EULER HERMES

Half-Year Financial Report

as at June 30th, 2012

EULER HERMES
Business insured. Success ensured.

A company of Allianz

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Report of the Group Management Board

For the 1st half ended June 30, 2012

Key events of the period

The following significant events occurred in the first half 2012:

Changes in the share capital and in share ownership

As at June 30, 2012, the Allianz group owned 30,744,048 shares out of a total of 45,202,777 shares, corresponding to 68.01% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into the Allianz consolidation scope.

During the first semester 2012, 43,300 new shares were created by the exercise of options. As at June 30, 2012, Euler Hermes' share capital was composed of 45,202,777 shares, including 1,320,744 shares held in treasury stock.

Follow-up on "Excellence" Project

In 2010, Euler Hermes initiated the Excellence Project for increased business efficiency. As of December 31, 2010, the impact on the accounts included a restructuring provision of € 56.6 million and a restructuring expense of € 15.9 million.
The project is on track and workers councils agreements have been reached in all countries in the course of 2011. As of December 31, 2011, the restructuring provision had been partially used and amounted to €45.9 million.
After further use in the first semester 2012, the balance at June 30, 2012 amounted to €40.7 million.

Creation of a joint venture with Mapfre

Euler Hermes and the Spanish insurer Mapfre have agreed a 50/50 joint-venture to develop their credit insurance business in Spain and four Latin American countries. The firms will integrate their existing credit insurance activities in Spain, Argentina, Chile, Colombia and Mexico with a consolidated turnover of €135 million based on 2011 figures. The joint venture will launch its operations in the beginning of 2013, once approvals from the regulatory authorities in the various countries have been obtained.

Relocation of headquarters and Paris-based operations in 2012

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

Subsequent events

No subsequent events occurred since June 30, 2012 closing which would impact the hypothesis of the semester closing.

Activity report

Turnover

Turnover *€ million*	*H1 2012* *(1)*	*H1 2011* *(2)*	*Variation %* *(1)/(2)*	*H1 2011* *(3)*	*Variation %* *(1)/(3)*
Regions					
Germany/Austria/Switzerland	387,2	383,6	0,9%	383,7	0,9%
France	212,1	207,7	2,1%	207,7	2,1%
Northern Europe	258,6	250,7	3,1%	255,9	1,0%
Med. Countries & Africa	161,4	144,4	11,8%	144,5	11,8%
Americas	127,4	107,7	18,3%	117,7	8,2%
Asia Pacific	38,2	28,5	34,1%	29,4	30,1%
EH Reinsurance + others (incl. IC eliminations)	4,9	4,0	22,1%	3,1	58,8%
Euler Hermes Group	**1 189,8**	**1 126,5**	**5,6%**	**1 142,0**	**4,2%**

Area contribution : After intra-region eliminations & before inter-region eliminations
(1) Turnover with geographical reclassification (average rate June 2012)
(2) Turnover with geographical reclassification (average rate June 2011)
(3) Turnover with geographical reclassification at constant exchange rate

At 30 June 2012, Euler Hermes' turnover amounts to €1 189.8 million, increasing by 5.6% compared to €1 126.5 million at 30 June 2011. At constant perimeter and constant exchange rate turnover growth was 4.2%.
Top line growth is still strong, at 5.6%, reflecting an increasing appetite for credit insurance coverage in the growth markets.
Demand for credit insurance was solid in the first half of 2012 amid continuing economic uncertainties. New production was stronger than in the 2011 record year.
Customer retention reached a record of 93% and facilitated 5.5% premium growth despite flattening prices and insured turnover volume on the existing portfolio.

Overall Group market penetration is increasing in growth markets. Americas and Asia grew 8.2% and 30.1% respectively, at constant scope and exchange rates. A strategic revision in both regions refocused on key markets and partnerships and produced positive results. Our business in China alone grew by 45%, at constant perimeter and constant exchange rate, over the period.
Growth in traditional markets remains on average above 3%, but is hampered by a sluggish GDP evolution impacting the insured volume.

€ million	**H1 2012**	**H1 2011**	**Variation in amount**	**Variation %**
Premiums	990.1	938.0	52.0	5.5%
Service revenues	199.8	188.5	11.3	6.0%
Total Credit insurance turnover	**1,189.8**	**1,126.5**	**63.3**	**5.6%**

Service revenues increased by 6.0% over H1 2012, compared to H1 2011, in line with the growth of premiums.

Net earned premiums amount to €661.5 million end of June 2012, compared to €606.3 million net premiums registered end of June 2011, i.e. an increase by 9.1%.

Earned premiums *In € thousands*	**H1 2012**	**H1 2011**	**Variation %**
Gross earned premiums	990,076	938,035	5.5%
Ceded premiums	-328,612	-331,731	-0.9%
Net earned premiums	**661,464**	**606,304**	**9.1%**
Cession rate	33.2%	35.4%	

This increase is higher in net terms than in gross terms, as premium retention increased on the quota-share treaty.

Claims costs

In € thousands	**H1 2012**	**H1 2011**	**Variation %**
Gross claims costs current attachment year	-692,726	-510,270	35.8%
Ceded claims costs current attachment year	217,477	139,217	56.2%
Net claims costs current attachment year	**-475,249**	**-371,053**	**28.1%**
In € thousands	**H1 2012**	**H1 2011**	**Variation %**
Gross claims costs previous attachment years	173,848	166,202	4.6%
Ceded claims costs previous attachment years	-37,724	-51,177	-26.3%
Net claims costs previous attachment years	**136,124**	**115,025**	**18.3%**

	H1 2012	**H1 2011**
Claims ratio, current year	**-71.8%**	**-61.2%**
Claims ratio, previous years (run-off)	**20.6%**	**19.0%**
Net claims ratio	**-51.3%**	**-42.2%**

Gross claims costs current year are at €692.7 million, higher by 35.8% compared to the first half of 2011. Most of the increase is due to three cases (Schlecker, Game Plc and Centrotherm) and the remaining evolution is linked to the higher claims frequency from the unusually low levels observed in the fist half of 2011.
The gross claims ratio current year increased by 15.6 points, of which 13.7 points are attributable to the three claims and 3.8 points are linked to the increase in claims frequency.

The gross impact of Schlecker on the current attachment year is €90 million. The excess of loss reinsurance mechanism allowed to cap the net loss to €30 million on the current attachment year.

Thus, the net claims ratio on the current attachment year deteriorated by 10.6 points between H1 2011 and H1 2012 (versus 15.6 points in gross terms), with two thirds of the increase due to the three claims and the reminder due to higher frequency.

Gross run-offs are higher than last year at €173.8 million. They include the release of €25 million management adjustment posted in claims reserve at the end of 2011 to cover for the Schlecker claim. Almost all regions posted positive run-offs again with the highest contributors being Germany and Northern Europe.
Net run-offs amounted to €136.1 million, as retention of positive run-offs improved between H1 2011 and H1 2012.

Overall the net claims ratio all attachment years is up 9.1 points from last year, of which 5 points relate to the three main claims (1.8 point on Schlecker).

Technical expenses

In € thousands	***H1 2012***	***H1 2011***	**Variation %**
Contract acquisition expenses	-182,825	-182,261	0.3%
Administration expenses	-122,721	-106,590	15.1%
Service expenses & Other ordinary income and charges	-177,178	-170,921	3.7%
Total Gross operating expenses	**-482,724**	**-459,772**	**5.0%**
of which non technical expenses	-5,543	-4,184	32.5%
Total gross technical expenses	**-477,181**	**-455,588**	**4.7%**

Increase in gross technical expenses is 4.7% to be compared with an increase in turnover of 5.6%.
In 2012, the Group harmonised its expense allocation process across the Group and this resulted in changes in expense allocation between 2011 and 2012. The evolution of acquisition and administration expenses should therefore be considered globally.
The increase of €16.7 million in acquisition and administration expenses is due to increasing brokerage linked to premium growth, additional costs linked to the Solvency II project, the new rent in La Défense, conventional salary increases and rising pension costs linked to market conditions.
The increase in the service expenses (+3.7%) is linked to the increase in service revenues (+6.2%). The service margin improved by 30% over the period.

