Euler Hermes Group

2014 Registration Document

Risk Management | Credit Insurance
Debt Collection | Bonding

EULER HERMES
Our knowledge serving your success

A company of Allianz

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Profile

€2,527.0 million
Turnover

75.4%
Net combined ratio

€302.1 million
Net icome, Group share

12.0%
Return on equity

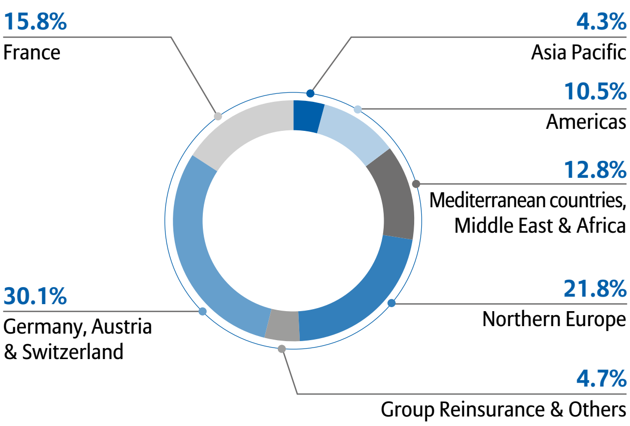
Supporting business growth for companies worldwide

Euler Hermes Group, the world's leading provider of trade-related insurance solutions, helps customers worldwide to trade wisely and develop their business safely. Its financial solidity, risk analysis and integrated global structure enable the Group to provide companies of all sizes with the domestic and export market knowledge and support they need to successfully manage their trade receivables in changing economic environments.

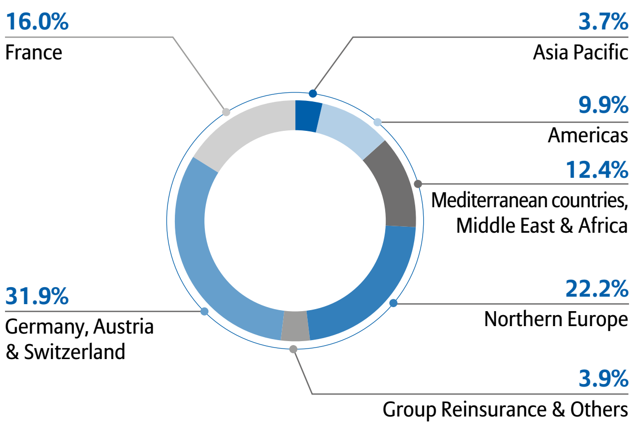
Key figures

BREAKDOWN OF TURNOVER BY REGION

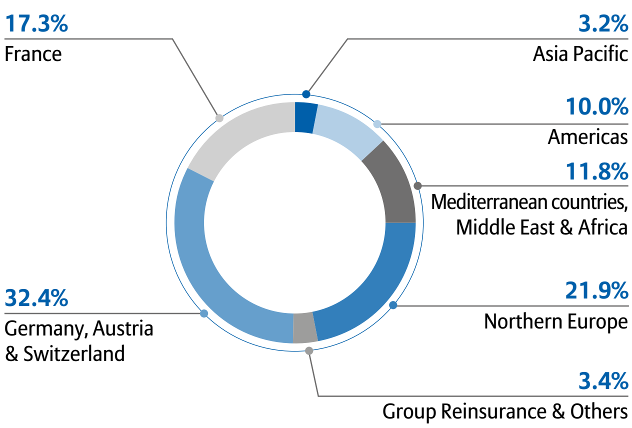
AS AT DECEMBER 31, 2014



AS AT DECEMBER 31, 2013*



AS AT DECEMBER 31, 2012**



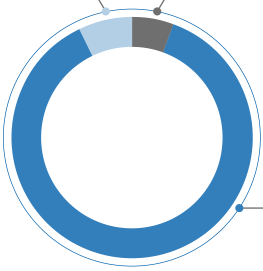
* *Pro forma with Mexican, Colombian and Chilean activities transferred from Americas to Group Reinsurance and Others; and the activity of Euler Hermes Collection North America shifted from Americas to Group Reinsurance & Others.*

