

Condensed Consolidated Financial Statements

For the 1st half ended June 30, 2011



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Consolidated statement of financial position

(in thousands)	Notes	June 30, 2011	December 31, 2010
Goodwill	3	102 898	107 713
Other intangible assets		66 671	65 554
Intangible assets		169 569	173 267
Investment property	4	6 803	9 323
Financial investments	5	3 433 724	3 438 756
Derivatives		7 848	5 099
Investments- insurance businesses		3 448 375	3 453 178
Investments accounted for by the equity method	6	99 410	98 066
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	536 616	500 364
Operating property and other property and equipment		151 123	151 262
Acquisition costs capitalised		55 294	45 671
Deferred tax assets		25 057	43 209
Inwards insurance and reinsurance receivables		544 460	478 913
Outwards reinsurance receivables		93 601	112 420
Corporation tax receivables		47 187	77 777
Other receivables		243 822	218 854
Other assets		1 160 544	1 128 106
Cash	7	363 804	306 201
TOTAL ASSETS		€5 778 318	€5 659 182
Capital stock		14 450	14 433
Additional paid-in capital		454 210	452 625
Reserves		1 476 169	1 363 344
Net income, group share		192 495	294 452
Revaluation reserve		20 622	39 399
Translation reserve		(52 026)	(33 832)
Shareholders' equity, group share		€2 105 920	€2 130 421
Minority interests		16 786	18 015
Total shareholders' equity		€2 122 706	€2 148 436
Provisions for risks and charges		241 978	230 187
Bank borrowings		250 968	255 118
Other borrowings		247 892	249 168
Borrowings		498 860	504 286
Non-life technical reserves	8	1 870 757	1 781 394
Liabilities related to contracts		1 870 757	1 781 394
Deferred tax liabilities		348 841	365 633
Inwards insurance and reinsurance liabilities		220 534	194 625
Outwards reinsurance liabilities		180 280	172 356
Corporation tax payables		24 820	14 612
Other payables		269 542	247 653
Other liabilities		1 044 017	994 879
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		€5 778 318	€5 659 182

Consolidated statement of cash flows

(in thousands excepted for the earnings per share)

	Notes	1st half ended June 30,		2nd Quarter ended June 30	
		2011	2010	2011	2010
Premiums written		1 084 963	992 134	519 413	451 407
Premiums refunded		(62 272)	(52 322)	(31 180)	(23 727)
Change in unearned premiums		(84 656)	(84 435)	(2 796)	10 311
Earned premiums		938 035	855 377	485 437	437 991
Premium-related revenues		188 501	183 250	96 992	95 092
Turnover	9	€1 126 536	€1 038 627	€582 429	€533 083
Investment income		49 690	44 647	26 675	24 184
Investment management charges		(3 780)	(4 715)	(1 934)	(2 805)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		21 837	24 972	8 454	7 363
Change in fair value of investments recognised at fair value through profit or loss		334	(245)	(64)	(426)
Change in investment impairment provisions		(1 200)	(2 714)	(1 084)	(2 714)
Net change in foreign currency		1 244	11 926	3 176	5 670
Net investment income		68 125	73 871	35 223	31 272
Insurance services expense		(344 068)	(386 002)	(154 238)	(142 586)
Outwards reinsurance income		(331 731)	(302 270)	(169 513)	(152 362)
Outwards reinsurance expense		211 961	204 523	110 319	77 896
Net outwards reinsurance income or expense	9	(119 770)	(97 747)	(59 194)	(74 466)
Contract acquisition expense		(182 261)	(166 445)	(93 035)	(84 785)
Administration expense		(106 590)	(95 334)	(54 329)	(44 757)
Other ordinary operating income		11 935	14 521	3 859	-
Other ordinary operating expense		(182 856)	(187 393)	(93 086)	(90 728)
ORDINARY OPERATING INCOME	9	€271 051	€194 098	€167 629	€127 033
Other non ordinary operating income and expense		(3 865)	-	(2 632)	-
OPERATING INCOME		€267 186	€194 098	€164 997	€127 033
Financing expense		(8 380)	(5 323)	(4 063)	(3 355)
Income from companies accounted for by the equity method	6	8 431	8 397	2 739	5 442
Corporation tax		(72 973)	(48 273)	(45 781)	(28 602)
CONSOLIDATED NET INCOME		194 264	148 899	117 892	100 518
<i>o/w</i>					
NET INCOME, GROUP SHARE		€192 495	€147 437	€117 197	€99 829
Minority interests		1 769	1 462	695	689
Other comprehensive income elements					
Change in fair market value of asset held for sale transferred through profits & losses (Gross amount)		(16 292)	(10 736)	(5 819)	(3 616)
Change in fair market value of asset held for sale transferred through profits & losses (Tax amount)		4 808	3 365	1 820	958
Change in fair market value of asset held for sale booked through equity (Gross amount)		(12 769)	20 568	12 604	1 388
Change in fair market value of asset held for sale booked through equity (Tax amount)		6 027	(5 648)	280	(30)
Change in fair market value of asset held for sale booked - minority interests share net of corporation tax		187	-	187	-
Other change in fair market value of asset held for sale booked through equity		(6)	(493)	(6)	(222)
Change in translation reserve (included impact on revaluation reserve) booked through equity (Gross amount)		(27 496)	76 000	(3 419)	47 120
Change in translation reserve (included impact on revaluation reserve) booked through equity (Tax amount)		8 746	(24 651)	824	(14 997)
Total other comprehensive income net of taxes		€(36 794)	€58 405	€6 470	€30 601
Total comprehensive income		€157 470	€207 304	€124 362	€131 119
Total comprehensive income, group share		155 514	206 073	123 479	130 714
Total comprehensive income, minority interests		1 956	1 231	882	405
Earnings per share		€4,39	€3,40		
Diluted earnings per share		€4,38	€3,40		
Earnings per share of continuing activities		€4,39	€3,40		
Diluted earnings per share of continuing activities		€4,38	€3,40		