Net technical expenses

In € thousands	***H1 2012***	***H1 2011***	***Variation %***
Gross technical expenses	-477,181	-455,588	4.7%
Service fees	199,764	188,501	6.0%
Expenses net of fees	-277,417	-267,087	3.9%
Gross earned premiums	990,076	938,035	5.5%
Reinsurance commission	133,218	123,921	7.5%
Premiums ceded	-328,612	-331,731	-0.9%
Net technical expenses	-144,199	-143,166	0.7%
Net premiums	661,464	606,304	9.1%
Gross technical expenses ratio	**28.0%**	**28.5%**	
Net technical expenses ratio	**21.8%**	**23.6%**	

Reinsurance commission is up €9.3 million between H1 2011 and H1 2012. The reinsurance commission still includes positive adjustments on commissions related to previous attachment years pushing the commission rate on ceded premium up to 40.5% compared to 37.4% last year.

The gross technical expense ratio is improving by 0.5 points compared to last year as premiums are growing faster than expenses as a result of the Excellence programme. The net technical expense ratio is improving by 1.8 points against last year due to better reinsurance commission on current and previous attachment years and to a dynamic net premium growth.

Current operating result before financial result

In € thousands	H1 2012	H1 2011	Variation %
Net earned premium	661,464	606,304	9.1%
Net claims costs	-339,125	-256,028	32.5%
Net technical expenses	-144,199	-143,166	0.7%
Other non technical charges	-5,543	-4,184	32.5%
Ordinary Operating income excluding financial income	**172,598**	**202,927**	**-14.9%**
Combined ratio	**73.1%**	**65.8%**	

The net operating income excluding financial income is down by 15% to €173 million. The main driver of this deterioration is the combined ratio, which is 73.1%, up by 7.3 points from last year.

Financial result

In € thousands	H1 2012	H1 2011	Variation %
Income from investment property	**392**	**615**	***-36.2%***
Income from securities	**38,839**	**35,886**	***8.2%***
Income from securities-Bonds	35,997	33,862	*6.3%*
Income from securities-equities	2,842	2,024	*40.4%*
Other financial income	**12,190**	**13,190**	***-7.6%***
Investments income	**51,421**	**49,691**	**3.5%**
Investment expenses	**(5,112)**	**(3,781)**	**35.2%**
Net FX result	**4,417**	**1,244**	**255.1%**
Net gains and losses on sales of investments less impairment and amortisation	**16,833**	**20,971**	**-19.7%**
Net financial income (excluding financing expense)	**67,559**	**68,125**	**-0.8%**

The net financial income is stable from H1 2011 to H1 2012, despite the low yield environment. The current investment income before investment expenses, realised gains and foreign exchange impact is even increasing by 3.5% thanks to sound management of our bond portfolio.
Investment expenses are impacted by the remaining accelerated amortization of the former headquarters in the investment expenses. This effect will smooth out over the year.
The foreign exchange result was higher than last year due to the strengthening US dollar and US dollar related currencies and this almost compensates the reduction in realised gains. Most of the gains this year come from sales on the bond portfolio.

At end of June 2012, the market value of the Group's investment portfolio increased by €130.6 million compared to end of 2011, to €4 048.6 million, after €193 million of dividends were paid in June.

In € million	June 30th, 2012					December 31st, 2011				
	Amortized cost	Unrealized gain reserve	Net book value	Market value	Unrealized gains and losses	Amortized cost	Unrealized gain reserve	Net book value	Market value	Unrealized gains and losses
- Shares	77.9	12.2	90.1	90.1	-	120.2	10.2	130.4	130.4	-
- Bonds	2,551.0	75.8	2,626.8	2,626.8	-	2,639.5	44.7	2,684.3	2,684.3	-
- Loans and other investments	605.1	-	605.1	605.1	-	743.6	-	743.6	743.6	-
Total financial investments	3,234.0	87.9	3,321.9	3,321.9	-	3,503.4	54.9	3,558.3	3,558.3	-
Buildings third party use		-	18.9	119.5	100.6		-	4.0	12.3	8.3
Cash	-	-	607.1	607.1	-	-	-	347.3	347.3	-
Total	-	-	3,948.0	4,048.6	100.6	-	-	3,909.7	3,918.0	8.3

Current operating result

In € thousands	H1 2012	H1 2011	Variation %
Technical result	172,598	202,927	-14.9%
Financial income net of expenses	67,559	68,125	-0.8%
Ordinary operating income	240,155	271,052	-11.4%
Other non ordinary income and expense	-3,105	-3,865	-19.7%
Operating income	**237,050**	**267,187**	**-11.3%**

The operating profit remained strong at €237.1 million, although down modestly from a year ago. The net expense ratio improved by 1.8 points, with lower expense ratios both in gross terms due to the Excellence program and in net terms after reinsurance commission. The net claims ratio increased 9 points year-on-year mainly due to the three larger claims.

As at 30 June 2012, €3.1 million of restructuring charges were booked on the project Excellence.

Net Income

In € thousands	H1 2012	H1 2011	Variation %
Operating income	**237,050**	**267,187**	**-11.3%**
Financing expenses	-7,071	-8,380	-15.6%
Income from companies accounted for by equity method	6,022	8,431	-28.6%
Corporation tax	-72,317	-72,973	-0.9%
Minority interest	-2,309	-1,769	30.5%
Consolidated net income	**161,375**	**192,495**	**-16.2%**

Financing expenses have decreased by 16% over the period due to the decrease in the debt of the Group after the reimbursement of the € 110 million borrowing to Allianz in the second half of 2011.

Income from companies accounted for at equity decreased compared to last year. This comes mostly from the Austrian and Portuguese companies.

The tax rate at end of June 2012 is 30.1% compared to 27.3% at end of June 2011. The tax rate was impacted by one-off effects in Q1. The tax rate for Q2 only is 27.5%.

Euler Hermes SA net result

Statutory net income of the entity Euler Hermes SA amounts to €218.0 million at 30 June 2012, versus €148.4 million as at 30 June 2011. This result is closely driven by the dividend upstream from the operational entities, main source of revenues of Euler Hermes SA.

Consolidated shareholders' equity

Consolidated shareholders' equity at 30 June 2012 amounts to €2 308.9 million, compared to €2 295.9 million at 31 December 2011, increasing by €13.0 million. The main changes during the period are shown below.

In € thousands	Capital stock	Additional paid-in capital	Retained earnings	Revaluation reserve	Other		Shareholders' equity, Group share	Minority interests	Total shareholders' equity
					Translation reserve	Treasury stock			
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**
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain/(loss) taken to shareholders' equity	-	-	-	39,874	-	-	39,874	(252)	39,622
Impact of transferring realised gains and losses to income statement	-	-	-	(9,586)	-	-	(9,586)	273	(9,313)
Other variations	-	-	-	431	-	-	431	-	431
Impact of translation differences	-	-	-	65	3,521	-	3,586	15	3,601
Net income recognised in shareholders' equity	**-**	**-**	**-**	**30,784**	**3,521**	**-**	**34,305**	**36**	**34,341**
Net income for the year	-	-	161,375	-	-	-	161,375	2,309	163,684
Total revenues and losses recognised for the period	**-**	**-**	**161,375**	**30,784**	**3,521**	**-**	**195,680**	**2,345**	**198,025**
Capital movements	14	1,909	-	-	-	8,315	10,238	-	10,238
Dividend distributions	-	-	(193,054)	-	-	-	(193,054)	(1,996)	(195,050)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Other movements	-	-	(206)	-	-	-	(206)	2	(204)
Shareholders' equity as at June 30th, 2012 - IFRS	**14,465**	**456,445**	**1,847,438**	**63,450**	**(22,022)**	**(69,241)**	**2,290,535**	**18,353**	**2,308,888**

The increase in the consolidated shareholders' equity is due to:

- the net result generated over the period (positive impact on equity of €+163.7 million),
- the dividends paid (negative impact for €195.1 million)
- the transfer of realized gains & losses to P&L (negative impact for €9.3 million)
- and by the impact of revaluation of AFS for €39.6 million.

