software – IRP	8,489,681	0	0	8,489,681
Software – Global Reporting	439,191	0	0	439,191
Software – Other	19,674	0	0	19,674
Property, plant and equipment (2)	**378,133**	**0**	**0**	**378,133**
TOTAL	**9,326,679**	**0**	**0**	**9,326,679**

(1) Intangible assets are mainly comprised of the IRP and Global Reporting software.
(2) Property, Plant, and Equipment comprises IT equipment, which includes two production and receipt servers, fixtures, fittings, and transportation equipment.

3.1.2 Amortization, Depreciation and Provisions of Intangible Assets; Property, Plant and Equipment

The breakdown of amortization, depreciation and provisions at December 31, 2011 was as follows:

(in €)	Amort., Dep. and Prov. at start of year	Charge	Write back	Amort., Dep. and Prov. at year-end
Intangible assets	**7,532,483**	**809,339**	**0**	**8,341,822**
Software – IRP (1)	7,338,279	721,501	0	8,059,780
Software – Global Reporting (2)	174,531	87,838	0	262,369
Software – Other (3)	19,673	0	0	19,673
Property, plant and equipment (4)	**296,722**	**30,405**	**0**	**327,127**
TOTAL	**7,829,205**	**839,744**	**0**	**8,668,949**

(1) The IRP software is amortized on a straight-line basis over a period of seven years corresponding to its estimated useful life.
(2) The Global Reporting software is amortized on a straight-line basis over a period of five years corresponding to its estimated useful life.
(3) Other software is amortized in full.
(4) IT and transportation equipment are amortized on a straight-line basis over a three-year period; fixtures and furniture are amortized on a straight-line basis over a period of one to seven years.

This item also includes an exceptional impairment on all furniture, for the amount of €10,000.

3.2 Shares in Associated Enterprises and Impairment of Shares in Associated Enterprises

3.2.1 Shares in Associated Enterprises

Shares in associated enterprises are long-term investments that are deemed to contribute to Euler Hermes' business, particularly because they enable Euler Hermes to influence the management or assume control of the company concerned.

Shares in associated enterprises are recognized at historical cost (purchase cost or contribution value including any related purchase costs).

Movements in the gross carrying amount of shares in associated enterprises were as follows:

(in €)	Gross amount at start of year	Increases	Decreases	Transfers	Gross amount at end of year
Shares					
Euler Hermes SFAC	170,240,381				170,240,381
Euler Hermes Services	38,112				38,112
Euler Hermes Europe (1)	53,408,321	106,284		361,712,385	415,226,990
Euler Hermes UK plc (1)	238,683,768			(238,683,768)	0
Euler Hermes SIAC (1)	94,535,667			(94,535,667)	0
Euler Hermes ACI Inc	143,541,100				143,541,100
Euler Hermes Kreditversicherungs-AG	540,816,011				540,816,011
Euler Hermes Kredietverzekering NV (1)	28,492,950			(28,492,950)	0
Euler Hermes Reinsurance AG	376,296,492				376,296,492
Euler Hermes World Agency	4,340,440				4,340,440
Euler Hermes Magyar Követeléskezelö Kft	6,514,000				6,514,000
Euler Hermes Servicii Financiare SRL	992,800				992,800
Euler Hermes Servis s.r.o.	2,067,000				2,067,000
Euler Hermes Collection Sp. Z.o.o.	26,008,590				26,008,590
Euler Hermes Services Sp. z o.o.	1,640				1,640
TOTAL	**1,685,977,272**	**106,284**	**0**	**0**	**1,686,083,556**

(1) The securities transactions related to the Blue Europe project were conducted as follows:
- *Euler Hermes brought its investment in the share capital of its subsidiary Euler Hermes Credit Insurance Belgium SA, to 100% by purchasing shares in cash for €22,000 and releasing capital of up to €84,284;*
- *the securities of the subsidiaries Euler Hermes UK plc, Euler Hermes SIAC and Euler Hermes Kredietverzekering NV were transferred to Euler Hermes Credit Insurance Belgium SA, at their net carrying amount, for the total amount of €361,712,000.*
  In exchange, Euler Hermes received securities in its Belgian subsidiary, now known as Euler Hermes Europe.
  As of December 31, 2011, Euler Hermes owns 664,193 shares in Euler Hermes Europe, or 89.45% of its share capital.
  (see 2 Significant events during the financial year)

3.2.2 Impairment of Shares in Associated Enterprises

At each year-end, shares in associated enterprises are re-measured based on their value in use. When necessary, an impairment provision is recognized on an individual investment basis, taking into account both the value in use and the general prospects of the subsidiary concerned.

An impairment was recorded on the Company Euler Hermes Collections Sp. Z.o.o., formerly Euler Hermes Zarzadzanie Ryzykiem Sp. z.o.o. in the amount of €10,000,000 (*see 2 Significant events during the financial year*).

3.3 Other financial assets

3.3.1 Other financial assets

This item mainly comprises:

- a Swiss franc-denominated advance equivalent to €13,975,000 intended to cover the organizational funding of Euler Hermes Reinsurance AG, including an unrealized foreign exchange gain of €2,997,000 (*see 3.11 Translation Difference*);

- treasury shares with a gross value of €77,855,000.

The two loans granted to Euler Hermes UK plc in 2009 for the amount of £32,000,000 were fully repaid ahead of their due date. This generated a foreign exchange loss of €377,000.

As part of Euler Hermes' treasury shares buyback program, authorized by the Extraordinary Shareholders' Meeting of April 7, 2000, the Company held treasury shares at year-end representing 3.28% of the share capital, as shown below:

(in €)	Gross amount at start of year	Increases	Decreases	Gross amount at year-end
Purpose for which held				
Unrestricted use				
• number of shares	1,267,444		1,800 (1)	1,265,644
• average price	52.937			52.937
• total	**67,094,475**		**95,286**	**66,999,188**
% of share capital	*2.81%*			*2.80%*
Adjustment of share price (2)				
• number of shares	0	500,959	284,838	216,121
• average price	0			50.229
• total	**0**	**30,110,181**	**19,254,634**	**10,855,548**
% of share capital	*0%*			*0.48%*
TOTAL	**67,094,475**	**30,110,181**	**19,349,920**	**77,854,736**

(1) During 2011, 1,800 options related to share acquisition plans were exercised (see 5.5 Share Acquisition Option Plans).
(2) Given the fall in the Euler Hermes share price, treasury shares allocated to the liquidity contract were purchased in order to boost the share price.

3.3.2 Impairment of Other Financial Assets

For the purposes of the statement of financial position, treasury shares are measured using the average market price during the last month of the financial year.

An impairment provision was thus recognized on the income statement in the amount of €15,592,000 (*see 2 Significant Events during the Financial Year*), broken down as follows:

(in €)	Provision at start of year	Charge	Write back	Provision at year-end
Impairment of treasury shares: general adjustment	0	13,818,093	0	13,818,093
Impairment of treasury shares: share price adjustment	0	1,774,360	0	1,774,360
TOTAL	**0**	**15,592,453**	**0**	**15,592,453**

3.4 Receivables

As in 2010, this item mainly includes the balances of transactions between subsidiaries included in the Euler Hermes tax group (*See 4.8.1 Tax Liability and tax consolidation surplus*).

All receivables are due within one year.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and money market funds.

B – Liabilities

3.6 Shareholders' equity

3.6.1 Composition of the Share Capital

At December 31, 2010, the share capital comprised 45,102,732 shares with a total nominal value of €14,432,874.

During 2011, 56,745 options relating to share subscription option plans were exercised for an amount of €1,929,000, corresponding to a capital increase of €18,159 and additional paid-in capital of €1,910,843 (*see 5.4 Share Subscription Option Plans*).

At year-end, the share capital thus comprised 45,159,477 fully subscribed shares with a total nominal value of €14,451,033.

3.6.2 Changes in shareholders' equity

Movements during the year were as follows:

(in €)	12/31/2010	Allocation of 2010 income	Dividends paid	Other movements during the year	12/31/2011
Share capital	14,432,874			18,159	14,451,033
Additional paid-in capital	452,624,791			1,910,843	454,535,634
Reserves					
• Legal reserve	1,443,614				1,443,614
• General reserve	77,473,535				77,473,535
• Reserve for treasury shares	85,517,335			819,800	86,337,135
• Other reserves	180,871,405			(819,800)	180,051,605
Retained earnings brought forward	345,675,158	166,830,268	(175,229,553)		337,275,873
Income for the year	166,830,268	(166,830,268)		109,230,335	109,230,335
Regulated provisions	37,810			49,318	87,128
TOTAL	**1,324,906,790**	**0**	**(175,229,553)**	**111,208,655**	**1,260,885,892**

RESERVE FOR TREASURY SHARES

The treasury shares reserve was increased by €820,000 to take into account, in respect of the 2010 financial year, share purchases and sales carried out under the terms of the liquidity contract. This provision was deducted in full in the "Other Reserves" item, in accordance with the decision of the Shareholders' Meeting of May 20, 2011.

As of December 31, 2011, the treasury shares reserve amounted to €86,337,000.

REGULATED PROVISIONS

Regulated provisions correspond to the depreciation of the purchase costs of shares in Euler Hermes Collections Sp. Z.o.o., formally Euler Hermes Zarzadzanie Ryzykiem Sp. z o.o., over a five-year period, for a total sum of €247,000.

3.7 Provisions

Provisions were as follows:

(in €)	Provision at start of year	Allocation	Write back	Provision at year-end
Other provisions	37,710	338,883	4,362	372,231
TOTAL	**37,710**	**338,883**	**4,362**	**372,231**

The other existing provisions in the amount of €372,000 correspond to the best risk estimate at year-end.

3.8 Statement of loan maturities

The breakdown of "Loans and Other Borrowings" by maturity is as follows:

(in €)	12/31/2011	12/31/2010	Change
Less than one year	179,821,034	125,218,664	54,602,370
One to five years	250,000,000	380,000,000	(130,000,000)
Over five years	135,000,000	135,000,000	0
TOTAL	**564,821,034**	**640,218,664**	**(75,397,630)**
Of which due to related companies	*310,666,611*	*386,064,052*	*(75,397,441)*

An early repayment was made to Allianz France International for a nominal amount of €110,000,000. A compensatory payment of €650,000 was paid in relation to this.

Interest totaled €19,761,000 as of December 31, 2011 (*see 4.6 Other Financial Expenses*).

3.9 Trade payables

Trade payables consisted primarily of accruals for supplier invoices not yet received at the balance sheet date totaling €6,928,000.

The payables are due within one year.

3.10 Social security, tax and other liabilities

As in 2010, this item mainly includes the balances of transactions between subsidiaries included in the Euler Hermes tax group (*see 4.9.1 Tax Liability*).

The maturity of borrowings is as follows:

- borrowings maturing in less than one year: €21,420,000;
- borrowings maturing in one to five years: €5,783,000.

3.11 Translation differences

Unrealized foreign exchange gains and losses on foreign currency transactions are offset by currency.

The breakdown of the unrealized foreign exchange gains recognized under translation adjustments (liabilities) as of December 31, 2011 is as follows:

(in €)	Currency	12/31/2011	12/31/2010
Other financial assets (see 3.3.1 *Other financial assets*)	CHF	2,996,686	2,617,992
	GBP	0	888,753
TOTAL		**2,996,686**	**3,506,745**

4 NOTES TO THE INCOME STATEMENT

4.1 Revenues from associated entreprises

This item comprises dividends received from associated companies, as follows:

(in €)	2011	2010
Euler Hermes Kreditversicherungs-AG	60,008,000	101,504,000
Euler Hermes SFAC	88,636,689	73,393,437
Euler Hermes ACI	20,761,246	15,037,594
Euler Hermes Kredietverzekering NV	0	4,000,000
Euler Hermes Servicii Financiare SRL	445,661	0
TOTAL	**169,851,596**	**193,935,031**

4.2 Other financial income

This item mainly comprises:

- interest on loans granted to Euler Hermes UK plc (*see 3.3.1 Other Financial Assets*);
- foreign exchange gains on foreign currency transactions;
- income from cash investments.

The share corresponding to associated companies amounts to €354,000.

4.3 Sundry services

This item includes €906,000 recharged to subsidiaries that are not included in the cost-sharing agreement for IRP system license fees.

It also includes €2,661,000 re-billed to the same subsidiaries for IRP system maintenance.

4.4 External charges

This item includes:

- the external structural charges of Euler Hermes;
- the operating costs for the IRP and Global Reporting systems;
- the fees incurred by the various projects undertaken in 2011, such as Excellence, Blue Europe and Mapfre (*see 2 Significant Events during the Financial Year*).

4.5 Payroll and social security contributions

This item comprises remuneration and bonuses for corporate officers and Company employees.

4.6 Other financial expenses

This item mainly comprises interest on loans from associated companies in an amount of €11,988,000, including €7,773,000 of accrued interest on loans taken out with credit institutions (*see 3.8 Loans and Other Financial Borrowings*).

4.7 Other exceptional income and expenses

This item includes the surplus and deficit from the buyback of treasury shares for €111,000 and €247,000 respectively.

It also includes a tax adjustment pertaining to previous financial years in the amount of €1,905,000.

4.8 Tax

The breakdown of the tax expense for the year is as follows:

(in €)	2011	2010
Tax consolidation surplus	23,597,972	11,441,298
Deferred tax	(93,771)	1,521,577
TOTAL	**23,504,201**	**12,962,875**

4.8.1 Tax liability and tax grouping surplus

Euler Hermes is the head of the tax group formed with its subsidiaries Euler Hermes SFAC, Euler Hermes SFAC Credit, Euler Hermes SFAC Recouvrement, Euler Hermes Services, Euler Hermes Tech, Euler Hermes SFAC Asset Management, CCA, Euler Hermes World Agency, Financière Sirius, and Financière Aldébaran. Each company pays the parent company the tax that it would have paid to the authorities if it had been taxed individually (*see 3.4 Receivables and 3.10 Social Security, Tax and Other Liabilities*).

The Amending Finance Law 2011, adopted by the French Parliament on December 28, stipulated, on an exceptional basis for the 2011 and 2012 financial years, a 5% increase in corporation tax for all companies with a turnover in excess of €250 million.

As the Euler Hermes tax group meets this condition, the 5% increase was applied to the current tax liability at the current rate and at the reduced rate.

To calculate the taxable income of Euler Hermes itself, dividends received from the subsidiaries are deducted in accordance with the parent company/subsidiary tax regime and the share of corresponding expenses and charges is added back. After all deductions and amounts added back, taxable income was negative.

As the total of the individual tax liabilities of the members of the tax group was higher than the tax expense for the tax group, a tax grouping surplus of €23,598,000 was generated in favor of Euler Hermes.

4.8.2 Deferred tax

Deferred tax arises from timing differences between the year in which an income or expense item is recognized in the accounts and its inclusion in the taxable income or loss of a subsequent year. Deferred tax is calculated using the following preferential methods:

- application of the balance sheet liability method, under which unrealized differences are added to the timing differences;
- use of the full provision method, under which recurring differences and differences that will only reverse in the long term are included;
- application of the liability method, under which deferred tax recognized in prior years is adjusted for any changes in the tax rates; the rate used for 2011 and subsequent years is 34.43%.

As none of the significant deferred tax assets and liabilities has a set maturity, discounting has not been applied to any items.

Deferred tax assets and liabilities are offset only when they have the same nature and maturity.

5 OTHER INFORMATION

5.1 Consolidation

Euler Hermes SA, whose shares are listed on the Paris Stock Exchange, is the parent company of the Euler Hermes subgroup and as such publishes consolidated financial statements.

The Company's financial statements are fully consolidated within the financial statements prepared by Allianz (Munich Trade and Companies Registry no. 164 232).

5.2 Attendance fees

Attendance fees paid to members of the Supervisory Board in accordance with the resolution passed by the Combined Shareholders' Meeting of May 20, 2011 amounted to €450,000.

5.3 Off-balance sheet commitments given

These comprise:

- a commitment for a total of €20,359,000 to GIE Euler Hermes SFAC Services, whose headquarters is at 1 rue Euler, 75008 Paris; as a member of this economic interest group, Euler Hermes has a joint and several obligation for the total liabilities of this group reduced by the latter's debts with other members (Article 4, paragraph 1 of ordinance no. 67 821); Euler Hermes shares this commitment with the following subsidiaries and sub-subsidiaries: Euler Hermes SFAC, Euler Hermes SFAC Credit, Euler Hermes SFAC Recouvrement, Euler Hermes Services, Euler Hermes Tech, Euler Hermes SFAC Asset Management, Euler Hermes World Agency, Euler Hermes SFAC Direct;
- a guarantee given to Citibank in the amount of €50,000,000 on all of the credit insurance policies subscribed for by their customers;

- a commitment given in the amount of US$50,000,000 (*i.e.* €38,643,000) at year-end, to BRD, the Romanian subsidiary of Société Générale Group. This commitment ultimately pertains to guaranteeing a client's lack of payment at the Dutch Euler Hermes Europe branch;
- a commitment given to InvestitionsBank des Landes Brandeburg of €1,857,000 needed to obtain a subsidy from the state of Brandenburg;
- a commitment given to Euler Hermes Re AG guaranteeing the payment of financial commitments given by the subsidiary to beneficiaries of a proportional or non-proportional reinsurance policy;
- a commitment given to Euler Hermes Re guaranteeing the payment of financial commitments given by the subsidiary to beneficiaries of a proportional or non-proportional reinsurance policy;
- a commitment given to Euler Hermes Kredietverzekering NV guaranteeing the payment of financial commitments given by the subsidiary to policyholders.

5.4 Share Subscription Plans

A share subscription plan was adopted at the Extraordinary Shareholders' Meeting of April 23, 2003. Following resolutions of the Group Management Board, 380,000 options were granted during financial years 2003 and 2004.

In accordance with the resolution adopted by the Group Management Board on June 27, 2005, 160,000 share subscription options were granted during 2005.

Movements during the financial year are as follows (*see 3.6.1 Composition of the Share Capital*):

Year of allocation	2003	2004	2005
Options remaining to be exercised at start of year	39,445	80,633	143,450
Options exercised (1)	34,645	22,100	0
Options canceled (2)	4,800	0	400
Options remaining to be exercised at year-end	**0**	**58,533**	**143,050**
Exercise price	27.35	44.41	63.08

(1) See Note 3.6 Shareholders' equity.
(2) Options renounced by beneficiaries.

5.5 Share Acquisition Plans

The Extraordinary Shareholders' Meeting of May 22, 2006 approved a mixed share subscription and acquisition option plan for employees and corporate officers of Euler Hermes and of its more than 50%-owned subsidiaries.

In accordance with the resolution passed by the Group Management Board meeting of September 18, 2006, 160,000 share acquisition options were awarded in September 2006.

In accordance with the resolution passed by the Group Management Board meeting of June 20, 2008, 130,000 share acquisition options were awarded in June 2008.

The movements during the financial year were as follows (*see 3.3 Other Financial Assets*):

	05/22/2006	
Date of Shareholders' Meeting	(1st allocation)	(2nd allocation)
Date of Group Management Board meeting	**09/18/2006**	**06/20/2008**
Options remaining to be exercised at start of year	152,300	129,200
Options exercised	0	1,800
Options canceled	900	0
Options remaining to be exercised at year-end	**151,400**	**127,400**
Exercise price (1)	91.82	55.67

(1) Range of exercise prices of options circulating at year-end.

