

Condensed consolidated Financial Statements

As at September 30, 2014



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Consolidated balance sheet

(in € thousand)	Notes	September 30, 2014	December 31, 2013
Goodwill	3	105 500	99 489
Other intangible assets		106 591	88 985
Intangible assets		212 091	188 474
Investment property	4	67 687	60 231
Financial investments	5	3 877 596	3 675 876
Derivatives		18 522	13 801
Investments- insurance businesses		3 963 805	3 749 908
Investments accounted for by the equity method	6	201 741	193 853
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	577 332	529 876
Operating property and other property, plant and equipment		52 253	138 339
Acquisition costs capitalised		72 567	58 501
Deferred tax assets		28 536	24 447
Inwards insurance and reinsurance receivables		663 826	563 542
Outwards reinsurance receivables		53 189	71 813
Corporation tax receivables		20 495	20 161
Other receivables		219 963	221 552
Asset classified as Held for sale		58 689	-
Other assets		1 169 518	1 098 355
Cash	7	292 992	302 190
TOTAL ASSETS		6 417 479	6 062 656
Capital stock		14 510	14 510
Additional paid-in capital		465 007	465 007
Reserves		1 704 759	1 650 801
Net income, group share		232 527	313 729
Revaluation reserve		93 341	63 566
Foreign exchange translation		(15 462)	(45 743)
Shareholders' equity, Group share		2 494 682	2 461 870
Non controlling interests		63 130	66 582
Total shareholders' equity		2 557 812	2 528 452
Provisions for risks and charges		385 628	310 374
Bank borrowings		273 441	261 384
Other borrowings		-	351
Borrowings		273 441	261 735
Non-life technical reserves	8	2 181 754	2 028 682
Liabilities related to contracts		2 181 754	2 028 682
Deferred tax liabilities		219 511	264 903
Inwards insurance and reinsurance liabilities		225 647	192 141
Outwards reinsurance liabilities		169 196	145 300
Corporation tax payables		59 542	46 284
Other payables		344 948	284 785
Other liabilities		1 018 844	933 413
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6 417 479	6 062 656

Consolidated income statement

(in € thousand excepted for the earnings per share)

September 30,

	Notes	2014	2013
Premiums written		1 751 826	1 697 643
Premiums refunded		(80 079)	(88 135)
Change in unearned premiums		(83 179)	(56 059)
Earned premiums		1 588 568	1 553 449
Service revenues		305 032	307 451
Turnover	9	1 893 600	1 860 900
Investment income		61 736	67 767
Investment management charges		(6 373)	(6 453)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		19 193	16 352
Change in fair value of investments recognised at fair value through profit or loss		300	(4 336)
Change in investment impairment provisions		(2 984)	(610)
Net change in foreign currency		(5 889)	(2 041)
Net investment income		65 983	70 679
Insurance services expenses		(741 722)	(783 037)
Outwards reinsurance income		371 116	386 770
Outwards reinsurance expenses		(478 876)	(480 601)
Net outwards reinsurance income or expenses	9	(107 760)	(93 831)
Contract acquisition expenses		(339 480)	(317 045)
Administration expenses		(147 257)	(159 378)
Other ordinary operating income		17 169	14 425
Other ordinary operating expenses		(303 577)	(280 058)
CURRENT OPERATING INCOME	9	336 956	312 655
Other non ordinary operating expenses		(22 127)	(11 906)
Other non ordinary operating income		384	33 695
OPERATING INCOME		315 213	334 444
Financing expenses		(5 861)	(8 572)
Share of Income from companies accounted by the equity method	6	12 285	4 611
Corporation tax		(87 501)	(105 221)
CONSOLIDATED NET INCOME		234 136	225 262
o/w			
NET INCOME, GROUP SHARE		232 527	221 409
Non controlling interests		1 609	3 853
Earnings per share (in euros)	10	5,28	5,03
Diluted earnings per share (in euros)	10	5,28	5,03
Earnings per share of continuing activities (in euros)		5,28	5,03
Diluted earnings per share of continuing activities (in euros)		5,28	5,03

Consolidated statement of other comprehensive income

(in € thousand)

	September 30,	
	2014	2013
NET INCOME, GROUP SHARE	232 527	221 409
Net income, Non controlling interests	1 609	3 853
Actuarial gains and losses on defined benefit plans net of tax	(58 917)	(633)
Other comprehensive income - Items that may never be reclassified to profit and loss	(58 917)	(633)
Available-for-sale investments - reclassification to net income	(18 484)	(13 065)
Tax impact	4 720	3 582
Available-for-sale investments - changes arising during the period	57 326	(26 391)
Tax impact	(14 453)	8 663
Available-for-sale investments - miscellaneous	-	10
Foreign currency translation adjustments	30 966	(18 330)
Other comprehensive income - Items that may be reclassified to profit and loss in future periods	60 075	(45 531)
Other comprehensive income - non controlling interests share net of tax	76	(59)
Total comprehensive income	235 370	179 039
Total comprehensive income, Group share	233 685	175 245
Total comprehensive income, Non controlling interests	1 685	3 794

Consolidated statement of cash flows

September 30,

(in € thousand)	Notes	2014	2013
Net income, Group share		232 527	221 409
Corporation tax		87 501	105 221
Financing expense		5 861	8 572
Minority interests		1 609	3 853
Income (loss) of companies accounted for by the equity method	6	(12 285)	(4 611)
Operating income before tax		315 213	334 444
Allocation to and writebacks of depreciation, amortisation and reserves		66 258	47 461
Change in technical reserves		54 819	98 585
Change in deferred acquisition costs		(11 362)	(5 920)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		(263)	(995)
Realised capital gains/(losses) net of writebacks		(19 149)	(47 890)
Unrealised foreign exchange gain (loss) in company accounts		8 419	(58)
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		5 554	3 541
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		104 276	94 724
Dividends received from companies accounted for by the equity method	6	10 414	19 127
Change in liabilities and receivables relating to insurance and reinsurance transactions		23 873	(21 284)
Change in operating receivables and liabilities		19 128	17 589
Change in other assets and liabilities		(9 241)	(8 569)
Corporation tax		(108 159)	(126 455)
Cash flow related to operating activities		(63 985)	(119 592)
CASH FLOW FROM OPERATING ACTIVITIES		355 504	309 576
Acquisitions of subsidiaries and joint ventures, net of acquired cash		(1 241)	-
Disposals of subsidiaries and joint ventures, net of ceded cash		-	38 177
Acquisitions of equity interests in companies accounted for by the equity method	6	-	(73 467)
Disposals of equity method investments		-	-
Merger		-	-
Cash flow linked to changes in the consolidation scope		(1 241)	(35 291)
Disposals of AFS securities		899 234	636 684
Matured HTM securities		-	300
Disposals of investment properties		159	758
Disposals of securities held for trading		1 636	2 151
Cash flow linked to disposals and redemptions of investments		901 029	639 894
Acquisitions of AFS securities		(977 719)	(651 815)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	4	(8 892)	(4 044)
Acquisitions of trading securities		(5 805)	(3 625)
Cash flow linked to acquisitions of investments		(992 416)	(659 484)
Disposals of other investments and intangible assets (1)		1 942 659	2 549 748
Acquisitions of other investments and intangible assets (1)		(2 016 425)	(2 540 091)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		(73 766)	9 658
CASH FLOW FROM INVESTING ACTIVITIES		(166 394)	(45 223)

(1) These amounts are mainly composed of short term cash operations

Consolidated statement of cash flows

September 30,

(in € thousand)	Notes	2014	2013
Increases and decreases in capital		-	8 166
Change in treasury stock		(16 816)	1 692
Dividends paid		(187 960)	(179 256)
Cash flow linked to transactions with the shareholders		(204 776)	(169 397)
Change in non voting shares		-	-
Changes in loans and subordinated securities		12 029	(170)
Interest paid		(5 813)	(9 979)
Cash flow from Group financing		6 216	(10 149)
CASH FLOW FROM FINANCING ACTIVITIES		(198 560)	(179 546)
Impact of foreign exchange differences on cash and cash equivalents		1 867	(1 855)
Reclassification		-	357
Other cash flows linked to restructuring operations		(1 261)	-
OTHER NET CHANGES IN CASH		606	(1 498)
Change in cash flows		(8 844)	83 310
Change in cash and cash equivalents		(8 844)	83 310
Cash and cash equivalents at beginning of period	7	301 840	308 030
Cash and cash equivalents at end of period	7	292 996	391 340

At the end of September 2014, the cash position decreased by €8 844 thousand.