Condensed Consolidated Financial Statements

Consolidated statement of financial position

(in thousands)	Notes	June 30, 2012	December 31, 2011
Goodwill	3	111 980	109 407
Other intangible assets		73 058	69 712
Intangible assets		**185 038**	**179 119**
Investment property	4	18 926	4 019
Financial investments	5	3 321 905	3 558 317
Derivatives		7 463	5 458
Investments- insurance businesses		**3 348 294**	**3 567 794**
Investments accounted for by the equity method	6	**106 340**	**105 196**
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	**461 979**	**545 961**
Operating property and other property, plant and equipment		146 555	149 277
Acquisition costs capitalised		66 248	51 919
Deferred tax assets		16 062	22 052
Inwards insurance and reinsurance receivables		615 202	495 312
Outwards reinsurance receivables		88 723	39 815
Corporation tax receivables		19 868	47 429
Other receivables		275 091	266 898
Other assets		**1 227 749**	**1 072 702**
Cash	7	607 148	347 338
TOTAL ASSETS		**€ 5 936 548**	**€ 5 818 110**
Capital stock		14 465	14 451
Additional paid-in capital		456 445	454 536
Reserves		1 616 822	1 471 500
Net income, group share		161 375	330 267
Revaluation reserve		63 450	32 666
Foreign exchange translation		(22 022)	(25 543)
Shareholders' equity, group share		**€ 2 290 535**	**€ 2 277 877**
Non controlling interests		18 353	18 002
Total shareholders' equity		**€ 2 308 888**	**€ 2 295 879**
Provisions for risks and charges		**245 163**	**259 721**
Bank borrowings		251 125	255 119
Other borrowings		135 406	138 234
Borrowings		**386 531**	**393 353**
Non-life technical reserves	8	1 932 835	1 899 265
Liabilities related to contracts		**1 932 835**	**1 899 265**
Deferred tax liabilities		311 674	330 133
Inwards insurance and reinsurance liabilities		246 721	217 012
Outwards reinsurance liabilities		210 992	104 541
Corporation tax payables		29 216	34 433
Other payables		264 528	283 773
Other liabilities		**1 063 131**	**969 892**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**€ 5 936 548**	**€ 5 818 110**

Consolidated income statement

(in thousands excepted for the earnings per share)		1st half ended June 30,		2th Quarter ended June 30	
	Notes	2012	2011	2012	2011
Premiums written		1 152 867	1 084 963	532 556	519 413
Premiums refunded		(60 815)	(62 272)	(29 917)	(31 180)
Change in unearned premiums		(101 976)	(84 656)	(4 288)	(2 796)
Earned premiums		**990 076**	**938 035**	**498 351**	**485 437**
Services revenues		199 764	188 501	101 606	96 992
Turnover	9	**€ 1 189 840**	**€ 1 126 536**	**€ 599 957**	**€ 582 429**
Investment income		51 417	49 690	26 217	26 675
Investment management charges		(5 109)	(3 780)	(2 066)	(1 934)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		18 510	21 837	13 809	8 454
Change in fair value of investments recognised at fair value through profit or loss		(685)	334	(1 346)	(64)
Change in investment impairment provisions		(992)	(1 200)	(1)	(1 084)
Net change in foreign currency		4 417	1 244	6 675	3 176
Net investment income		**67 558**	**68 125**	**43 288**	**35 223**
Insurance services expense		**(518 878)**	**(344 068)**	**(301 751)**	**(154 238)**
Outwards reinsurance income		(328 612)	(331 731)	(158 770)	(169 513)
Outwards reinsurance expense		312 971	211 961	194 644	110 319
Net outwards reinsurance income or expense	9	**(15 641)**	**(119 770)**	**35 874**	**(59 194)**
Contract acquisition expense		**(182 825)**	**(182 261)**	**(92 838)**	**(93 035)**
Administration expense		**(122 721)**	**(106 590)**	**(63 010)**	**(54 329)**
Other ordinary operating income		**6 685**	**11 935**	**1 022**	**3 859**
Other ordinary operating expense		**(183 863)**	**(182 856)**	**(87 666)**	**(93 086)**
CURRENT OPERATING INCOME		**€ 240 155**	**€ 271 051**	**€ 134 876**	**€ 167 629**
Other non ordinary operating expense		(9 566)	(8 846)	(6 004)	(2 632)
Other non ordinary operating income		6 461	4 981	2 298	-
OPERATING INCOME	9	**€ 237 050**	**€ 267 186**	**€ 131 170**	**€ 164 997**
Financing expense		(7 071)	(8 380)	(3 428)	(4 063)
Share of Income from companies accounted by the equity method	6	6 022	8 431	5 213	2 739
Corporation tax		(72 317)	(72 973)	(36 501)	(45 781)
CONSOLIDATED NET INCOME		**163 684**	**194 264**	**96 454**	**117 892**
o/w					
NET INCOME, GROUP SHARE		**€ 161 375**	**€ 192 495**	**€ 95 023**	**€ 117 197**
Non controlling interests		2 309	1 769	1 431	695
Earnings per share	10	**€ 3.68**	**€ 4.39**		
Diluted earnings per share	10	**€ 3.68**	**€ 4.38**		
Earnings per share of continuing activities		**€ 3.68**	**€ 4.39**		
Diluted earnings per share of continuing acitivies		**€ 3.68**	**€ 4.38**		

(en thousands)	1st half ended June 30,		2th Quarter ended June 30	
	2012	2011	2012	2011
NET INCOME, GROUP SHARE	**€ 161 375**	**€ 192 495**	**€ 95 023**	**€ 117 197**
Non controlling interests	2 309	1 769	1 431	695
Other comprehensive income elements				
Change in fair market value of asset held for sale transfered through profits & losses (Gross amount)	(13 555)	(16 292)	(11 498)	(5 819)
Change in fair market value of asset held for sale transfered through profits & losses (Tax amount)	3 969	4 808	2 926	1 820
Change in fair market value of asset held for sale booked through equity (Gross amount)	51 529	(12 769)	9 731	12 604
Change in fair market value of asset held for sale booked through equity (Tax amount)	(11 655)	6 027	(466)	280
Change in fair market value of asset held for sale booked - minority interests share net of corporation tax	36	187	25	187
Other change in fair market value of asset held for sale booked through equity	431	(6)	11	(6)
Change in translation reserve (included impact on revaluation reserve) booked through equity (Gross amount)	4 898	(27 496)	6 166	(3 419)
Change in translation reserve (included impact on revaluation reserve) booked through equity (Tax amount)	(1 312)	8 746	(2 258)	824
Total other comprehensive income net of taxes	**€ 34 341**	**€ (36 795)**	**€ 4 638**	**€ 6 471**
Total comprehensive income	**€ 198 025**	**€ 157 470**	**€ 101 092**	**€ 124 363**
Total comprehensive income, group share	195 680	155 514	99 636	123 479
Total comprehensive income, minority interests	2 345	1 956	1 456	882