6.4 Table of subsidiaries and participating interests

Subsidiaries and participating interests	Share capital		Other shareholders' equity		Share of capital held (in %)	Carrying amount of securities held gross (in €)	Carrying amount of securities held net [1] (in €)
A. Detailed information concerning securities whose gross value exceeds 1% of the share capital							
Euler Hermes SFAC 1, rue Euler - 75008 Paris	EUR	90,330,400	EUR	157,431,239	99.99%	170,240,380	170,240,380
Euler Hermes Europe [4] 15 rue Montoyer - 1000 Brussels Belgium	EUR	84,979,887 [4.1]	EUR	223,696,297 [4.2]	89.45%	415,226,991	415,226,991
Euler Hermes ACI Holding Inc. 800 Red Brook Boulevard - Owings Mills MD 21117 USA	USD	129,526,334	USD	(7,867,000)	100.00%	143,541,100	143,541,100
Euler Hermes Kreditversicherungs AG Friedensallee 254, 22763 Hamburg Germany	EUR	54,080,000	EUR	704,241,000	100.00%	540,816,011	540,816,011
Euler Hermes Reinsurance AG Tödistrasse 65 - CH-8002 Zürich Switzerland	CHF	376,236,000	CHF	(2,617,000)	100.00%	376,296,492	376,296,492
Euler Hermes World Agency 8 rue Euler - 75008 Paris	EUR	1,540,000	EUR	350,830	100.00%	4,340,440	4,340,440
Euler Hermes Magyar Követeléskezelö Kft Kiscelli u.104 - H-1037 Budapest Hungary	HUF	30,000,000	HUF	372,267,000	100.00%	6,514,000	6,514,000
Euler Hermes Collections Sp. Z.o.o ul.Domaniewska50B - 02-672 Warsaw Poland	PLN	146,000	PLN	5,403,000	100.00%	26,008,590	16,008,590
Euler Hermes Servicii Financiare S.R.L Str Petru Maior, 6 sector 1 - 011262 Bucharest Romania	RON	2,962,000	RON	(183,000)	100.00%	992,800	992,800
Euler Hermes Servis s.r.o Plynarenska 4659/1 - 82109 Bratislava Slovakia	EUR	136,000	EUR	551,000	100.00%	2,067,000	2,067,000
B. Summary information concerning other securities whose gross value does not exceed 1% of the share capital							
French subsidiaries	EUR	40,000	EUR	77,272		38,112	38,112
Foreign subsidiaries	PLN	5,000	PLN	(41,000)		1,640	1,640

(1) Impairment of securities is recorded at year-end when the carrying amount of the securities is greater than the Company's going concern value (see 3.2.2 Impairment of Participating Interests).
(2) The exchange rate used for companies outside the eurozone is the closing rate on December 31, 2011.
(3) Corresponds to organizational funding (see 3.3.1 Other long-Term Investments).
(4) At 12/31/2011, merger of a number of the Group's companies (Euler Hermes UK plc, Euler Hermes SIAC S.p.A and Euler Hermes Kredietverzekering NV) into a new entity, Euler Hermes Europe, formerly Euler Hermes Credit Insurance Belgium SA.
The participating interests of the entities of which Euler Hermes was a shareholder were thus transferred to the Belgian subsidiary, at their carrying amount (see 2. Significant events during the fiscal year).
(4.1) Corresponds to share capital after the merger.
(4.2) Corresponds to the algebraic sum of the items in each subsidiary before the merger on 12/31/2011.
(4.3) Corresponds to turnovers and results of the Belgian entities and of the Czech Republic (retroactive merger as at 01/01/2011).
The sum of the captions before the merger were of:
- *Turnover: € 671,025,927.*
- *Result : € 32,882,405.*

(5) Amounts corresponding to the sub-group Euler Hermes Collections of which Euler Hermes Collections S.p.A. is the holding company.

Outstanding loans and advances (in €)	Sureties and guarantees given (in €)	Net turnover for last fiscal year [2] (in €)	Income for last fiscal year [2] (in €)	Dividends received during the fiscal year [2] (in €)
26,081,675	-	393,755,879	139,518,321	88,636,689
-	-	100,899,000 [4.3]	10,727,000 [4.3]	-
-	-	-	26,607,930	20,761,246
36,599	-	803,324,000	113,666,000	60,008,000
13,974,517 [3]	-	913,436,163	95,166,173	-
2,083,676	-	9,764,055	1,505,969	-
25,110	-	3,290,578	336,770	-
-	-	3,455,137 [5]	(706,595) [5]	-
-	-	2,672,033	1,036,939	445,661
1,471	-	1,990,000	358,000	-
-	-	53,841,619	139,596	-
179,856	-	3,156,797	565,276	-

6.5 Company results over the last five fiscal years

(in €)	2007	2008	2009	2010	2011
Share capital					
Share capital	14,416,804	14,426,313	14,426,627	14,432,874	14,451,033
Number of shares in issue	45,052,513	45,082,230	45,083,210	45,102,732	45,159,477
Maximum number of future shares to be created	325,748	284,630	283,650	263,528	201,583
Transactions and income for the financial year					
Income from ordinary operations (1)	145,271,036	233,530,713	174,776,476	193,935,031	169,851,596
Income before tax, depreciation, amortization, and provisions	125,460,795	202,993,323	146,691,430	142,931,187	112,051,879
Income tax	5,859,876	23,800,042	(492,436)	12,962,875	23,504,201
Income after tax, depreciation, amortization, and provisions	135,597,447	193,457,034	171,874,733	166,830,268	109,230,335
Dividends paid (2)	225,262,565	67,623,345	0	180,410,928	198,701,699
Earnings per share					
Income after tax but before depreciation, amortization, and provisions	2.91	5.03	3.24	3.46	3.00
Income after tax, depreciation, amortization, and provisions	3.01	4.29	3.81	3.70	2.42
Dividend per share	5.00	1.50	0.00	4.00	4.40
Employees					
Average number of employees (3)	2	2	1	1	1

(1) In accordance with CNC notice dated March 27, 1985 and COB bulletin no. 181 of May 1985, in view of Euler Hermes' activity as a holding company, this item comprises ordinary revenues from equity investments instead of turnover.
(2) Includes dividends on treasury stocks, which will be credited to "Retained Earnings" upon payment.
(3) The number relates to corporate officers with an employment contract. There are four other corporate officers.

6.6 Other information

6.6.1 BREAKDOWN OF TRADE PAYABLES

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the breakdown of outstanding debt by maturity in respect of the Group's suppliers at the close of the last two years is provided below:

Liabilities (in €)		12/31/2010		31/12/2011
	Settlement terms		**Settlement terms**	
Suppliers	Immediate	0.00	Immediate	541,070.21
	30 days	0.00	30 days	163,009.18
Supplier invoices not received	-	5,353,758.66	-	6,233,980.43
Trade payables	**-**	**5,353,758.66**	-	6,938,059.82

6.6.2 DIVIDENDS DISTRIBUTED

The table below shows the dividends distributed in the last five financial years. Pursuant to Article 158, 3-2° of the General Tax Code, these sums are eligible for 40% tax relief.

Financial year	2011	2010	2009	2008	2007
Total Dividends (in €)	198,701,699 (1)	180,410,928	0.00	67,623,345	225,262,565
Number of shares on December 31, (including treasury shares)	45,159,477	45,102,732	45,083,210	45,082,230	45,052,513
Dividend per share (in €)	4.40 (1)	4.00	0.00	1.50	5.00

(1) Proposal to the Shareholders' Meeting on May 25, 2012.

The Company's dividend policy in the future will depend on its results and financial position. The Group Management Board decided on the dividend which was put to the vote of the Shareholders' Meeting on May 25, 2012, after the Supervisory Board's approval. Although the Group Management Board intends to maintain this dividend policy over the long term, a dividend which is distributed for a given year will depend on different factors, in particular the Company's performance, the market conditions and the general economic climate. Euler Hermes' dividend policy is based on prudent management of capital (to ensure an AA-rating level) and the attractiveness of the dividend for shareholders.

6.7 Statutory Auditors' report on the parent company financial statements

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying financial statements of Euler Hermes SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Group Management Board. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 Justification of our assessments

The accounting estimates used in preparing the financial statements as at December 31, 2011 were conducted in an uncertain environment, linked to the financial crisis in the euro area, accompanied by a liquidity and economic crisis, which makes it difficult to grasp the economic outlook. It is in this context that under the requirements of Article L. 823.9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matter:

- Note 3.2.2 to the annual financial statements sets out the accounting policies on impairment of equity interests. As part of our assessment of the accounting policies adopted by your company, we checked the appropriateness of accounting policies set out above and the information provided in the above-mentioned Note, and we verified their correct application.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Group Management Board, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code («Code de commerce») relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris La Défense and Paris, March 26, 2012

KPMG Audit FS II	ACE – Auditeurs et Conseils d'Entreprise
French original signed by Régis Tribout	French original signed by François Shoukry
Partner	*Partner*

7

INFORMATION ON THE COMPANY AND ITS CAPITAL

7.1 General information about the Company

7.1.1 COMPANY NAME AND HEADQUARTERS

Company Name:

Euler Hermes

Headquarters:

Until May 1, 2012: 1-3-5 rue Euler, 75008 Paris, France

Tel: +33 (0)1 40 70 50 50

Fax: +33 (0)1 40 70 50 17

From May 2, 2012: 1, place des Saisons, 92048 Paris-La-Défense Cedex, France

Tel: +33 (0)1 84 11 50 50

Fax: +33 (0)1 84 11 50 17

7.1.2 LEGAL STATUS, LEGISLATION

Euler Hermes is a Limited Company with a Group Management Board and a Supervisory Board.

It is governed by French law.

7.1.3 INCORPORATION AND EXPIRY DATES

The Company was incorporated on March 28, 1927 for a term of 99 years, which will expire on March 27, 2026.

7.1.4 TRADE AND COMPANIES REGISTER

RCS number: 552 040 594 RCS Paris – APE number: 741 J

From May 2, 2012, the Company will be registered with the trade and companies register of Nanterre.

7.1.5 FINANCIAL YEAR

Each financial year has duration of twelve months. It begins on January 1 and ends on December 31.

7.1.6 OWNERSHIP OF THE "EULER HERMES" TRADEMARK

The Company is owner of the following trademarks in France: "Euler Hermes", "EH" and "EH Euler Hermes", registered in class 35 (management of commercial affairs), 36 (insurance and financial affairs) and 42 (computer software).

The trademark, the logo and the trademark associated with the logo are registered as a Community trademark in the European Union.

The three registered trademarks were filed on the basis of the Madrid System for the International Registration of Marks in the following countries: Algeria, Australia, Brazil, Bulgaria, China, Croatia, Czech Republic, Egypt, Estonia, Hungary, Japan, Korea, Latvia, Liechtenstein, Lithuania, Montenegro, Morocco, Norway, Poland, Romania, Russia, Serbia, Singapore, Slovakia, Slovenia, Switzerland, Tunisia, Turkey and Vietnam.

For the countries not covered by the Madrid Agreements, a registration of the trademark, the logo and the trademark associated with the logo has been conducted individually in the national registers of the following countries: Argentina, Canada, Chile, Colombia, Hong Kong, India, Indonesia, New Zealand, Taiwan and Thailand.

The trademark, the logo and the trademark associated with the logo are currently being registered in Malaysia and Mexico.

The trademark has been registered individually in the national register of the United States rather than on the basis of the Madrid system.

7.2 Articles of Association

7.2.1 CORPORATE PURPOSE

Under the terms of Article 3 of the Articles of Association, the purpose of the Company, directly or indirectly, in France and internationally, is financial services and insurance and especially any activities contributing to companies' management of their accounts receivable, and in this respect, activities regarding credit insurance, factoring and debt collection.

In addition to investments, the Company may take holdings in any companies whose activity relates to this purpose or participate in any operations likely to facilitate its expansion or development.

The Company may acquire any property or assets in any form.

7.2.2 STATUTORY STIPULATIONS RELATING TO THE GROUP MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The description below summarizes the principal stipulations of the Articles of Association and of the Company's Internal Regulations with respect to the Supervisory Board, with a particular focus on how it functions and its powers.

It also summarizes stipulations in the Articles of Association and the internal regulations relating to the Group Management Board.

The Supervisory Board

Composition (extract from Article 11 of the Articles of Association)

The Supervisory Board is composed of at least three and no more than twelve members who are appointed by Ordinary Shareholders' Meetings.

No member of the Supervisory Board may be over 70 years of age. When a member of the Supervisory Board reaches this age, his or her resignation shall be automatic.

Length of Mandates (extract from Article 11 of the Articles of Association)

Unless otherwise provided for by special provisions for first appointments so as to comply with the regular replacement of its members, Supervisory Board members are elected for three-year mandates.

Supervisory Board members may always be re-elected.

The composition of the Supervisory Board is adjusted each year at the Ordinary Shareholders' Meeting, depending on the number of members in office, so that changes are made as regularly as possible and so that all members have changed by the end of each three-year period.

At the Shareholders' Meeting to be held on May 25, 2012, it will be proposed that the statutory provisions regarding the spacing of the terms of office be completed, specifying that "*In order to exclusively implement and maintain staggering of the Supervisory Board members' terms of office, the Ordinary Shareholders' Meeting shall appoint one or more Supervisory Board members for a duration of one (1) or two (2) years*".

In the event of a vacant position, following the death or resignation of one or more members of the Supervisory Board, a provisional replacement may be elected by the remaining members, with the appointment being subject to ratification by the next Ordinary Shareholders' Meeting.

Chairing of the Supervisory Board – Non-voting members (extract of Article 11 of the Articles of Association)

The Supervisory Board elects a Chairman and a Vice-Chairman, who must be individuals, from among its members. The Chairman, and in his absence the Vice-Chairman, is responsible for convening Board meetings and chairing its deliberations.

If the Supervisory Board considers it useful, it may, when so proposed by its Chairman, appoint one or more non-voting members of the Board (censors), for a term that it chooses. These non-voting members may be individuals or legal entities and may or may not be shareholders. The Board determines their responsibilities and the terms and conditions of their remuneration. This remuneration is taken from the annual amount for Supervisory Board members' fees allocated to the Supervisory Board by the Ordinary Shareholders' Meeting.

These non-voting members may be called to and may participate in the deliberations of all Supervisory Board meetings in an advisory capacity.

Supervisory Board Deliberations (extract of Article 14 of the Articles of Association)

The Supervisory Board meets as often as required by the interests of the Company. Meetings are convened by the Chairman or, if this is not possible, the Vice-Chairman.

Meetings may be convened in any way, including verbally.

Any member of the Supervisory Board may appoint another member to represent him. Each member may hold only one proxy.

Decisions are taken under the quorum and majority conditions provided for by law. In the event of a tie, the Chairman of the meeting shall have the casting vote.

Members of the Supervisory Board attending the meeting by video conference or telephone, enabling them to be identified and ensuring their attendance, or any other similar means of communication allowed by applicable legislation shall be counted as present for the purpose of calculating quorum and majority.

However, the provisions in the foregoing paragraph do not apply to the approval of the decisions provided for in Articles L. 225-59 (appointment of members of Group Management Boards), L. 225-61 (removal from office of members of Group Management Boards) and L. 225-81 (appointment of Chairmen and Vice Chairmen of Supervisory Boards) of the French Commercial Code.

At the Shareholders' Meeting to be held on May 25, 2012, it will be proposed to prohibit attendance at Board meetings *via* telecommunication and video conference when (i) the annual and consolidated financial statements are being reviewed or (ii) members of the Group Management Board are being dismissed.

Members of Management may attend Board meetings in an advisory capacity, on the Chairman's initiative.

An attendance register is kept and minutes of meetings are drawn up in accordance with the law.

Mission and powers of the Supervisory Board (extract of Article 12 of the Articles of Association)

In accordance with French law, the Supervisory Board exercises a continuous supervision of the Company's management by the Group Management Board and gives this Board the prior authorizations required by law or by the Company's Articles of Association.

The Supervisory Board appoints the members of the Group Management Board, decides on their number, and appoints the Chairman and Chief Executive Officers where appropriate.

It also sets their remuneration. It may revoke the mandates of one or more members of the Group Management Board or recommend that the Ordinary Shareholders' Meeting do so.

Throughout the year, it makes the checks and controls it considers appropriate and can arrange to receive any documents that it considers useful for the completion of its mission.

At least once a quarter, the Group Management Board presents a report to the Supervisory Board.

Within three months of the financial year-end, the Group Management Board must present the annual financial statements to the Supervisory Board for verification and control and must submit its recommendations for the allocation of the year's distributable income to the Supervisory Board for its prior approval.

The Supervisory Board presents its observations on the Group Management Board's report and on the annual financial statements to the Shareholders' Meeting.

The Supervisory Board can convene Shareholders' Meetings and set their agendas.

The Supervisory Board is empowered to create internal committees and to determine their composition and duties. The activity of these committees is exercised under the Board's responsibility, but the duties cannot be interpreted as a delegation of the powers attributed to the Supervisory Board by law or by the Articles of Association and nor may they have the effect of reducing or limiting the powers of the Group Management Board.

In addition, the following decisions taken by the Group Management Board are subject to prior authorization from the Supervisory Board:

- the sale of property, and the total or partial sale of shareholdings and the constitution of sureties on Company assets;
- direct transactions or equity holdings that might significantly affect the Group's strategy and materially modify its financial structure or scope of activity;
- the issue of securities, of any kind, that may result in a change in the share capital;
- transactions aimed at granting or contracting any borrowings or loans, credits or advances, granting of sureties, guarantees, endorsements or deposits.

The Supervisory Board authorizes the Group Management Board to carry out the above-cited transactions within the limits of an amount it shall determine for each such transaction. Where a transaction exceeds the specified amount, the approval of the Supervisory Board is required in each case.

The Group Management Board

Composition (extract from Article 15 of the Articles of Association)

In accordance with the law, the Company is managed by the Group Management Board, which is composed of at least two and no more than six members, who may but need not be shareholders, appointed by the Supervisory Board.

Members of the Group Management Board must be individuals no more than 65 years old.

A member of the Supervisory Board cannot be a member of the Group Management Board.

Length of Mandates (extract from Article 15 of the Articles of Association)

The Group Management Board is appointed for a period of three years and its members may be re-appointed. Their mandates may be revoked by the Supervisory Board or by the Shareholders' Meeting on the recommendation of the Supervisory Board. The Supervisory Board sets the method and amount of remuneration for each of the members of the Group Management Board.

At the Shareholders' Meeting to be held on May 25, 2012, it will be proposed to extend the length of the Group Management Boards members' terms of office from three to four years.

The Chair of the Group Management Board (extract from Article 16 of the Articles of Association)

In accordance with the law, the Supervisory Board appoints one of the members of the Group Management Board as Chairman. The Chairman exercises his/her functions for the period of his/her office as a member of the Group Management Board. He or she represents the Company in its relations with outside parties. The Supervisory Board can grant the same power of representation to one or more other members of the Group Management Board who then bear the title of Chief Executive Officer.

Agreements concerning the Company and any commitments undertaken in its name are signed by the Chairman of the Group Management Board, or by any member of the Group Management Board who has been appointed Chief Executive Officer by the Supervisory Board or by any representative especially empowered for this purpose.

Mission and powers of the Group Management Board (extract from Article 17 of the Articles of Association)

In accordance with the law, the Group Management Board is vested with the most extensive powers to act in all circumstances in the name of the Company. It exercises these powers within the limits defined by the corporate purpose, subject to those expressly allocated to the Supervisory Board and Shareholders' Meetings by the law and the Articles of Association.

The Group Management Board may appoint one or more of its members or any non-member of the Group Management Board to carry out such special permanent or temporary missions as it shall determine, and may delegate to them the powers it considers necessary for one or more particular purposes, with or without the power to sub-delegate.

The Group Management Board can set up committees. It decides on their composition and attributes, and they carry out their activity under its responsibility, but it cannot delegate its powers to such committees.

Assignments and powers of the Group Management Board (Excerpt from Article 4 of the Group Management Board internal regulations)

The Group Management Board operates according to internal regulations which are designed to complement the operating principles stipulated in the Articles of Association, while respecting the collegial principle of the Group Management Board and facilitating the work of the Supervisory Board.

These internal regulations stipulate the Group Management Board's powers and the distribution of its tasks and, in accordance with Article 12 of the Articles of Association, the decisions which require prior authorization by the Supervisory Board, namely:

- the sale of property and the total or partial sale of shareholdings and the constitution of sureties on Company assets where the transaction exceeds thirty million (30,000,000) euros;
- transactions aimed at granting or contracting any borrowings or loans, credits or advances where these exceed seventy-five million (75,000,000) euros;
- the issue of securities, guarantees, endorsements or deposits where these exceed thirty million (30,000,000) euros;
- direct transactions or equity holdings that might significantly affect the Group's strategy and materially modify its financial structure or scope of activity where these exceed five million (5,000,000) euros;
- the issue of securities of any kind that may result in a modification of the registered share capital regardless of the amount involved.