- Cash flow from operating activities increased by €45.9 million, from €309.6 million in September 2013 to €355.5 million in September 2014, mainly due to improvement of flows related to the operations of reinsurance and less corporation tax cashed-out.
- Investment activities contributed for €-166.4 million to the cash variation at the end of September 2014, against €-45.2 million at the end of September 2013, mainly due to net acquisitions of short-term investments for €-73.8 million in September 2014 compared to net disposals for €9.7 million at the end of September 2013 and due to net cash outflow of €-35.3 million related to changes in the consolidation scope in 2013, of which Solunion.
- Cash outflows from the financing activities increased from €-179.5 million at the end of September 2013 to €-198.6 million at the end of September 2014, mainly due to the repurchase of treasury shares during the year 2014 and the payment of the dividend mitigated by an additional line of credit drawn for €12 million.

Notes to the consolidated financial statements

Nine months ended September 30th, 2014

(in € thousand)	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity, Group share	14 510	465 007	2 024 004	63 566	(45 743)	(59 474)	2 461 870	66 582	2 528 452
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	42 873	-	-	42 873	-	42 873
Impact of transferring realised gains and losses to income statement	-	-	-	(13 764)	-	-	(13 764)	-	(13 764)
Other changes	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on defined benefit plans	-	-	(58 917)	-	-	-	(58 917)	-	(58 917)
Impact of translation differences	-	-	-	685	30 281	-	30 966	76	31 042
Components of other comprehensive income net of tax	-	-	(58 917)	29 794	30 281	-	1 158	76	1 234
Net income for the year	-	-	232 527	-	-	-	232 527	1 609	234 136
Comprehensive income of the period	-	-	173 610	29 794	30 281	-	233 685	1 685	235 370
Capital movements	-	-	-	-	-	(16 592)	(16 592)	-	(16 592)
Dividend distributions	-	-	(184 826)	-	-	-	(184 826)	(3 134)	(187 960)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	(224)	(224)	-	(224)
Transaction between shareholders	-	-	797	(19)	-	-	778	(2 003)	(1 225)
Other movements	-	-	(9)	-	-	-	(9)	-	(9)
Closing Shareholders' equity, Group share	14 510	465 007	2 013 576	93 341	(15 462)	(76 290)	2 494 682	63 130	2 557 812

Nine months ended September 30th, 2013

(in € thousand)	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity, Group share	14 468	456 883	1 864 869	92 777	(21 821)	(61 935)	2 345 241	68 261	2 413 502
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	(17 728)	-	-	(17 728)	(21)	(17 749)
Impact of transferring realised gains and losses to income statement	-	-	-	(9 483)	-	-	(9 483)	-	(9 483)
Other changes	-	-	-	10	-	-	10	(9)	1
Cash flow hedges	-	-	-	-	-	-	-	-	-
Gain / (loss) taken to shareholders' equity	-	-	-	-	-	-	-	-	-
Impact of transferring realised profits and losses in the year to income statement	-	-	-	-	-	-	-	-	-
Impact of transfers on the initial amount of hedges	-	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on defined benefit plans	-	-	(633)	-	-	-	(633)	(12)	(645)
Impact of translation differences	-	-	-	1 258	(19 588)	-	(18 330)	(17)	(18 347)
Components of other comprehensive income net of tax	-	-	(633)	(25 943)	(19 588)	-	(46 164)	(59)	(46 223)
Net income for the year	-	-	221 409	-	-	-	221 409	3 853	225 262
Comprehensive income of the period	-	-	220 776	(25 943)	(19 588)	-	175 245	3 794	179 039
Capital movements	41	8 125	-	-	-	1 477	9 643	-	9 643
Dividend distributions	-	-	(176 020)	-	-	-	(176 020)	(3 236)	(179 256)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	215	215	-	215
Other movements	1	-	4 050	-	171	(4 181)	41	(8)	33
Closing Shareholders' equity, Group share	14 510	465 008	1 913 675	66 834	(41 238)	(64 424)	2 354 365	68 811	2 423 176

As at September 30, 2014, the share capital of Euler Hermes consisted of 45,342,177 fully paid-up shares. At the same date the Group holds 1,346,021 treasury shares.

In accordance with IAS 39, available-for-sale (AFS) investments were revaluated at market value with the resulting gain or loss being taken directly to the revaluation reserve with no impact on the consolidated income statement. During the period, the increase in the revaluation reserve totaled €29,794 thousand net of taxes.

The change in translation reserves up to €30,281 thousand during the period relates mainly to the US Dollar for an impact of €17,491 thousand, the British Pound for €13,008 thousand, the Brazilian Real for €564 thousand, the Russian Ruble for €-1,026 thousand, the Swedish Kronor for €-143 thousand and the Hungarian Forint for €-111 thousand.

The variation of the non-controlling interests down to €-3,452 thousand is mainly due to the buyback of non-controlling interests of Euler Hermes Hellas Credit Insurance for an impact of €-2,003 thousand, the net result for the period for €1,609 thousand and the dividend distributions for €-3,134 thousand.

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the nine months ended September 30th, 2014:

Changes in the share capital and in share ownership

As at September 30, 2014, the Allianz Group owned 30,744,048 shares out of a total of 45,342,177 shares, corresponding to 67.8% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into the Allianz consolidation scope.

As at September 30, 2014, Euler Hermes' share capital was composed of 45,342,177 shares, including 1,346,021 shares held in treasury stock.

Euler Hermes: AA- rating with stable outlook by Chinese rating agency Dagong Europe

In January 2014, Euler Hermes has received a AA- rating from the leading Chinese credit rating agency Dagong Europe, and is also the first insurance company in Europe to be rated by the agency.

Initiative EH 3.0 launch

At the end of January 2014 Euler Hermes launched the EH 3.0 initiative by leveraging on the increased customer centricity resulting from Excellence. Each Euler Hermes Group Region has launched the EH 3.0 Initiative locally, through a bottom-up approach, with the focus on the needs of customers in local markets. This new three-year program shall significantly sharpen the Euler Hermes customer service focus and create customer value by making Euler Hermes easier to work with.

Euler Hermes increases shareholding in its Greek subsidiary Euler Hermes Hellas Credit Insurance SA

In January 2014, Euler Hermes has bought-back the minority interests of Euler Hermes Hellas Credit Insurance. The Greek subsidiary is now 100% held by the Euler Hermes group.

Creation of Euler Hermes service entities

On January 1st, 2014 Euler Hermes created new companies: Euler Hermes Services Taiwan, Euler Hermes Services G.C.C Ltd, a company located in Dubai and Euler Hermes Services Bulgaria.

Transfer of the Asian Insurance portfolios to Euler Hermes Europe

In the context of the legal restructuring in the Euler Hermes Group, the insurance portfolios of the Asian branches were transferred on June 1st for Singapore, on July 1st for Hong Kong and August 1st for Japan, from Euler Hermes Deutschland to Euler Hermes Europe in Belgium.

Change of the Company name

Following the Shareholders' Meeting of May, 28 2014, the company name "Euler Hermes S.A." has been changed to "Euler Hermes Group".