Consolidated statement of cash flows

(In thousands)	Notes	Six months ended June 30, 2012	2011
Net income, group share		**€ 161 375**	**€ 192 495**
Corporation tax		72 318	73 164
Financing expense		7 073	8 585
Operating income before tax		**240 766**	**274 244**
Minority interests		2 309	1 769
Allocation to and writebacks of depreciation, amortisation and reserves		27 294	23 595
Change in technical reserves		93 277	101 247
Change in deferred acquisition costs		(13 095)	(7 493)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		141	(992)
Realised capital gains/(losses) net of writebacks		(18 624)	(21 894)
Unrealised foreign exchange gain (loss) in company accounts		4 606	(2 822)
Revenues and expenses linked to stock options and similar		0	-
Interest revenues received accrued		4 617	(2 286)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		**100 527**	**91 123**
Income (loss) of companies accounted for by the equity method		(6 022)	(8 431)
Dividends received from companies accounted for by the equity method		6 245	5 254
Change in liabilities and receivables relating to insurance and reinsurance transactions		(24 857)	4 584
Change in operating receivables and liabilities		(6 754)	(55 583)
Change in other assets and liabilities		(33 581)	(3 051)
Corporation tax		(75 258)	547
Cash flow related to operating activities		**(140 228)**	**(56 680)**
Cash flow from operating activities		**€ 201 065**	**€ 308 688**
Acquisitions of subsidiaries and joint ventures, net of acquired cash		(1 396)	2 658
Disposals of subsidiaries and joint ventures, net of ceded cash		1 789	(133)
Acquisitions of equity interests in companies accounted for by the equity method		(0)	-
Disposals of equity method investments		-	-
Merger		-	382
Cash flow linked to changes in the consolidation scope		**393**	**2 907**
Disposals of AFS securities		837 773	408 113
Matured HTM securities		-	400
Disposals of investment properties		5 398	8 051
Disposals of securities held for trading		1 318	815
Cash flow linked to disposals and redemptions of investments		**844 490**	**417 379**
Acquisitions of AFS securities		(699 074)	(517 566)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties		-	(1 661)
Acquisitions of trading securities		(3 629)	(2 306)
Cash flow linked to acquisitions of investments		**(702 703)**	**(521 533)**
Disposals of other investments and intangible assets		624 456	621 431
Acquisitions of other investments and intangible assets		(507 881)	(570 991)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		**116 574**	**50 439**
Cash flow from investing activities		**€ 258 754**	**€ (50 809)**

Increases and decreases in capital		1 896	1 601
Increases in capital		*1 936*	*1 601*
Decreases in capital		*(39)*	-
Change in treasury stock		8 315	(6 319)
Dividends paid		(195 050)	(178 458)
Cash flow linked to transactions with the shareholders		**(184 839)**	**(183 176)**
Change in non voting shares		**-**	**-**
Changes in loans and subordinated securities		862	(33)
Issue		*882*	*947*
Repayment		*(20)*	*(980)*
Interest paid		(13 854)	(14 015)
Cash flow from group financing		**(12 992)**	**(14 048)**
Cash flow from financing activities		**€ (197 831)**	**€ (197 224)**
Impact of foreign exchange differences on cash and cash equivalents		(2 120)	(3 052)
Reclassification		(16)	-
Other net changes in cash		**€ (2 137)**	**€ (3 052)**
Change in cash flows		**259 851**	**57 604**
Change in cash and cash equivalents		**259 852**	**57 604**
Cash and cash equivalents at begining of period	**7**	**€ 346 988**	**€ 305 851**
Cash and cash equivalents at end of period	**7**	**€ 606 840**	**€ 363 454**

Consolidated statement of changes in equity

1st Half 2012

(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	**€ 14 451**	**€ 454 536**	**€ 1 879 323**	**€ 32 666**	**€ (25 543)**	**€ (77 556)**	**€ 2 277 877**	**€ 18 002**	**€ 2 295 879**
Available-for-sale assets (AFS)	-	-	-	-	-	-		-	
Measurement gain / (loss) taken to shareholders' equity	-	-	-	39 874	-	-	**39 874**	(252)	**39 622**
Impact of transferring realised gains and losses to income statement	-	-	-	(9 586)	-	-	**(9 586)**	273	**(9 313)**
Other changes	-	-	-	431	-	-	**431**	-	**431**
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	-	-	-	65	3 521	-	**3 586**	15	**3 601**
Components of other comprehensive income net of tax	**-**	**-**	**-**	**30 784**	**3 521**	**-**	**34 305**	**36**	**34 341**
Net income for the year	**-**	**-**	**161 375**	**-**	**-**	**-**	**161 375**	**2 309**	**163 684**
Comprehensive income of the period	**-**	**-**	**€ 161 375**	**€ 30 784**	**€ 3 521**	**-**	**€ 195 680**	**€ 2 345**	**€ 198 025**
Capital movements	14	1 909	-	-	-	8 315	**10 238**	-	**10 238**
Dividend distributions	-	-	(193 054)	-	-	-	**(193 054)**	(1 996)	**(195 050)**
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	**-**	-	**-**
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	**-**	-	**-**
Other movements	-	-	(206)	-	-	-	**(206)**	2	**(204)**
Closing Shareholders ' equity, group share	**€ 14 465**	**€ 456 445**	**€ 1 847 438**	**€ 63 450**	**€ (22 022)**	**€ (69 241)**	**€ 2 290 535**	**€ 18 353**	**€ 2 308 888**

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**

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the first semester 2012:

Changes in the share capital and in share ownership

As at June 30, 2012, the Allianz group owned 30,744,048 shares out of a total of 45,202,777 shares, corresponding to 68.01% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into the Allianz consolidation scope.

During the first semester 2012, 43,300 new shares were created by the exercise of options. As at June 30, 2012, Euler Hermes' share capital was composed of 45,202,777 shares, including 1,320,744 shares held in treasury stock.

Creation of a joint venture with Mapfre

Euler Hermes and the Spanish insurer Mapfre have agreed a 50/50 joint-venture to develop their credit insurance business in Spain and four Latin American countries. The firms will integrate their existing credit insurance activities in Spain, Argentina, Chile, Colombia and Mexico with a consolidated turnover of €135m based on 2011 figures. The joint venture will launch its operations in the beginning of 2013, once approvals from the regulatory authorities in the various countries have been obtained.

Follow-up on "Excellence" Project

In 2010, Euler Hermes initiated the Excellence Project to increase business efficiency. As of December 31, 2010, the impact on the accounts included a restructuring provision of € 56.6 million and a restructuring expense of € 15.9 million.
The project is on track and workers councils agreements have been reached in all countries throughout 2011. As of December 31, 2011, the restructuring provision had been partially used and amounted to €45.9 million.
After further use in the first semester 2012, the balance as at June 30, 2012 amounted to €40.7 million.

Relocation of headquarters and Paris-based operations in 2012

Beginning of May, the Group and the Paris-based operations relocated to the First tower in La Défense. Euler Hermes needed one building to house its staff in an accessible location that offers the best options in terms of office space and amenities.

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, Place des Saisons 92048 Paris - La Défense Cedex. The consolidated financial statements as at June 30, 2012 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, 2012 were approved by the Group Management Board of July 25, 2012 and presented to the Supervisory Board of July 26, 2012.

2.1. General Principles

In accordance with July 19, 2002 European regulation no. 1606/2002, the interim consolidated financial statements published at June 30, 2012 were prepared in accordance with IAS 34 as adopted by the European Union. International accounting standards includes IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts.

The standards and interpretations applied derives essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at June 30, 2012 as adopted by the European Union,

- Guidance provided by CNC recommendation no. 2009-R05 relating to the format of financial statements prepared by insurance firms under international accounting guidelines.

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

2.2. Consolidation scope

At the beginning of year 2012, Euler Hermes created an investment fund named PIMCO Funds Ireland which parts are owned by several entities of the Group.
The Group created during the 1st quarter 2012 a holding company in Luxembourg named Euler Hermes Luxembourg Holding S.a.r.l.

The Group created during 2nd quarter 2012 a Belgian company named Euler Hermes Patrimonia.
The service company UAB Euler Hermes Services Baltic based in Lituania has been liquidated on the 2nd quarter 2012.

2.3. Use of estimates

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

Technical provisions estimates are also detailed in the part Risk Management of the 2011 Registration Document.

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

Estimate		Communicated Information
Note 3	Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit's is based on assumptions of capital costs, growth rate to infinity and loss ratio & standard retention rates used in the calculation of the final values.
Note 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 ajusted 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. Considering the current economic crisis and the methods of assessment of credit-insurance, the IBNR might be different from the ones calculated on statistical basis. Indeed, non anticipated assessments might occur and modify the assumptions previously retained for the determination of IBNR.
Note not published	Employee benefits	The related commitments are measured in accordance with IAS 19 and are reviewed yearly by independent actuaries. The commitment is recognized 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 and Euler share price, until expiry of the obligation, and is calculated using the Cox-Ross-Rubinstein binomial valuation model.