Group Management Board Deliberations (Article 18 of the Articles of Association)

The Group Management Board meets as often as required by the interests of the Company. Meetings are convened by the Chairman or, if this is not possible, at least two of its members.

Meetings take place either at the registered office or in any other location indicated in the convening notice.

Meetings may be convened in any way, including verbally.

Meetings of the Group Management Board are chaired by the Chairman or, if this is not possible, by a member chosen by the Group Management Board at the beginning of the meeting.

Any member of the Group Management Board may appoint another member to represent him/her. Each member may hold only one proxy.

For its decisions to be valid, the number of members of the Group Management Board present must be at least equal to half the number of members in office.

Decisions are voted by a simple majority of the members present or represented.

In the event of a tie, the Chairman shall have the casting vote.

Group Management Board meetings are reported in minutes registered in a special register and signed by the Chairman of the meeting and at least one member of the Group Management Board.

Copies or excerpts from the minutes are certified as true copies by the Chairman of the Group Management Board or by any of its members.

In addition, the Internal Regulations define the practical procedures for holding meetings and recording minutes.

7.2.3 RULES APPLICABLE TO AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION

When the Company's Articles of Association need to be amended, they are amended in accordance with the law.

7.2.4 RIGHTS, PRIVILEGES AND CONSTRAINTS ATTACHED TO COMPANY SHARES

Voting rights

The Company's capital is divided into ordinary shares, all of the same category.

There is no clause in the Articles of Association providing for double voting rights for Company shareholders.

The right to vote belongs to the usufructuary in all of the Shareholders' Meetings (Article 20 of the Articles of Association).

Each share entitles the holder to a portion of the ownership of corporate assets and to a share in the profits equal to the proportion of the share capital that it represents (Article 9 of the Articles of Association).

Statutory restrictions to the exercise of voting rights and share transfers

The Articles of Association of the Company do not contain any stipulation limiting share transfers.

The shares may be freely traded and may be sold under the legal and regulatory conditions in force.

Subject to the stipulations of Article 8, final paragraph, of the Articles of Association relating to the surrender of voting rights in cases of non-respect of the obligations concerning threshold declarations and registering shares held by a shareholder holding more than 5% of share capital or voting rights, the Articles of Association do not contain restrictions to the exercise of voting rights. This suspension of voting rights concerning the shares exceeding the portion that should have been declared may be requested by one or more shareholders holding at least 2% of the share capital or voting rights.

At the Shareholders' Meeting to be held on May 25, 2012, it will be proposed to eliminate this penalty of suspending voting rights in the event that the obligation to register shares is not respected.

Allocation of income (Article 21 of the Articles of Association)

At least 5% is deducted from profit attained during the financial year, less previous losses if applicable, to make up funds for the legal reserve, in accordance with law. This deduction is no longer mandatory once the reserve reaches one tenth of share capital. It comes back into effect if, for any reason, the legal reserve falls below one tenth of share capital.

The distributable income is made up of the income from the financial year, less any potential previous losses, as well as sums to be carried over to the reserve in accordance with the law or Articles of Association, in addition to retained profit carry-overs.

After the accounts are approved and distributable income is recorded, the Ordinary Shareholders' Meeting decides to register it in one or more reserve line items, of which it decides the allocation or the use, namely to carry it forward or to distribute it.

The Ordinary Shareholders' Meeting can decide to distribute sums from the reserves at its disposal, while specifically indicating the reserve line items on which the deductions are made. However, dividends are deducted in priority from the distributable income from the financial year.

Excluding capital reductions, no distribution can be made to shareholders when the shareholders' equity is, or will become following such distribution, less than the amount of share capital increased by the reserves and which the law or Articles of Association do not allow to be distributed. The revaluation variance is not distributable but it can be fully or partially incorporated into share capital.

Conditions regarding payment of dividends voted by the Ordinary Shareholders' Meeting are set by the meeting or, if necessary, by the Group Management Board. The payment of dividends must, however, compulsorily, take place within the legally established timeframe.

7.2.5 MODIFICATIONS OF SHAREHOLDERS' RIGHTS

Shareholder's rights, as described in the Company's Articles of Association, can only be modified by an Extraordinary Shareholders' Meeting (ESM) of the shareholders of the Company.

7.2.6 STATUTORY THRESHOLD DISCLOSURE AND OBLIGATION TO REGISTER SHARES (EXTRACT FROM ARTICLE 8 OF THE ARTICLES OF ASSOCIATION)

Apart from the legal obligation provided for in Articles L. 233-7 of the French Commercial Code to inform the Company when certain fractions of the share capital are held and to make any consequent declaration of intention, the Articles of Association provide for an additional disclosure obligation whereby any individual or corporate entity acting alone or in concert that comes to hold a number of shares and/or voting rights in the Company greater than or equal to:

1) 1% of the total number of shares and/or voting rights must, within fifteen days from the date of crossing this threshold, inform the Company of the total number of shares and/or voting rights held. This disclosure should be sent by recorded letter with reception receipt (or equivalent means in countries outside France), or by fax or telex. This declaration must be renewed each time a new 1% threshold is crossed upwards to 50% inclusive and each time a new 1% threshold is crossed downwards to 1% inclusive;

2) 5% of the total number of shares and/or voting rights must, within fifteen days from the date of crossing this threshold, apply to the Company to have all the shares held in registered form. This obligation for shares to be held in registered form is applicable to all shares already held and to those that have just been acquired taking the shareholder over the threshold. The request for shares to be registered shall be sent by letter, fax or telex to the Company within fifteen days of crossing the threshold. The declaration due under the preceding point (1) on crossing the threshold that is prescribed in this paragraph shall be the equivalent of a request for shares to be registered.

In determining the thresholds prescribed in (1) and (2), shares and/or voting rights held indirectly and shares and/or voting rights equivalent to shares and/or voting rights owned as defined by the provisions of Articles L. 233-7 *et seq.* of the French Commercial Code shall be taken into account.

For each of the aforementioned disclosures, the declarant must certify that the disclosure made includes all the securities owned or held pursuant to the previous paragraph. He must also specify the date(s) of acquisition.

Investment fund management companies are required to provide this information for all the voting rights attached to shares in the Company held by the funds they manage.

7.2.7 SHAREHOLDERS' MEETINGS (EXTRACT FROM ARTICLE 20 OF THE ARTICLES OF ASSOCIATION)

Shareholders' Meetings are convened and take place under legally prescribed conditions.

The meetings are held either at the registered office or at some other location specified in the convening notice.

Ordinary and Extraordinary Shareholders' Meetings are open to all shareholders who hold at least one share.

Special Shareholders' Meetings are open to all shareholders who hold at least one share of the share class concerned.

However, shares that are not fully paid up do not count for admission to Shareholders' Meetings and are deducted for purposes of the quorum calculation.

Subject to the aforementioned provisions, every shareholder is entitled, on proof of identity, to participate in Shareholders' Meetings, either by attending in person, by returning a postal voting form, or by appointing a proxy, who may be his/her spouse or another shareholder, provided that the shares have been recorded in the accounts in the name of the shareholder or of the intermediary acting on his behalf:

- for registered shareholders, in the Company's register;
- for bearer shareholders, in the bearer share accounts held by the custodian.

These formalities must be completed by midnight (Paris time) on the third working day before the date of the Shareholders' Meeting.

Meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Vice-Chairman or a member of the Supervisory Board specially delegated by the Supervisory Board for this purpose. Failing this, the meeting appoints its own Chairman.

The duties of teller are performed by the two members of the Shareholders' Meeting who have the greatest number of votes and who accept this role.

The officers of the Shareholders' Meeting appoint the secretary who may or may not be a shareholder. Every member of the meeting is entitled to as many votes as the number of shares he owns or represents.

7.3 General information about the Company's share capital

The Company's share capital may be increased, reduced or amortized under the conditions stipulated by law.

7.3.1 COMPANY SHARE CAPITAL STRUCTURE

As of December 31, 2011, the Company's share capital amounted to €14,451,032.64, divided into 45,159,477 shares of the same class, fully subscribed and paid up, with a par value of €0.32. This total number of outstanding shares includes 1,481,765 treasury shares.

All the shares have been fully subscribed and paid up. The shares are in registered form until fully paid up. Shares must be fully paid up on subscription.

Shares are held in registered or bearer form at the choice of the shareholder, subject to the particular stipulations prescribed by law. Any shareholder holding 5% or more of the total number of shares and/or voting rights in the Company must request his/her shares to be registered with the Company.

The Company is authorized to apply the provisions of Article L. 228-2 I of the French Commercial Code and Article 7 paragraph 3 of the Articles of Association at any time to identify the holders of securities giving immediate or deferred voting rights at its Shareholders' Meetings.

The Company's securities and assets are not subject to any pledges.

7.3.2 SHARE CAPITAL AUTHORIZED BUT NOT ISSUED

In accordance with Article L. 225-100 paragraph 7 of the French Commercial Code, the summary table below sets out the delegations currently valid as of December 31, 2011 and granted by the Shareholders' Meeting to the Group Management Board in the area of capital increases by application of Articles L. 225-129-1 and L. 225-129-2.

ESM of May 15, 2009	Purpose	Duration	End	Limit	Used at December 31, 2011	Unused balance at December 31, 2011	Overall limit (in €)
13	Authorization to approve share subscription or purchase options	38 months	July 14, 2012	3% of the equity capital on the day of the allocation decision	No	3% of the equity capital on the day of the allocation decision	N/A

ESM of May 21, 2010	Purpose	Duration	End	Limit	Used at December 31, 2011	Unused balance at December 31, 2011	Overall limit (in €)
20	Delegation of powers to issue shares and other securities giving access to the capital with preservation of preferential subscription rights	26 months	July 20, 2012	4.4 million	No	4.4 million	4.4 million
21	Delegation of powers to increase capital by capitalizing reserves, profits or premiums or other sums which may be capitalized	26 months	July 20, 2012				

ESM of May 20, 2011	Purpose	Duration	End	Limit	Used at December 31, 2011	Unused balance at December 31, 2011	Overall limit (in €)
14	Authorization to freely allocate shares in the Company	38 months	July 19, 2014	3% of the equity capital on the day of the allocation decision	No	3% of the equity capital on the day of the allocation decision	N/A
15	Delegation of powers to increase capital for the benefit of savings plan members	26 months	July 19, 2013	€132,000 per issue	No	4.4 million	4.4 million

7.3.3 UNREALIZED SHARE CAPITAL

On December 31, 2011, 480,383 subscription options likely to be exercised for plans presented on page 221 representing a potential maximum dilution of 1.06% of non-diluted share capital.

No marketable securities giving access to share capital or free shares are currently in existence.

7.4 Share capital and voting rights

As of December 31, 2011, the Company's share capital was made up of 45,159,477 shares, majority-owned by the Allianz France Group (68.08% of the share capital representing 70.39% of the voting rights). The total number of real voting rights is 43,677,712.

At the end of 2011, 28.64% of the share capital, *i.e.* 29.61% of the voting rights, was held by the public and the Company owned 3.28% of the share capital.

The table below shows changes to the Company's share capital and voting rights in the past three years:

SHARE CAPITAL AND VOTING RIGHTS AT 12/31/2009.

	At December 31, 2009				At December 31, 2010				At December 31, 2011			
	Shares		Voting rights		Shares		Voting rights		Shares		Voting rights	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Allianz Vie	3,879,818	8.61%	3,879,818	8.92%	3,879,818	8.60%	3,879,818	8.85%	3,879,818	8.59%	3,879,818	8.88%
Allianz SA	26,864,230	59.59%	26,864,230	61.74%	26,864,230	59.56%	26,864,230	61.28%	26,864,230	59.49%	26,864,230	61.51%
Total Allianz France	**30,744,048**	**68.19%**	**30,744,048**	**70.65%**	**30,744,048**	**68.16%**	**30,744,048**	**70.14%**	**30,744,048**	**68.08%**	**30,744,048**	**70.39%**
Treasury shares	**1,567,944**	**3.48%**	**0**	**0.00%**	**1,267,444**	**2.81%**	**0**	**0.00%**	**1,481,765**	**3.28%**	**0**	**0.00%**
Public	**12,771,218**	**28.33%**	**12,771,218**	**29.35%**	**13,091,240**	**29.03%**	**13,091,240**	**29.86%**	**12,933,664**	**28.64%**	**12,933,664**	**29.61%**
TOTAL	**45,083,210**	**100.00%**	**43,515,266**	**100.00%**	**45,102,732**	**100.00%**	**43,835,288**	**100.00%**	**45,159,477**	**100.00%**	**43,677,712**	**100.00%**

No double voting rights currently exist.

To the Company's knowledge, no other shareholders or groups of shareholders hold or are likely to hold, directly or indirectly, alone, jointly or in concert, 5% or more of share capital and voting rights.

7.4.1 DIRECT OR INDIRECT INVESTMENTS IN THE COMPANY (TO THE BEST OF ITS KNOWLEDGE) AND CHANGES DURING THE FINANCIAL YEAR

Stake held by Allianz

The AGF Group, renamed Allianz France in 2009, has been a wholly-owned subsidiary of Allianz SE since July 2007, following the minority buy-out launched in January 2007.

Until its privatization in May 1996, AGF was a major shareholder of the Company, alongside Partner Re, Swiss Re, SCOR and Coface. Under the capital restructuring following the privatization of the AGF Group, AGF became the Company's majority shareholder.

On April 27, 2000, when the Company was floated on the stock market, the principal shareholders sold 9,850,534 shares in total, divided between the AGF Group (4,978,054 shares), Swiss Re (3,480,665 shares) and SCOR (1,391,815 shares).

Following this transaction, the Company created a holding of its own shares, acquiring 1,720,857 shares from the three major shareholders, in proportion to their shareholdings. Since that date, SCOR has sold its entire holding by placing its shares on the market. Swiss Re significantly reduced its holding in 2005.

Apart from these transactions, the following events have altered the share capital structure and voting rights during recent years.

Following the decision of the Shareholders' Meeting on April 23, 2003 to propose the payment of dividends with the choice between payment in cash or in shares, the distribution gave rise to the creation of 1,172,431 new shares. At that time, AGF chose to receive all dividends paid in shares. As of December 31, 2003, the AGF Group held 67.7% of the Company. Likewise, following identical decisions by the Shareholders' Meetings on April 28, 2004 and April 22, 2005, the distribution of a dividend gave rise to the creation of 1,502,151 and 1,661,023 new shares, respectively. Having chosen to receive its dividend in shares, the AGF Group held 68.6% of the Company as of December 31, 2005.

During 2006, 2007, 2008, 2009 and 2010, the Allianz Group's percentage holding was reduced slightly following the creation of shares as a result of the exercise of subscription options.

As of December 31, 2011, companies in the Allianz France Group owned, directly and indirectly, a total of 68.08% of the share capital and 70.39% of the voting rights in the Company.

The existence of independent members on the Company's Supervisory Board, in line with the AFEP/MEDEF recommendations on corporate governance to which Euler Hermes adheres, is a deliberate decision by the majority shareholder to prevent any risk of abuse of position. The dual structure of the corporate bodies makes it possible to separate the management functions performed by members of the Group Management Board from the control functions performed by members of the Supervisory Board.

Moreover, Allianz, the majority shareholder of Allianz France, is one of the Group's reinsurance companies. The Company grants its reinsurer shareholder the same treatment as the many other reinsurance companies with which Group companies are reinsured in the normal course of their business, both regarding the selection of reinsurers and in the negotiation of the terms of their contracts. Allianz's proportion of the Group's reinsurance therefore corresponds to its role in this market, and the reinsurance contracts cover ongoing operations and are signed under normal market conditions.

Crossing of ownership thresholds

The Company received the following threshold declarations for the 2011 financial year:

- in a letter dated March 7, 2011, the Amundi Group's three asset management companies, namely Amundi, Société Générale Gestion and Etoile Gestion, jointly declared that they had crossed the statutory threshold of 1% of the Company's share capital and voting rights and that they jointly held 490,510 shares, representing 1.09% of the share capital and voting rights;
- in a letter dated September 14, 2011, Threadneedle Asset Management Holdings Ltd declared that it had fallen below the statutory threshold of 1% of the Company's share capital and voting rights and henceforth held 430,976 shares, representing 0.954% of the share capital of Euler Hermes;
- in letters dated September 9, 2011, September 22, 2011 and December 13, 2011, Silchester International Investors LLP declared that it had successively crossed the thresholds of 1%, 2% and 3% of the Company's share capital and voting rights.

Treasury shares

As of December 31, 2011, treasury shares represented a total of 3.28% of the Company's share capital, *i.e.* 1,481,765 shares. The overall par value amounts to €474,164.80. The assessed share price value on December 31, 2011 amounts to €61,934,813.47

For a period of one year from May 11, 2007, renewable by tacit agreement, the Company entrusted Rothschild & Cie Banque with the implementation of a liquidity contract in accordance with the ethics charter established by the AMAFI. As part of this contract, in 2011 the Company bought 500,959 and sold 284,838 treasury shares. The table below shows the change in the transaction price for treasury shares and the breakdown of treasury shares by purpose. The only purchases and sales carried out during the financial year were part of the liquidity contract.

Commission on security transactions paid to Rothschild & Cie Banque under the liquidity contract amounted to €210,000 for 2011.

Month	Average weighted purchase price (in €)	Average sale price (in €)	Number of shares purchased	Number of shares sold
January 2011	66.962	67.221	52,707	52,707
February 2011	71.520	72.942	35,100	10,575
March 2011	66.870	68.512	57,627	27,152
April 2011	70.273	69.001	39,458	94,458
May 2011	67.305	69.014	77,216	36,716
June 2011	59.551	59.970	63,625	125
July 2011	58.343	61.541	19,056	11,656
August 2011	54,359	61.740	22,200	49,600
September 2011	46.550	0	31,865	0
October 2011	47.865	54.980	13,200	1,565
November 2011	46.033	48.483	72,834	284
December 2011	41.798	0	16,071	0

Transactions carried out by corporate officers involving the Company's shares

Transactions carried out by members of the Supervisory Board

In accordance with the Articles of Association, each member of the Supervisory Board owns at least five shares.

On August 10, 2011, Clement Booth purchased 175 shares at the price, per share of €53.91, making a total of €9,434.25.

Transactions carried out by members of the Group Management Board

None

Stock options and free shares

Plans for Executive Corporate Officers

SHARE SUBSCRIPTION OR PURCHASE OPTIONS

The number of share subscription options granted to members of the Group Management Board, as it existed on December 31, 2011, in connection with the share subscription plans, in the period from 2003 to 2011, breaks down as follows:

	2003	2004	2005	2006	2008	2009	2010	2011
Wilfried Verstraete	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nicolas Hein	N/A	7,000	9,000	17,500	6,300	N/A	N/A	N/A
Gerd-Uwe Baden	N/A	7,000	9,000	10,000	7,000	N/A	N/A	N/A
Michel Mollard (1)	4,500	4,000	6,000	10,000	6,300	N/A	N/A	N/A
Frédéric Bizière (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dirk Oevermann	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	**4,500**	**18,000**	**24,000**	**37,500**	**19,600**	**N/A**	**N/A**	**N/A**

(1) Member of the Group Management Board until May 6, 2011.
(2) Member of the Group Management Board from October 1, 2011.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS ALLOCATED DURING THE 2011 FINANCIAL YEAR TO EACH MEMBER OF THE GROUP MANAGEMENT BOARD

Stock options allocated to members of the Group Management Board	Plan no.	Plan date	Nature of the options (purchase or subscription)	Valuation of the options depending on the accounts consolidation method	Number of options allocated during the period	Exercise price	Exercise period
Wilfried Verstraete							
Nicolas Hein							
Gerd-Uwe Baden							
Michel Mollard (1)				N/A			
Frédéric Bizière (2)							
Dirk Oevermann							
TOTAL							

(1) Member of the Group Management Board until May 6, 2011.
(2) Member of the Group Management Board from October 1, 2011.