Consolidated statement of cash flows

Six months ended June 30,

(In thousands)	2011	2010
Net income, group share	€192 495	€147 437
Corporation tax	73 164	48 764
Financing expense	8 585	5 474
Operating income before tax	274 244	201 675
Minority interests	1 769	1 462
Allocation to and writebacks of depreciation, amortisation and reserves	23 595	37 284
Change in technical reserves	101 247	5 062
Change in deferred acquisition costs	(7 493)	(6 670)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)	(992)	695
Realised capital gains/(losses) net of writebacks	(21 894)	(25 306)
Unrealised foreign exchange gain (loss) in company accounts	(2 822)	(10 642)
Revenues and expenses linked to stock options and similar	-	223
Interest revenues received accrued	(2 286)	(5 301)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows	91 123	(3 193)
Income (loss) of companies accounted for by the equity method	(8 431)	(8 397)
Dividends received from companies accounted for by the equity method	5 254	5 168
Change in liabilities and receivables relating to insurance and reinsurance transactions	4 584	(41 804)
Change in inventories	-	-
Change in operating receivables and liabilities	(55 583)	32 747
Change in other assets and liabilities	(3 051)	(3 935)
Corporation tax	547	(73 322)
Cash flow related to operating activities	(56 680)	(89 542)
Cash flow from operating activities	€308 688	€108 940
Acquisitions of subsidiaries and joint ventures, net of acquired cash	2 658	-
Disposals of subsidiaries and joint ventures, net of acquired cash	(133)	-
Acquisitions of equity interests in companies accounted for by the equity method	-	-
Cessions de participations dans des entreprises mises en équivalence	-	-
Merger	382	-
Others	-	-
Cash flow linked to changes in the consolidation scope	2 907	-
Disposals of AFS securities	408 113	553 636
Matured HTM securities	400	500
Disposals of investment properties	8 051	26 254
Disposals of securities held for trading	815	1 575
Cash flow linked to disposals and redemptions of investments	417 379	581 965
Acquisitions of AFS securities	(517 566)	(617 785)
Acquisitions of HTM securities	-	-
Acquisitions of investment properties	(1 661)	(2 209)
Acquisitions of trading securities	(2 306)	(2 062)
Cash flow linked to acquisitions of investments	(521 533)	(622 056)
Disposals of other investments and intangible assets	621 431	229 804
Acquisitions of other investments and intangible assets	(570 991)	(306 045)
Cash flow linked to acquisitions and disposals of other investments and intangible assets	50 439	(76 241)
Cash flow from investing activities	€(50 809)	€(116 332)

Consolidated statement of cash flows

Increases and decreases in capital	1 601	265
<i>Increases in capital</i>	1 601	265
<i>Decreases in capital</i>	-	-
Change in treasury stock	(6 319)	11 018
Dividends paid	(178 458)	(2 406)
Cash flow linked to transactions with the shareholders	(183 176)	8 877
Change in non voting shares	-	-
Changes in loans and subordinated securities	(33)	94 011
<i>Issue</i>	947	250 176
<i>Repayment</i>	(980)	(156 165)
Interest paid	(14 015)	(5 220)
Cash flow from group financing	(14 048)	88 791
Cash flow from financing activities	€(197 224)	€97 667
Impact of foreign exchange differences on cash and cash equivalents	(3 052)	11 152
Reclassification	-	3 084
Other net changes in cash	€(3 052)	€14 236
Change in cash flows	57 604	104 511
Change in cash and cash equivalents	57 604	104 511
Cash and cash equivalents at beginning of period	7	€305 851
Cash and cash equivalents at end of period	7	€363 454

Consolidated statement of changes in equity

1st Half 2011

(in thousands)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Minority interests	Total shareholders' equity
Opening Shareholders' equity	€14 433	€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	-	-	-	(6 742)	-	-	(6 742)	187	(6 555)
Impact of transferring realised gains and losses to income statement	-	-	-	(11 484)	-	-	(11 484)	-	(11 484)
Other movements	-	-	-	(6)	-	-	(6)	-	(6)
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	-	-	-	(545)	(18 194)	-	(18 739)	-	(18 739)
Current and deferred tax taken directly to or transferred to shareholders' equity	-	-	-	-	-	-	-	-	-
Net income recognised in shareholders' equity	-	-	-	(18 777)	(18 194)	-	(36 971)	187	(36 784)
Net income for the year	-	-	192 495	-	-	-	192 495	1 769	194 264
Total revenues and losses recognised for the period	-	-	€192 495	€(18 777)	€(18 194)	-	€155 524	€1 956	€157 480
Capital movements	17	1 585	-	-	-	(6 319)	(4 717)	-	(4 717)
Dividend distributions	-	-	(175 318)	-	-	-	(175 318)	(3 141)	(178 459)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	-	-	-
Other movements	-	-	10	-	-	-	10	(44)	(34)
Closing Shareholders' equity	€14 450	€454 210	€1 741 642	€20 622	€(52 026)	€(72 978)	€2 105 920	€16 786	€2 122 706