Note 3 Goodwill

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

(in thousands)	June 30, 2012						December 31, 2011
	Italy	**United Kingdom**	**United States**	**Benelux countries**	**Other**	**Total**	**Total**
Opening balance							
Gross value	6 229	65 836	32 768	8 242	8 613	121 688	118 720
Impairment losses	(409)	(11 872)	-	-	-	(12 281)	(11 007)
Carrying amount	**€ 5 820**	**€ 53 964**	**€ 32 768**	**€ 8 242**	**€ 8 613**	**€ 109 407**	**€ 107 713**
Change during the year							
Openning carrying amount	5 820	53 964	32 768	8 242	8 613	109 407	107 713
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	1 714	641	-	217	2 572	2 606
Impairment losses	-	-	-	-	-	-	(912)
Closing carrying amount	**5 820**	**55 678**	**33 409**	**8 242**	**8 830**	**111 979**	**109 407**
Closing Balance							
Gross value	6 229	67 934	33 410	8 242	8 830	124 645	121 688
Impairment losses	(409)	(12 256)	-	-	-	(12 665)	(12 281)
Carrying amount	**€ 5 820**	**€ 55 678**	**€ 33 410**	**€ 8 242**	**€ 8 830**	**€ 111 980**	**€ 109 407**

Note 4 Investment and operating property

(in thousands)	June 30, 2012		December 31, 2011	
	Investment property	**Operating property**	**Investment property**	**Operating property**
Balance as opening 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**
Change during the year				
Carrying amount as opening period	4 019	123 932	9 323	127 200
Acquisitions	-	-	-	3 000
Change in consolidation scope	-	-	-	-
Disposals	(1 706)	(129)	(5 188)	-
Reclassifications	16 675	(16 675)	-	-
Changes in foreign currency translation adjustements	-	59	-	108
Net depreciation	(62)	(2 825)	(117)	(6 376)
Net provisions for impairment	-	-	-	-
Other changes	-	-	-	-
Carrying amount at the end of the period	**18 926**	**104 362**	**4 018**	**123 932**
Balance at the end of the period				
Gross value	41 457	142 382	6 144	187 356
Depreciation	(22 531)	(31 223)	(2 125)	(56 627)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	**€ 18 926**	**€ 104 362**	**€ 4 019**	**€ 123 932**
Fair value	**€ 119 500**	**€ 119 073**	**€ 12 312**	**€ 229 162**

Amounts recorded in the income statement	**Six months ended June 30,**	
Investment property	**2012**	**2011**
Rental revenues from investment property	392	615
Direct operating expenses relating to property	(35)	(49)

As at June 30, 2012, disposals in investment property mainly concern sales realized by Euler Hermes France for a selling price of € 5 million, carrying the realized profit to € 3.6 million (before tax impact);

The reclassification for € 16.7 million concerns the transfer of the building 1, rue Euler from operating property to investment property.

Note 5 Financial investments

Classification by accounting method

For an instrument 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, 2012						December 31, 2011					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets												
Bonds	491	-	491	491	300	191	491	-	491	491	300	191
Total held-to-maturity assets	**€ 491**	**-**	**€ 491**	**€ 491**	**€ 300**	**€ 191**	**€ 491**	**-**	**€ 491**	**€ 491**	**€ 300**	**€ 191**
Available-for-sale assets												
Equities	77 909	12 161	90 070	90 070	2 673 070	43 261	120 226	10 195	130 421	130 421	2 756 938	57 277
Bonds	2 550 492	75 769	2 626 261	2 626 261			2 639 057	44 737	2 683 794	2 683 794		
Total Available-for-sale assets	**€ 2 628 401**	**€ 87 930**	**€ 2 716 331**	**€ 2 716 331**	**€ 2 673 070**	**€ 43 261**	**€ 2 759 283**	**€ 54 932**	**€ 2 814 215**	**€ 2 814 215**	**€ 2 756 938**	**€ 57 277**
Loans, deposits and other financial investments	605 083	-	605 083	605 083	-	-	743 611	-	743 611	743 611	-	-
Total loans, deposits and other financial investments	**€ 605 083**	**-**	**€ 605 083**	**€ 605 083**	**-**	**-**	**€ 743 611**	**-**	**€ 743 611**	**€ 743 611**	**-**	**-**
Total Financial investments (excluded investments in consolidated enterprise)	**€ 3 233 975**	**€ 87 930**	**€ 3 321 905**	**€ 3 321 905**	**€ 2 673 370**	**€ 43 452**	**€ 3 503 385**	**€ 54 932**	**€ 3 558 317**	**€ 3 558 317**	**€ 2 757 238**	**€ 57 468**

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, 2012				December 31, 2011			
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities:	77 909	12 161	90 070	90 070	120 226	10 195	130 421	130 421
- Bonds:	2 550 983	75 769	2 626 752	2 626 752	2 639 548	44 737	2 684 285	2 684 285
- Loans and other investments	605 083	-	605 083	605 083	743 611	-	743 611	743 611
Total Financial investments	**€ 3 233 975**	**€ 87 930**	**€ 3 321 905**	**€ 3 321 905**	**€ 3 503 385**	**€ 54 932**	**€ 3 558 317**	**€ 3 558 317**

EH Group didn't account any significant impairment as of June 30, 2012. EH Group hadn't any financial assets such as "dynamic treasury mutual funds" or "subprime investments".

Fair value hierarchy

- Available-for-sale assets

(in thousands)	June 30, 2012		
	Level 1	Level 2	Level 3
Available-for-sale assets	**2 439 360**	**241 603**	**35 368**

The level 1 is mainly composed of listed bonds and stocks on an active market.
The level 2 is mainly composed of Allianz 3 years bond (for an amount of €160 million), German mortgage bonds (Pfandbriefe).
The level 3 is mainly composed of participation in a Private Equity Funds, non consolidated shares and of Moroccan & Hungarian non listed government bond.

- Other financial investments

The HTM bond, the loans and the other investments are valuated at cost. As a consequence their hierarchical ranking is level 1.

Group exposure to countries which have a restructuring plan of their sovereign debt (Greece, Ireland, Spain & Portugal)

Greece

The Group has no exposure to Greek sovereign debt.

Portugal

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

Country	Maturity	Total Exposure	Market Value	Unrealized Gain or losses
Portugal	2013	3 446	3 328	(119)
Portugal	2014	642	584	(58)
Portugal	2015	916	776	(141)
Total Portugal		**5 004**	**4 687**	**(317)**

Ireland

The Group has no exposure to Irish sovereign debt.

Spain

Portuguese company COSEC, consolidated at equity method within Euler Hermes is exposed to Spanish sovereign debt for a nominal amount of €1,995 thousand and for a market value of €1,996 thousand (maturity 2012)

Italy

Euler Hermes Group is exposed to Italian sovereign debt for a nominal amount of €22,000 thousand and for a market value of €22,195 thousand (maturity 2013).

Hungary

The Group has no more exposure to Hungarian sovereign debt.

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

Movements during the period

(in thousands)	June 30, 2012				December 31, 2011
	Held-to-maturity investments	**Available-for-sale investments**	**Loans, deposits and other financial investments**	**Total**	**Total**
Carrying amount as opening period	**€ 491**	**€ 2 814 215**	**€ 743 611**	**€ 3 558 317**	**€ 3 438 756**
Increase in gross value	-	1 150 648	544 894	**1 695 542**	2 479 332
Decrease in gross value	-	(1 281 489)	(675 282)	**(1 956 771)**	(2 331 877)
Revaluation	-	36 698	-	**36 698**	(12 186)
Impairment	-	(992)	-	**(992)**	(5 830)
Changes in foreign currency translation adjustements	-	6 252	1 631	**7 883**	8 115
Reclassifications	-	-	-	**-**	-
Other changes	-	(9 001)	(9 771)	**(18 772)**	(17 993)
Carrying amount as closing period	**€ 491**	**€ 2 716 331**	**€ 605 083**	**€ 3 321 905**	**€ 3 558 317**

The other variations of available for sale investments are mainly the amortizations of premiums / discounts of the bonds.