STOCK OPTIONS EXERCISED DURING THE 2011 FINANCIAL YEAR

Member of the Group Management Board	Plan no. and date	Number of options exercised during the period	Exercise price
Wilfried Verstraete			
Nicolas Hein			
Gerd-Uwe Baden			
Michel Mollard (1)		N/A	
Frédéric Bizière (2)			
Dirk Oevermann			
TOTAL			

(1) Member of the Group Management Board until May 6, 2011.
(2) Member of the Group Management Board from October 1, 2011.

Since the Group has neither renewed the share subscription/purchase options nor implemented a system of granting free shares, there are no rules requiring management beneficiaries to hold shares.

PERFORMANCE SHARES

The members of the Group Management Board as it existed on December 31, 2011, were not allocated performance shares in the 2011 financial year.

PERFORMANCE SHARES ALLOCATED TO EACH MEMBER OF THE GROUP MANAGEMENT BOARD

Performance shares allocated by the Shareholders' Meeting during the financial year to each member of the Group Management Board by the issuer and by all Group companies	Plan no. and date	Number of shares allocated during the period	Valuation of the shares depending on the accounts consolidation method	Acquisition date	Availability date	Performance conditions
Wilfried Verstraete						
Nicolas Hein						
Gerd-Uwe Baden						
Michel Mollard (1)			N/A			
Frédéric Bizière (2)						
Dirk Oevermann						
TOTAL						

(1) Member of the Group Management Board until May 6, 2011.
(2) Member of the Group Management Board from October 1, 2011.

The members of the Group Management Board as it existed on December 31, 2011, did not receive any performance shares vested during the 2011 financial year.

Performance shares allocated by the Shareholders' Meeting during the financial year to each member of the Group Management Board by the issuer and by all Group companies	Plan no. and date	Number of shares vested during the period	Acquisition conditions
Wilfried Verstraete			
Nicolas Hein			
Gerd-Uwe Baden			
Michel Mollard (1)		N/A	
Frédéric Bizière (2)			
Dirk Oevermann			
TOTAL			

(1) Member of the Group Management Board until May 6, 2011.
(2) Member of the Group Management Board from October 1, 2011.

General Presentation of plans in favor of executives and employees

In preceding years and until 2008, employees and the members of the Group Management Board were granted share acquisition and subscription options.

HISTORY OF SHARE SUBSCRIPTION OR OPTION ALLOCATIONS:

	2003	2004	2005	2006	2008
Date of Shareholders' Meeting	04/23/2003	04/23/2003	04/23/2003	05/22/2006	05/22/2006
Date of Supervisory Board meeting	05/20/2003	05/25/2004	05/24/2005	08/30/2006	05/15/2008
Date of Group Management Board meeting	07/08/2003	07/06/2004	06/27/2005	09/18/2006	06/20/2008
Number of beneficiaries	91	97	103	104	92
Number of beneficiaries who have not yet exercised their options	0	40	89	90	89
of which, members of the Group Management Board	0	2	2	2	3
Total number of options allocated	250,000	130,000	160,000	160,000	130,000
of which, to members of the Group Management Board	4,500	18,000	24,000	37,500	19,600
Gerd-Uwe Baden		*7,000*	*9,000*	*10,000*	*7,000*
Nicolas Hein		*7,000*	*9,000*	*17,500*	*6,300*
Michel Mollard (1)	*4,500*	*4,000*	*6,000*	*10,000*	*6,300*
Start date of exercise period	07/08/2003	07/06/2004	06/27/2005	09/18/2006	06/20/2008
Expiration date	07/07/2011	07/05/2012	06/26/2013	09/17/2014	06/19/2016
Exercise price (in €)	27.35	44.41	63.08	91.82	55.67
Type of option	Subscription	Subscription	Subscription	Purchase	Purchase
Options to be exercised on 01/01/2011	39,445	80,633	143,450	152,300	129,200
Options allocated in 2011	0	0	0	0	0
Options exercised in 2011	34,645	22,100		0	1,800
Options canceled in 2011	4,800		400	900	
Options to be exercised on 12/31/2011	0	58,533	143,050	151,400	127,400

(1) Member of the Group Management Board until May 6, 2011.

There have been no new plans since 2008.

No adjustment mechanism was applied to these share subscription and purchase plans during 2011.

The following options were granted in recent years to the ten employees that received the largest number of options:

- 2003 financial year: 48,300 options at a weighted average price of €27.35;
- 2004 financial year: 23,800 options at a weighted average price of €44.41;
- 2005 financial year: 60,400 options at a weighted average price of €63.08;
- 2006 financial year: 68,550 options at a weighted average price of €91.82;
- 2007 financial year: no options were allocated;
- 2008 financial year: 21,533 options at a weighted average price of €55.67;
- 2009 financial year: no options were allocated;
- 2010 financial year: no options were allocated;
- 2011 financial year: no options were allocated.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE TOP TEN NON-CORPORATE OFFICER BENEFICIARY EMPLOYEES AND OPTIONS EXERCISED BY THEM

	Total number of options allocated/ shares subscribed or purchased	Weighted average price	Plan no. 1	Plan no. 2
Options granted during the year, to the ten Group employees allocated the largest number of shares		N/A		
Options held and exercised during the year, by the ten employees who purchased or subscribed for the largest number of options.				

Employee shareholding

As of December 31, 2011, the Group's employees held 51,591 shares, *i.e.* 0.11% of share capital, through a Company savings plan.

7.4.2 AGREEMENTS BETWEEN SHAREHOLDERS KNOWN TO THE COMPANY AND WHICH MAY ENTAIL RESTRICTIONS ON THE TRANSFER OF SHARES AND THE EXERCISE OF VOTING RIGHTS

To the Company's knowledge, no shareholder agreements are currently in existence. However, there are a number of regulated agreements and commitments in place; for details *see paragraph 8.3 of this Registration Document*.

There are no provisions in the Euler Hermes Articles of Association, nor in any of the Company's charters or regulations, that may delay, defer or prevent a change in control

7.4.3 AGREEMENTS CAPABLE OF LEADING TO A CHANGE IN THE CONTROL OF THE COMPANY

To the Company's knowledge, at the time of publication of this document, there exists no agreement whose application could, at some date in the future, lead to a change in the control of the Company.

7.5 Factors likely to have an impact on a public tender offer

In accordance with Article L. 225-100-3, the following factors are likely to have an impact on a public tender offer:

- the structure of the share capital as well as the Company's known direct or indirect investments and any information on this subject is described in paragraph 7.4;
- no statutory restriction exists regarding the exercise of voting rights, with the exception of the suspension of voting rights concerning shares exceeding the part that should have been declared. This may be requested by one or more shareholders holding at least 2% of the share capital or voting rights for failure to declare crossing the statutory threshold or failure to register shares held by a shareholder representing more than 5% of the share capital or voting rights. At the Shareholders' Meeting to be held on May 25, 2012, it will be proposed to withdraw the penalty for failure to register shares;
- to the Company's knowledge, no agreements or other signed commitments between shareholders are currently in existence. (*see paragraph 7.4.2*);
- no shares consisting of special control rights are currently in existence;
- the voting rights attached to Euler Hermes shares held by employees through Employee Shareholding Plans are exercised by one or several representatives of the funds appointed by the fund's Supervisory Board in order to represent it at the Shareholders' Meeting;
- the regulations regarding the nomination and dismissal of Group Management Board members are legal and statutory regulations described in paragraph 7.2.2;
- regarding Group Management Board powers, the authorizations currently in place are described in the table of authorizations to increase share capital shown in paragraph 7.3.2;
- modifications to the Company's Articles of Association are made in accordance with legal and regulatory provisions;
- no agreement concluded by the Company is currently in existence that would be modified or terminated in the event of change of control in the Company;
- payments likely to be due in the event that a member's Group Management Board functions are ceased is described in paragraph 2.2.1.C/.

7.6 Equity interests of the Company outside of the Group

The Company did not make any investments in or take control of any French companies outside of the Group.

8

SHAREHOLDERS' MEETING

8.1 Report of the Group Management Board on the draft resolutions

To the Shareholders,

- We have convened this Shareholders' Meeting, in accordance with the law and provisions of our Articles of Association, in order to request that you approve the financial statements for the year ended December 31, 2011.
- Notice of this meeting has been given in accordance with the regulations.
- All documents required in accordance with the applicable regulations have been sent to you or have been made available on the Company's website (www.eulerhermes.com) within the timeframe laid down.

Approval of the parent company and consolidated financial statements and allocation of income for financial year 2011

First, second and third resolutions *(ordinary resolutions)*

1. APPROVAL OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

You are requested to approve:

- the parent company financial statements for the year ended December 31, 2011, which show a positive net income of €109,230,335.16;
- the consolidated financial statements for the year ended December 31, 2011, which show a positive net income, Group share, of €330,267,163.32.

You are reminded that the financial statements are set out in detail in the 2011 Registration Document, which includes the management report and Statutory Auditors' reports, and the main items are in the notice convening the Shareholders' Meeting of May 25, 2012.

2. ALLOCATION OF INCOME

- The proposed allocation of the Company's income is in accordance with the law and the Company's Articles of Association.
- It is proposed to allocate income for the financial year, amounting to €109,230,335.16, as follows:

Source	
– Profit for the year	€109,230,335.16
– Unappropriated earnings	€337,275,873.47
Allocation	
–Legal reserve	€1,489.60
– Proposed dividend: €4.40 per share	€198,701,698.80
– Unappropriated earnings	€247,803,020.23

- The dividend per share is therefore €4.40. The amount distributed is eligible for the 40% tax abatement applicable to individuals who are fiscally domiciled in France, as provided for in Article 158-3 2° of the French General Tax Code.

3. PAYMENT OF DIVIDENDS

- This dividend will be payable on June 15, 2012; the ex-dividend date will be June 12, 2012.

In the event that the number of shares conferring entitlement to a dividend differs from the 45,159,477 shares comprising the share capital as of February 16, 2012, the total amount of the dividends shall be adjusted accordingly and the amount allocated to the unappropriated earnings account shall be determined based on the dividends actually paid out.

4. PRIOR DISTRIBUTION OF DIVIDENDS (FRENCH GENERAL TAX CODE 243A)

In accordance with Article 243a of the French General Tax Code, the Shareholders' Meeting is reminded that, for the last three financial years, the following dividends and income were distributed:

	Income eligible for the abatement		
In respect of financial year	Dividends	Other income distributed	Income not eligible for the abatement
2008	€67,623,345* i.e. €1.50 per share	–	–
2009	–	–	–
2010	€180,410,928* i.e. €4 per share	–	–

* *Including the dividend amount corresponding to treasury shares not paid out and allocated to the unappropriated earnings account*

5. NON-FISCALLY DEDUCTIBLE EXPENSES (FRENCH GENERAL TAX CODE 39-4)

The Shareholders' Meeting is informed that the financial statements for the year ended December 31, 2011 do not show any expense or charge as provided for in Article 39-4 of the French General Tax Code.

Approval of regulated agreements

Fourth resolution *(ordinary resolution)*

You are asked to approve in succession each of the agreements provided for in Article L. 225-86 of the French Commercial Code and regularly authorized by the Supervisory Board.

These agreements are presented in the Statutory Auditors' special report, together with all the required information relating thereto.

Approval of commitments in favor of Executive Corporate Officers and likely to be due as a result of a cessation of function

Fifth, sixth, seventh, eighth and ninth resolutions *(ordinary resolutions)*

You are asked to approve the regulated agreements and commitments made by the Company in favor of Wilfried Verstraete (Chairman of the Group Management Board), Gerd-Uwe Baden (member of the Group Management Board), Frédéric Bizière (member of the Group Management Board), Nicolas Hein (member of the Group Management Board) and Dirk Oevermann (member of the Group Management Board), corresponding to payments likely to be due in the event of cessation of their functions.

These agreements are presented in the Statutory Auditors' special report, together with all the required information relating thereto.

Renewal of Supervisory Board members

Tenth, eleventh and twelfth resolutions *(ordinary resolutions)*

The terms of office of the following members of the Supervisory Board expire at the end of this Shareholders' Meeting: Clement Booth, Philippe Carli and Yves Mansion.

You are requested to approve the reappointment of Clement Booth, Philippe Carli and Yves Mansion as members of the Supervisory Board for a three-year term, expiring in 2015 at the end of the Ordinary Shareholders' Meeting called to vote on the financial statements for the financial year ending December 31, 2014.

Presentation of directors proposed for reappointment:

Clement Booth, 58 years old, born in Cape Town, is a graduate of the University of Witwatersrand (South Africa). Between 1974 and 1986, he had various management as well as technical positions in the insurance sector in South Africa. On July 1, 1986, he joined Munch Ré Afrique where he was appointed deputy Chief Executive Officer in 1990 and Chief Executive Officer in 1993. On January 1, 1999 he was appointed member of the Management Board of Munich Ré AG, in charge of engineering, aeronautics, risks transfer and credit. In 2003, he left Munich for London and was appointed Chairman of Aon Re international. In January 2006, he joined the Allianz group as member of the Management Board. He is in charge of the Global insurance lines and of the United Kingdom, Ireland and Australia. Clement Booth is since September 2009 Chairman of the Supervisory Board of Euler Hermes SA.

Philippe Carli, 52 years old, engineer of the École Supérieure d'Électricité (Supelec), Master degree in Solid-state physics, he joined Siemens group in 1986 where he was appointed for several management positions in France and Germany, in particular he was Chairman of the French subsidiary Siemens SAS from 2002 to 2010. In 2009, he was appointed member of the Supervisory Board of Euler Hermes SA. In 2010, he became Chief Executive Officer of Editions Amaury. In addition, Philippe Carli is Chairman of the Board of Directors of the Coopérative de Distribution des Quotidiens, director of Mediakiosk, Chairman of the Fondation Supelec, member of the Supervisory Board of the Chambre franco-allemande de Commerce et d'Industrie and director of Presstalis.

Yves Mansion, 61 years old, is a graduate of the École Polytechnique, the École Nationale d'Administration (ENA) (André Malraux promotion) and the École Nationale de la Statistique et de l'Administration Économique. He was Inspector of Finances, and was in particular deputy director of Pierre Bérégovoy's cabinet while the latter was Minister of the Economy, Finances and Budget. He joined AGF group in 1989 and was appointed Chief Executive Officer from 1990 to 2001. He was Chairman and CEO at Société Foncière Lyonnaise from 2002 to 2010. In addition, Yves Mansion was member of the Collège of the Autorité des Marchés Financiers from 2003 to 2011. He is a member of the Supervisory Board and the Audit Committee of Euler Hermes SA and director and Chairman of the audit committee of Aviva France. Finally, Yves Mansion is founder and Chairman of SAS Mansions.

Establishment of total amount of attendance fees to be paid

Thirteenth resolution *(ordinary resolution)*

You are requested to fix the total amount of attendance fees to be paid to members of the Supervisory Board for the current financial year at €500,000.

The amount of attendance fees to be paid will be maintained for future financial years and until otherwise decided.

Ratification of the relocation of the Company's headquarters

Fourteenth resolution *(ordinary resolution)*

The Supervisory Board decided, in its meeting of February 16, 2012, to relocate the Company's headquarters from 1-3-5 rue Euler, 75008 Paris, to 1 place des Saisons, 92048 Paris-La-Défense Cedex. The effective date of this relocation is May 2, 2012.

You are asked to approve this decision.

Authorization to implement a share buyback program and to reduce the share capital by the cancellation of treasury shares (L. 225-209)

Fifteenth resolution *(ordinary resolution)* and sixteenth resolution *(extraordinary resolution)*

A list of the operations conducted as part of the Group's share buyback programs and a description of the authorization submitted for vote are shown in paragraphs 7.4.1 and 8.5 of the 2011 Registration Document.

The Ordinary Shareholders' Meeting is asked to authorize the Group Management Board, for a period of eighteen months, to purchase, on one or more occasions at such times as it deems appropriate, Company shares up to a maximum of 10% of the number of shares comprising the share capital, adjusted where applicable to take into account any capital increases or reductions applied during the program.

This authorization replaces the authorization given to the Group Management Board under the seventh ordinary resolution of the Shareholders' Meeting held on May 20, 2011.

Acquisitions may be made in order to:

- stimulate the secondary market or the liquidity of Euler Hermes' stock through the use of an investment services provider acting within the framework of a liquidity contract in accordance with the ethics charter of the French Financial Markets Association (AMAFI), recognized by the French Financial Markets Authority (AMF);
- keep purchased shares and use them at a later date in a share swap or as payment as part of an external growth transaction, it being specified that the shares acquired for this purpose may not exceed 5% of the Company's share capital;
- cover share option plans and other forms of share allocations to employees and/or corporate officers of the Group under the terms and conditions stipulated by law, for example in respect of profit-sharing, a Company savings plan or by the allocation of free shares;
- cover securities granting entitlement to the allocation of Company shares pursuant to applicable regulations;
- cancel shares acquired, where appropriate, subject to authorization being granted by the sixteenth extraordinary resolution of this Shareholders' Meeting.

These transactions may be carried out during a public tender offer in accordance with applicable regulations.

You are asked to fix the maximum purchase price at €87.02 per share and consequently, the maximum amount of this transaction at €392,977,769.

As a consequence of the authorization to cancel shares, the Extraordinary Shareholders' Meeting is asked to authorize the Group Management Board, for a period of twenty-four months, to cancel, at its sole discretion, in one or more transactions and within the limit of 10% of the share capital calculated on the day the decision to cancel the shares is made, less any shares canceled during the twenty-four preceding months, shares that the Company holds or may hold pursuant to repurchases made pursuant to its share buyback program, and to reduce the share capital by the corresponding amount in accordance with the provisions of all applicable laws and regulations;

The Group Management Board would thereby hold the necessary powers to act appropriately in such an event.

Delegation of powers to increase the share capital by capitalizing reserves, profits and/or premiums

Seventeenth resolution *(extraordinary resolution)*

The delegation of powers to increase the share capital by capitalizing reserves, profits and/or premiums expires on July 20, 2012.

In consequence, you are asked to renew this authorization and grant to the Group Management Board, for a new period of twenty-six months, the authorization to increase the share capital of the Company, by capitalizing reserves, profits, premiums or other amounts that may be capitalized, by issuing shares and allocating free shares or increasing the nominal value of existing ordinary shares, or a combination of both.

The amount of any capital increase resulting from issues carried out under this delegation may not exceed the nominal amount of €5 million. This amount does not include the total nominal value of additional ordinary shares which may be issued to safeguard the rights of holders of securities granting entitlement to shares, as provided by law. This ceiling is independent of all other ceilings provided for in other authorizations of this Shareholder's Meeting.

Delegation of powers to issue ordinary shares and/or securities giving access to share capital and/or granting entitlement to the allocation of debt instruments with preservation of preferential subscription rights

Eighteenth resolution *(extraordinary resolution)*

The delegation of powers to increase the share capital through a cash contribution with preservation of preferential subscription rights expires on July 20, 2012. In consequence, you are asked to renew this authorization with the following conditions.

This authorization aims to grant to the Group Management Board complete discretion to carry out, at such times as it deems appropriate, the issue of ordinary shares and/or securities giving present or future access to ordinary shares and/or securities granting entitlement to the allocation of debt instruments for a period of twenty-six months.

As provided by law, the securities issued may entitle the holder to ordinary shares in any company that owns, directly or indirectly, more than one half of the share capital of the Company or of which the Company owns directly or indirectly more than one half of the share capital.

You are asked to set the total maximum nominal amount of shares which may be issued pursuant to this authorization at €7 million. This ceiling shall include, where applicable, the nominal value of the ordinary shares to be issued to safeguard, in accordance with the law and, where applicable, any contractual provisions that provide for other cases of adjustment, the rights of holders of securities granting entitlement to the share capital of the Company.

The nominal value of the debt instruments on the Company liable to be issued pursuant to this authorization may not exceed €7 million.

The aforementioned ceilings are independent of all other ceilings provided for in the other resolutions of this Shareholder's Meeting.

Under this authorization, the issue of ordinary shares and/or any securities granting access to the Company's share capital will be carried out with preservation of shareholders' preferential subscription rights.