1st Half 2010

(in thousands)	Capital Stock	Additional paid-in-capital	Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Minority interests	Total shareholders' equity
Opening Shareholders' equity	€14 426	€451 959	€1 430 684	€43 500	€(59 273)	€(85 517)	€1 795 779	€20 698	€1 816 477
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	15 151	-	-	15 151	(232)	14 919
Impact of transferring realised gains and losses to income statement	-	-	-	(7 371)	-	-	(7 371)	-	(7 371)
Other movements	-	-	-	(493)	-	-	(493)	-	(493)
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	-	-	-	953	50 396	-	51 349	-	51 349
Current and deferred tax taken directly to or transferred to shareholders' equity	-	-	-	-	-	-	-	-	-
Net income recognised in shareholders' equity	-	-	-	8 240	50 396	-	58 636	(232)	58 404
Net income for the year	-	-	147 437	-	-	-	147 437	1 462	148 899
Total revenues and losses recognised for the period	-	-	€147 437	€8 240	€50 396	-	€206 073	€1 230	€207 303
Capital movements	4	262	-	-	-	11 018	11 284	-	11 284
Dividend distributions	-	-	17	-	-	-	17	(2 423)	(2 406)
Shareholders' equity component of share-based payment plans	-	-	223	-	-	-	223	-	223
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	-	-	-
Other movements	-	-	(472)	-	-	-	(472)	(9)	(481)
Closing Shareholders' equity	€14 430	€452 221	€1 577 889	€51 740	€(8 877)	€(74 499)	€2 012 904	€19 496	€2 032 400

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the first half 2011:

Changes in the share capital and in share ownership

As at June 30, 2011, the Allianz group owned 30,744,048 shares out of a total of 45,151,977 shares, corresponding to 68.09% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into Allianz scope of consolidation.

During the first half 2011, 49,245 new shares were created by the exercise of options. As at June 30 2011, Euler Hermes' share capital was composed of 45,151,977 shares, including 1,369,644 shares held in treasury stock.

Evolution of the retention rate

The premium retention rate is the ratio of premiums after reinsurance to earned premiums before reinsurance. This rate slightly decreased between the end of June, 2010 and the end of June, 2011 from 64.7 % (in June 2010) to 64.6% (in June 2011)

Earned premiums gross of reinsurance increased by 9.7% end-June 2010 compared to end-June 2011, the earned premiums net of reinsurance increased by 9.6% end-June 2010 compared to end-June 2011.

Creation of a insurance company in Turkey

After five years operations through its parent company Allianz, the world leading credit insurer has now obtained its licence 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 expand private credit insurance cover both for Turkish firms and for companies exporting to Turkey.

“Excellence” Project

On December 31, 2010 Euler Hermes has provided Excellence Project which aims to manage its business in the most efficient way. At this date, the impact in the accounts included a restructuring provision of €56.6 million and a restructuring charge of € 15.9 million.

During the first six months of year 2011, the provision was used up to 5 million, reevaluate of €0.3 million and a restructuring charge of € 3.6 million was booked.

Note 2 IFRS accounting and valuation rules

Euler Hermes SA is a company domiciled in France. The head quarter of Euler Hermes SA is located 1 rue Euler 75008 Paris. The consolidated financial statements as at June 30, 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 RCS with the reference number 552 040 594.

The financial statements of the Euler Hermes group as at June 30, 2011 were approved by the Board of Director's of July 25, 2011 and presented to the Supervisory Board of July 26, 2011.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19, 2002, the interim consolidated financial statements published at March 31, 2011 were prepared in accordance with IAS 34 as adopted by the European Union. International accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts.

The standards and interpretations applied stem essentially from:

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

Notes to the consolidated financial statements

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

2.2. Consolidation scope

In the 1st quarter 2011, Euler Hermes integrates with full method the activity of credit insurance in Turkey with its subsidiary Euler Hermes Sigorta Anonim Sirketi.

On May 23rd 2011, the Euler Hermes service company of Hong Kong has been liquidated.

2.3. Appeal to estimates

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

The estimates concerning technical provisions are also detailed in the part Risk Management of the 2010 Registration Document.

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

Estimate		Communicated Information
Note 3	Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit's is based on assumptions of capital costs, growth rate to infinity and loss ratio & standard retention rates used in the calculation of the final values.
Note 4	Fair value of real estate held for investments & for use	The fair value of buildings is estimated based on market prices, adjusted, where applicable, to take into account the nature, location or other specific features of the building concerned.
Note not published	Provisions for risks and charges	Provisions for risks and charges are measured in accordance with IAS 37 and are reviewed and adjusted at each balance sheet date to reflect the best estimate at this date.
Note 8	Earned but not recorded premiums reserves	This reserve is established based on the estimate of the amount of premiums expected on the period less the amount of premiums recorded on the period.
Note 8	Provisions for salvages & recoveries	This reserve represents the estimate of potential recoveries on settled claims by a statistical calculation based on the evolution of salvages & recoveries by year of attachment on previous exercises. They take into consideration a provision for administration charges determined in accordance with actual observed expenses.
Note 8	Bonus & profit commission reserve	This reserve is intended to cover the future cost corresponding to premium rebates to be granted to policyholders under the terms of policies giving policyholders a share in their technical positive results.
Note 8	Reserves for claims payable	This reserve corresponds to a statistical estimate of the cost of all outstanding claims, that is to say claims reported but not yet settled.
Note 8	IBNR reserve	In credit-insurance, the IBNR are calculated to cover: The claims which occurred before the closing and will be known only on the next period. The claims related to commercial receivables accounted before the closing and covered by a warranty which will occur and be known only on the next period. They are determined based on statistical models integrating historical data as well as future developments based on estimates.
Note not published	Employee benefits	The related commitments are measured in accordance with IAS 19 and are reviewed yearly by independent actuaries. The commitment is recognised in the balance sheet using the projected unit credit method, based on the group actuarial assumptions.
Note not published	Stock options plans	The fair value of the liabilities resulting from the SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price, until expiry of the obligation, and is calculated using the Cox-Ross-Rubinstein binomial valuation model.