Note 6 Investments accounted for by the equity method

Information on equity-accounted investments

(in thousands)		June 30, 2012				
Company	**Country**	**Assets** [1]	**Shareholders' equity** [2]	**Turnover** [3]	**Net income**	**% of capital held**
OeKB Beteiligungs- und Management A.G.	Austria	192 683	126 514	40 258	5 600	49.00%
Graydon Holding N.V.	Netherlands	53 706	15 098	34 347	4 811	27.50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	108 294	43 620	20 907	1 460	50.00%
The Israeli Credit Insurance Company Ltd	Israel	75 900	37 096	14 544	3 675	33.33%
		€ 430 583	**€ 222 328**	**€ 110 055**	**€ 15 546**	

(1) Assets based on IFRS statements as at March 31, 2012.

(2) Shareholders' equity based on IFRS statements as at March 31, 2012 including goodwill.

(3) The turnover corresponds to the turnover in the IFRS statements as at March 31, 2012 plus ¼ of 2011 year.

(in thousands)		December 31, 2011		June 30, 2011		
Company	**Country**	**Assets**	**Shareholders' equity**	**Turnover**	**Net income**	**% of capital held**
OeKB Beteiligungs- und Management A.G.	Austria	186 250	114 016	39 109	8 102	49.00%
Graydon Holding N.V.	Netherlands	54 918	7 095	35 679	6 975	27.50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	131 825	38 838	20 471	3 570	50.00%
The Israeli Credit Insurance Company Ltd	Israel	69 812	32 766	13 892	2 274	33.33%
		€ 442 805	**€ 192 715**	**€ 109 151**	**€ 20 921**	-

Movements during the period

(in thousands)	**June 30, 2012**	**December 31, 2011**
Opening carrying amount	**€ 105 196**	**€ 98 066**
Increases	-	-
Decreases	-	(997)
Reclassification	-	-
Share of income for the period	6 022	17 038
Dividends paid	(6 245)	(8 417)
Impairment	-	-
Foreign exchange differences	-	(210)
Other changes	1 367	(284)
Closing carrying amount	**€ 106 340**	**€ 105 196**

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

(in thousands)		**June 30, 2012**	**December 31, 2011**
OeKB Beteiligungs- und Management A.G.	Austria	61 992	55 868
Graydon Holding N.V.	Netherlands	4 152	1 951
Companhia de Seguro de Creditos SA (COSEC)	Portugal	21 810	19 419
The Israeli Credit Insurance Company Ltd	Israel	12 364	10 921
Share of shareholders' equity		**€ 100 318**	**€ 88 159**

Contribution to income

(in thousands)		Six months ended June 30,	
		2012	**2011**
OeKB Beteiligungs- und Management A.G.	Austria	2 744	3 970
Graydon Holding N.V.	The Netherlands	1 323	1 918
Companhia de Seguro de Creditos SA (COSEC)	Portugal	730	1 785
The Israeli Credit Insurance Company Ltd	Israel	1 225	758
Share of total income		**€ 6 022**	**€ 8 431**

Note 7 Cash and cash equivalents

(in thousands)	June 30, 2012	December 31, 2011
Cash in bank and at hand	530 420	317 077
Cash pooling	76 728	30 261
Total cash	**€ 607 148**	**€ 347 338**
Total cash per balance sheet	**607 148**	**347 338**
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(308)	(350)
Total cash and cash equivalents	**€ 606 840**	**€ 346 988**

Note 8 Technical reserves

(in thousands)	December 31, 2011	Allowance net of writebacks	Foreign exchange differences	Other changes	June 30, 2012
Reserve for unearned premiums	311 752	101 976	1 830	7 163	422 721
Reserve for claims net of forecasts of recoveries	1 422 871	(86 327)	(6 665)	15 268	1 345 147
Reserve for no-claims bonuses and rebates	164 642	481	(219)	63	164 967
Gross technical reserves	**1 899 265**	**16 130**	**(5 054)**	**22 494**	**1 932 835**
Reserve for unearned premiums	53 418	44 167	(5 630)	7 075	99 030
Reserve for claims net of forecasts of recoveries	457 763	(130 509)	(14 625)	15 242	327 869
Reserve for no-claims bonuses and rebates	34 780	468	(234)	66	35 080
Reinsurers' share of technical reserves	**545 961**	**(85 874)**	**(20 489)**	**22 383**	**461 979**
Net technical reserves	**€ 1 353 304**	**€ 102 004**	**€ 15 435**	**€ 111**	**€ 1 470 856**

Claims reserves

(in thousands)	June 30, 2012			December 31, 2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	**1 742 292**	**(545 617)**	**1 196 675**	**1 625 729**	**(509 643)**	**1 116 086**
Current period	638 699	(197 768)	440 931	923 395	(278 818)	644 577
Prior periods	1 103 593	(347 849)	755 744	702 334	(230 825)	471 509
Recoveries to be received	**(397 145)**	**217 748**	**(179 397)**	**(202 858)**	**51 880**	**(150 978)**
Current period	(215 323)	171 384	(43 939)	(103 123)	26 861	(76 262)
Prior periods	(181 822)	46 364	(135 458)	(99 735)	25 019	(74 716)
Claims reserves	**€ 1 345 147**	**€ (327 869)**	**€ 1 017 278**	**€ 1 422 871**	**€ (457 763)**	**€ 965 108**

Breakdown by type of reserve

(in thousands)	June 30, 2012			December 31, 2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	**422 721**	**(99 030)**	**323 691**	**311 752**	**(53 418)**	**258 334**
Claims reserves	**1 345 147**	**(327 869)**	**1 017 278**	**1 422 871**	**(457 763)**	**965 108**
of which, reserves for known claims	1 025 584	(359 230)	666 354	995 738	(351 103)	644 635
of which, reserves for late claims	611 758	(175 992)	435 766	530 033	(147 027)	383 006
of which, reserves for claims handling expenses	102 898	(10 396)	92 502	97 273	(11 512)	85 761
of which, other technical reserves	2 052	1	2 053	2 685	(1)	2 684
of which, recoveries to be received	(397 145)	217 748	(179 397)	(202 858)	51 880	(150 978)
No-claims bonuses and rebates	**164 967**	**(35 080)**	**129 887**	**164 642**	**(34 780)**	**129 862**
Technical reserves	**€ 1 932 835**	**€ (461 979)**	**€ 1 470 856**	**€ 1 899 265**	**€ (545 961)**	**€ 1 353 304**

Note 9 Breakdown of income net of reinsurance

(in thousands)	Six months ended June 30,					
	2012			2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 152 867	(387 554)	765 313	1 084 963	(372 024)	712 939
Premiums refunded	(60 815)	15 469	(45 346)	(62 272)	16 822	(45 450)
Gross premiums written - credit insurance	1 092 052	(372 085)	719 967	1 022 691	(355 202)	667 489
Change in unearned premiums	(101 976)	43 473	(58 503)	(84 656)	23 471	(61 185)
Earned premiums	**990 076**	**(328 612)**	**661 464**	**938 035**	**(331 731)**	**606 304**
Service revenues	*199 764*	-	*199 764*	*188 501*	-	188 501
Turnover	**€ 1 189 840**	**€ (328 612)**	**€ 861 228**	**€ 1 126 536**	**€ (331 731)**	**€ 794 805**
Net investment income	**67 558**	**-**	**67 558**	**68 125**	**-**	**68 125**
Claims paid	(568 911)	308 932	(259 979)	(281 412)	88 911	(192 501)
Claims reserves expense	91 609	(129 420)	(37 811)	(13 961)	(1 925)	(15 886)
Claims handling expense	(41 576)	241	(41 335)	(48 695)	1 054	(47 641)
Insurance services expense	**(518 878)**	**179 753**	**(339 125)**	**(344 068)**	**88 040**	**(256 028)**
Brokerage commissions	(104 075)	-	(104 075)	(96 759)	-	(96 759)
Other acquisition costs	(93 360)	-	(93 360)	(92 613)	-	(92 613)
Change in acquisition costs capitalised	14 610	-	14 610	7 111	-	7 111
Contract acquisition expense	**(182 825)**	**-**	**(182 825)**	**(182 261)**	**-**	**(182 261)**
Impairment of portfolio securities and similar	**-**	**-**	**-**	**-**	**-**	**-**
Administration expense	**(122 721)**	**-**	**(122 721)**	**(106 590)**	**-**	**(106 590)**
Commissions received from reinsurers	**-**	**133 218**	**133 218**	**-**	**123 921**	**123 921**
Other ordinary operating income and expense	**(177 178)**	**-**	**(177 178)**	**(170 921)**		**(170 921)**
Current operating income	**€ 255 796**	**€ (15 641)**	**€ 240 155**	**€ 390 821**	**€ (119 770)**	**€ 271 051**