In the event that the issue of ordinary shares and/or securities granting access to the Company's share capital and/or granting entitlement to the allocation of debt instruments is not fully subscribed, the Group Management Board may have recourse to the following options:

- limit the amount of the issue to the amount of the subscriptions, it being specified that in the event of the issue of ordinary shares or securities whose primary title is a share, the amount of the subscriptions must be a minimum of three quarters of the issue initially decided;

- freely allocate all or part of the unsubscribed securities;
- offer to the public all or part of the unsubscribed securities.

Authorization to increase the amount of issues in the event of oversubscription

Nineteenth resolution *(extraordinary resolution)*

You are asked, as part of the aforementioned authorization with preservation of preferential subscription rights, to delegate powers to the Group Management Board to increase, in accordance with the limits fixed by legal and regulatory provisions, the number of securities above that initially decided.

Delegation of powers to increase the share capital for the benefit of members of an employee savings plan

Twentieth resolution *(extraordinary resolution)*

You are asked to approve the current resolution, in order to comply with the provisions of Article L. 225-129-6 of the French Commercial Code, under whose terms any delegation of powers to increase the capital through a cash contribution must be the subject of a draft resolution submitted to the Extraordinary Shareholders' Meeting in accordance with the conditions set out in Article L. 3332-18 *et seq.* of the French Labor Code.

As part of this delegation of powers, you are asked to authorize the Group Management Board to increase the share capital in favor of members of a Company savings plan, in accordance with the conditions provided for by Articles L. 3332-18 *et seq.* of the French Labor Code, by issuing ordinary shares for cash and, where necessary, by allocating free ordinary shares or other securities granting entitlement to share capital.

In accordance with the law, the Shareholders' Meeting will remove shareholders' preferential subscription rights.

The maximum nominal amount of share capital increases that may be carried out pursuant to this authorization will be €132,000 per issue.

This ceiling is independent of all other ceilings provided for under a share capital increase.

This authorization shall be valid for a period of twenty-six months.

It is specified, in accordance with the provisions of Article L. 3332-19 of the French Labor Code, that the price of shares to be issued may not be more than 20% (or 30% when the vesting period provided for by the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the French Labor Code is greater than or equal to ten years) below the average opening price of the share on the 20 trading days preceding the decision of the Group Management Board concerning the capital increase and the corresponding issue, nor greater than this average.

The Group Management Board would, in accordance with the limits set out above, hold the necessary powers to set the terms and conditions of the issue(s), to record the completion of the resulting capital increases, to amend the Articles of Association accordingly, to deduct, as it deems appropriate, the costs of the share capital increases from the amount of premiums associated with those increases and to withhold from that amount the amounts required to increase the legal reserve to one tenth of the new share capital after each share capital increase; and, more generally, to do all that is necessary for this purpose.

Harmonization of the Articles of Association

Twenty-first resolution *(extraordinary resolution)*

You are asked to approve the harmonization of several of the Articles of Association with the provisions of the French Commercial Code and the French Labor Code, following legal and regulatory amendments which have a direct impact on the text of the Company's Articles of Association.

Modification of Article 8 of the Articles of Association, concerning the removal of the penalty for shares not held in registered form

Twenty-second resolution *(extraordinary resolution)*

You are asked to amend as follows the final paragraph of Article 8 of the Company's Articles of Association, "Transfer and sale of shares", in order to remove the penalty for shares not held in registered form.

Modification of Article 11 of the Articles of Association, specifying the procedure for the staggering of Supervisory Board members' terms of office

Twenty-third resolution *(extraordinary resolution)*

You are asked to approve the addition to the Company's Articles of Association of provisions allowing the staggering of the terms of office of the members of the Supervisory Board to be implemented and maintained, and to amend accordingly the ninth paragraph of Article 11 of the Articles of Association, "Members – Duties – Remuneration", pertaining to the replacement of members of the Supervisory Board, by adding the possibility of appointing members of the Supervisory Board for a period of one or two years, with the sole aim of allowing a staggering of the terms of office to be implemented and maintained.

Modification of Article 14 of the Articles of Association, modifying cases of participation in the Supervisory Board *via* video conference or telecommunication media

Twenty-fourth *resolution (extraordinary resolution)*

You are asked to approve the amendment of the seventh paragraph of Article 14 of the Company's Articles of Association, "Supervisory Board meetings", pertaining to cases of participation in Supervisory Board meetings *via* video conference or telecommunication media, and excluding the use of video conference or telecommunication media by the Supervisory Board solely for the approval of decisions relating to the review of the parent company and consolidated financial statements and the dismissal of members of the Group Management Board.

Modification of Article 15 of the Articles of Association, pertaining to the extension of the terms of office of members of the Group Management Board

Twenty-fifth resolution *(extraordinary resolution)*

You are asked to amend the fifth paragraph of Article 15 of the Company's Articles of Association, "Members – Duties – Remuneration", in order to extend the terms of office of members of the Group Management Board from three to four years.

Modification of Article 19 of the Articles of Association, removing the age limit applicable to Statutory Auditors and the point relating to the determination of their fees

Twenty-sixth resolution *(extraordinary resolution)*

You are asked to approve the amendment to Article 19 of the Articles of Association, "Statutory Auditors", in order to comply with existing practices pertaining to the appointment of Statutory Auditors and the determination of their fees and, as a result, to remove the third and final paragraphs referring to the age limit applicable to Statutory Auditors and the determination of their fees.

Powers to accomplish formalities

Twenty-seventh resolution

This resolution looks to confer all the powers necessary to accomplish the formalities that will follow the Shareholders Meeting.

Conclusion

Your Group Management Board requests that you approve, by way of your vote, the text of the resolutions put forward.

The Group Management Board

8.2 Comments by the Supervisory Board on the management report by the Group Management Board and on the financial statements

To the Shareholders,

The Supervisory Board met seven times during 2011, thus keeping itself regularly informed of the progress of the business and activity conducted by the Company and the Group, in accordance with legal and statutory provisions. As part of its supervisory tasks, it performed the checks and controls it deemed necessary.

The Supervisory Board examined the 2011 parent company and consolidated financial statements submitted to it by the Group Management Board and its report on the position of the business of the Company and the Group during the previous financial year. It reviewed the findings of the Audit Committee, which paid particular attention to the suitability of the Group's technical reserves to meet its commitments and the proper application of accounting standards. The Audit Committee was pleased with the cautious approach used by Euler Hermes in setting up its provisions.

The Supervisory Board took due note of the parent company and consolidated financial statements as they are presented to you. The information given in the Group Management Board's management report does not call for any particular comment from the Supervisory Board.

Moreover, the Supervisory Board approves the prudent, responsive management of the financial portfolio, which made a significant contribution to Euler Hermes' results in a particularly unstable financial environment. It also approves, in particular, the appropriateness of the Management Board's administrative actions with respect to risk management, the relocation of the Group's headquarters and the legal restructuring in Europe.

The Supervisory Board thus decided to reiterate its confidence in the Group Management Board by renewing the terms of office of all members of the Group Management Board at its meeting on February 16, 2012.

Pursuant to the terms of the resolutions submitted for your approval, you are requested to approve the parent company and consolidated financial statements for financial year 2011, the allocation of the year's income and that you renew the Supervisory Board members' terms of office.

The Supervisory Board suggests that you approve the financial statements for financial year 2011, the proposed allocation of income and the various resolutions presented to you.

Finally, the Supervisory Board would like to thank all of Euler Hermes' employees for the excellent work accomplished over the past year.

The Supervisory Board

8.3 Special report of the Statutory Auditors on regulated agreements and commitments

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Shareholders' General Meeting approving the financial statements for the financial year ended December 31, 2011

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby submit our report on regulated agreements and commitments.

Based on the information given to us, we must inform you of the essential characteristics, and the terms and conditions of the agreements and commitments of which we have been informed, or which we discovered during our audit. We are not responsible for assessing their utility or merits or for searching for the existence of other agreements and commitments. You are responsible, under the terms of Article R. 225-58 of the French Commercial Code, for assessing the potential benefit of such agreements and commitments in order to approve them.

If necessary, we must also inform you of the information stipulated in Article R. 225-58 of the French Commercial Code regarding the execution of agreements and commitments during the past fiscal year, which your General Meeting has already approved.

We performed the reviews we considered were necessary under the rules of the National Statutory Auditors' Association for this assignment. These reviews involved checking that the information we were given was consistent with the basic documents it was taken from.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE SHAREHOLDERS' GENERAL MEETING FOR ITS APPROVAL

Agreements and commitments authorized during 2011

Pursuant to Article L. 225-88 of the French Commercial Code, we were informed of the agreements and commitments which the Supervisory Board had given its prior authorization to.

1. Renewal of the guarantee agreement between Euler Hermes SA and Euler Hermes Kreditverzekering NV (Netherlands)

PERSON CONCERNED: MR. NICOLAS HEIN

The Supervisory Board of November 9, 2011 authorized the renewal of a guarantee agreement between Euler Hermes SA and Euler Hermes Kreditverzekering NV (Netherlands), in connection with Standard & Poor's rating of Euler Hermes SA.

This guarantee was established to enable the Dutch company to benefit from the same rating as that of other Group companies.

Euler Hermes SA undertakes to settle the guaranteed commitments, under the terms and conditions applicable to all policies issued by Euler Hermes Kreditverzekering NV, if Euler Hermes Kreditverzekering NV were unable to pay the guaranteed commitments to the policyholder. Euler Hermes SA's financial commitment is limited to the amount of the guaranteed commitments due from Euler Hermes Kreditverzekering NV to the policyholder.

2. Renewal of the guarantee agreement between Euler Hermes SA and Euler Hermes Reinsurance AG (Switzerland)

PERSON CONCERNED: MR. NICOLAS HEIN ET DR. GERD UWE BADEN

The Supervisory Board meeting of November 9, 2011 authorized the renewal of a guarantee agreement between Euler Hermes SA and Euler Hermes Reinsurance AG (Switzerland) enabling Euler Hermes SA to guarantee the commitments of Euler Hermes Reinsurance AG, in connection with Standard & Poor's rating of Euler Hermes SA.

Euler Hermes SA undertakes to settle the guaranteed commitments, under the terms and conditions applicable to all the corresponding proportional and non-proportional reinsurance treaties, if Euler Hermes Reinsurance AG were unable to pay the guaranteed commitments. Euler Hermes SA's financial commitment is limited to the amount of the guaranteed commitments due from Euler Hermes Kreditverzekering NV to the policyholder. Euler Hermes SA may reduce its financial commitment by any financial claim Euler Hermes Reinsurance AG may have on the policyholder.

3. Renewal of the guarantee agreement between Euler Hermes SA and Euler Hermes Ré (Luxembourg)

PERSON CONCERNED: MR. NICOLAS HEIN

The Supervisory Board meeting of November 9, 2011 authorized the renewal of a guarantee agreement between Euler Hermes SA and Euler Hermes Ré (Luxembourg) enabling Euler Hermes SA to guarantee the commitments of Euler Hermes Ré (Luxembourg), in connection with Standard & Poor's rating of Euler Hermes SA.

Euler Hermes SA undertakes to settle the guaranteed commitments, under the terms and conditions applicable to all the corresponding proportional and non-proportional reinsurance treaties, if Euler Hermes Reinsurance Ré were unable to pay the guaranteed commitments. Euler Hermes SA's financial commitment is limited to the amount of the guaranteed commitments due from Euler Hermes Ré to the Policyholder. Euler Hermes SA may reduce its financial commitment by any financial claim Euler Hermes Ré may have on the Policyholder.

4. Loan agreement between Euler Hermes SA and Allianz France International SA

PERSON CONCERNED: ALLIANZ FRANCE SA AS SHAREHOLDER OF EULER HERMES SA AND ALLIANZ FRANCE INTERNATIONAL SA (MERGED IN ALLIANZ FRANCE SA ON DECEMBER 19, 2011)

The Supervisory Board on July 26, 2011 authorized the amendment to the €110 million loan contracted by Euler Hermes SA with Allianz France International SA on September 3, 2009, under the following terms:

Term	3 years
Maturity	September 10, 2012
Rate	Fixed, equal to the three year Mid-Swaps rate recorded on Bloomberg on September 2, 2009
Interest	Annual

The amendment dated July 26, 2011 included the right for Euler Hermes SA to proceed to a partial or total eraly repayment. This loan was early repaid (€ 75 million in principal on July 27, 2011 and €35 in principal on December 2, 2011).

An interest expense of €3,640,660 was recognized in 2011 (including compensatory indemnities for a total amount of €649,968).

Agreements and commitments authorized since the closing date

We were informed of the agreements and commitments which the Supervisory Board had given its prior authorization to since the closing of the past financial year.

1. Commitment in favor of Mr. Wilfried Verstraete

PERSON CONCERNED: MR. WILFRIED VERSTRAETE

Subject to the approval of the Shareholders' General Meeting on May 25, 2012, the Supervisory Board decided at its meeting of February 16, 2012 to grant an indemnity upon revocation in favor of Mr. Wilfried Verstraete, Chairman of the Group Management Board under the following terms:

The indemnity upon revocation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

1. Achievement of at least 75% of the annual objectives following the appraisal over two of the last three years preceding the revocation;
2. The combined ratio is equal or below 95% on average for the last three calendar years preceding.

If both of the two performance conditions are met, the full indemnity is paid. 50% of the indemnity is paid if either condition (1) or (2) is met.

The amount of the indemnity upon revocation shall not exceed two years of remuneration (fixed and variable).

2. Commitment in favor of Mr. Gerd-Uwe Baden

PERSON CONCERNED: MR. GERD-UWE BADEN

Subject to the approval of the Shareholders' General Meeting on May 25, 2012, the Supervisory Board decided at its meeting of February 16, 2012 to grant an indemnity upon revocation in favor of Mr. Gerd-Uwe Baden, member of the Group Management Board under the following terms :

The indemnity upon revocation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

- Achievement of at least 75% of the annual objectives following the appraisal over two of the last three years preceding the revocation;
- The combined ratio is equal or below 95% on average for the last three calendar years preceding.

If both of the two performance conditions are met, the full indemnity is paid. 50% of the indemnity is paid if either condition (1) or (2) is met.

The amount of the indemnity upon revocation shall not exceed two years of remuneration (fixed and variable).

3. Commitment in favor of Mr. Frédéric Bizière

PERSON CONCERNED: MR. FRÉDÉRIC BIZIÈRE

Subject to the approval of the Shareholders' General Meeting on May 25, 2012, the Supervisory Board decided at its meeting of February 16, 2012 to grant an indemnity upon revocation in favor of Mr. Frédéric Bizière, member of the Group Management Board under the following terms :

The indemnity upon revocation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

- Achievement of at least 75% of the annual objectives following the appraisal over two of the last three years preceding the revocation;
- The combined ratio is equal or below 95% on average for the last three calendar years preceding.

If both of the two performance conditions are met, the full indemnity is paid. 50% of the indemnity is paid if either condition (1) or (2) is met.

The amount of the indemnity upon revocation shall not exceed two years of remuneration (fixed and variable).

4. Commitment in favor of Mr. Nicolas Hein

PERSON CONCERNED: MR. NICOLAS HEIN

Subject to the approval of the Shareholders' General Meeting on May 25, 2012, the Supervisory Board decided at its meeting of February 16, 2012 to grant an indemnity upon revocation in favor of Mr. Nicolas Hein, member of the Group Management Board under the following terms :

The indemnity upon revocation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

- Achievement of at least 75% of the annual objectives following the appraisal over two of the last three years preceding the revocation;
- The combined ratio is equal or below 95% on average for the last three calendar years preceding.

If both of the two performance conditions are met, the full indemnity is paid. 50% of the indemnity is paid if either condition (1) or (2) is met.

The amount of the indemnity upon revocation shall not exceed two years of remuneration (fixed and variable).

5. Commitment in favor of Mr. Dirk Oevermann

PERSON CONCERNED: MR. DIRK OEVERMANN

Subject to the approval of the Shareholders' General Meeting on May 25, 2012, the Supervisory Board decided at its meeting of February 16, 2012 to grant an indemnity upon revocation in favor of Mr. Dirk Oevermann, member of the Group Management Board under the following terms :

The indemnity upon revocation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

- Achievement of at least 75% of the annual objectives following the appraisal over two of the last three years preceding the revocation;
- The combined ratio is equal or below 95% on average for the last three calendar years preceding.

If both of the two performance conditions are met, the full indemnity is paid. 50% of the indemnity is paid if either condition (1) or (2) is met.

The amount of the indemnity upon revocation shall not exceed two years of remuneration (fixed and variable).

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' GENERAL MEETING

Agreements and commitments approved in prior years and still in force during the past financial year

Pursuant to Article R. 225-57 of the French Commercial Code, we were informed that the following agreements and commitments which the Shareholders' General Meeting had already approved in previous financial years, continued to be in force during the past financial year.

1. Letter of guarantee between Euler Hermes SA and Euler Hermes Credit Insurance Belgium (recently renamed Euler Hermes Europe SA NV) and Euler Hermes Services Belgium

PERSON CONCERNED: MR. NICOLAS HEIN

The Supervisory Board meeting on November 4, 2010, authorized a guarantee agreement to be set up between Euler Hermes SA and Euler Hermes Credit Insurance Belgium (recently renamed Euler Hermes Europe SA NV) and Euler Hermes Services Belgium, within the scope of setting up a early-retirement plan in the Belgium subsidiaries.

This letter guarantees that the beneficiaries of the pension plan in the above named companies would be paid the supplementary payments owed to them, if Euler Hermes Credit Insurance Belgium (recently renamed Euler Hermes Europe SA NV) and Euler Hermes Services Belgium were definitely unable to honor their payment obligations.

2. Loan agreement between Euler Hermes SA and Allianz Belgium

The €135 million loan with Allianz France SA, contracted on June 24, 2005, was transferred to Allianz Belgium from May 11, 2009. The final maturity date was renegotiated on June 23, 2010. The terms are as follows:

Term	10 years
Maturity	June 24, 2020
Rate	Fixed at 4.04%
Interest	Annual

An interest expense of € 5,529,750 € was recognized in 2011.

3. Amendment to the Long Term Incentive Plan

PERSONS CONCERNED: ALLIANZ AS SHAREHOLDER, MR. WILFRIED VERSTRAETE, CHAIRMAN OF THE GROUP MANAGEMENT BOARD, MR.GERD-UWE BADEN, MEMBER OF THE GROUP MANAGEMENT BOARD, MR. NICOLAS HEIN, MEMBER OF THE GROUP MANAGEMENT BOARD ET MR. DIRK OEVERMANN, MEMBER OF THE GROUP MANAGEMENT BOARD

The Supervisory Board meeting on November 4, 2010, resolved to change the compensation methods for the members of the Group Management Board for 2011, so that the portion corresponding to the long-term bonus plan is comprised of 50% of RSUs, whose value is indexed to fluctuations in Allianz share price and 50% of RSUs, whose value is indexed to fluctuations in Euler Hermes share price, with a four-year vesting period for the rights from the allotment date to remunerate performance for year N-1.

Each Euler Hermes group company must bear the cost of this plan for the portion relating to the Company in question.

As of 2011, the Nomination and Remuneration Committee in its meeting of February 15, 2012, validated the allocation of the Long Term Incentive Plan (corresponding to 50% of RSUs Allianz and 50% of RSUs Euler Hermes) for a total amount of €1,162,987.

The Long Term Incentive Plan Allianz is subject to a hedging contract with Allianz which expense of €975,493 was recognized by Euler Hermes.

Agreements and commitments approved in prior years and not in force during the past financial year

In addition, we were informed that the following agreements and commitments which the Shareholders' General Meeting had already approved in previous financial years, did not continue to be in force during the past financial year.

1. Specific agreement related to Mr. Wilfried Verstraete's term of office

PERSON CONCERNED: MR. WILFRIED VERSTRAETE

The Supervisory Board approved the following arrangement concerning the term of office of Mr. Wilfried Verstraete, Chairman of the Group Management Board, at its meeting on July 28th, 2009: If Mr. Verstraete is dismissed from office following a change of control or strategy, which should be supported by reasons, and to guarantee the principle of removal from office adnutum, he shall receive a payment, equal to two years of his remuneration to cover all prejudice, and in particular prejudice resulting from unjustified grounds or methods when dismissing him, such as vexatious circumstances. The basis for this indemnity comprises all the fixed and bonus remuneration paid by Euler Hermes during the fiscal year preceding the dismissal.