Blue Europe II : cross border merger approval

The cross border merger of Euler Hermes Deutschland AG, Euler Hermes France SA and Euler Hermes Europe S.A., Brussels has been approved by ACPR and BaFin, the French and German Regulators. The merger will be performed during the last Quarter 2014, with retroactive effect from 1 January 2014.

Agreement to sell the land and buildings own use of Euler Hermes Deutschland and Euler Hermes AG

Euler Hermes Group and Euler Hermes Deutschland Boards of Management have signed two agreements with a real estate development company to sell and leaseback the corporate buildings of Euler Hermes in Hamburg with the objective to transfer the ownership before the end of 2015.

Notes to the consolidated financial statements

Consequently, the net value of properties was reclassified as assets held for sale for an amount of €75.9 million before impairment. After reclassification, an impairment loss corresponding to the fair value less costs to sell was recognized for an amount of € 17.2 million. This impairment loss is recognized in the income statement under "Other non-ordinary operating expenses".

Partnership Agreement between Bpifrance and Euler Hermes

Bpifrance and Euler Hermes signed a partnership agreement to offer small- and medium-sized enterprises (PMEs) and mid-size enterprises (ETIs), a new short-term financing solution known as ADVANCE + EXPORT, which involves the assignment of export receivables and helps companies further diversify internationally. Through this new product line, Bpifrance customers will be able to obtain additional and secure financing.

Notes to the consolidated financial statements

Note 2 IFRS accounting and valuation rules

Euler Hermes Group is a company domiciled in France. The Headquarters of Euler Hermes Group are located 1, Place des Saisons 92048 Paris – La Défense Cedex. The consolidated financial statements as at September 30, 2014, include Euler Hermes Group and its subsidiaries (the whole designated as “the Group” and each subsidiary individually as “the entity of the Group”) and the quota-share of the Group in its associated companies or joint ventures.

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

The financial statements of the Euler Hermes group as at September 30, 2014 were approved by the Group Management Board of October 22th, 2014 and presented to the Supervisory Board of October 28th, 2014.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19th, 2002, the consolidated financial statements published as at September 30, 2014 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. These interim financial statements should be read in conjunction with the consolidated financial statements of the group as at December 31st, 2013, prepared in accordance with IFRS standards as adopted by the European Union.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at June 30, 2014 as adopted by the European Union;
- Guidance provided in CNC recommendation no. 2013-R05 relating to the format of financial statements prepared by insurance firms under international accounting guidelines.

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 for 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. Changes in the accounting framework applicable to Euler Hermes in 2014

Standards, amendments and interpretations for which application is mandatory in 2014 are the following ones:

- IFRS 10, Consolidated financial statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of interests in other entities
- IAS 28, Investments in associates and joint ventures

The consolidation standards detailed above (IFRS 10, IFRS 11 and IFRS 12) were published in May 2011 and were adopted by the European Union on December 29, 2012, with mandatory retrospective application from January 1st, 2014 at the latest.

Impact of the first-time application of IFRS 10, Consolidated Financial Statements

IFRS 10 replaces the provisions on consolidated financial statements in IAS 27, Consolidated and Separate Financial Statements, and SIC 12, Consolidation – Special Purpose Entities.

IFRS 10 introduces a new single control model based on three criteria: “An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee”. Previously, control was defined in IAS 27 as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

With a view to the first-time application of this standard, the Group undertook an analysis of its investments to determine the level of control exercised over them pursuant to the new definition of control. The procedures performed did not identify any material impact of the first-time application of this standard.

Notes to the consolidated financial statements

Impact of first-time application of IFRS 11, Joint Arrangements

IFRS 11 replaces IAS 31, Interests in Joint Ventures and SIC 13, Jointly Controlled Entities - Non-Monetary Contributions by Venturers. This new standard deals with how a joint arrangement should be classified when two or more parties have joint control. Pursuant to this new standard, there are only two types of joint arrangement: joint ventures and joint operations. Classification is based on the rights and obligations of the parties to the arrangement, taking into consideration the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

A joint venture is a joint arrangement whereby the parties (joint venturers) that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint operation is a joint arrangement whereby the parties (joint operators) have direct rights to the assets and obligations for the liabilities, relating to the arrangement.

Pursuant to IFRS 11, joint arrangements classified as joint ventures must be accounted for using the equity method (proportionate consolidation is no longer authorized). Each joint operator in a joint operation must account for the assets and liabilities (income and expenses) relating to its interest in the joint operation.

Given the changes concerning the forms of joint arrangements and to consolidation methods, the Group undertook a review of its joint arrangements, covering all periods presented. The main arrangements under joint control within the Group qualify as joint ventures pursuant to IFRS 11 and were already equity-accounted in accordance with IFRS 11.

The company NV Interpolis Kredietverzekeringen had been previously analyzed as a joint operation; but pursuant to IFRS11, this company finally qualifies as joint ventures and is equity-accounted from 1st of January 2014. The impacts are not significant at Group level. Consequently, comparative financial statements related to the previous period were not retrospectively restated.

Impact of the first-time application of IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 concerns the disclosure of interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. First-time application of this standard results in the provision of more detailed disclosures in the notes to the financial statements. As part of condensed financial statements as at June 30, 2014, information required by IFRS 12, mainly related to joint ventures, are disclosed in the notes in order to allow an accurate reading of the financial statements.

Impact of first-time application of IAS 28, revised

The first-time application of this revised standard has no impact on the consolidated financial statements of the Group. The amendments to this standard are primarily the result of the new consolidation standards referred to above.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1st, 2014.

2.3. Consolidation scope

Euler Hermes has increased from 80.3% to 100% its participation in its consolidated Greek subsidiary Euler Hermes Hellas Credit Insurance SA.

Euler Hermes created the following services entities: Euler Hermes Services Taiwan, Euler Hermes Services G.C.C Ltd in Dubai and Euler Hermes Services Bulgaria which have been consolidated since January 1st 2014.

Notes to the consolidated financial statements

2.4. Use of estimates

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

The 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 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	IBNR reserves are established to recognize the estimated cost of losses that have occurred but where the Euler Hermes Group has not yet been notified. The Euler Hermes Group relies on its past experience, adjusted for current trends and any other relevant factors to estimate IBNR reserves. IBNR are estimates based on actuarial and statistical projections of the expected cost of ultimate settlement and administration of claims. The analyses are based on facts and circumstances known at the time, predictions of future events, and other economic factors. IBNR reserves are reviewed and revised periodically as additional information becomes available and actual claims are reported.
Note not published	Employee benefits	The related commitments are measured in accordance with IAS 19 Revised 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 Allianz and Euler Hermes SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price and Euler Hermes share price, until expiry of the obligation. The fair value from SAR and RSU is calculated using the Cox-Ross-Rubinstein binomial valuation model.

Notes to the consolidated financial statements

Note 3 Goodwill

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

(in € thousand)	September 30, 2014						December 31, 2013
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	59 921	30 770	8 242	6 533	111 695	120 274
Impairment losses	(409)	(8 676)	(3 121)	-	-	(12 206)	(15 927)
Carrying amount	5 820	51 245	27 649	8 242	6 533	99 489	104 347
Change during the year							
Opening carrying amount	5 820	51 245	27 649	8 242	6 533	99 489	104 347
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	(1 867)
Other changes	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	3 404	2 510	-	97	6 011	(2 991)
Impairment losses	-	-	-	-	-	-	-
Closing carrying amount	5 820	54 649	30 159	8 242	6 630	105 500	99 489
Closing Balance							
Gross value	6 229	63 887	33 563	8 242	6 630	118 551	111 695
Impairment losses	(409)	(9 238)	(3 404)	-	-	(13 051)	(12 206)
Carrying amount	5 820	54 649	30 159	8 242	6 630	105 500	99 489

In 2013, the change of goodwill related to outgoing entities is due to the deconsolidation of Euler Hermes Credito in Spain.