** *Pro forma with Spanish and Argentinean, Mexican, Colombian and Chilean activities transferred respectively from Mediterranean countries, Middle East and Africa and Americas to Group Reinsurance and Others; and the activity of Euler Hermes Collection North America to Group Reinsurance & Others.*

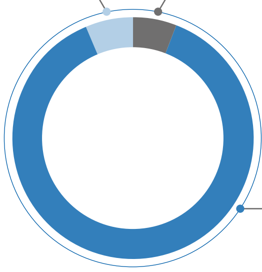
Key figures

BREAKDOWN OF TURNOVER BY LINE OF BUSINESS

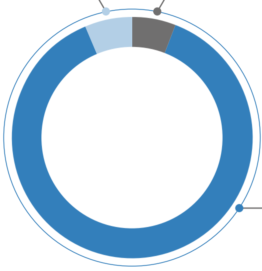
AS AT DECEMBER 31, 2014



AS AT DECEMBER 31, 2013



AS AT DECEMBER 31, 2012



Simplified statements over 5 years

(in € thousands)	2014	2013	2012 IAS 19 pro forma	2011 IAS 19 pro forma	2010
Consolidated income statement					
Turnover (1)	2,527,012	2,486,240	2,397,896	2,274,922	2,147,734
Technical result (2)	351,087	345,261	331,410	361,352	348,625
Ordinary operating income	436,169	431,411	440,451	474,403	471,873
Operating income	413,125	458,606	431,835	466,373	388,930
Net income, Group share	302,060	313,729	305,500	332,193	294,452
Minority interests	2,040	3,352	4,262	3,238	3,331
Consolidated statement of financial position					
Total assets	6,359,687	6,062,656	6,077,081	5,824,127	5,659,182
Shareholder's equity, Group share	2,580,525	2,461,870	2,345,241	2,218,349	2,130,421
Minority interests	62,142	66,582	68,261	18,002	18,015
Share information					
Earnings per share	6.86	7.12	6.96	7.59	6.74
Diluted earnings per share	6.86	7.11	6.96	7.58	6.73
Dividend per share	4.40	4.20	4.00	4.40	4.00
Total dividend paid / to be paid (3)	199,506	190,437	180,851	198,702	180,411
Other data					
Combined ratio after reinsurance	75.4%	75.3%	74.6%	69.8%	68.7%
Group employees	6,411	6,140	6,277	6,165	6,204

(1) The turnover comprises the earned premiums and the premiums-related revenues.

(2) The technical result is used as a key financial indicator by Euler Hermes Group to assess the performance of its business segment. This is the sum of the turnover, the claim costs, the operating expenses (acquisition costs, administrative expenses and service expenses) and the reinsurance result.

(3) This includes the share of dividend that relates to treasury shares.

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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the *Autorité des Marchés Financiers* (AMF) on March 27, 2015 pursuant to Article 212-13 of the AMF General Regulation. It may be used to support a financial transaction if completed by a transaction note approved by the AMF. This document was prepared by the issuer and is the responsibility of its signatories.

Copies of this Registration Document are available free of charge at Euler Hermes Group's registered office.

Letter from the Chairman of the Board of Management

Wilfried Verstraete

A review of 2014 and an overview of the Company's 2015 strategic focus from the Chairman of the Euler Hermes Group Board of Management.

The new year 2014 woke to the world's hope of a turning point, of fulfilling long-awaited optimism. Many advanced economies mired in recession since the financial crisis were expected to gain traction, albeit at varying rates of acceleration. A degree of global rebalancing was possible. However, given the likelihood of a very modest European recovery, China's purposeful growth deceleration and continuing disruptive global events, we believed it prudent to continue our cautious outlook and risk management approach.