Notes to the consolidated financial statements

Note 3 Goodwill

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

(in thousands)	June 30, 2011					December 31, 2010	
	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)
Net carrying amount	€5 820	€53 292	€31 731	€8 242	€8 628	€107 713	€103 582
Change during the year							
Opening net 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	-	(2 468)	(2 395)	-	48	(4 815)	4 524
Impairment losses	-	-	-	-	-	-	-
Closing net carrying amount	5 820	50 824	29 336	8 242	8 676	102 898	107 713
Closing Balance							
Gross value	6 229	60 931	29 336	8 242	8 676	113 414	118 720
Impairment losses	(409)	(10 107)	-	-	-	(10 516)	(11 007)
Net carrying amount	€5 820	€50 824	€29 336	€8 242	€8 676	€102 898	€107 713

Notes to the consolidated financial statements

Note 4 Investment and operating property

(in thousands)	June 30, 2011		December 31, 2010	
	Investment property	Operating property	Investment property	Operating property
Balance as 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)
Net carrying amount	€9 323	€127 200	€24 917	€129 772
Change during the year				
Net carrying amount as opening period	9 323	127 200	24 917	129 772
Acquisitions	-	1 661	-	3 825
Change in consolidation scope	-	-	-	-
Disposals	(2 450)	-	(16 958)	(4 074)
Reclassifications	-	(1)	1 621	1 891
Changes in foreign currency translation adjustments	-	(204)	-	109
Net depreciation	(70)	(2 198)	(257)	(4 323)
Net provisions for impairment	-	-	-	-
Other changes	-	-	-	-
Net carrying amount at the end of the period	6 803	126 458	9 323	127 200
Balance at the end of the period				
Gross value	9 898	185 669	13 232	184 231
Depreciation	(3 095)	(52 414)	(3 909)	(50 234)
Impairment losses	-	(6 797)	-	(6 797)
Net carrying amount	€6 803	€126 458	€9 323	€127 200
Fair value	€15 013	€226 109	€23 070	€227 650
Amounts recorded in the income statement				
	Six months ended June 30,			
Investment property	2011	2010		
Rental revenues from investment property	615	940		
Direct operating expenses relating to property	(49)	(171)		

As at June 30, 2011, disposals in investment property concern sales realized by Euler Hermes SFAC for a selling price of € 7.9 million, carrying the realized profit to € 5.4 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 facade of the German subsidiary head office.

Notes to the consolidated financial statements

Note 5 Financial investments

Classification by accounting method

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

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

Classification by investment category

(in thousands)	June 30, 2011						December 31, 2010					
	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets												
Bonds	671	-	671	671	300	371	1 071	-	1 071	1 071	700	371
Total held-to-maturity assets	€671	-	€671	€671	€300	€371	€1 071	-	€1 071	€1 071	€700	€371
Available-for-sale assets												
Equities	123 973	16 785	140 758	140 758	2 605 996	61 782	119 523	22 517	142 040	142 040	2 546 894	58 960
Bonds	2 510 964	16 056	2 527 020	2 527 020	-	-	2 423 654	40 162	2 463 816	2 463 816	-	-
Total Available-for-sale assets	€2 634 937	€32 841	€2 667 778	€2 667 778	€2 605 996	€61 782	€2 543 177	€62 679	€2 605 856	€2 605 856	€2 546 894	€58 960
Trading assets												
Equities	-	-	-	-	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Total Trading assets	-	-	-	-	-	-	-	-	-	-	-	-
Loans, deposits and other financial investments												
	765 275	-	765 275	765 275	-	-	831 829	-	831 829	831 829	-	-
Total loans, deposits and other financial investments	€765 275	-	€765 275	€765 275	-	-	€831 829	-	€831 829	€831 829	-	-
Total Financial Investments (excluded investments in consolidated enterprise)	€3 400 883	€32 841	€3 433 724	€3 433 724	€2 606 296	€62 153	€3 376 077	€62 679	€3 438 756	€3 438 756	€2 547 594	€59 331

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

(in thousands)	June 30, 2011				December 31, 2010			
	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Amortized cost	Revaluation reserve	Net carrying amount	Fair value
- Equities:	123 973	16 785	140 758	140 758	119 523	22 517	142 040	142 040
- Bonds:	2 511 635	16 056	2 527 691	2 527 691	2 424 725	40 162	2 464 887	2 464 887
- Loans and other investments	765 275	-	765 275	765 275	831 829	-	831 829	831 829
Total Financial Investments	€3 400 883	€32 841	€3 433 724	€3 433 724	€3 376 077	€62 679	€3 438 756	€3 438 756

EH Group didn't account any significant impairment as of June 30, 2011. EH Group hadn't any financial assets such as "dynamic treasury mutual funds" or "subprime investments".

Fair value hierarchy

Between December 31st, 2010 and June 30th, 2011, the state bonds issued by Greece and held by the local subsidiary were reclassified from the level 1 to the level 2 for €3.4 million.

(in thousands)	June 30, 2011		
	Level 1	Level 2	Level 3
Available-for-sale assets	2 454 166	172 677	40 935

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

The level 2 is mainly composed of parts of Allianz 3 years bond (for an amount of €160 million) and €3.4 million of Greek state bonds held by EH Emporiki Credit Insurance SA.

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

Notes to the consolidated financial statements

Classification by investment category

(in thousands)	June 30, 2011			December 31, 2010	
	Held-to-maturity investments	Available-for- sale investments	Loans, deposits and other financial investments	Total	Total
Net carrying amount as opening period	€1 071	€2 605 854	€831 829	€3 438 754	€2 840 735
Increase in gross value	-	517 087	556 687	1 073 774	2 127 270
Decrease in gross value	(400)	(391 663)	(620 335)	(1 012 398)	(1 552 630)
Revaluation	-	(28 203)	-	(28 203)	(7 326)
Impairment	-	(1 190)	-	(1 190)	(2 997)
Changes in foreign currency translation adjustments	-	(25 238)	(2 836)	(28 074)	42 646
Reclassifications	-	(1)	1	-	6 910
Other changes	-	(8 868)	(71)	(8 939)	(15 852)
Net carrying amount as closing period	€671	€2 667 778	€765 275	€3 433 724	€3 438 756

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

Exposure of the Group to countries which had a restructuring plan of their sovereign debt (Greece, Ireland & Portugal)

Euler Hermes group is exposed to Greek sovereign debt through its local subsidiary up to a nominal of € 4.300 thousand for a market value of € 3.409 thousand (maturity 2012). An impairment was recorded in the accounts at June 30th, 2011 for € 820 thousand.