This payment shall be subject to a performance criterion.

The performance condition shall be considered to have been met if the average rate of return on risk-adjusted capital (RORAC), as reported by the Supervisory Board in the audited consolidated financial statements for the two years before the cessation of activity exceeds 9%.

If a dismissal occurs between January 1, 2010 and December 31, 2011, the performance condition shall be considered to have been met if the annualized rate of return on risk-adjusted capital (RORAC), as recorded by the Supervisory Board in the interim consolidated financial statements, available as from the second half of 2009 inclusive, exceeds the rate adopted in the Strategic Dialogue for 2010, i.e. 7%.

2. Specific agreement related to Mr. Gerd-Uwe Baden's term of office

PERSON CONCERNED: MR. GERD-UWE BADEN

In the event of retirement, Mr. Gerd-Uwe Baden, a Member of the Euler Hermes SA Group Management Board and also Chairman of the Management Board of the Group's German subsidiary, Euler Hermes Kreditversicherung AG, shall receive, under his employment contract with the subsidiary Euler Hermes Kreditversicherung AG, a gross payment equal to 50% of the latest fixed and variable annual compensation paid to him.

At its meeting of February 15, 2008, and on the advice of the Nomination and Remuneration Committee, the Supervisory Board introduced a performance clause making conditional the compensation to be paid in the event of cessation of activity. This performance condition is deemed to be met if the following criterion is fulfilled:

The average rate of return on risk-adjusted capital (RORAC), as recognized by the Supervisory Board in the audited consolidated financial statements for the last two financial years prior to the cessation of activity, is at least 8%.

3. Specific agreement related to the term of office of a member of the Group Management Board

PERSON CONCERNED: MR. DIRK OEVERMANN

The Supervisory Board approved the following provisions concerning the term of office of Mr. Dirk Oevermann, a member of the Group Management Board, at its meeting on February 7, 2010 if Mr. Dirk Oevermann is dismissed from office following a change of control or strategy, which should be supported by reasons, and to guarantee the principle of removal from office adnutum, he shall receive a payment of two years of his variable remuneration to cover all prejudice, and in particular prejudice caused by unjustified grounds or methods when dismissing him, such as vexatious circumstances. The base for this payment shall be all his variable remuneration (last annual bonus paid +1/3 of the last Mid term bonus, excluding Allianz GEI) paid by Euler Hermes during the year prior to dismissal.

This payment shall be subject to a performance criterion.

The performance condition shall be considered to have been met if the average rate of return on risk-adjusted capital (RORAC), as recorded by the Supervisory Board in the audited consolidated financial statements for the two years preceding the cessation of activity equals or exceeds a percentage set annually by the Supervisory Board.

Paris la Défense and Paris, March 26, 2012

KPMG Audit FS II	ACE – AUDITEURS ET CONSEILS D'ENTREPRISE
Régis Tribout	François Shoukry
Partner	*Partner*

8.4 Resolutions submitted to the vote of the Combined Shareholders' Meeting of May 25, 2012

DRAFT AGENDA

Ordinary resolutions:

1. Approval of the annual financial statements for the financial year ended December 31, 2011;
2. Approval of the consolidated financial statements for the financial year ended December 31, 2011;
3. Allocation of income for the financial year and declaration of the dividend;
4. Special report of the Statutory Auditors on regulated agreements and commitments and approval of those agreements;
5. Special report of the Statutory Auditors on regulated agreements and commitments and approval of a commitment made in favor of Wilfried Verstraete;
6. Special report of the Statutory Auditors on regulated agreements and commitments and approval of a commitment made in favor of Gerd-Uwe Baden;
7. Special report of the Statutory Auditors on regulated agreements and commitments and approval of a commitment made in favor of Frédéric Bizière;
8. Special report of the Statutory Auditors on regulated agreements and commitments and approval of a commitment made in favor of Nicolas Hein;
9. Special report of the Statutory Auditors on regulated agreements and commitments and approval of a commitment made in favor of Dirk Oevermann;
10. Reappointment of Clement Booth as a member of the Supervisory Board;
11. Reappointment of Philippe Carli as a member of the Supervisory Board;
12. Reappointment of Yves Mansion as a member of the Supervisory Board;
13. Determination of the amount of attendance fees allocated to members of the Supervisory Board;,
14. Ratification of the relocation of the Company's headquarters;
15. Authorization to be granted to the Group Management Board to have the Company buy back its own shares pursuant to Article L. 225-209 of the French Commercial Code;

Extraordinary resolutions:

16. Authorization to be granted to the Group Management Board to cancel the shares bought back by the Company pursuant to Article L. 225-209 of the French Commercial Code;
17. Delegation of powers to be granted to the Group Management Board to increase the capital by capitalizing reserves, profits and/or premiums;
18. Delegation of powers to be granted to the Group Management Board to issue ordinary shares and/or securities giving access to share capital and/or granting entitlement to the allocation of debt instruments with preservation of preferential subscription right;
19. Authorization to increase the amount of issues in the event of oversubscription;
20. Delegation of powers to be granted to the Group Management Board to increase capital by issuing shares reserved for Company savings plan subscribers, pursuant to Articles L. 3332-18 et seq. of the French Labor Code;,
21. Harmonization of the Articles of Association;
22. Modification of Article 8 of the Articles of Association, pertaining to the removal of the penalty for shares not held in registered form;
23. Modification of Article 11 of the Articles of Association, specifying the procedure for the staggering of Supervisory Board members' terms of office;
24. Modification of Article 14 of the Articles of Association, modifying cases of participation in the Supervisory Board via video conference or telecommunication media;
25. Modification of Article 15 of the Articles of Association, pertaining to the extension of the terms of office of members of the Group Management Board
26. Modification of Article 19 of the Articles of Association, removing the age limit applicable to Statutory Auditors and the point relating to the determination of their fees;
27. Powers for formalities.

DRAFT RESOLUTIONS

Ordinary resolutions

First resolution

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011

The Shareholders' Meeting, having reviewed the reports of the Group Management Board and the observations of the Supervisory Board, the Chairman of the Supervisory Board and the Statutory Auditors on the financial year ended December 31, 2011, approves the annual financial statements drawn up on that date, as presented, showing a profit of €109,230,335.16.

Second resolution

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011

The Shareholders' Meeting, having reviewed the reports of the Group Management Board and the observations of the Supervisory Board, the Chairman of the Supervisory Board and the Statutory Auditors on the consolidated financial statements at December 31, 2011, approves these financial statements, as presented, showing a profit (Group share) of €330,267,163.32.

Third resolution

ALLOCATION OF INCOME FOR THE FINANCIAL YEAR AND DECLARATION OF THE DIVIDEND

At the proposal of the Group Management Board, the Shareholders' Meeting decides to allocate the income for the financial year ended December 31, 2011, as follows:

	Source
Profit for the year	€ 109,230,335.16
Unappropriated earnings	€ 337,275,873.47
	Allocation
Legal reserve	€ 1,489.60
Proposed dividend: €4.40 per share	€ 198,701,698.80
Unappropriated earnings	€ 247,803,020.23

- The Shareholders' Meeting acknowledges that the total gross dividend per share is set at €4.40. The entire amount distributed is eligible for the 40% abatement referred to in Article 158-3-2° of the French General Tax Code.

The ex-dividend date will be June 12, 2012.

The dividends will be paid out on June 15, 2012.

In the event that the number of shares conferring entitlement to a dividend differs from the 45,159,477 shares comprising the share capital as at February 16, 2012, the total amount of the dividends shall be adjusted accordingly and the amount allocated to the "unappropriated earnings" account shall be determined based on the dividends actually paid out.

In accordance with Article 243a of the French General Tax Code, the Shareholders' Meeting acknowledges that it was reminded that, for the last three financial years, the following dividends and income were distributed:

	Income eligible for the abatement		
In respect of financial year	Dividends	Other income distributed	Income not eligible for the abatement
2008	€67,623,345* *i.e.* €1.50 per share	_	_
2009	_	_	_
2010	€180,410,928* *i.e.* €4 per share	_	_

* *Including the dividend amount corresponding to treasury shares not paid out and allocated to the unappropriated earnings account.*

Fourth resolution

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS AND APPROVAL OF THOSE AGREEMENTS

The Shareholders' Meeting, ruling on the special report submitted to it by the Statutory Auditors on regulated agreements and commitments, approves the new agreements referred to therein.

Fifth resolution

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS AND APPROVAL OF A COMMITMENT MADE IN FAVOR OF WILFRIED VERSTRAETE

The Shareholders' Meeting, ruling on the special report on regulated agreements and commitments submitted to it by the Statutory Auditors, approves the commitment made by the Company in favor of Wilfried Verstraete, Chairman of the Group Management Board, corresponding to compensation liable to be owed in relation to the termination of his duties.

Sixth resolution

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS AND APPROVAL OF A COMMITMENT MADE IN FAVOR OF GERD-UWE BADEN

The Shareholders' Meeting, ruling on the special report on regulated agreements and commitments submitted to it by the Statutory Auditors, approves the commitment made by the Company in favor of Gerd-Uwe Baden, member of the Group Management Board, corresponding to compensation liable to be owed in relation to the termination of his duties.

Seventh resolution

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS AND APPROVAL OF A COMMITMENT MADE IN FAVOR OF FRÉDÉRIC BIZIÈRE

The Shareholders' Meeting, ruling on the special report on regulated agreements and commitments submitted to it by the Statutory Auditors, approves the commitment made by the Company in favor of Frédéric Bizière, member of the Group Management Board, corresponding to compensation liable to be owed in relation to the termination of his duties.

Eighth resolution

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS AND APPROVAL OF A COMMITMENT MADE IN FAVOR OF NICOLAS HEIN

The Shareholders' Meeting, ruling on the special report on regulated agreements and commitments submitted to it by the Statutory Auditors, approves the commitment made by the Company in favor of Nicolas Hein, member of the Group Management Board, corresponding to compensation liable to be owed in relation to the termination of his duties.

Ninth resolution

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS AND APPROVAL OF A COMMITMENT MADE IN FAVOR OF DIRK OEVERMANN

The Shareholders' Meeting, ruling on the special report on regulated agreements and commitments submitted to it by the Statutory Auditors, approves the commitment made by the Company in favor of Dirk Oevermann, member of the Group Management Board, corresponding to compensation liable to be owed in relation to the termination of his duties.

Tenth resolution

REAPPOINTMENT OF CLEMENT BOOTH AS A MEMBER OF THE SUPERVISORY BOARD

The Shareholders' Meeting hereby decides to reappoint Clement Booth as a member of the Supervisory Board, for a period of three years, expiring after the Shareholders' Meeting held in 2015 to approve the financial statements for the preceding financial year.

Eleventh resolution

REAPPOINTMENT OF PHILIPPE CARLI AS A MEMBER OF THE SUPERVISORY BOARD

The Shareholders' Meeting hereby decides to reappoint Philippe Carli as a member of the Supervisory Board, for a period of three years, expiring after the Shareholders' Meeting held in 2015 to approve the financial statements for the preceding financial year.

Twelfth resolution

REAPPOINTMENT OF YVES MANSION AS A MEMBER OF THE SUPERVISORY BOARD

The Shareholders' Meeting hereby decides to reappoint Yves Mansion as a member of the Supervisory Board, for a period of three years, expiring after the Shareholders' Meeting held in 2015 to approve the financial statements for the preceding financial year.

Thirteenth resolution

DETERMINATION OF THE AMOUNT OF ATTENDANCE FEES ALLOCATED TO MEMBERS OF THE SUPERVISORY BOARD

The Shareholders' Meeting hereby sets the total annual amount of attendance fees to be allocated to the Supervisory Board at €500,000.

This decision, which applies to the current financial year, shall remain until a further decision is made.

Fourteenth resolution

RATIFICATION OF THE RELOCATION OF THE COMPANY'S HEADQUARTERS

The Shareholders' Meeting expressly ratifies the decision taken by the Supervisory Board in its meeting held on February 16, 2012 to relocate the Company's headquarters at 1-3-5, rue Euler, 75008 Paris, to 1, place des Saisons, 92048 Paris-La-Défense Cedex. The effective date of this relocation is May 2, 2012.

Fifteenth resolution

AUTHORIZATION TO BE GRANTED TO THE GROUP MANAGEMENT BOARD TO HAVE THE COMPANY BUY BACK ITS OWN SHARES PURSUANT TO ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE

The Shareholders' Meeting, having reviewed the report of the Group Management Board, authorizes the Board, for a period of eighteen months, in accordance with Articles L. 225-209 *et seq*. of the French Commercial Code, to purchase, on one or more occasions at such times as it deems appropriate, Company shares up to a maximum of 10% of the number of shares comprising the share capital, adjusted where applicable to take into account any capital increases or reductions applied during the program.

This authorization replaces the authorization given to the Group Management Board under the seventh ordinary resolution of the Shareholders' Meeting held on May 20, 2011.

Acquisitions may be made in order to:

- stimulate the secondary market or the liquidity of Euler Hermes' stock through the use of an investment services provider acting within the framework of a liquidity contract in accordance with the ethics charter of the French Financial Markets Association (AMAFI), recognized by the French Financial Markets Authority (AMF);
- keep purchased shares and use them at a later date in a share swap or as payment as part of an external growth transaction, it being specified that the shares acquired for this purpose may not exceed 5% of the Company's share capital;
- cover share option plans and other forms of share allocations to employees and/or corporate officers of the Group under the terms and conditions stipulated by law, for example in respect of profit-sharing, a Company savings plan or by the allocation of free shares;
- cover securities granting entitlement to the allocation of Company shares pursuant to applicable regulations;
- cancel shares acquired, where appropriate, subject to authorization being granted by the sixteenth ordinary resolution of this Shareholders' Meeting.

Such share purchases may be made by any means, including *via* the acquisition of blocks of securities, and at the times deemed necessary by the Group Management Board.

These transactions may be carried out during a public tender offer in accordance with applicable regulations.

The Company reserves the right to use optional mechanisms and derivative products within the framework of applicable regulations.

The maximum purchase price is set at €87.02 per share. In the event of a capital transaction, particularly a stock split, reverse split or allocation of free shares, the amount indicated above will be adjusted in the same proportions (by applying a multiplier equal to the ratio of the number of shares comprising the share capital before the operation to the number of shares after the operation).

The maximum amount of the transaction is thus set at €392,977,769.

The Shareholders' Meeting confers full powers to the Group Management Board to carry out these transactions, set the terms and conditions, enter into any agreements and perform all formalities.

Extraordinary resolutions

Sixteenth resolution

AUTHORIZATION TO BE GRANTED TO THE GROUP MANAGEMENT BOARD TO CANCEL THE SHARES BOUGHT BACK BY THE COMPANY PURSUANT TO ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE

The Shareholders' Meeting, having reviewed the reports of the Group Management Board and the Statutory Auditors:

1) authorizes the Group Management Board to cancel, at its sole discretion, in one or more transactions and within the limit of 10% of the share capital calculated on the day the decision to cancel the shares is made, less any shares canceled during the twenty-four preceding months, shares that the Company holds or may hold pursuant to repurchases made pursuant to Article L. 225-209 of the French Commercial Code, and to reduce the share capital by the corresponding amount in accordance with the provisions of all applicable laws and regulations;

2) sets the term of validity of this authorization at twenty-four months as from the date of this Shareholder's Meeting, *i.e.* until May 24, 2014;

3) grants full powers to the Group Management Board to take the actions required to carry out such cancellations and the corresponding reductions in the share capital, to amend the Articles of Association of the Company accordingly and to carry out all necessary formalities.

Seventeenth resolution

DELEGATION OF POWERS TO BE GRANTED TO THE GROUP MANAGEMENT BOARD TO INCREASE THE INCREASE CAPITAL BY CAPITALIZING RESERVES, PROFITS AND/OR PREMIUMS

The Shareholders' Meeting, acting under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, having reviewed the report of the Group Management Board and in accordance with Articles L. 225-129-2 and L. 225-130 of the French Commercial Code:

1) delegates to the Group Management Board its authority to increase the share capital of the Company, on one or more occasions, at such times and under such terms as it deems appropriate, by capitalizing reserves, profits, premiums or other amounts that may be capitalized, by issuing shares and allocating free shares or increasing the nominal value of existing ordinary shares, or a combination of both;

2) decides that, in the event that the Group Management Board makes use of this authorization, pursuant to Article L. 225-130 of the French Commercial Code, in the event of a capital increase in the form of an allocation of free shares, rights forming odd lots shall be neither tradable nor assignable and that the corresponding securities shall be sold; the amounts deriving from the sale shall be allocated to the holders of the rights within the deadline established by the regulations;

3) sets the term of validity of this authorization at twenty-six months, starting from the date of this Shareholder's Meeting;

4) decides that the capital increase amount resulting from the issues carried out under this resolution must not exceed the nominal amount of €5 million, excluding any additional shares that may be issued to safeguard the rights of holders of securities granting entitlement to shares, as provided by law.

   This ceiling is independent of all other ceilings provided for in theother resolutions of this Shareholder's Meeting;

5) confers full powers to the Group Management Board to implement this resolution and, in a general sense, to take all measures and carry out all formalities required to successfully conclude each capital increase, formally acknowledge it and amend the Articles of Association accordingly;

6) acknowledges that this authorization cancels and supersedes, with immediate effect, any corresponding previous authorization or the unused portion thereof.

Eighteenth resolution

DELEGATION OF POWERS TO BE GRANTED TO THE GROUP MANAGEMENT BOARD TO ISSUE ORDINARY SHARES AND/OR SECURITIES GIVING ACCESS TO SHARE CAPITAL AND/OR GRANTING ENTITLEMENT TO THE ALLOCATION OF DEBT INSTRUMENTS WITH PRESERVATION OF PREFERENTIAL SUBSCRIPTION RIGHT

The Shareholders' Meeting, having reviewed the report of the Group Management Board and the special report of the Statutory Auditors and in accordance with the provisions and, in particular, Article L. 225-129-2 of the French Commercial Code:

1) delegates to the Group Management Board its authority to issue, on one or more occasions, in such proportions and at such times as it deems necessary, in euros, foreign currencies or units composed of a basket of currencies:

- ordinary shares, and/or
- securities giving present or future access, any time or on a fixed date, to ordinary shares in the Company whether by subscription for shares, conversion, exchange, reimbursement, presentation of a warrant or any other means, and/or
- securities granting entitlement to the allocation of debt instruments.

   In accordance with Article L. 228-93 of the French Commercial Code, the securities issued may entitle the holder to ordinary shares in any company that owns directly or indirectly more than one half of its share capital or of which it owns directly or indirectly more than one half of the share capital;

2) sets the term of validity of this authorization at twenty-six months, starting from the date of this Shareholder's Meeting;

3) decides to set, as follows, the maximum amounts of shares that may be issued should the Group Management Board wish to use this authorization:

- the total nominal amount of shares that may be issued pursuant to this authorization may not exceed €7 million,
- this ceiling shall include, where applicable, the nominal value of the ordinary shares to be issued to safeguard, in accordance with the law and, where applicable, any contractual provisions that provide for other cases of adjustment, the rights of holders of securities granting entitlement to shares in the Company,
- the nominal value of the debt instruments on the Company liable to be issued pursuant to this authorization may not exceed €7 million,
- the aforementioned ceilings are independent of all other ceilings provided for in the other resolutions of this Shareholder's Meeting;

4) in the event that the Group Management Board makes use of this authorization in relation to the issues described above in 1):

a/ decides that the issues of ordinary shares or securities granting entitlement to share capital shall be reserved as a priority for shareholders who may subscribe for shares as of right,

b/ decides that in the event that existing shareholders do not subscribe to a sufficient number of new shares as of right and, if appropriate, using their oversubscription right, to account for the entire issue referred to in a/, the Group Management Board may have recourse to the following options:

- limit the amount of the issue to the amount of the subscriptions, provided that it reaches ¾ of the issue initially decided,
- freely allocate all or part of the unsubscribed securities,
- offer to the public all or part of the unsubscribed securities;

5) decides that the Group Management Board shall, in accordance with the limits set out above, have the necessary powers to set the terms and conditions of the issue(s), where applicable, to record the completion of the resulting capital increases, to amend the Articles of Association accordingly, to deduct, as it deems appropriate, the costs of the share capital increases from the amount of premiums associated with those increases and to withhold from that amount the amounts required to increase the legal reserve to one-tenth of the new share capital after each share capital increase; and, more generally, to do all that is necessary for this purpose;

6) acknowledges that this authorization cancels and supersedes any corresponding previous authorization.