Cost of claims

(in thousands)	Six months ended June 30,					
	2012			2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	**959 774**	**(441 393)**	**518 381**	**564 044**	**(151 921)**	**412 123**
of which, claims paid	308 667	(245 437)	63 230	49 291	(16 406)	32 885
of which, claims reserves	610 774	(193 886)	416 888	469 364	(133 502)	335 862
of which, claims handling expenses	40 333	(2 070)	38 263	45 389	(2 013)	43 376
Recoveries for the current period	**(267 048)**	**223 916**	**(43 132)**	**(53 774)**	**12 704**	**(41 070)**
Recoveries received	(51 837)	51 792	(45)	(1 095)	125	(970)
Change in reserves for recoveries	(215 211)	172 124	(43 087)	(52 679)	12 579	(40 100)
Cost of claims from prior periods	**(134 060)**	**29 569**	**(104 491)**	**(154 306)**	**49 400**	**(104 906)**
of which, claims paid	374 084	(129 802)	244 282	311 748	(88 165)	223 583
of which, claims reserves	(509 387)	157 542	(351 845)	(469 107)	136 606	(332 501)
of which, claims handling expenses	1 243	1 829	3 072	3 053	959	4 012
Recoveries from prior periods	**(39 788)**	**8 155**	**(31 633)**	**(11 896)**	**1 777**	**(10 119)**
Recoveries received	(62 002)	14 515	(47 487)	(78 486)	15 534	(62 952)
Change in reserves for recoveries	22 214	(6 360)	15 854	66 590	(13 757)	52 833
Cost of claims	**€ 518 878**	**€ (179 753)**	**€ 339 125**	**€ 344 068**	**€ (88 040)**	**€ 256 028**

Note 10 Earnings per share and dividend per share

Earnings per share

	1st half ended June 30,	
	2012	**2011**
Distributable net income (in thousands of euros)	161 375	192 495
Weighted average number of ordinary shares before dilution	43 856 077	43 842 968
Earnings per share (€)	**€ 3,68**	**€ 4,39**
Distributable net income (in thousands of euros)	161 375	192 495
Weighted average number of ordinary shares after dilution	43 866 416	43 915 570
Diluted earnings per share (€)	**€ 3,68**	**€ 4,38**

The dilution impact takes into account the exercise of options.
The average number of shares resulting from dilution is 10,339 in June 2012 (72,602 in June 2011). The group share of net income is used as the basis for this calculation.

Dividend per share

The Shareholder's Meeting approved on May 25th, 2012 the payment of a dividend of €4.4 by share concerning the 2011 fiscal year.

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 contains income and expense resulting from operating activities that are directly related 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

Further to the transfer of operating responsibility of the Persian Gulf credit insurance and service activities (named Gulf Cooperation Council or GCC), the Euler Hermes Board of Management has decided to report these activities in the segment data Med. Countries and Africa from first quarter 2012.
These activities were previously reported in the segment data Asia Pacific. Pro-forma 2011 will be established from June 2011 closing on. These activities generate a turnover of €10 million and a net income of €2.4 million for the 1st half 2012.

(in thousands) 1st half ended June 30, 2012

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP
Premiums written	360 605	193 202	257 247	158 443	124 887	33 277	709 372	-	(684 166)	1 152 867
Premiums refunded	(29 680)	(15 665)	(10 672)	(1 332)	(2 059)	(660)	(42 375)	-	41 628	(60 815)
Change in unearned premiums	(30 957)	(3 386)	(23 024)	(27 326)	(13 537)	(2 232)	(31 921)	-	30 407	(101 976)
Earned premiums	**299 968**	**174 151**	**223 551**	**129 785**	**109 291**	**30 385**	**635 076**	**-**	**(612 131)**	**990 076**
Service revenues	87 268	37 948	35 007	31 652	18 106	7 844	-	18 267	(36 328)	199 764
Turnover - intra-sectoral	**387 236**	**€ 212 099**	**€ 258 558**	**€ 161 437**	**€ 127 397**	**€ 38 229**	**€ 635 076**	**€ 18 267**	**€ (648 459)**	**€ 1 189 840**
Investment income	21 032	18 853	5 612	3 352	6 213	1 632	12 038	229 307	(230 481)	67 558
Of which, dividends	*(581)*	*(575)*	*(48)*	-	-	-	*(671)*	*(228 654)*	*230 529*	-
Total ordinary income	**408 268**	**230 952**	**264 170**	**164 789**	**133 610**	**39 861**	**647 114**	**247 574**	**(878 940)**	**1 257 398**
Insurance services expense	(223 584)	(76 170)	(98 773)	(54 738)	(28 696)	(32 258)	(351 623)	-	346 964	(518 878)
Outwards reinsurance expense	(194 411)	(118 999)	(163 386)	(94 976)	(79 031)	(22 340)	(283 302)	-	627 833	(328 612)
Outwards reinsurance income	229 656	99 022	127 218	72 603	55 388	34 112	268 798	(4 000)	(569 826)	312 971
Other income and expense	(152 494)	(81 258)	(105 227)	(63 285)	(51 794)	(20 336)	(214 652)	(37 165)	243 487	(482 724)
Total other income and expense	**(340 833)**	**(177 405)**	**(240 168)**	**(140 396)**	**(104 133)**	**(40 822)**	**(580 779)**	**(41 165)**	**648 458**	**(1 017 243)**
Ordinary operating income	**67 435**	**€ 53 547**	**€ 24 002**	**€ 24 393**	**€ 29 477**	**€ (961)**	**€ 66 335**	**€ 206 409**	**€ (230 482)**	**€ 240 155**
Other operating income and expense	(2 388)	219	(301)	(136)	-	-	-	(500)	-	(3 105)
Operating income	**65 047**	**€ 53 766**	**€ 23 701**	**€ 24 257**	**€ 29 477**	**€ (961)**	**€ 66 335**	**€ 205 909**	**€ (230 482)**	**€ 237 050**
Financing expense	(115)	(69)	(1)	(175)	(2)	(3)	(306)	(8 789)	2 389	(7 071)
Income from companies accounted for by the equity method	4 067	1 955	-	-	-	-	-	-	-	6 022
Corporation tax	(20 937)	(20 546)	(6 632)	(8 154)	(9 977)	1 008	(14 170)	7 116	(25)	(72 317)
Consolidated net income	**48 062**	**35 106**	**17 068**	**15 928**	**19 498**	**44**	**51 859**	**204 236**	**(228 118)**	**163 684**
o/w	-									
Net income, group share	**46 416**	**€ 34 756**	**€ 17 068**	**€ 15 614**	**€ 19 498**	**€ 44**	**€ 51 859**	**€ 204 236**	**€ (228 118)**	**€ 161 375**
Non controlling interests	1 646	350	-	314	-	-	-	-	-	2 309

Profit & loss by segment - end June 2011 published

(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
Of which, dividends	-	-	-	-	-	-	-	*(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**
o/w	-									
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