Portuguese company COSEC, at equity method consolidated within Euler Hermes is exposed locally at the level of (in thousand of euro):

Country	Total exposure	Market value	Unrealized Gains or Losses	Maturity
Portugal	8 507	8 393	100	2011
Portugal	9 760	9 204	(513)	2012
Portugal	2 500	2 891	(599)	2013
Portugal	640	484	(159)	2014
Portugal	914	650	(267)	2015
Total Portugal	22 321	21 622	(1 438)	

We have no exposure to Irish debt.

Exposure of the Group to countries that had no restructuring plan of their sovereign debt (Italy & Spain)

Regarding Italy and Spain, the exposure in thousand of euro is as follow:

Country	Total exposure	Market value	Unrealized Gains or Losses	Maturity
Spain	14 900	14 945	29	2011
Spain	8 000	8 092	120	2012
Total Spain	22 900	23 037	149	
Italy	16 220	16 279	59	2011
Italy	44 500	44 922	176	2012
Italy	61 250	62 366	207	2013
Italy	12 500	12 491	(124)	2014
Italy	15 900	15 406	(579)	2015
Italy	5 000	4 929	(57)	2016
Italy	8 300	8 263	(80)	2017
Total Italy	163 670	164 655	(398)	

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

Notes to the consolidated financial statements

Note 6 Investments accounted for by the equity method

Information on equity-accounted investments

(in thousands)						
June 30, 2011						
Company	Country	Assets ⁽¹⁾	Shareholders' equity ⁽²⁾	Turnover ⁽³⁾	Net income	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	178 406	112 453	39 109	8 102	49.00%
Graydon Holding N.V.	Netherlands	50 361	18 596	35 679	6 975	27.50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	108 909	39 684	20 471	3 570	50.00%
Israel Credit Insurance Company Ltd	Israel	63 619	32 766	13 892	2 274	33.33%
		€401 295	€203 500	€109 152	€20 921	

(1) Assets based on company financial statements as at March 31, 2011

(2) Shareholders' equity based on company financial statements as at March 31, 2011 including goodwill.

(3) The turnover corresponds to the turnover in the local accounts as at March 31, 2011 (+) ¼ of the total turnover of 2010.

(in thousands)						
December 31, 2010						
June 30, 2011						
Company	Country	Assets	Shareholders' equity	Turnover	Net income	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	181 349	105 955	33 740	6 433	49.00%
Graydon Holding N.V.	Netherlands	52 718	4 135	37 354	8 255	27.50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	103 646	38 106	21 516	4 056	50.00%
Israel Credit Insurance Company Ltd	Israel	63 893	30 474	11 316	2 841	33.33%
		€401 606	€178 670	€103 926	€21 585	-

Notes to the consolidated financial statements

Movements during the period

(in thousands)	June 30, 2011	December 31, 2010
Balance as opening period	€98 066	€89 254
Increases	-	-
Decreases	(997)	-
Reclassification	-	(1)
Share of income for the period	8 431	15 802
Dividends paid	(5 254)	(7 918)
Impairment	-	-
Foreign exchange differences	(210)	291
Other changes	(626)	638
Net book value as closing period	€99 410	€98 066

Contribution to shareholders' equity (without equity method income of 2011)

(in thousands)		June 30, 2011	December 31, 2010
OeKB Beteiligungs- und Management A.G.	Austria	55 102	51 917
Graydon Holding N.V.	Netherlands	5 114	1 137
Companhia de Seguro de Creditos SA (COSEC)	Portugal	19 842	19 053
Israel Credit Insurance Company Ltd	Israel	10 921	10 157
Share of shareholders' equity		€90 979	€82 264

Contribution to income

(in thousands)		Six months ended June 30,	
		2011	2010
OeKB Beteiligungs- und Management A.G.	Austria	3 970	3 152
Graydon Holding N.V.	The Netherlands	1 918	2 270
Companhia de Seguro de Creditos SA (COSEC)	Portugal	1 785	2 028
Israel Credit Insurance Company Ltd	Israel	758	947
Share of total income		€8 431	€8 397

Notes to the consolidated financial statements

Note 7 Cash and cash equivalents

(in thousands)	June 30, 2011	December 31, 2010
Cash in bank and at hand	294 179	255 774
Cash pooling	69 625	50 427
Total cash	€363 804	€306 201
Total cash per balance sheet	363 804	306 201
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(350)	(350)
Total cash and cash equivalents	€363 454	€305 851

Note 8 Technical reserves

(in thousands)	December 31, 2010	Allowance net of writebacks	Foreign exchange differences	Other changes	June 30, 2011
Reserve for unearned premiums	303 689	84 690	(8 342)	303	380 340
Reserve for claims net of forecasts of recoveries	1 327 195	24 170	(16 376)	(2 408)	1 332 581
Reserve for no-claims bonuses and refunds	150 510	7 597	(267)	(4)	157 836
Gross technical reserves	1 781 394	116 457	(24 985)	(2 109)	1 870 757
Reserve for unearned premiums	50 510	22 257	2 436	11 629	86 832
Reserve for claims net of forecasts of recoveries	418 760	(2 448)	(1 280)	1 497	416 527
Reserve for no-claims bonuses and refunds	31 094	2 333	(169)	(1)	33 257
Reinsurers' share of technical reserves	500 364	22 142	987	13 125	536 616
Net technical reserves	€1 281 030	€94 315	€(25 972)	€(15 234)	€1 334 141