Then followed a wider range of major economic, political and social events than anyone could have foreseen: US economic dynamism vs inertia in most of Europe, ongoing African and Middle East unrest, Ebola, and sanctions against Russia. Few markets had a smooth year. Optimism gave way to frustration and persistent economic disappointment. Ultimately, of the 80 major economies we monitor, only India, Ireland, Spain and the UK outperformed (modestly) our below-consensus expectations.

Three key insolvency signals emerged by year-end:

- the Euler Hermes Global Insolvency Index remained above pre-crisis levels (+12%);
- the threat of non-payments increased largely due to Chinese and Russian market difficulties (+23%);
- the average global "days sales outstanding" (DSO) index for trade invoice payments continued to increase one day per year post-crisis (2014: 73 days).

Against this complex geopolitical and financial backdrop, and increased competitive pressures, we steadfastly focused on our growth strategy, risk management and prudent underwriting.

We again delivered good overall results in 2014. The growth rate was, however, below our expectations due to the challenging market environment described above. While commercial teams performed well, results were hampered by the slowdown in economic growth plus geopolitical events disturbing business confidence. However, profitability was solid.

- Turnover increased 1.7% at constant exchange rates to more than €2.5 billion
- Ordinary operating income increased 1.1% to €436 million
- Net income grew 8.7% on a comparable basis to €302 million (excluding two one-offs)
- The net loss ratio stood at a healthy 48.8%, down 1.7 points from 2013, with lower claims activity overall and in Bonding specifically
- We continued to sustain renewal rates at very high levels
- New business reached €305 million, a record level in our history
- Our average ROE over the past 5 years stands at 13.7%.

However, the gradual economic recovery in our mature European markets was too slow to positively impact insured turnover volumes. Aggressive price pressure in France and Germany was compounded by persistently flat economic environments.

World Agency, our dedicated service for multinational companies, continued to develop well.

In 2014, we aimed to sustain our market leadership*, even if the pace varied geographically, to become the preferred source of new product solutions and services aligned to our three strategic growth focal points.

In the APAC growth market, a key milestone early in the year brought valuable regional credibility. Our financial solidity was independently reconfirmed by Chinese rating agency Dagong's European arm, with an "AA- rating with a positive outlook" – consistent with that of Standard & Poor's. Growth remained steady throughout the year in the Mediterranean, Middle East and Africa (MMEA) region. However, in Russia sanctions which began in March had a negative impact on full-year results. After its first full operational year, our Solunion joint venture with MAPFRE smoothly executed its planned expansion into Chile, Columbia and Mexico. The original vision underpinning the joint venture's creation is being confirmed by efficient implementation and commercial results, and we are confident of further growth in both Spain and Latin America.

Distribution expansion through banking channels generated important new business wins, as intended, particularly in Asia and also in France where we entered into a new partnership with BNP Paribas. All HSBC partnership target markets are fully operational and demonstrating performance momentum. This new growth complements our valuable and historically strong broker relationships. Cross-selling opportunities with other Allianz group companies produced business wins across aerospace, food, engineering, infrastructure projects and pensions sectors.

We made good strides in completing the product suite available to customers in each region. And demonstrated innovation in launching EH SmartView, an online risk monitoring solution that gives businesses immediate visibility over their trade receivables. We were also agile in quickly launching new products as local market needs changed:

- short-term financing solutions or comprehensive risk management services for small-medium exporters (France, Switzerland);
- long-term cover against preferential payment claims in insolvency cases (Germany).

Operationally, we continued with the implementation of our unique policy platform; as with many complex IT projects it experienced some challenges, but the underlying delivery and quality objectives remain sound. In November we met all final milestones on schedule to complete the legal restructuring that merged branches in 18 countries into the single Belgium-based risk carrier, Euler Hermes SA. The new structure does not affect policyholder services and facilitates streamlined risk management, financial management and governance processes as the company prepares for the rollout of Solvency II requirements.