Notes to the consolidated financial statements

Note 4 Investment and operating property

(in € thousand)	September 30, 2014		December 31, 2013	
	Investment property	Operating property	Investment property	Operating property
Balance at opening period				
Gross value	78 531	141 336	69 526	138 526
Depreciation	(18 300)	(44 855)	(15 863)	(39 476)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	60 231	89 684	53 663	92 253
Change during the year				
Opening carrying amount	60 231	89 684	53 663	92 253
Acquisitions	8 745	147	11 249	390
Change in consolidation scope	-	-	-	-
Disposals	(364)	(66)	(3 334)	-
Reclassifications	(166)	(75 698)	(9)	-
Changes in foreign currency translation adjustments	-	224	-	(116)
Net depreciation	(756)	(2 124)	(1 338)	(2 843)
Net provisions for impairment	-	4	-	-
Other changes	(3)	-	-	-
Closing carrying amount	67 687	12 171	60 231	89 684
Balance at the end of the period				
Gross value	89 087	16 216	78 531	141 336
Depreciation	(21 400)	(3 491)	(18 300)	(44 855)
Impairment losses	-	(554)	-	(6 797)
Carrying amount	67 687	12 171	60 231	89 684
Fair value	193 050	27 233	185 360	120 886

Amounts recorded in the income statement	September 30,	
	2014	2013
Rental revenues from investment property	1 999	2 036
Direct operating expenses relating to property	1	(32)

The acquisitions consist of renovations costs of properties owned by Euler Hermes Real Estate. As at September 30, 2014, these costs amounted to €8.7 million compared to €11.2 million as at December 31, 2013.

Disposals in investment property mainly concern a partial scrapping of some components of the building located 1, rue Euler (Paris). As at September 30, 2014, these disposals represent a net value of €-0.4 million compared to €-3.3 million as at December 31, 2013.

The reclassification of €-75.9 million consists of the transfer of German buildings into assets held for sale. These buildings have been impaired for € 17.2 million and are recorded at September 30, 2014 at € 58.7 million.

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 any active market for a given financial instrument, the Group estimates the fair value by using a valuation technique. Valuation techniques include the use of recent transactions under normal competitive conditions between informed and consenting parties, where available, reference to the current fair value of another instrument that is identical in substance, the analysis of discounted cash flows and option valuation models.

Classification by investment category

(in € thousand)	September 30, 2014						December 31, 2013					
	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	191	-	191	191	191	-	191	-	191	191	191	-
Total held-to-maturity assets	191	-	191	191	191	-	191	-	191	191	191	-
Available-for-sale assets												
Equities	202 737	22 918	225 655	225 655	2 922 514	59 611	154 054	27 007	181 061	181 061	2 775 856	61 913
Bonds	2 655 186	101 284	2 756 470	2 756 470	-	-	2 596 674	60 033	2 656 707	2 656 707	-	-
Total Available-for-sale assets	2 857 923	124 202	2 982 125	2 982 125	2 922 514	59 611	2 750 728	87 040	2 837 768	2 837 768	2 775 856	61 913
Loans, deposits and other financial investments												
	895 280	-	895 280	895 280	-	-	837 917	-	837 917	837 917	-	-
Total loans, deposits and other financial investments	895 280	-	895 280	895 280	-	-	837 917	-	837 917	837 917	-	-
Total Financial Investments (excluding investments in consolidated enterprise)	3 753 394	124 202	3 877 596	3 877 596	2 922 705	59 611	3 588 836	87 040	3 675 876	3 675 876	2 776 047	61 913

(in € thousand)	December 31, 2012					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets						
Bonds	491	-	491	491	-	491
Total held-to-maturity assets	491	-	491	491	-	491
Available-for-sale assets						
Equities	69 446	12 704	82 150	82 150	2 924 224	34 058
Bonds	2 758 684	117 448	2 876 132	2 876 132	-	-
Total available-for-sale assets	2 828 130	130 152	2 958 282	2 958 282	2 924 224	34 058
Trading assets						
Equities	-	-	-	-	-	-
Bonds	-	-	-	-	-	-
Total Trading assets	-	-	-	-	-	-
Loans, deposits and other financial investments						
	808 741	-	808 741	808 741	-	-
Total loans, deposits and other financial investments	808 741	-	808 741	808 741	-	-
Total Financial Investments	3 637 362	130 152	3 767 514	3 767 514	2 924 224	34 548

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

(in € thousand)	September 30, 2014				December 31, 2013			
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities:	202 737	22 918	225 655	225 655	154 054	27 007	181 061	181 061
- Bonds:	2 655 377	101 284	2 756 661	2 756 661	2 596 865	60 033	2 656 898	2 656 898
- Loans and other investments	895 280	-	895 280	895 280	837 917	-	837 917	837 917
Total Financial Investments	3 753 394	124 202	3 877 596	3 877 596	3 588 836	87 040	3 675 876	3 675 876

Notes to the consolidated financial statements

(in € thousand)

December 31, 2012

	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities	69 446	12 704	82 150	82 150
- Bonds	2 759 175	117 448	2 876 623	2 876 623
- Loans and other investments	808 741	-	808 741	808 741
Total Financial Investments	3 637 362	130 152	3 767 514	3 767 514

There was no significant impact of impairment on Euler Hermes group portfolio as at September 30, 2014. Euler Hermes group does not hold any financial assets such as "dynamic treasury mutual funds" or "subprime investments".

Fair value hierarchy

- Available-for-sale assets

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

The level 2 was composed in 2012 of Allianz 3-year bond for an amount of €160 million reaching maturity during the 2013 year.

The level 3 is mainly composed of participation in non-listed real estate funds, non-consolidated shares and of Moroccan non-listed government bonds.

(in € thousand)

September 30, 2014

	Level 1	Level 2	Level 3
Available-for-sale assets	2 938 396	-	43 729

(in € thousand)

December 31, 2013

	Level 1	Level 2	Level 3
Available-for-sale assets	2 797 634	-	40 134

(in € thousand)

December 31, 2012

	Level 1	Level 2	Level 3
Available-for-sale assets	2 768 123	160 173	29 986

- Other financial investments

The HTM bonds, loans and other investments are valued at amortised cost. Their hierarchical ranking is mainly level 3 except for the German mortgage bonds not quoted (Pfandbriefe) classified in level 2 for €470 million.

Movements in the periods

(in € thousand)

September 30, 2014

December 31, 2013

	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Opening carrying amount	191	2 837 768	837 917	3 675 876	3 767 514
Increase in gross value	-	977 719	1 985 439	2 963 158	3 971 280
Decrease in gross value	-	(879 862)	(1 935 421)	(2 815 283)	(3 932 849)
Change in consolidation scope	-	(5 118)	-	(5 118)	(27 729)
Revaluation	-	37 816	-	37 816	(44 398)
Impairment	-	(2 984)	-	(2 984)	(1 158)
Changes in foreign currency translation adjustments	-	36 068	5 217	41 285	(32 209)
Reclassifications	-	-	-	-	-
Other changes	-	(19 282)	2 128	(17 154)	(24 575)
Closing carrying amount	191	2 982 125	895 280	3 877 596	3 675 876

Change in consolidation scope concerns the impact of the deconsolidation of the investments held by Interpolis Kredietverzekeringen N.V equity-accounted since the 1st of January 2014.

The other changes of available assets for sale investments are mainly explained by the amortizations of premiums and discount of bonds.