Cost of claims

(in thousands)	1st half ended June 30					
	2011			2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	564 044	(151 921)	412 123	595 634	(186 365)	409 269
of which, claims paid	49 291	(16 406)	32 885	78 668	(39 277)	39 391
of which, claims reserves	469 364	(133 502)	335 862	473 752	(144 483)	329 269
of which, claims handling expenses	45 389	(2 013)	43 376	43 214	(2 605)	40 609
Recoveries for the current period	(53 774)	12 704	(41 070)	(88 547)	37 151	(51 396)
Recoveries received	(1 095)	125	(970)	(31 166)	24 508	(6 658)
Change in reserves for recoveries	(52 679)	12 579	(40 100)	(57 381)	12 643	(44 738)
Cost of claims from prior periods	(154 306)	49 400	(104 906)	(125 378)	28 386	(96 992)
of which, claims paid	311 748	(88 165)	223 583	453 254	(130 834)	322 420
of which, claims reserves	(469 107)	136 606	(332 501)	(570 340)	158 491	(411 849)
of which, claims handling expenses	3 053	959	4 012	(8 292)	729	(7 563)
Recoveries from prior periods	(11 896)	1 777	(10 119)	4 293	(1 313)	2 980
Recoveries received	(78 486)	15 534	(62 952)	(75 308)	14 200	(61 108)
Change in reserves for recoveries	66 590	(13 757)	52 833	79 601	(15 513)	64 088
Cost of claims	€344 068	€(88 040)	€256 028	€386 002	€(122 141)	€263 861

Notes to the consolidated financial statements

Claims reserves

(in thousands)	June 30, 2011			December 31, 2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 546 314	(467 328)	1 078 986	1 557 083	(470 718)	1 086 365
Current period	497 689	(138 494)	359 195	819 386	(247 103)	572 283
Prior periods	1 048 625	(328 834)	719 791	737 697	(223 615)	514 082
Recoveries to be received	(213 733)	50 801	(162 932)	(229 888)	51 958	(177 930)
Current period	(52 523)	12 580	(39 943)	(89 986)	19 163	(70 822)
Prior periods	(161 210)	38 221	(122 989)	(139 902)	32 795	(107 107)
Claims reserves	€1 332 581	€(416 527)	€916 054	€1 327 195	€(418 760)	€908 435

Breakdown by type of reserve

(in thousands)	June 30, 2011			December 31, 2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	380 340	(86 832)	293 508	303 689	(50 510)	253 179
Claims reserves	1 332 581	(416 527)	916 054	1 327 195	(418 760)	908 435
of which, reserves for known claims	942 358	(318 208)	624 150	922 871	(313 706)	609 165
of which, reserves for late claims	496 167	(141 795)	354 372	532 256	(146 324)	385 932
of which, reserves for claims handling expenses	104 890	(7 324)	97 566	94 995	(7 842)	87 153
of which, other technical reserves	2 899	(1)	2 898	6 960	(2 846)	4 114
of which, recoveries to be received	(213 733)	50 801	(162 932)	(229 887)	51 958	(177 929)
No-claims bonuses and rebates	157 836	(33 257)	124 579	150 510	(31 094)	119 416
Technical reserves	€1 870 757	€(536 616)	€1 334 141	€1 781 394	€(500 364)	€1 281 030

Note 9 Breakdown of income net of reinsurance

(in thousands)	1st half ended June 30					
	2011			2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 084 963	(372 024)	712 939	992 134	(342 047)	650 087
Premiums refunded	(62 272)	16 822	(45 450)	(52 322)	15 278	(37 044)
Gross premiums written - credit insurance	1 022 691	(355 202)	667 489	939 812	(326 769)	613 043
Change in unearned premiums	(84 656)	23 471	(61 185)	(84 435)	24 499	(59 936)
Earned premiums	938 035	(331 731)	606 304	855 377	(302 270)	553 107
Premium-related revenues	188 501	-	188 501	183 250	-	183 250
Turnover	€1 126 536	€(331 731)	€794 805	€1 038 627	€(302 270)	€736 357
Net investment income	68 125	-	68 125	73 871	-	73 871
Claims paid	(281 412)	88 911	(192 501)	(425 373)	131 403	(293 970)
Claims reserves expense	(13 961)	(1 925)	(15 886)	74 752	(11 137)	63 615
Claims handling expense	(48 695)	1 054	(47 641)	(35 381)	1 875	(33 506)
Insurance services expense	(344 068)	88 040	(256 028)	(386 002)	122 141	(263 861)
Brokerage commissions	(96 759)	-	(96 759)	(90 914)	-	(90 914)
Other acquisition costs	(92 613)	-	(92 613)	(81 868)	-	(81 868)
Change in acquisition costs capitalised	7 111	-	7 111	6 337	-	6 337
Contract acquisition expense	(182 261)	-	(182 261)	(166 445)	-	(166 445)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expense	(106 590)	-	(106 590)	(95 334)	-	(95 334)
Commissions received from reinsurers	-	123 921	123 921	-	82 382	82 382
Other ordinary operating income and expense	(170 921)	-	(170 921)	(172 872)	-	(172 872)
Ordinary operating income	€390 821	€(119 770)	€271 051	€291 845	€(97 747)	€194 098

Notes to the consolidated financial statements

Note 10 Earnings per share and dividend per share

Earnings per share

	1st half ended June 30,	
	2011	2010
Distributable net income (in thousands of euros)	192 495	147 437
Weighted average number of ordinary shares before dilution	43 842 968	43 340 598
Earnings per share (€)	€4,39	€3,40
Distributable net income (in thousands of euros)	192 495	147 437
Weighted average number of ordinary shares after dilution	43 915 570	43 381 927
Diluted earnings per share (€)	€4,38	€3,40

The dilution impact takes into account the exercise of options. The average number of shares resulting from dilution is 72 602 for the first half 2011 (41 329 in 2010). The group share of net income is used as basis for this calculation.

Dividend per share

The General Meeting of May 20, 2011 approved the payment of a dividend of 4€ by share concerning the 2010 period.