Nineteenth resolution

AUTHORIZATION TO INCREASE THE AMOUNT OF ISSUES IN THE EVENT OF OVERSUBSCRIPTION

For each issue of ordinary shares or securities granting entitlement to share capital decided upon pursuant to the eighteenth resolution, the number of securities to be issued may be increased under the conditions provided by Article L. 225-135-1 of the French Commercial Code and within the ceilings set by the Shareholders' Meeting, where the Group Management Board notes that there is an oversubscription.

Twentieth resolution

DELEGATION OF POWERS TO BE GRANTED TO THE GROUP MANAGEMENT BOARD TO INCREASE CAPITAL BY ISSUING SHARES RESERVED FOR COMPANY SAVINGS PLAN SUBSCRIBERS, PURSUANT TO ARTICLES L. 3332-18 *ET SEQ*. OF THE FRENCH LABOR CODE

The Shareholders' Meeting, having reviewed the report of the Group Management Board and the special report of the Statutory Auditors, ruling in accordance with Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and L. 3332-18 *et seq*. of the French Labor Code:

1) authorizes the Group Management Board, if it deems appropriate and on its own initiative, to increase the share capital, on one or more occasions, by issuing ordinary shares for cash and, where necessary, by allocating free ordinary shares or other securities granting entitlement to share capital, reserved for employees (and directors) of the Company (and of related companies within the meaning of Article L. 225-180 of the French Commercial Code) who subscribe to a Company savings plan;

2) removes, in favor of these individuals, any preferential subscription rights to the shares that may be issued under this authorization;

3) sets the term of validity of this authorization at twenty-six months, starting from the date of this Shareholders' Meeting;

4) limits the maximum nominal amount of the capital increase(s) that may be carried out under this authorization to €132,000 per issue, this amount being independent of all other ceilings provided for under authorizations to increase the share capital;

5) decides that the price of shares to be issued, pursuant to item 1) of this authorization, may not be more than 20% (or 30% when the vesting period provided for by the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the French Labor Code is greater than or equal to ten years) below the average opening price of the share on the 20 trading days preceding the decision of the Group Management Board concerning the capital increase and the corresponding issue, nor greater than this average;

6) acknowledges that this authorization cancels and supersedes any corresponding previous authorization.

The Group Management Board may or may not implement this authorization, take all measures and carry out all necessary formalities.

Twenty-first resolution

HARMONIZATION OF THE ARTICLES OF ASSOCIATION

The Shareholders' Meeting, having reviewed the report of the Group Management Board, decides to update the Articles of Association and, in particular:

- to update Article 1 of the Articles of Association, "Form of the company", following the codification of decree no. 67-236 of March 23, 1967 in Articles R. 225-35 *et seq.* of the French Commercial Code and to amend it as follows:

"The Company is a Limited Company Société Anonyme. It is governed by existing and future legal and regulatory provisions and in particular by Articles L. 225-57 et seq. ***and Articles R. 225-35 of the French Commercial Code****, and by these Articles of Association."*

- to bring the second paragraph of Article 4 of the Articles of Association, "Headquarters", concerning the relocation of the Company's headquarters, into compliance with Article L. 225-65 of the French Commercial Code and to amend it as follows, the rest of the Article remaining unchanged:

*"It may be transferred to any other location **in the same 'département' or in a neighboring 'département'** by a decision by the Supervisory Board, subject to ratification of this decision by the next Ordinary Shareholders' Meeting."*

- to harmonize Article 6 of the Articles of Association, "Share capital", with ordinance no. 2004-604 of June 24, 2004, which reformed the regulations applicable to securities, by adding the word "ordinary" before the word "shares", and to amend this Article as follows, the rest of the Article remaining unchanged:

*"The Company's share capital is set at the amount of €14,451,032.64 (fourteen million, four hundred fifty-one thousand, thirty-two euros and sixty-four cents). It is divided into 45,159,477 (forty-five million, one hundred fifty-nine thousand, four hundred seventy-seven) **ordinary** shares, all of the same class."*

- to amend the terminology used in the eighth paragraph of Article 12 of the Articles of Association, "Powers", pertaining to the creation of specialized committees, by replacing the term "commissions" by the term "committees", and to amend this Article as follows, the rest of the Article remaining unchanged:

*"The Supervisory Board may decide to set up specialist **committees**, the composition and powers of which it determines, to carry out specific duties under its responsibility, although it may not do so in the aim of delegating to a committee the powers vested in the Supervisory Board by law or by the Articles of Association, and such committees shall not reduce or limit the powers of the Group Management Board."*

- to bring the first paragraph of Article 13 of the Articles of Association, "Agreements", pertaining to regulated agreements, into compliance with Article L. 225-86 of the French Commercial Code, and to amend it as follows:

*"Agreements entered into directly or through an intermediary between the Company and one of the members of the Supervisory Board or the Group Management Board, a shareholder with a fraction of voting rights exceeding **10%** or, if it is another company that is a shareholder, the company controlling it within the meaning of Article L. 233-3 of the French Commercial Code, must be subject to the prior approval of the Supervisory Board."*

- to bring the fourth paragraph of Article 13 of the Articles of Association, "Agreements", pertaining to agreements on day-to-day matters, into compliance with Article L. 225-87 of the French Commercial Code as amended by the Act no. 2011-525 of May 17, 2011 on the simplification of the law, and to amend it as follows, the rest of the Article remaining unchanged:

"Agreements on day-to-day matters and entered into under arm's length conditions are not subject to legal authorization and approval procedures."

- to bring the fourth paragraph of Article 20 of the Articles of Association, "Shareholders' Meetings", into compliance with Article L. 2323-67 of the French Labor Code, and to amend it as follows:

*"Two members of the Works Council, appointed by said Council and one of whom belongs to the category of executive employees, technicians and supervisory staff and the other to the category of clerical staff and workers or, where applicable, the individuals referred to in **Articles L. 2323-64 and L. 2323-65 of the French Labor Code**, may attend Shareholders' Meetings."*

- to harmonize the sixth paragraph of Article 20 of the Articles of Association, "Shareholders' Meetings", pertaining to the representation of shareholders at Shareholders' Meetings, with Article L. 225-106 of the French Labor Code, as amended by Ordinance no. 2010-1511 of December 9, 2010, and to amend it as follows:

*"Subject to the aforementioned provisions, every shareholder is entitled, on proof of identity, to participate in Shareholders' Meetings, either by attending in person, by returning a postal voting form, or by appointing a proxy, who may be another shareholder, his spouse, **a partner with whom he has signed a "pacte civil de solidarité" (a French civil partnership agreement), or any other individual or corporate entity of his choice**, provided that the shares have been recorded in the accounts in the name of the shareholder or of the intermediary acting on his behalf:*

- *for registered shareholders, in the Company's register,*
- *for bearer shareholders, in the **bearer** share accounts held by the custodian."*

- to harmonize the thirteenth, fourteenth and fifteenth paragraphs of Article 20 of the Articles of Association, "Shareholders' Meetings", pertaining to the quorums of Shareholders' Meetings, with Articles L. 225-98, L. 225-96 and L. 225-99 of the French Commercial Code and to amend it as follows, the rest of the Article remaining unchanged:

*"Ordinary Shareholders' Meetings meet validly only if, when they are convened for the first time, the shareholders present, represented or having voted by post own at least **one fifth** of the shares having a voting right. When such meeting is convened for the second time, no quorum is required.*

*Extraordinary Shareholders' Meetings meet validly only if the shareholders present, represented or having voted by post own at least **one quarter** of the shares having a voting right when the meeting is convened for the first time, and **one fifth** when it is convened for the second time.*

*Special General Meetings meet validly only if the shareholders present, represented or having voted by post own at least **one third** of the shares having a voting right when the meeting is convened for the first time, and **one fifth** when it is convened for the second time."*

Twenty-second resolution

MODIFICATION OF ARTICLE 8 OF THE ARTICLES OF ASSOCIATION, PERTAINING TO THE REMOVAL OF THE PENALTY FOR SHARES NOT HELD IN REGISTERED FORM

The Shareholders' Meeting, having reviewed the report of the Group Management Board, decides to remove the penalty for shares not held in registered form, and to amend accordingly and as follows the final paragraph of Article 8 of the Articles of Association, "Transfer and sale of shares", the rest of the Article remaining unchanged:

"In the event of non-compliance with the obligation to provide the information referred to in (1) above, one or more shareholders owning at least 2% of the share capital or voting rights may request that shares exceeding the fraction which should have been disclosed be deprived of voting rights for all Shareholders' Meetings that are held until the expiry of a period of two years from the date the notification is complied with. The shareholders' application will be recorded in the minutes of the Shareholders' Meeting and the sanction referred to above will be applied automatically."

Twenty-third resolution

MODIFICATION OF ARTICLE 11 OF THE ARTICLES OF ASSOCIATION, SPECIFYING THE PROCEDURE FOR THE STAGGERING OF SUPERVISORY BOARD MEMBERS' TERMS OF OFFICE

The Shareholders' Meeting, having reviewed the report of the Group Management Board, decides:

- to specify in the Articles of Association the provisions allowing the staggering of the terms of office of the members of the Supervisory Board to be implemented and maintained;
- to amend accordingly and as follows the ninth paragraph of Article 11 of the Articles of Association, "Members – Duties – Remuneration", pertaining to the replacement of members of the Supervisory Board, the rest of the Article remaining unchanged:

"The composition of the Supervisory Board is adjusted each year at the annual Ordinary Shareholders' Meeting, depending on the number of members in office, so that changes are made as regularly as possible and so that all members have changed by the end of each three-year period. ***Thus, for the exclusive purpose of implementing and maintaining staggered terms of office for the members of the Supervisory Board, the Ordinary Shareholder's Meeting may appoint one or more members of the Supervisory Board, for a term of one (1) year or two (2) years."***

Twenty-fourth resolution

MODIFICATION OF ARTICLE 14 OF THE ARTICLES OF ASSOCIATION, MODIFYING CASES OF PARTICIPATION IN THE SUPERVISORY BOARD *VIA* VIDEO CONFERENCE OR TELECOMMUNICATION MEDIA

The Shareholders' Meeting, having reviewed the report of the Group Management Board, decides to amend Article 14 of the Articles of Association, "Supervisory Board meetings", pertaining to cases of participation in the Supervisory Board *via* video conference or telecommunication media, as follows, the rest of the Article remaining unchanged:

"However, the provisions in the foregoing paragraph do not apply to the adoption of the decisions provided for in the fifth paragraph of Article L. 225-68 (review of the annual and consolidated financial statements) and Article L. 225-61 (removal from office of members of the Group Management Board) of the French Commercial Code."

Twenty-fifth resolution

MODIFICATION OF ARTICLE 15 OF THE ARTICLES OF ASSOCIATION, PERTAINING TO THE EXTENSION OF THE TERMS OF OFFICE OF MEMBERS OF THE GROUP MANAGEMENT BOARD

The Shareholders' Meeting, having reviewed the report of the Group Management Board, decides to extend the terms of office of the members of the Group Management Board from three to four years and, as a result, to amend as follows the fifth paragraph of Article 15 of the Articles of Association, "Members – Duties – Remuneration", the rest of the Article remaining unchanged:

"The Group Management Board is appointed for a period of ***four years*** *and its members may be re-appointed. Their mandates may be revoked by the Supervisory Board or by the Ordinary Shareholders' Meeting on the recommendation of the Supervisory Board."*

Twenty-sixth resolution

MODIFICATION OF ARTICLE 19 OF THE ARTICLES OF ASSOCIATION, REMOVING THE AGE LIMIT APPLICABLE TO STATUTORY AUDITORS AND THE POINT RELATING TO THE DETERMINATION OF THEIR FEES

The Shareholders' Meeting, having reviewed the report of the Group Management Board, decides to amend Article 19 of the Articles of Association, "Statutory Auditors", in order to comply with existing practices pertaining to the appointment of Statutory Auditors and the determination of their fees and, as a result, to remove:

- the third paragraph of Article 19 of the Articles of Association, pertaining to the age limit of Statutory Auditors;
- the last paragraph of Article 19 of the Articles of Association, pertaining to the determination of Statutory Auditors' fees, the rest of the Article remaining unchanged.

Twenty-seventh resolution

POWERS FOR FORMALITIES

The Shareholders' Meeting grants all powers to the bearer of an original, copy or excerpt of these minutes for the purposes of carrying out all formalities relating to filing and registration required by law.

8.5 Description of the share buyback program

Euler Hermes, a company listed on Euronext Paris (compartment A), wishes to retain a share buyback program. With this objective in mind, the fifteenth resolution to be submitted to the Combined Shareholders' Meeting on May 25, 2012 will seek to authorize the creation of a new share buyback program, in accordance with Article L. 225-209 of the French Commercial Code (*Code de commerce*), rule no. 2273/2003 of the European Commission of December 22, 2003 taken in application of Directive 2003/6/CE of January 28, 2003 and Articles 241-1 to 241-6 of the general regulations of the French Financial Markets Authority (AMF).

This program will replace the existing program implemented by the Combined Shareholders' Meeting of May 20, 2011, which authorized the Management Board of Euler Hermes to use all means to buy back the Company's own shares.

8.5.1 DATE OF THE SHAREHOLDERS' MEETING CALLED TO AUTHORIZE THE NEW SHARE BUYBACK PROGRAM

The new share buyback program will be submitted for approval to the Combined Shareholders' Meeting to be held on May 25, 2012.

8.5.2 NUMBER OF SHARES AND PROPORTION OF SHARE CAPITAL HELD DIRECTLY OR INDIRECTLY BY THE COMPANY

The total number of shares held directly by Euler Hermes at February 29, 2012 is 1,265,644, or 2.8% of the share capital at that date.

Euler Hermes holds no shares indirectly.

8.5.3 NATURE OF SHARE CAPITAL HELD

The share capital can be placed within three categories on February 29, 2012:

- 500,000 treasury shares to be granted to employees and management of the Company and its subsidiaries in reward for their participation in the expansion of the Company or as part of a share purchase plan, the free granting of existing shares or a company savings scheme;
- 765,644 shares to be used in swap operations within the framework of external growth operations or in the event of share issues giving access to the Company's capital;
- 0 share used as part of a liquidity contract concluded with Rothschild & Cie Banque.

8.5.4 THE AIMS OF THE NEW SHARE BUYBACK PROGRAM

The share buybacks will be authorized with a view to:

- stimulating the secondary market or the liquidity of Euler Hermes' stock through the use of an independent investment professional *via* a liquidity contract that is in accordance with the ethics charter of the AMAFI, as recognized by the AMF;
- holding the purchased shares in reserve for later use as payment or in a share swap as part of any potential external growth operations, it being specified that the shares acquired for this purpose may not exceed 5% of the Company's share capital;
- covering share option plans and other forms of share allocations to employees and/or corporate officers of the Group, in accordance with the terms and conditions provided for by law, particularly with respect to profit-sharing, a Company savings plan or the free allocation of shares;

- covering securities that give access to the Company's shares, in accordance with existing regulations;
- canceling purchased shares, where necessary, subject to authorization being granted by the sixteenth extraordinary resolution of the Combined Shareholders' Meeting to be held on May 25, 2012.

These share purchases may be carried out by any means, including *via* the acquisition of blocks of securities and at the times that the Group Management Board deems appropriate, it being specified that the share of the program that may be carried out by negotiating blocks of shares is unlimited. These operations may be carried out during a public bid in accordance with current regulations in effect.

8.5.5 MAXIMUM PROPORTION OF SHARE CAPITAL TO BE ACQUIRED AND THE MAXIMUM NUMBER OF SHARES LIABLE TO BE PURCHASED, THE NATURE OF SHARES LIABLE TO BE BOUGHT BACK AND MAXIMUM PURCHASE PRICE

1 Maximum proportion of share capital to be acquired by Euler Hermes

Under the terms of this new program, the Group Management Board is authorized to buy back Company shares within the limit of 10% of the number of shares making up the Company's share capital, adjusted, where necessary, to account for any capital increase or reduction that may occur during the program. The number of shares taken into account to calculate this limit corresponds to the number of shares purchased less the number of shares resold during the program as part of the purpose of liquidity.

In accordance with the law, Euler Hermes commits to not buying back, either directly or indirectly, more than 10% of its capital (consisting of 45,159,477 shares on February 29, 2012).

In accordance with Article L. 225-210 of the French Commercial Code, the number of shares that Euler Hermes will hold at any given time must not exceed 10% of the total shares making up the Company's capital on that date.

Based on the number of shares already held, being 1,265,644 shares at February 29, 2012 (2.8% of the capital), and dependent on eventual adjustments to the Company's share capital following the Combined Shareholders' Meeting on May 25, 2012, the buybacks may not exceed 3,251,482 shares (7.2% of the capital).

2 Characteristics of the shares concerned

Nature of the bought-back stock: ordinary shares.

Code: ELE.

ISIN code: FR 0004254035.

3 Maximum purchase price

In accordance with the fifteenth resolution to be submitted at the Combined Shareholders' Meeting on May 25, 2012, the maximum purchase price (excl. costs) within the framework of the new share buyback program is fixed at €87.02 per share (which corresponds to the share price reached on December 31, 2011, multiplied by a multiplying factor equal to the largest increase in share price recorded by the security over a financial year since its initial listing, *i.e.* 190.22% in 2009), it being provided that in the event of transactions on the share capital, particularly a stock split, reverse split or the allocation of free shares, the amount indicated above will be adjusted in the same proportion (by applying a multiplier equal to the ratio of the number of shares comprising the share capital before the transaction to the number of shares after the transaction).

Note also that the maximum sum that Euler Hermes may commit to this program will be €392,977,769 million in accordance with the fifteenth resolution to be submitted to the Combined Shareholders' Meeting on May 25, 2012.

8.5.6 DURATION OF THE PROGRAM

In accordance with the fifteenth resolution to be submitted at the Combined Shareholders' Meeting on May 25, 2012, the program will last no longer than 18 months from the date of the above-mentioned meeting and must therefore terminate no later than November 24, 2013 or a new date determined by an Ordinary Shareholders' Meeting held before that date.

ADDITIONAL INFORMATION

9.1 Person responsible for the Registration Document

Wilfried Verstraete, Chairman of the Group Management Board

9.2 Declaration of person responsible

I declare, having taken all reasonable measures to this effect and to the best of my knowledge, that the information contained in this Registration Document is correct and true and that there are no omissions that might alter the scope of the document.

I declare, to the best of my knowledge, that the accounts have been compiled in accordance with applicable accounting standards and that they provide an accurate reflection of the assets, the financial position and the earnings of the Company and all the companies in the consolidation group, and that the management report, the different sections of which are mentioned in paragraph 9.7.1 of this Registration Document, presents an accurate picture of the business trends, the results and the financial position of the Company and all the companies in the consolidation group and a description of the main risks and uncertainties that these companies are confronted with.

I have received from the Statutory Auditors a letter of completion attesting that they have verified all information related to the financial position and accounts provided in this Registration Document and that they have read the entire document.

The historic financial information presented in this Registration Document is the subject of reports by the independent auditors in Chapter 5 of this document.

The Statutory Auditors' report on the consolidated financial statements as of December 31, 2009 on page 180 of the Company's registration document for the 2009 fiscal year recorded by the AMF on April 20, 2010 under the number D 10-0293 does not contain any observation or reserve.

The Statutory Auditors' report on the consolidated financial statements as of December 31, 2010 on page 199 of the Company's registration document for the 2010 fiscal year recorded by the AMF on April 13, 2011 under the number D 11-0291 of this registration document contains the following observations: "Without wishing to call the opinion given above into question, we draw your attention to Note 2.1. § "Change of accounting method" which explains the changes in the accounting method for presenting the sector-based information".

The Statutory Auditors' report on the consolidated financial statements as of December 31, 2011 in paragraph 5.7 of this Registration Document does not contain any observation or reserve.