Notes to the consolidated financial statements

(in € thousand)

December 31, 2013

	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total
Opening carrying amount	491	2 958 282	808 741	3 767 514
Increase in gross value	-	1 042 825	2 928 455	3 971 280
Decrease in gross value	(300)	(1 039 170)	(2 893 379)	(3 932 849)
Change in consolidation scope	-	(26 521)	(1 208)	(27 729)
Revaluation	-	(44 398)	-	(44 398)
Impairment	-	(1 158)	-	(1 158)
Changes in foreign currency translation adjustments	-	(27 298)	(4 911)	(32 209)
Reclassifications	-	-	-	-
Other changes	-	(24 794)	219	(24 575)
Closing carrying amount	191	2 837 768	837 917	3 675 876

(in € thousand)

December 31, 2012

	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total
Opening carrying amount	491	2 814 215	743 611	3 558 317
Increase in gross value	-	1 359 272	1 901 248	3 260 520
Decrease in gross value	-	(1 282 598)	(1 828 311)	(3 110 909)
Revaluation	-	86 561	-	86 561
Impairment	-	(1 062)	-	(1 062)
Changes in foreign currency translation adjustments	-	822	1 826	2 648
Reclassifications	-	969	(14)	955
Other changes	-	(19 897)	(9 619)	(29 516)
Closing carrying amount	491	2 958 282	808 741	3 767 514

Exposure of the Group to the European sovereign debt

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

The Euler Hermes Group has a limited exposure to the Spanish sovereign debt (in € thousand):

Country	Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
Euler Hermes	2016	14 608	14 883	275
Euler Hermes	2017	10 029	10 339	310
Euler Hermes	2018	30 067	31 027	960
Euler Hermes	2019	21 993	22 936	943
Euler Hermes	2020	20 368	20 916	548
Total		97 065	100 101	3 036

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

Notes to the consolidated financial statements

- Portugal

The Portuguese joint-venture COSEC, consolidated at equity method within Euler Hermes, has the following exposure to the sovereign debt of peripheral European countries (in € thousand):

Country	Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
Spain	2018	2 951	3 050	99
Italy	2018	3 499	3 586	87
Portugal	2015	910	944	34
Portugal	2016	8 952	9 242	290
Portugal	2018	3 152	3 325	173
Total		19 464	20 147	683

- Spain

The Spanish joint-venture Solunion, consolidated at equity method within Euler Hermes, has the following exposure to local government debt (in € thousand):

Country	Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
Spain	2015	549	551	2
Spain	2016	3 150	3 244	94
Spain	2018	3 022	3 255	233
Total		6 721	7 050	329

Note 6 Investments accounted for at equity method

The companies accounted for at equity method are the following ones:

Associated entities	Country	% of capital held
OeKB Beteiligungs- und Management A.G.	Austria	49,00%
Graydon Holding N.V.	Netherlands	27,50%
Companhia de Seguro de Creditos SA (COSEC)	Portugal	50,00%
Israel Credit Insurance Company Ltd	Israel	50,00%
Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA	Spain	50,00%
Interpolis Kredietverzekeringen N.V.	Netherlands	45,00%

Information on equity-accounted investments

(in € thousand)	September 30, 2014			
	Assets (1)	Shareholders' equity (2)	Turnover (3)	Net income
Credit Insurance contributors	828 699	371 922	238 981	25 770
Other than Credit insurance contributors	46 804	19 233	43 506	(1 822)
	875 503	391 154	282 487	23 949

- (1) Assets based on IFRS statements as at June 30, 2014, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and Interpolis Kredietverzekeringen N.V. for which the asset are IFRS statements as at September 30, 2014.
- (2) Equity is determined on the basis of IFRS statements as at June 30, 2014, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and Interpolis Kredietverzekeringen N.V. for which equity is determined on the basis of IFRS statements as at September 30, 2014.
- (3) The turnover corresponds to the turnover in the IFRS statements as at June 30, 2014 plus ¼ of 2013 total turnover, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and Interpolis Kredietverzekeringen N.V. for which turnover is as at September 30, 2014.

Notes to the consolidated financial statements

(in € thousand)	December 31, 2013		September 30, 2013	
	Assets (4)	Shareholders' equity (5)	Turnover (6)	Net income
Credit Insurance contributors	816 769	369 924	230 310	4 773
Other than Credit insurance contributors	50 280	13 636	48 795	8 324
	867 049	383 560	279 105	13 097

- (4) Assets based on IFRS statements as at September 30, 2013, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which the asset are IFRS statements as at December 31, 2013.
- (5) Equity is determined on the basis of IFRS statements as at September 30, 2013, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which equity is determined on the basis of IFRS statements as at December 31, 2013.
- (6) The turnover corresponds to the turnover in the IFRS statements as at June 30, 2013 plus ¼ of 2012 total turnover except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA for which turnover is as at September 30, 2013.

Movements during the period

(in € thousand)	September 30, 2014	December 31, 2013
Opening carrying amount	193 853	115 500
Increases	-	91 982
Decreases	-	-
Reclassifications	-	-
Share of income for the period	12 285	6 424
Dividends paid	(10 414)	(19 127)
Impairment	-	-
Foreign exchange differences	289	(308)
Other changes	5 728	(618)
Closing carrying amount	201 741	193 853

Dividends paid correspond to dividends from OeKB EH Beteiligungs - und Management A.G. for €5.4 million, from Cossec for €3.9 million and from Graydon Holding for €1.1 million.

The other changes are mainly due to the impact of the change of consolidation method for Interpolis Kredietverzekeringen N.V. equity-accounted since the 1st January 2014 and as well as by the change of the revaluation reserves of the investments accounted for by the equity method.

Contribution to shareholders' equity (without 2014 income)

(in € thousand)	September 30, 2014	December 31, 2013
Credit Insurance contributors	184 167	183 679
Other than Credit insurance contributors	5 289	3 750
Share of shareholders' equity	189 456	187 429

Contribution to income

(in € thousand)	September 30, 2014	September 30, 2013
Credit Insurance contributors	12 786	2 321
Other than Credit insurance contributors	(501)	2 289
Share of total income	12 285	4 610

Notes to the consolidated financial statements

Note 7 Cash and cash equivalents

(in € thousand)	September 30, 2014	December 31, 2013
Cash in bank and at hand	230 143	264 937
Cash pooling	62 849	37 253
Total cash	292 992	302 190
Total cash in balance sheet	292 992	302 190
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	-	(350)
Total cash and cash equivalents	292 992	301 840

Note 8 Technical reserves

(in € thousand)	December 31, 2013	Allowance net of writebacks	Foreign exchange differences	Changes in consolidation scope	Other changes	September 30, 2014
Reserve for unearned premiums	344 975	83 150	14 908	(67)	3	442 969
Reserve for claims net of forecasts of recoveries	1 515 094	41 018	20 555	(587)	(1)	1 576 079
Reserve for no-claims bonuses and rebates	168 613	(6 193)	355	(71)	2	162 706
Gross technical reserves	2 028 682	117 975	35 818	(725)	4	2 181 754
Reserve for unearned premiums	61 390	22 037	94	-	-	83 522
Reserve for claims net of forecasts of recoveries	432 401	24 925	1 181	-	-	458 507
Reserve for no-claims bonuses and rebates	36 085	(779)	(3)	-	-	35 303
Reinsurers' share of technical reserves	529 876	46 183	1 272	-	-	577 332
Net technical reserves	1 498 806	71 792	34 546	(725)	4	1 604 422

Claims reserves

(in € thousand)	September 30, 2014			December 31, 2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 888 392	(563 918)	1 324 474	1 901 802	(586 472)	1 315 330
Current period	852 529	(209 161)	643 368	1 045 698	(300 545)	745 153
Prior periods	1 035 863	(354 757)	681 106	856 104	(285 927)	570 177
Recoveries to be received	(312 313)	105 412	(206 901)	(386 708)	154 071	(232 637)
Current period	(87 385)	19 355	(68 030)	(171 589)	42 057	(129 532)
Prior periods	(224 928)	86 057	(138 871)	(215 119)	112 014	(103 105)
Claims reserves	1 576 079	(458 506)	1 117 573	1 515 094	(432 401)	1 082 693