Profit & loss by segment - end June 2011 pro forma

(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	139 214	107 072	23 505	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)	(19 924)	(12 794)	(1 424)	(25 951)	-	25 974	(84 656)
Earned premiums - non-group	**298 719**	**169 701**	**216 273**	**115 305**	**92 500**	**21 516**	**533 673**	**-**	**(509 652)**	**938 035**
Premium-related revenues - non-group	84 891	37 978	34 390	29 098	15 226	6 984	-	11 730	(31 796)	188 501
Turnover - intra-sectoral	**383 610**	**€ 207 679**	**€ 250 663**	**€ 144 402**	**€ 107 726**	**€ 28 501**	**€ 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
Of which, dividends	-	-	-	-	-	-	-	*(169 852)*	*169 852*	-
Total ordinary income	**402 409**	**233 884**	**256 546**	**147 526**	**111 625**	**25 203**	**550 446**	**181 794**	**(714 772)**	**1 194 661**
Insurance services expense	(127 531)	(69 907)	(47 269)	(53 440)	(34 223)	(1 231)	(214 024)	-	203 557	(344 068)
Outwards reinsurance expense	(177 502)	(88 297)	(143 007)	(82 079)	(64 997)	(13 330)	(272 172)	-	509 653	(331 731)
Outwards reinsurance income	120 540	65 706	76 847	63 285	39 777	4 386	182 017	-	(340 597)	211 961
Other income and expense	(150 980)	(79 033)	(95 099)	(61 408)	(43 462)	(17 027)	(144 006)	(37 593)	168 836	(459 772)
Total other income and expense	**(335 473)**	**(171 531)**	**(208 528)**	**(133 642)**	**(102 905)**	**(27 202)**	**(448 185)**	**(37 593)**	**541 449**	**(923 610)**
Ordinary operating income	**66 936**	**€ 62 353**	**€ 48 018**	**€ 13 885**	**€ 8 720**	**€ (2 000)**	**€ 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**	**€ 13 885**	**€ 8 720**	**€ (2 000)**	**€ 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**	**8 429**	**4 143**	**(1 925)**	**80 975**	**142 179**	**(171 166)**	**194 264**
o/w	-									
Net income, group share	**49 890**	**€ 45 067**	**€ 35 075**	**€ 8 257**	**€ 4 143**	**€ (1 925)**	**€ 80 975**	**€ 142 179**	**€ (171 166)**	**€ 192 495**
Minority interests	1 332	265	-	172	-	-	-	-	-	1 769

Depreciation, amortisation and provisions by segment

(in thousands)	1st half ended June 30, 2012									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP
Provisions for loans and receivables	46	(1 795)	(123)	3	8	(23)	1	151	-	**€ (1 732)**

(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)**

Amortisation and impairment charges on non-current assets are now analysed by function. Consequently, the breakdown is no longer directly visible in the consolidated income statement in the 2011 and 2012 financial statements.

Balance sheet by segment

(in thousands)	June 30, 2012									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Reinsurance group	Group services	Inter-segment eliminations	GROUP
Goodwill	-	-	67 437	7 803	33 410	3 332	-	(2)	-	111 980
Other intangible assets	35 881	14 870	5 848	5 358	2 448	1 009	1 513	9 022	(2 891)	73 058
Investments - insurance businesses	575 453	686 293	(5 902)	230 199	66 895	9 948	591 526	1 644 612	(450 730)	3 348 294
Investments accounted for by the equity method	70 212	36 130	-	-	-	-	-	(1)	(1)	106 340
Share of assignees and reinsurers in the technical reserves and financial liabilities	166 324	120 498	260 104	210 975	96 397	57 652	215 655	(4 000)	(661 626)	461 979
Insurance and reinsurance receivables	83 805	82 600	231 118	60 069	91 267	33 580	363 867	29	(242 410)	703 925
Other assets	337 556	211 531	292 095	117 621	91 023	(8 571)	102 533	228 576	(241 393)	1 130 972
Total assets	**€ 1 269 231**	**€ 1 151 922**	**€ 850 700**	**€ 632 025**	**€ 381 440**	**€ 96 950**	**€ 1 275 095**	**€ 1 878 236**	**€ (1 599 051)**	**€ 5 936 548**
Technical reserves	454 127	274 179	495 004	356 194	245 790	82 479	693 553	-	(668 491)	1 932 835
Liabilities related to inwards insurance and reinsurance transactions	25 450	69 168	53 048	27 270	6 067	6 612	130 113	1 516	(72 523)	246 721
Liabilities related to outwards reinsurance transactions	38 581	19 007	64 261	54 288	28 977	537	146 143	-	(140 802)	210 992
Other liabilities	411 692	247 716	115 281	177 623	45 645	10 337	39 924	638 446	(449 553)	1 237 112
Total liabilities	**€ 929 850**	**€ 610 070**	**€ 727 594**	**€ 615 375**	**€ 326 479**	**€ 99 965**	**€ 1 009 733**	**€ 639 962**	**€ (1 331 369)**	**€ 3 627 660**

(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**

Note 12 Related parties

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

	Number of shares	%
Allianz SA	26 864 230	59,43%
Allianz Vie	3 879 818	8,58%
Treasury shares	1 320 744	2,92%
Sub-total	**32 064 792**	**70,94%**
Public (bearer securities)	13 137 985	29,06%
Total	**45 202 777**	**100,00%**

Transactions

(in thousands)	Six months ended June 30,							
	2012				2011			
	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures	Allianz SE	Allianz Belgium	Allianz France SA & International	Related companies and joint ventures
Operating income	28 187	-	-	8 210	28 960	-	-	6 682
Insurance services expense	(11 565)	-	-	(7 005)	(9 201)	-	-	(1 587)
Net income or expense on reinsurance	(13 422)	-	-	6	(31 868)	-	-	(59)
Financing expense	-	(2 757)	-	-	-	(2 742)	(1 512)	-
Other financial net incomes	(5 261)	-	-	(2 842)	(4 202)	-	-	(1 804)

Receivables and liabilities

(in thousands)	June 30, 2012				December 31, 2011			
	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)	(15 379)	-	(1 207)	1 797	(41 112)	-	(1 207)	1 817
Net operating receivables	5 010	1	-	787	2 525	-	-	763
Borrowings (accrued interests included)	-	135 091	-	-	-	137 879	-	-
Operating liabilities	(3 819)	-	-	319	(3 018)	-	-	274

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

- Euler Hermes Reinsurance A.G.;
- Euler Hermes Deutschland A.G.;
- Euler Hermes Europe S.A. UK;
- Euler Hermes Europe S.A. Italy;
- Euler Hermes France.

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

Borrowings mainly correspond to a loan contracted in 2010 with Allianz Belgium for €135 million with a term planned on June 24, 2020, at an annual fixed rate of 4,04 %.

Note 13 Commitments given and received

(in thousands)	June 30, 2012	December 31, 2011
Commitments received	**€ 9 115**	**€ 9 462**
* Deposits, sureties and other guarantees	9 115	9 462
Commitments given	**€ 102 892**	**€ 107 292**
* Deposits, sureties and other guarantees	102 892	107 292
o/w - Commitments to Citibank	50 000	50 000
- Commitments to Société Générale	39 401	38 643
- Commitments associated with membership of an EIG	141	51
- 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 €39.4 million commitment is a guarantee to Romanian bank, BRD, a subsidiary of Société Générale Group, in relation to the issuance of bond policy by Euler Hermes Europe S.A. Nederland.

Note 14 Subsequent events

No subsequent events occurred since June 30, 2012 closing which would impact the hypothesis of the semester closing.

Statutory Auditors' Report on the 2012 half-year financial information

This is a free translation into English of the statutory auditors' review 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.

Euler Hermes - SA

Registered office: 1, place des Saisons – F-92048 Paris La Défense Cedex
Share capital: €.14 464 888,64

Statutory Auditors' Review Report on the 2012 half-yearly consolidated financial statements

For the six-month period ended 30 June 2012

To the Shareholders,

Following our appointment as statutory auditors by your Shareholders' General Meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Euler Hermes SA for the six-month period ended 30 June, 2012,

- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Group Management Board in a context of economic and financial crisis characterised by a degree of uncertainty in assessing future prospects. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

II. Specific verification

We have also verified information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on the 26 July 2012	Paris, on the 26 July 2012
KPMG Audit FS II	ACE - Auditeurs et Conseils d'Entreprise
Régis Tribout *Partner*	François Shoukry *Partner*

Declaration by the person responsible for the 2012 half-year financial report

I declare that, to the best of my knowledge, the condensed financial statements for the ending semester have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the other companies included in the scope of consolidation, and that the half-year activity report includes a fair review of the important events which occurred during the first six months of the year, their impact on the half-year financial statements, and the main transactions between related parties, together with a description of the principal risks and uncertainties that they face in the remaining six months of the year.

Paris, July 26th, 2012

Wilfried VERSTRAETE,
Chairman of the Group Management Board