Paris, April 13, 2012

Wilfried Verstraete

Chairman of the Group Management Board

9.3 Independent auditors

9.3.1 STATUTORY AUDITORS

ACE Auditeurs et Conseils d'Entreprise SA

5 avenue Franklin-Roosevelt

75008 Paris, France

Represented by François Shoukry.

ACE Audit is registered with the Paris Regional Auditors Office (Compagnie régionale des commissaires aux comptes de Paris).

The Shareholders' Meeting of May 20, 2011 renewed the mandate of ACE, Auditeurs et Conseils d'Entreprise, as the Statutory Auditor for a period of six years, ending at the Shareholders' Meeting approving the financial statements for the year ended December 31, 2016. Since 2009, ACE, Auditeurs et Conseils d'Entreprise, has been represented by François Shoukry.

KPMG AUDIT FS II

Immeuble Le Palatin

3 cours du Triangle

92939 Paris la Défense Cedex, France

Represented by Régis Tribout.

KPMG AUDIT FS II is registered with the Versailles Regional Auditors Office (Compagnie régionale des commissaires aux comptes de Versailles).

The Shareholders' Meeting of May 20, 2011 appointed KPMG AUDIT FS II as the Statutory Auditor for a period of six years, ending at the Shareholders' Meeting approving the financial statements for the year ended December 31, 2016.

9.3.2 DEPUTY STATUTORY AUDITORS

Emmanuel Charrier

5 avenue Franklin-Roosevelt

75008 Paris

Deputy Statutory Auditor for ACE, Auditeurs et Conseils d'Entreprise, Emmanuel Charrier is registered with the Paris Regional Auditors Office.

The Shareholders' Meeting of May 20, 2011 renewed the mandate of Emmanuel Charrier as Deputy Statutory Auditor for ACE, Auditeurs et Conseils d'Entreprise, for a period of six years, ending at the Shareholders' Meeting approving the financial statements for the year ended December 31, 2016.

KPMG AUDIT FS I

Immeuble Le Palatin

3 cours du Triangle

92939 Paris la Défense Cedex

Deputy Statutory Auditor for KPMG AUDIT FS II, KPMG AUDIT FS I is registered with the Versailles Regional Auditors Office.

The Shareholders' Meeting of May 20, 2011 appointed KPMG AUDIT FS I as Deputy Statutory Auditor for KPMG AUDIT FS II for a period of six years, ending at the Shareholders' Meeting approving the financial statements for the year ended December 31, 2016.

9.3.3 INDEPENDENT AUDITORS' FEES

In accordance with Article 222-8 of the general regulations of the AMF, please refer to Note 34 ("Auditors' fees") of the consolidated financial statements in paragraph 5.6 of this Registration Document, which contains a table outlining the total fees paid by Euler Hermes to each of the Group's independent auditors, and which distinguishes between the fees related to the auditors' legal duties and the due diligence related to these duties, and the fees paid for other services.

9.4 Annual information document

In accordance with Article 222-7 of the general regulations of the AMF, the annual information document below lists all the information published by the Company or made public in the last 12 months, in one or more countries of the European Economic Area or in one or more other countries in order to meet its legislative and regulatory obligations pertaining to financial securities, the issuing of financial securities and the financial securities markets.

List of information published in the last 12 months	Method of consultation
Press releases	**www.eulerhermes.com**
The global pharmaceutical industry is in better health than its companies 03/29/2012	
Euler Hermes newly defines its corporate identity and signature: 'Our Knowledge Serving Your Success' 03/19/2012	
The sectors that can be counted upon in 2012 03/14/2012	
Euler Hermes management appointments: Nicolas Delzant and James Daly 03/05/2012	
Euler Hermes management appointments: Massimo Falcioni and Anil Berry 02/27/2012	
Euler Hermes management appointments: Fabrice Desnos (Asia-Pacific), Gerard van Kaathoven (UK) and Milo Bogaerts (Netherlands) 02/23/2012	
Renewal of Euler Hermes SA's Group Management Board 02/16/2012	
Aircraft industry takes off while air transport remains grounded 01/31/2012	
World economy is walking a tightrope: Credit insurer Euler Hermes' forecasts for economic growth, country risk and corporate insolvencies 01/16/2012	
Euler Hermes successfully completed the simplification of its legal structure in Europe on January 1, 2012 01/04/2012	
Is the automobile market pulling the brakes? 12/08/2011	
Green economy holds out new opportunities for businesses 11/15/2011	
Management Appointments at Euler Hermes: Isabelle Delorme, Caroline Cimino 11/07/2011	
Lasting crisis casts doubts on muted-recovery scenario for 2012 10/20/2011	
Euler Hermes Further Integrates Operations in Europe 09/26/2011	
Euler Hermes Appoints Ludovic Subran Chief Economist 09/26/2011	
Frédéric Bizière is appointed member of Euler Hermes' Board of Management in charge of Market Management, Commercial and Distribution 09/16/2011	
Euler Hermes appoints André-Louis de la Bruyère as CEO of its Collections Business 09/05/2011	
Euler Hermes' solid AA- rating reaffirmed by Standard & Poor's 08/01/2011	
Mapfre and Euler Hermes join forces in the Iberian peninsula and Latin America 07/19/2011	
Despite a moderate decline in 2011-2012, number of corporate insolvencies to remain above pre-crisis levels 06/14/2011	
Construction: staggered exit from crisis in Europe and the United States 06/07/2011	
Euler Hermes Appoints Ozlem Ozuner CEO in Turkey 05/30/2011	

List of information published in the last 12 months	Method of consultation
Press releases	**www.eulerhermes.com**
Rebound in world trade in 2010 confirms the shift already underway before the crisis 05/17/2011	
Euler Hermes appoints new CEO for Euler Hermes Oceania 05/11/2011	
The new risks of globalization – A new approach to country risk 04/28/2011	
Euler Hermes and China Pacific Insurance (Group) Co., Ltd team up to provide Chinese companies credit risk transfer solutions 03/21/2011	
Euler Hermes appoints CEO in China 03/14/2011	
Euler Hermes launches a credit insurance company in Turkey 03/09/2011	
Pharmaceuticals: an industry on the defensive 02/24/2011	
Euler Hermes appoints CEOs in Russia and Mexico 01/17/2011	
Periodic regulated information	**www.eulerhermes.com**
Euler Hermes results for the first half of 2011 08/02/2011	
Euler Hermes results for the first quarter of 2011 05/06/2011	
Euler Hermes 2010 Registration Document annual financial report included 04/13/2011	
Permanent regulated information	**www.eulerhermes.com**
Euler Hermes: Disclosure of voting rights on February 29, 2012 03/09/2012	
Euler Hermes results in 2011 – Turnover: €2,274.9 million – Net technical income: €358.7 million – Current operating income: €471.7 million – Net income: €330.3 million 02/16/2012	
Renewal of Euler Hermes SA's Group Management Board 02/16/2012	
Euler Hermes: Disclosure of voting rights on January 31, 2012 02/10/2012	
Euler Hermes: Disclosure of voting rights on December 31, 2011 01/05/2011	
Euler Hermes successfully completed the simplification of its legal structure in Europe on January 1, 2012 01/04/2012	
Euler Hermes: Half-yearly control of liquidity contract 01/03/2012	
Euler Hermes – Disclosure of voting rights on November 30, 2011 12/09/2011	
Euler Hermes – Disclosure of voting rights on October 31, 2011 11/10/2011	
Euler Hermes: Results for the first nine months of 2011 11/09/2011	
Euler Hermes – Disclosure of voting rights on September 30, 2011 10/06/2011	
Euler Hermes: Appointment of F. Bizière 09/16/2011	
Euler Hermes – Disclosure of voting rights on August 31, 2011 09/06/2011	
Individual declaration pertaining to operations on the Company's stock by persons mentioned in Article L. 621-18-2 of the Monetary and Financial Code 08/17/2011	
Euler Hermes – Disclosure of voting rights on July 31, 2011 08/04/2011	

List of information published in the last 12 months	Method of consultation
Press releases	**www.eulerhermes.com**
Euler Hermes results for the first half of 2011 07/26/2011	
Euler Hermes: Half-yearly control of liquidity contract 07/19/2011	
Euler Hermes – Disclosure of voting rights on June 30, 2011 07/06/2011	
Euler Hermes – Disclosure of voting rights on May 31, 2011 06/09/2011	
Euler Hermes – Disclosure of voting rights on April 30, 2011 05/11/2011	
Euler Hermes: Publication of the 2010 Registration Document, annual financial report included 04/13/2011	
Euler Hermes – Disclosure of voting rights on March 31, 2011 04/12/2011	
Disclosure of voting rights on February 28, 2011 03/30/2011	
Euler Hermes 2010 results 02/15/2011	
Disclosure of voting rights on December 31, 2010 01/29/2011	
Statement establishing half-yearly control of Company's liquidity contract on December 31, 2010 01/10/2011	
Documents accessible on the website of the AMF	**www.eulerhermes.com** **www.amf-france.org**
Registration Document 2010 04/13/2011	
Documents published by the BALO	**www.journal-officiel.gouv.fr**
Annual accounts 07/04/2011	
Convening notice (Shareholders' Meeting of May 20, 2011) 05/02/2011	
Amendment to the notice of meeting (Shareholders' Meeting of May 20, 2011) 04/20/2011	
Notice of meeting (Shareholders' Meeting of May 20, 2011) 04/13/2011	
Documents published in a journal of legal notices	
Convening notice (Shareholders' Meeting on May 20, 2011) 05/01/03.2011	
Documents filed with the registry of the Paris commercial court	**www.infogreffe.fr**
Extract from the minutes related to changes to the Articles of Association 10/25/2011	
Updated Articles of Association 10/25/2011	
Extract from the minutes related to the appointment of members of the Group Management Board 09/15/2011	
Extract from the minutes related to the resignation of members of the Group Management Board 05/06/2011	
Extract from the minutes related to changes to the Articles of Association 05/20/2011	
Extract from the minutes related to the change and renewal of appointments of the Statutory Auditors 05/20/2011	
Updated Articles of Association 05/20/2011	

9.5 Documents available to the public

The following documents can be consulted at Euler Hermes' headquarters (Legal department) which address is mentioned in paragraph 7.1.1 up until the publication of the next Registration Document:

- the Articles of Association;
- reports and other documents drawn up by experts at the Company's request, extracts from which are included or referred to in this Registration Document;
- the parent company and consolidated financial statements of Euler Hermes for each of the two financial years preceding the publication of the current Registration Document.

9.6 Glossary

Approval: response given by Euler Hermes to the request of a policyholder to cover all or part of the outstandings of one of its customers.

Bond: a bond is a negotiable debt security representing a fraction of a loan issued by a company, public sector entity or state. Bondholders are repaid before shareholders if the issuing company goes bankrupt. However, bondholders are not entitled to any of the rights attached to shares (rights to earnings and the right to manage the company *via* voting rights).

Broker: an independent intermediary who canvasses companies in order to offer them a credit insurance policy. Brokers advise policyholders during the implementation of the policy or agreement and in its day-to-day administration.

Capital increase: when a company needs funds, it may make a capital increase. It offers the opportunity, notably to existing shareholders, to subscribe to new shares at a given price.

Capital: total assets owned by a company less its liabilities.

Cash pooling: a method of centralized management at a single point of all of a group's bank accounts. The goal is to optimize cash requirements and surpluses; it may be domestic or international, notional or involve the actual transfer of funds.

CET: time-saving plan (compte épargne temps) used by employees to set aside accrued leave.

Claim: situation in which a risk is realized. This entitles the policyholder to compensation and triggers the compensation mechanism provided for in the credit insurance policy.

Collection: extra-judicial and/or judicial procedure conducted by Euler Hermes to secure payment of a receivable by the debtor.

Combined ratio: sum of the expense ratio and the loss ratio.

Cox Ross Rubinstein model (CRR): simplified binomial model.

Credit insurance: a technique whereby a company protects itself against the risks of non-payment of its trade receivables.

Dilutive effect: effect that decreases earnings per share (for example by increasing the number of shares).

Dividend: the portion of a company's earnings attributable to the shareholder. A distinction is made between the net dividend, *i.e.* the amount actually paid by the company to the shareholder, and the gross dividend, which also includes the tax credit.

Earnings per share: calculated as consolidated net income divided by the number of shares comprising share capital, net of any treasury stock.

Expense ratio: overheads as a proportion of premiums.

IAS (International Accounting Standards)/IFRS (International Financial Reporting Standards): the set of accounting standards drawn up by the IASB until 2002.

IASB (International Accounting Standards Board): a private body founded by the accounting institutes of nine countries in 1973. Its main objectives are to establish internationally acceptable accounting standards, to promote their use and, more generally, to work towards the international harmonization of accounting practices and the presentation of financial statements. The IASB comprises 14 independent members.

Indemnification: reimbursement by Euler Hermes of losses sustained by a policyholder as the result of the insolvency of one or more of its customers, provided they are covered by an existing policy.

Index: instrument used to measure and compare the performance of shares or bonds.

Insolvency: legally recognized incapacity of the debtor to meet his or her commitments and, as such, to pay his or her debts.

Integrated group: group with an exclusive network of affiliates that pool their resources and skills to provide seamless service quality and local management.

Interest rate swap: the principle behind an interest rate swap is to compare a variable interest rate with a guaranteed interest rate and for the two parties to pay each other the interest rate differential without exchanging nominal amounts.

Issue premium: as part of a capital increase, the premium is the difference between the subscription amount (valuation of the company) and the nominal value of share capital. The issue premium forms part of a company's shareholders' equity.

Loss ratio: claims as a proportion of premiums.

Market capitalization: a company's stock market value. It is calculated by multiplying the share price by the number of shares comprising share capital.

Merger premium: premium equal to the difference between the capital increase of the acquiring company and the contribution of the acquired company.

Net book value: a company's net assets or total assets less total debts. In some respects, it represents a company's value. It can be calculated for the parent company (net book value) or for an entire group of companies (consolidated net book value).

PER: price-earnings ratio, ratio of the share price to earnings per share. It is also referred to as the capitalization multiple.

Permanent difference: difference between accounting and tax rules that has no impact on the subsequent year's taxable profit.

Policy: credit insurance contract between Euler Hermes and the policyholder.

Premium: amount paid by the policyholder to the insurance company in exchange for risk coverage. A distinction is made between:

- written premiums: the amount billed during the period to cover the risks under the contract; and
- earned premiums: the portion of the premium written during the period or earlier corresponding to the coverage of risks during the period concerned.

Prevention: process by which the policyholder may, based on information provided by Euler Hermes on the solvency of its customers, select its customers and reduce its own losses.

Proprietary information: information prepared by Group companies and owned exclusively by Euler Hermes. It is a guarantee of the service quality offered to its clients.

Receivables management: suite of services offered to companies aimed at ensuring the collection of receivables after invoicing to the debtor and up to the litigation phase, where applicable.

Reinsurance: transaction whereby an insurance company self-insures with a third party (the reinsurer) against some of the risks that it has guaranteed, in exchange for the payment of a premium.

Risk: object of the insurance, probability of a claim occurring.

RSU (Restricted Stock Units): the economic equivalent of bonus share plans.

SAR (Stock Appreciation Rights): the economic equivalent of stock option plans (*see definition of stock option*).

Share: title of ownership.

Solvency margin: regulatory amount to be constituted, in addition to technical reserves, to ensure that commitments towards the Group's clients are met.

Stock option: options to purchase or subscribe stock at a fixed price, usually distributed to executives of a company to give them a vested interest in increasing the company's value.

Sums recovered: all collections after indemnification, when the insurance company takes over the policyholder's rights to receivables that are insured and have been indemnified.

Surplus claims reserve before reinsurance: the difference between the estimated final cost of claims at the end of the first year and the actual estimate for a given year of occurrence. The difference is calculated before reinsurance. This definition refers to the first table on page 129.

Sustainable development: launched in 1987 by the Brundtland Commission of the United Nations, this concept is based on the precept that we should "meet the needs of the present without compromising the ability of future generations to meet their own needs." When applied to a company, a sustainable-development policy assumes the simultaneous pursuit of three objectives: "economic growth, preservation of the environment and social well-being."

Tax proof: explanation of the passage between the theoretical tax rate corresponding to that of the parent company and the actual tax recorded in the income statement.

Technical reserves: amount of an insurer's commitments to its clients. They appear as liabilities in the balance sheet.

Time difference: difference between the accounting and tax rules that has an impact on the subsequent year's taxable profit.

9.7 Cross-reference tables

9.7.1 MANAGEMENT REPORT OF THE GROUP MANAGEMENT BOARD – CROSS-REFERENCE TABLE

This Registration Document contains all the elements of the management report of the Euler Hermes Group Management Board required by Articles L. 225-100 and L. 225-100-2 of the French Commercial Code.

Please find hereafter references to the extracts from the Registration Document corresponding to the different parts of the management report as approved by the Company's Group Management Board.

9.7.2 EUROPEAN REGULATION OF APRIL 29, 2004 – CROSS-REFERENCE TABLE

Registration Document filed with the AMF on April 13, 2012.

Items in Annex 1 of European regulation no. 809/2004		Pages
10.	**CASH AND SHARE CAPITAL**	
10.1	Issuer's share capital	84 to 85, 120 to 121
10.2	Cash flows	82, 118 to 119
10.3	Borrowing conditions and financial structure	83
10.4	Restriction on use of share capital	83
10.5	Expected sources of financing	83
11.	**R&D, PATENTS AND LICENSES**	N/A
12.	**INFORMATION ON TRENDS**	
12.1	Main trends	88 to 92
12.2	Factors likely to have a significant impact on prospects	91 to 92
13.	**PROFIT OUTLOOK AND ESTIMATES**	N/A
13.1	Main assumptions	N/A
13.2	Statutory Auditors' report	N/A
14.	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT**	
14.1	Information on the members of the Company's administrative and management bodies	25 to 26
14.2	Conflicts of interest among members of the administrative and management bodies and the general management	25 to 26, 43 to 58
15.	**REMUNERATION AND BENEFITS**	
15.1	Remuneration paid	27 to 35
15.2	Provisions for retirement plans and other benefits	33, 47
16.	**FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES**	
16.1	Terms of office	36 to 42
16.2	Service contracts	25 to 26
16.3	Committees	47 to 50
16.4	Compliance with corporate governance rules	43
17.	**EMPLOYEES**	
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17.2	Profit-sharing and stock options	221 to 222
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18.	**MAIN SHAREHOLDERS**	
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18.3	Control of the issuer	217 to 218
18.4	Shareholders' agreements	222
19.	**OPERATIONS WITH AFFILIATES**	180 to 181, 232 to 235
20.	**FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL POSITION AND RESULTS OF THE ISSUER**	
20.1	Historical financial information	113 to 187, 191 to 204
20.2	Pro forma financial information	N/A
20.3	Financial statements	113 to 187, 191 to 204
20.4	Verification of historical annual financial information	188 to 189, 206
20.4.1	Declarations	188 to 189, 206
20.4.2	Other verified information	59 to 60
20.4.3	Other unverified information	N/A
20.5	Date of most recent financial information	250
20.6	Intermediate and other financial information	N/A
20.7	Dividend policy and payouts	205
20.8	Legal procedures and arbitration	111
20.9	Significant changes to the financial or commercial position	63 to 64

9.7.3 OTHER PERIODIC INFORMATION REQUIRED UNDER THE TERMS OF THE AMF'S GENERAL REGULATIONS

9.7.4 ANNUAL FINANCIAL REPORT – CROSS-REFERENCE TABLE

This Registration Document integrates all elements of the annual financial report mentioned in section I of Article L. 451-1-2 of the Monetary and Financial Code and in Article 222-3 of the general regulations of the AMF.

Please find below references to the extracts from the Registration Document corresponding to the different sections in the annual financial report.

2012 FINANCIAL CALENDAR

FINANCIAL RESULTS OF THE FIRST QUARTER 2012
05/16/2012

SHAREHOLDERS' MEETING
05/25/2012

FINANCIAL RESULTS OF THE SECOND QUARTER 2012
07/26/2012

FINANCIAL RESULTS OF THE THIRD QUARTER 2012
11/06/2012

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