Breakdown by type of reserve

(in thousand)	September 30, 2014			December 31, 2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	442 969	(83 522)	359 447	344 975	(61 390)	283 585
Claims reserves	1 576 079	(458 507)	1 117 572	1 515 094	(432 401)	1 082 693
of which, reserves for known claims	1 109 091	(369 833)	739 258	1 169 313	(403 847)	765 466
of which, reserves for late claims	684 995	(183 338)	501 657	638 108	(170 406)	467 702
of which, reserves for claims handling expenses	94 042	(10 747)	83 295	94 211	(12 220)	81 991
of which, other technical reserves	264	(1)	263	170	1	171
of which, recoveries to be received	(312 313)	105 412	(206 901)	(386 708)	154 071	(232 637)
No-claims bonuses and rebates	162 706	(35 303)	127 403	168 613	(36 085)	132 528
Technical reserves	2 181 754	(577 332)	1 604 422	2 028 682	(529 876)	1 498 806

Notes to the consolidated financial statements

Note 9 Breakdown of operating income

(in € thousand)	September 30,					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	1 751 826	(519 533)	1 232 293	1 697 643	(510 087)	1 187 556
Premiums refunded	(80 079)	19 818	(60 261)	(88 135)	21 780	(66 355)
Gross premiums written - credit insurance	1 671 747	(499 715)	1 172 032	1 609 508	(488 307)	1 121 201
Change in unearned premiums	(83 179)	20 839	(62 340)	(56 059)	7 706	(48 353)
Earned premiums	1 588 568	(478 876)	1 109 692	1 553 449	(480 601)	1 072 848
Service revenues	305 032	-	305 032	307 451	-	307 451
Turnover	1 893 600	(478 876)	1 414 724	1 860 900	(480 601)	1 380 299
Net investment income	65 983	-	65 983	70 679	-	70 679
Claims paid	(628 529)	179 815	(448 714)	(639 845)	185 265	(454 580)
Claims reserves expenses	(37 992)	26 436	(11 556)	(75 458)	32 525	(42 933)
Claims handling expenses	(75 201)	1 133	(74 068)	(67 734)	1 063	(66 671)
Insurance services expenses	(741 722)	207 384	(534 338)	(783 037)	218 853	(564 184)
Brokerage commissions	(154 644)	-	(154 644)	(152 383)	-	(152 383)
Other acquisition costs	(193 405)	-	(193 405)	(171 160)	-	(171 160)
Change in acquisition costs capitalised	8 569	-	8 569	6 498	-	6 498
Contract acquisition expenses	(339 480)	-	(339 480)	(317 045)	-	(317 045)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expenses	(147 257)	-	(147 257)	(159 378)	-	(159 378)
Commissions received from reinsurers	-	163 732	163 732	-	167 917	167 917
Other ordinary operating income and expenses	(286 407)	-	(286 407)	(265 633)	-	(265 633)
Current operating income	444 716	(107 760)	336 956	406 486	(93 831)	312 655

Cost of claims

(in € thousand)	September 30,					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	1 027 443	(250 769)	776 674	1 087 314	(296 330)	790 984
of which, claims paid	147 322	(40 168)	107 154	152 429	(37 278)	115 151
of which, claims reserves	807 559	(207 673)	599 886	867 748	(255 458)	612 290
of which, claims handling expenses	72 562	(2 928)	69 634	67 137	(3 594)	63 543
Recoveries for the current period	(89 190)	19 927	(69 263)	(161 524)	37 502	(124 022)
Recoveries received	(2 610)	571	(2 039)	(6 413)	833	(5 580)
Change in reserves for recoveries	(86 580)	19 356	(67 224)	(155 111)	36 669	(118 443)
Cost of claims from prior periods	(243 307)	35 780	(207 527)	(147 679)	50 037	(97 642)
of which, claims paid	600 163	(195 585)	404 578	590 971	(186 469)	404 502
of which, claims reserves	(846 109)	229 570	(616 539)	(739 247)	233 975	(505 272)
of which, claims handling expenses	2 639	1 795	4 434	597	2 531	3 128
Recoveries from prior periods	46 776	(12 322)	34 454	4 926	(10 062)	(5 136)
Recoveries received	(116 346)	55 368	(60 978)	(97 142)	37 649	(59 493)
Change in reserves for recoveries	163 122	(67 690)	95 432	102 068	(47 711)	54 357
Cost of claims	741 722	(207 384)	534 338	783 037	(218 853)	564 184

Notes to the consolidated financial statements

Note 10 Earnings per share and dividend per share

Earnings per share

	September 30,	
	2014	2013
Distributable net income (in thousand of euros)	232 527	221 409
Weighted average number of ordinary shares before dilution	44 043 152	43 985 299
Earnings per share (in euros)	5,28	5,03
Distributable net income (in thousand of euros)	232 527	221 409
Weighted average number of ordinary shares after dilution	44 047 885	44 047 512
Diluted earnings per share (in euros)	5,28	5,03

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 4,733 in 2014 (70,607 in 2013).

The Net Income Group share is used as the basis for this calculation.

Note 11 Segment data

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

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

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

Following the change of sector allocation from January, 1st 2014, of a holding company belonging previously to two regions France and America and of a collection services entity belonging to the Americas region, to the Group Services segment, a pro forma segment analysis has been performed.

Notes to the consolidated financial statements

Profit & loss by segment – 9 months ended September 30, 2014

Nine months ended September 30, 2014										
(in € thousand)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	484 475	275 531	390 841	208 470	190 232	84 542	1 212 597	-	(1 094 862)	1 751 826
Premiums refunded	(39 479)	(21 577)	(15 295)	5 378	(3 623)	(1 979)	(56 835)	-	53 331	(80 079)
Change in unearned premiums	(9 281)	(5 443)	(24 588)	(13 492)	(11 589)	(21 933)	(68 491)	-	71 638	(83 179)
Earned premiums - non-Group	435 715	248 511	359 958	200 356	175 020	60 630	1 087 271	-	(969 893)	1 588 568
Services revenues - non-Group	134 618	53 964	62 184	45 583	20 951	15 522	-	98 726	(126 516)	305 032
Turnover - intra-sectoral	570 333	302 475	413 142	245 939	195 971	76 152	1 087 271	98 726	(1 096 409)	1 893 600
Investment income	19 908	20 862	5 351	5 389	3 710	1 161	17 556	241 292	(249 246)	65 983
	<i>Of which, dividends</i>	<i>(4 165)</i>	<i>(1 281)</i>	-	-	-	-	<i>(240 647)</i>	<i>246 091</i>	<i>(2)</i>
Total ordinary income	590 241	323 337	418 493	251 328	199 681	77 313	1 104 827	340 018	(1 345 655)	1 959 583
Insurance services expenses	(185 158)	(97 499)	(197 148)	(106 905)	(66 598)	(33 274)	(473 495)	(2 547)	420 902	(741 722)
Outwards reinsurance income	194 643	126 900	221 342	113 669	94 779	40 432	331 087	-	(751 736)	371 116
Outwards reinsurance expenses	(285 690)	(166 802)	(248 867)	(143 052)	(126 631)	(47 457)	(430 251)	-	969 894	(478 876)
Other income and expenses	(230 206)	(118 966)	(164 381)	(93 348)	(74 340)	(44 245)	(377 763)	(127 243)	457 347	(773 145)
Total other income and expenses	(506 411)	(256 367)	(389 074)	(229 636)	(172 790)	(84 544)	(950 422)	(129 790)	1 096 407	(1 622 627)
CURRENT OPERATING INCOME	83 830	66 970	29 419	21 692	26 891	(7 231)	154 405	210 228	(249 248)	336 956
Other non ordinary operating expenses and income	(14 856)	93	(106)	-	-	-	-	(4 980)	(2 794)	(21 743)
OPERATING INCOME	68 974	67 063	29 313	21 692	26 891	(7 231)	154 405	206 148	(252 042)	315 213
Financing expenses	(144)	(1 634)	39	(131)	(9)	-	(381)	(6 755)	3 154	(5 861)
Share of income from companies accounted by the equity method	4 117	6 111	45	-	-	-	-	2 012	-	12 285
Corporation tax	(20 813)	(23 108)	(5 182)	(6 914)	(9 975)	(3 528)	(25 861)	7 880	-	(87 501)
CONSOLIDATED NET INCOME	52 134	48 432	24 215	14 647	16 907	(10 759)	128 163	209 285	(248 888)	234 136
NET INCOME, GROUP SHARE	51 200	48 719	24 215	13 944	16 907	(10 759)	128 163	209 026	(248 888)	232 527
Non controlling interests	934	(287)	-	703	-	-	-	259	-	1 609