Note 11 Segment data

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

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

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

Profit & loss by segment

(in thousands)											1st half ended June 30, 2011
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP	
Premiums written	349 308	189 650	250 036	133 648	107 072	29 071	595 207	-	(569 029)	1 084 963	
Premiums refunded	(28 407)	(17 493)	(7 864)	(3 985)	(1 778)	(565)	(35 583)	-	33 403	(62 272)	
Change in unearned premiums	(22 182)	(2 456)	(25 899)	(20 503)	(12 794)	(845)	(25 951)	-	25 974	(84 656)	
Earned premiums - non-group	298 719	169 701	216 273	109 160	92 500	27 661	533 673	-	(509 652)	938 035	
Premium-related revenues - non-group	84 891	37 978	34 390	27 633	15 226	8 449	-	11 730	(31 796)	188 501	
Turnover - intra-sectoral	383 610	€207 679	€250 663	€136 793	€107 726	€36 110	€533 673	€11 730	€(541 448)	€1 126 536	
Investment income	18 799	26 205	5 883	3 124	3 899	(3 298)	16 773	170 064	(173 324)	68 125	
<i>Of which, dividends</i>	-	-	-	-	-	-	-	(169 852)	169 852	-	
Total ordinary income	402 409	233 884	256 546	139 917	111 625	32 812	550 446	181 794	(714 772)	1 194 661	
Insurance services expense	(127 531)	(69 907)	(47 269)	(50 995)	(34 223)	(3 676)	(214 024)	-	203 557	(344 068)	
Outwards reinsurance expense	(177 502)	(88 297)	(143 007)	(77 195)	(64 997)	(18 214)	(272 172)	-	509 653	(331 731)	
Outwards reinsurance income	120 540	65 706	76 847	59 658	39 777	8 013	182 017	-	(340 597)	211 961	
Other income and expense	(150 980)	(79 033)	(95 099)	(58 657)	(43 462)	(19 778)	(144 006)	(37 593)	168 836	(459 772)	
Total other income and expense	(335 473)	(171 531)	(208 528)	(127 189)	(102 905)	(33 655)	(448 185)	(37 593)	541 449	(923 610)	
Ordinary operating income	66 936	€62 353	€48 018	€12 728	€8 720	€(843)	€102 261	€144 201	€(173 323)	€271 051	
Autres produits et charges opérationnels	(1 536)	236	(165)	-	-	-	-	(2 400)	-	(3 865)	
Operating income	65 400	€62 589	€47 853	€12 728	€8 720	€(843)	€102 261	€141 801	€(173 323)	€267 186	
Financing expense	(52)	(55)	(390)	(159)	(4)	(5)	(291)	(9 581)	2 157	(8 380)	
Income from companies accounted for by the equity method	5 888	2 543	-	-	-	-	-	-	-	8 431	
Corporation tax	(20 014)	(19 745)	(12 388)	(5 297)	(4 573)	80	(20 995)	9 959	-	(72 973)	
Consolidated net income	51 222	45 332	35 075	7 272	4 143	(768)	80 975	142 179	(171 166)	194 264	
<i>o/w</i>	-	-	-	-	-	-	-	-	-	-	
Net income, group share	49 890	€45 067	€35 075	€7 100	€4 143	€(768)	€80 975	€142 179	€(171 166)	€192 495	
Minority interests	1 332	265	-	172	-	-	-	-	-	1 769	

Notes to the consolidated financial statements

(in thousands)		1st half ended June 30 2010									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP	
Premiums written	350 102	171 390	236 340	102 158	95 902	20 656	482 319	-	(466 733)	992 134	
Premiums refunded	(31 505)	(12 702)	(7 202)	467	(496)	(268)	(26 118)	-	25 502	(52 322)	
Net premiums written	318 597	158 688	229 138	102 625	95 406	20 388	456 201	-	(441 231)	939 812	
Change in unearned premiums	(25 382)	(2 026)	(31 841)	(16 588)	(10 782)	1 050	(31 240)	-	32 374	(84 435)	
Earned premiums - non-group	293 215	156 662	197 297	86 037	84 624	21 438	424 961	-	(408 857)	855 377	
Premium-related revenues - non-group	84 140	36 927	32 956	23 978	15 920	7 079	-	11 370	(29 120)	183 250	
Turnover - intra-sectoral	€377 355	€193 589	€230 253	€110 015	€100 544	€28 517	€424 961	€11 370	€(437 977)	€1 038 627	
Investment income	51 067	29 275	5 381	4 847	5 957	6 992	10 547	188 069	(228 264)	73 871	
<i>Of which, dividends</i>	(1 381)	-	-	-	-	-	-	(193 935)	195 316	-	
Total ordinary income	428 422	222 864	235 634	114 862	106 501	35 509	435 508	199 439	(666 241)	1 112 498	
Insurance services expense	(165 089)	(56 346)	(116 221)	(37 863)	(28 431)	3 614	(176 452)	-	190 786	(386 002)	
Outwards reinsurance expense	(167 219)	(61 061)	(120 218)	(54 970)	(54 785)	(12 394)	(240 480)	-	408 857	(302 270)	
Outwards reinsurance income	129 320	40 340	95 499	35 566	34 390	2 503	159 986	-	(293 081)	204 523	
Other income and expense	(161 310)	(75 635)	(83 866)	(54 447)	(40 946)	(13 275)	(108 386)	(28 200)	131 414	(434 651)	
Total other income and expense	(364 298)	(152 702)	(224 806)	(111 714)	(89 772)	(19 552)	(365 332)	(28 200)	437 976	(918 400)	
Ordinary operating income	€64 124	€70 162	€10 828	€3 148	€16 729	€15 957	€70 176	€171 239	€(228 265)	€194 098	
Autres produits et charges opérationnels	-	-	-	-	-	-	-	-	-	-	
Operating income	€64 124	€70 162	€10 828	€3 148	€16 729	€15 957	€70 176	€171 239	€(228 265)	€194 098	
Financing expense	(71)	(58)	(972)	(150)	(214)	(7)	(12)	(6 169)	2 330	(5 323)	
Income from companies accounted for by the equity method	5 422	2 975	-	-	-	-	-	-	-	8 397	
Corporation tax	(7 725)	(24 277)	(3 177)	(1 856)	(5 355)	(1 189)	(12 920)	8 226	-	(48 273)	
Consolidated net income	61 750	48 802	6 679	1 142	11 160	14 761	57 244	173 296	(225 935)	148 899	
<i>o/w</i>											
Net income, group share	€60 430	€48 533	€6 668	€1 279	€11 160	€14 761	€57 244	€173 296	€(225 935)	€147 436	
Minority interests	1 320	269	11	(137)	-	-	-	-	-	1 463	