Profit & loss by segment – 9 months ended September 30, 2013 – Pro forma

Nine months ended September 30, 2013										
(in € thousand)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	518 135	274 586	374 055	197 502	193 482	53 749	1 095 148	5 456	(1 014 470)	1 697 643
Premiums refunded	(44 188)	(21 527)	(14 592)	(491)	(3 422)	(860)	(59 840)	-	56 885	(88 135)
Change in unearned premiums	(11 098)	(2 400)	(16 373)	(11 705)	(15 067)	421	(26 425)	-	26 588	(56 059)
Earned premiums - non-Group	462 849	250 659	343 090	185 306	174 993	53 310	1 008 783	5 456	(930 997)	1 553 449
Services revenues - non-Group	133 517	54 335	65 980	44 973	24 306	15 843	-	117 753	(149 256)	307 451
Turnover - intra-sectoral	596 366	304 994	409 070	230 279	199 299	69 153	1 008 783	123 209	(1 080 253)	1 860 900
Investment income	21 562	24 260	10 917	5 006	4 106	(2 547)	16 816	242 237	(251 678)	70 679
	<i>Of which, dividends</i>	<i>(2 257)</i>	<i>(1 279)</i>	-	-	-	-	<i>(246 268)</i>	<i>249 804</i>	<i>-</i>
Total ordinary income	617 928	329 254	419 987	235 285	203 405	66 606	1 025 599	365 446	(1 331 931)	1 931 579
Insurance services expenses	(215 156)	(105 560)	(198 340)	(109 349)	(51 331)	(20 881)	(502 542)	(954)	423 576	(783 037)
Outwards reinsurance income	236 898	134 309	212 280	111 856	81 072	26 267	309 973	1 623	(727 508)	386 770
Outwards reinsurance expenses	(300 751)	(167 296)	(243 574)	(132 485)	(126 604)	(38 216)	(397 217)	(5 456)	930 998	(480 601)
Other income and expenses	(233 604)	(116 219)	(164 932)	(88 268)	(83 086)	(38 428)	(331 580)	(138 128)	453 189	(742 096)
Total other income and expenses	(512 613)	(254 766)	(384 566)	(214 246)	(179 949)	(72 258)	(921 366)	(145 415)	1 080 255	(1 618 924)
CURRENT OPERATING INCOME	105 315	74 488	25 421	17 039	23 456	(5 652)	104 233	220 031	(251 676)	312 655
Other non ordinary operating expenses and income	(5 132)	24 632	(91)	(251)	11 828	(7 115)	-	(1 482)	(7 715)	21 789
OPERATING INCOME	100 183	99 120	25 330	16 788	35 284	(5 652)	104 233	218 549	(259 391)	334 444
Financing expenses	(134)	(126)	(62)	(113)	(11)	(1)	(370)	(9 633)	1 897	(8 573)
Share of income from companies accounted by the equity method	5 432	4 306	-	-	-	-	-	(5 127)	-	4 611
Corporation tax	(30 151)	(35 720)	(4 370)	(6 181)	(10 880)	(1 746)	(21 305)	5 131	-	(105 222)
CONSOLIDATED NET INCOME	75 330	67 580	20 898	10 494	24 394	(7 399)	82 558	208 899	(257 494)	225 260
NET INCOME, GROUP SHARE	72 852	67 226	20 898	9 473	24 394	(7 399)	82 558	208 899	(257 494)	221 407
Non controlling interests	2 478	354	-	1 021	-	-	-	-	-	3 853

Profit & loss by segment – 9 months ended September 30, 2013 - Published

Nine months ended September 30, 2013										
(in € thousand)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	518 135	274 586	374 055	197 502	193 482	53 749	1 095 148	5 456	(1 014 470)	1 697 643
Premiums refunded	(44 188)	(21 527)	(14 592)	(491)	(3 422)	(860)	(59 840)	-	56 885	(88 135)
Change in unearned premiums	(11 098)	(2 400)	(16 373)	(11 705)	(15 067)	421	(26 425)	-	26 588	(56 059)
Earned premiums - non-Group	462 849	250 659	343 090	185 306	174 993	53 310	1 008 783	5 456	(930 997)	1 553 449
Services revenues - non-Group	133 517	54 335	65 980	44 973	24 306	15 843	-	112 654	(149 256)	307 451
Turnover - intra-sectoral	596 366	304 994	409 070	230 279	199 299	69 153	1 008 783	118 110	(1 080 253)	1 860 900
Investment income	21 562	24 260	10 917	5 006	4 106	(2 547)	16 816	242 237	(251 678)	70 679
	<i>Of which, dividends</i>	<i>(2 257)</i>	<i>(1 279)</i>	-	-	-	-	<i>(246 268)</i>	<i>249 804</i>	<i>-</i>
Total ordinary income	617 928	329 254	419 987	235 285	208 504	66 606	1 025 599	360 347	(1 331 931)	1 931 579
Insurance services expenses	(215 156)	(105 560)	(198 340)	(109 349)	(53 831)	(20 881)	(502 542)	(954)	423 576	(783 037)
Outwards reinsurance income	236 898	134 309	212 280	111 856	81 072	26 267	309 973	1 623	(727 508)	386 770
Outwards reinsurance expenses	(300 751)	(167 296)	(243 574)	(132 485)	(126 604)	(38 216)	(397 217)	(5 456)	930 998	(480 601)
Other income and expenses	(233 604)	(116 219)	(164 932)	(88 268)	(89 127)	(38 428)	(331 580)	(132 087)	453 189	(742 096)
Total other income and expenses	(512 613)	(254 766)	(384 566)	(214 246)	(188 490)	(72 258)	(921 366)	(136 874)	1 080 255	(1 618 924)
CURRENT OPERATING INCOME	105 315	74 488	25 421	17 039	20 014	(5 652)	104 233	223 473	(251 676)	312 655
Other non ordinary operating expenses and income	(5 132)	24 632	(91)	(251)	11 828	(7 115)	-	(1 482)	(7 715)	21 789
OPERATING INCOME	100 183	99 120	25 330	16 788	31 842	(5 652)	104 233	221 991	(259 391)	334 444
Financing expenses	(134)	(126)	(62)	(113)	(34)	(1)	(370)	(9 630)	1 897	(8 573)
Share of income from companies accounted by the equity method	5 432	4 306	-	-	-	-	-	(5 127)	-	4 611
Corporation tax	(30 151)	(35 720)	(4 370)	(6 181)	(9 416)	(1 746)	(21 305)	3 667	-	(105 222)
CONSOLIDATED NET INCOME	75 330	67 580	20 898	10 494	22 392	(7 399)	82 558	210 901	(257 494)	225 260
NET INCOME, GROUP SHARE	72 852	67 226	20 898	9 473	22 392	(7 399)	82 558	210 901	(257 494)	221 407
Non controlling interests	2 478	354	-	1 021	-	-	-	-	-	3 853

Notes to the consolidated financial statements

Depreciation, amortization and provisions by segment

(in € thousand)

Nine months ended September 30, 2014

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(99)	(3 005)	(709)	(129)	(27)	(24)	29	523	-	(3 441)

(in € thousand)

Nine months ended September 30, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(153)	(1 034)	(807)	(5)	6	5	(255)	(3 662)	-	(5 905)

Balance sheet by segment - end September 2014

(in € thousand)

September 30, 2014

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	66 156	5 936	26 760	3 251	-	3 397	-	105 500
Other intangible assets	51 407	19 401	20 026	11 074	967	2 077	405	5 077	(3 843)	106 591
Investments - insurance businesses	521 282	809 265	185 655	32 408	111 451	46 559	971 614	1 710 838	(425 307)	3 963 805
Investments accounted for by the equity method	71 411	51 425	4 800	-	-	-	-	74 105	-	201 741
Share of assignees and reinsurers in the technical reserves and financial liabilities	268 705	120 039	287 821	234 670	100 859	78 706	373 706	110	(887 284)	577 332
Insurance and reinsurance receivables	96 354	76 649	178 069	78 107	103 994	60 248	342 651	(47)	(219 010)	717 015
Other assets	265 335	103 700	311 724	277 262	69 642	47 628	48 214	146 334	(524 544)	745 495
Total assets	1 274 494	1 180 479	1 054 291	639 457	413 673	238 669	1 736 590	1 939 814	(2 059 988)	6 417 479
Technical reserves	530 058	237 426	542 633	357 846	251 464	135 148	1 020 510	48	(893 379)	2 181 754
Liabilities related to inward insurance and reinsurance transactions	34 693	71 431	48 386	41 718	7 261	13 010	91 469	1 231	(83 552)	225 647
Liabilities related to outward reinsurance transactions	68 177	14 409	41 285	38 433	35 084	11 849	133 029	43	(173 113)	169 196
Other liabilities	470 463	258 421	330 195	173 917	46 882	62 029	50 753	683 755	(613 346)	1 283 069
Total liabilities	1 103 391	581 687	962 499	611 914	340 691	242 036	1 295 761	685 077	(1 963 390)	3 859 666

Balance sheet by segment - end December 2013 Pro forma

(in € thousand)

December 31, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	62 768	5 936	24 533	3 136	-	3 116	-	99 489
Other intangible assets	48 026	18 508	7 072	7 148	1 266	2 616	553	5 823	(2 027)	88 985
Investments - insurance businesses	536 952	758 372	191 498	44 564	76 364	35 516	843 021	1 702 303	(438 682)	3 749 908
Investments accounted for by the equity method	73 565	48 634	-	-	-	-	-	71 654	-	193 853
Share of assignees and reinsurers in the technical reserves and financial liabilities	259 706	128 875	254 405	207 027	80 616	52 324	279 756	110	(732 943)	529 876
Insurance and reinsurance receivables	57 355	73 957	187 846	56 818	69 758	31 844	319 397	(47)	(161 573)	635 355
Other assets	308 935	117 251	244 785	251 632	58 427	(34 777)	59 717	142 112	(382 892)	765 190
Total assets	1 284 539	1 145 597	948 374	573 125	310 964	90 659	1 502 444	1 925 071	(1 718 117)	6 062 656
Technical reserves	534 460	253 066	487 084	323 877	214 034	94 306	857 844	48	(736 037)	2 028 682
Liabilities related to inward insurance and reinsurance transactions	19 933	70 402	50 513	33 293	5 820	10 001	77 669	1 043	(76 533)	192 141
Liabilities related to outward reinsurance transactions	36 668	4 269	48 815	33 345	18 737	891	107 782	43	(105 250)	145 300
Other liabilities	425 696	251 632	272 950	154 292	28 267	13 172	62 200	665 394	(705 522)	1 168 081
Total liabilities	1 016 757	579 369	859 362	544 807	266 858	118 370	1 105 495	666 528	(1 623 342)	3 534 204

Balance sheet by segment - end December 2013 Published

(in € thousand)

December 31, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	62 768	5 936	27 649	3 136	-	-	-	99 489
Other intangible assets	48 026	18 508	7 072	7 148	1 266	2 616	553	5 823	(2 027)	88 985
Investments - insurance businesses	536 952	758 372	191 498	44 564	76 364	35 516	843 021	1 702 303	(438 682)	3 749 908
Investments accounted for by the equity method	73 565	48 634	-	-	-	-	-	71 654	-	193 853
Share of assignees and reinsurers in the technical reserves and financial liabilities	259 706	128 875	254 405	207 027	80 616	52 324	279 756	110	(732 943)	529 876
Insurance and reinsurance receivables	57 355	73 957	187 846	56 818	69 758	31 844	319 397	(47)	(161 573)	635 355
Other assets	308 935	117 251	244 785	251 632	65 655	(34 777)	59 717	134 884	(382 892)	765 190
Total assets	1 284 539	1 145 597	948 374	573 125	321 308	90 659	1 502 444	1 914 727	(1 718 117)	6 062 656
Technical reserves	534 460	253 066	487 084	323 877	214 034	94 306	857 844	48	(736 037)	2 028 682
Liabilities related to inward insurance and reinsurance transactions	19 933	70 402	50 513	33 293	5 820	10 001	77 669	1 043	(76 533)	192 141
Liabilities related to outward reinsurance transactions	36 668	4 269	48 815	33 345	18 737	891	107 782	43	(105 250)	145 300
Other liabilities	425 696	251 632	272 950	154 292	34 162	13 172	62 200	659 499	(705 522)	1 168 081
Total liabilities	1 016 757	579 369	859 362	544 807	272 753	118 370	1 105 495	660 633	(1 623 342)	3 534 204

Notes to the consolidated financial statements

Note 12 Related parties

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

	Number of shares	%
Allianz France SA	26 864 230	59,25%
Allianz Vie	3 879 818	8,56%
Treasury shares	1 346 021	2,97%
Sub-total	32 090 069	70,77%
Public (bearer securities)	13 252 108	29,23%
Total	45 342 177	100,00%

Transactions

(in € thousand)

September 30,

	2014				2013			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating revenues	41 769	-	-	109 260	40 926	-	-	53 617
Insurance services expenses	(10 849)	-	-	(45 725)	(8 480)	-	-	(79 961)
Net outward reinsurance income or expenses	(46 238)	-	-	(4 432)	(30 885)	-	-	(1 106)
Financing expenses	-	-	-	-	-	(4 136)	-	-
Other net income/(expenses)	(13 985)	-	-	(39 915)	(11 866)	-	-	(14 925)

Receivables and liabilities

(in € thousand)

September 30, 2014

December 31, 2013

	September 30, 2014				December 31, 2013			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Current accounts (accrued interests included)	62 720	-	-	-	37 125	-	-	4
Net operating receivables	16 130	-	153	5 612	10 851	-	-	857
Borrowings (accrued interests included)	-	-	-	-	-	-	-	-
Operating liabilities	-	-	-	(2 435)	-	-	-	(2 639)

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

Notes to the consolidated financial statements

Note 13 Commitments given and received

(in € thousand)	September 30, 2014	December 31, 2013
Commitments received	6 049	6 870
Deposits, sureties and other guarantees	6 049	6 870
Commitments given	54 568	51 737
Deposits, sureties and other guarantees	54 568	51 737
- Commitments to Société Générale	39 580	36 286
- Commitments to InvestitionsBank Landes Brandenburg	1 857	1 857
- Commitments associated with membership of an EIG	111	42
- Securities buyback agreement	-	-

The € 39.6 million commitment is a guarantee to the Romanian Bank of Development, BRD, which is a subsidiary of Société Générale Group, in relation to the issuance of bond policies by Euler Hermes Europe S.A. Nederland.

A commitment has been given by the Group to Cardif to guarantee additional cash contribution to the defined benefits pension funds due to index revaluation.

Within the framework agreement, Euler Hermes and MAPFRE gave and received to each other a commitment liability guarantee.

Note 14 Subsequent events as at September 30, 2014

No subsequent events occurred since September 30, 2014 closing which would impact the assumptions of the annual closing.