Depreciation, amortisation and provisions by segment

(in thousands)		1st half ended June 30, 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	50	(413)	55	(826)	52	-	-	146	-	€(936)	

(in thousands)		1st half ended June 30 2010									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP	
Provisions for loans and receivables	(13 438)	(2 837)	(91)	(28)	-	-	-	(137)	-	€(16 531)	

Amortisation and impairment charges on non-current assets are now analysed by function. Consequently, the breakdown is no longer directly visible in the income statement in the 2010 and 2011 financial statements.

Balance sheet by segment

(in thousands)		30/06/2011									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP	
Goodwill	-	-	62 754	7 803	29 336	3 007	-	(2)	-	102 898	
Other intangible assets	30 229	10 995	6 443	2 691	4 176	977	1 181	12 245	(2 266)	66 671	
Investments - insurance businesses	588 082	751 174	48 331	158 391	61 267	13 450	275 106	1 767 439	(214 864)	3 448 376	
Investments accounted for by the equity method	66 105	33 306	-	-	-	-	-	(1)	-	99 410	
Share of assignees and reinsurers in the technical reserves and financial liabilities	256 592	81 796	222 433	201 652	74 127	31 245	309 743	110	(641 082)	738 268	
Insurance and reinsurance receivables	67 422	80 632	231 541	48 014	75 177	25 355	544 645	(47)	(434 677)	638 062	
Other assets	329 379	139 010	161 256	107 937	67 470	(24 216)	42 453	182 377	(119 381)	886 285	
Total assets	€1 337 809	€1 096 913	€732 758	€526 488	€311 553	€49 818	€1 173 128	€1 962 121	€(1 412 270)	€5 778 318	
Technical reserves	525 769	248 159	457 950	383 345	204 165	52 034	646 344	48	(647 056)	1 870 758	
Liabilities related to inwards insurance and reinsurance transactions	16 688	65 209	38 180	28 374	7 137	4 498	148 247	721	(88 519)	220 535	
Liabilities related to outwards reinsurance transactions	50 204	19 635	75 920	41 371	25 880	411	278 526	43	(311 710)	180 280	
Other liabilities	436 650	267 806	99 255	76 092	38 984	9 178	17 784	726 308	(288 018)	1 384 039	
Total liabilities	€1 029 311	€600 809	€671 305	€529 182	€276 166	€66 121	€1 090 901	€727 120	€(1 335 303)	€3 655 612	

Notes to the consolidated financial statements

(in thousands)

31/12/2010

	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 12 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 is as follows:

	Number of shares	%
Allianz SA	26 864 230	59,50%
Allianz Vie	3 879 818	8,59%
Treasury shares	1 369 644	3,03%
Sub-total	32 113 692	71,12%
Public (bearer securities)	13 038 285	28,88%
Total	45 151 977	100,00%

Transactions

(in thousands)

1st half ended June 30,

	2011				2010			
	Allianz SE	Allianz Belgium	Allianz SA & International	Related companies and joint ventures	Allianz SE	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating income	28 960	-	-	6 682	19 843	-	-	9 059
Insurance services expense	(9 201)	-	-	(1 587)	(28 804)	-	-	(2 849)
Net income or expense on reinsurance	(31 868)	-	-	(59)	(16 056)	-	-	39
Financing expense	-	(2 742)	(1 512)	-	-	(874)	(2 731)	-
Other financial net incomes	(4 202)	-	-	(1 804)	(5 379)	-	-	(1 408)

Receivables and liabilities

(in thousands)

June 30, 2011

December 31, 2010

	June 30, 2011				December 31, 2010			
	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)	(19 396)	-	(237)	1 670	(22 854)	-	(237)	(200)
Net operating receivables	3 240	-	-	882	1 831	-	-	3 087
Borrowings (accrued interests included)	-	135 091	112 448	-	-	137 879	110 936	-
Operating liabilities	(4 329)	-	-	137	1 140	-	201	237

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

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

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

Notes to the consolidated financial statements

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

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

Note 13 Commitments received and given

(in thousands)	June 30, 2011	December 31, 2010
Commitments received	€10 191	€11 125
* Deposits, sureties and other guarantees	10 191	11 125
Commitments given	€13 616	€14 519
* Deposits, sureties and other guarantees	13 616	14 519
<i>o/w</i> - Commitments associated with membership of an EIG	18	54
- Securities buyback agreement	-	-

Note 14 Subsequent events

The loan of € 110m signed with Allianz France International, and whose term was planned for September, 2012, was partially paid off for €75m in July; the balance of the refund, at the level of €35m, is planned for December 2011.

On July 19, 2011 Euler Hermes and the Spanish leading insurance company Mapfre signed a memorandum of understanding to build a strategic alliance. The shared goal is to jointly develop the credit and bond insurance business in Spain, Portugal and Latin America. Through this alliance, Euler Hermes and Mapfre will both own 50% of a joint venture integrating the existing activities in those markets. The joint venture is expected to start operating by the end of 2011, subject to the completion of the usual conditions including the signing of all relevant agreements and the required regulatory approvals in the various countries.