Our three-year EH 3.0 initiative, designed to make the Group easier to work with, generated excellent momentum in its first year. Dedicated regional and business units listened to client feedback and drove changes in processes and services.

Several investments reinforced our reputation as both a market and thought leader. Our economic research experts increased their output and publication channels, using digital technology to make our knowledge even more accessible with the launch of a dedicated app. Our YouTube channel now offers informational, product solution and economic trend videos in nearly 10 languages. Our websites document industry recognition with a wide range of awards, representing all continents in which we operate.

2015 – Liquidity, demand, politics

We anticipate the market environment will remain difficult, as the economic environment near-term is less positive than we thought a year ago. The next 12 months will be shaped by liquidity, demand and politics. Growth markets are stabilizing at lower rates. Regional growth will vary according to economic environments that continue to diverge and remain unpredictable. Breaking out into international markets will continue to provide significant opportunities for some businesses. Europe, still our largest market, has reached a plateau. Oil-based economies are unpredictable. Political and economic volatility remain global challenges.

A shortlist of uncertainties facing business leaders includes:

- exchange rates: the Russian currency crisis, the strengthening US dollar, the declining euro, the free-floating Swiss franc;
- political change: simmering European political discontent; the end of Cuban sanctions; 40% of the world's population voting in national elections, including Argentina, Burma, Spain, Turkey and the UK;
- the ripple effect of declining oil prices: Lower energy costs in recovering economies, US re-industrialization and re-shoring, reduced investment by the global oil and gas industry, economic strains on oil-dependent national budgets.

We remain cautiously optimistic that in 2015 global growth should show a marginal improvement, to 2.8%, with the potential for further expansion in 2016. Advanced economies can be expected to grow at 2.1%, the fastest pace since 2010. The US could expand as much as 2.5 times faster than Europe, which may rise above 1.0% for the first time in four years. European and Japanese central bank monetary policy should boost GDP

* *Euler Hermes Group estimates as at February 2015 based on 2013 market information available at that date (sub-section 1.2.5 - Competitive positioning)*

growth, inflation and inflation expectations – but within a multi-year recovery scenario. Emerging economies may recover minimally – but companies and consumers may not be ready to increase spending. China will continue its managed slowdown, reducing overcapacity and investment in favor of domestic-driven growth fueled by increased wages and consumer spending. Russian GDP could collapse under economic sanctions, capital flight and a dramatically de-valued rouble.

Where there is uncertainty, businesses need and value trade credit insurance even more. The role we play is that of a business partner, global support, sector and country risk specialist. We make a quiet but important contribution to the economy: we ensure the legitimacy and successful execution of supplier-buyer transactions. We enable companies to manufacture and ship products or provide services, to each other or from one country to another.

That said, we anticipate the trade credit insurance sector will remain extremely competitive. Sound risk management, a selective disciplined technical approach and a close watch on operating costs will be essential. We will hold firm to our trio of strategic growth tracks.

Continuing to invest for the future, we will emphasize initiatives and investments that keep us at the forefront of the product, service and cost advantages digitalization offers. This also includes customer communications and transaction processing, which can benefit from increased execution agility, speed and effectiveness. Combining a digital edge with the customer focus of our transformational EH 3.0 initiative is essential to retaining and winning new business as all market participants look for growth.

In growth markets, we anticipate launching additional African activities to access promising potential. We will also look to Solunion for continued, dynamic business growth.

We will continue to strengthen and accelerate both bank and broker distribution activities through dedicated outreach. Our relationship with the Allianz group of companies will mature further as we capture shared opportunities through innovative solutions.

The good results of 2014 reflect the daily efforts of our 6,000+ employees worldwide. They are working hard to transform our company to the benefit of our customers, and thus of our shareholders, as our markets evolve. We are a diverse company, in the widest sense of that word: age, gender, language, nationality. Our people are a key advantage as global power balances evolve. Companies who reflect the new reality through the people who work for them create diversity, resilience and a more sustainable business. On behalf of the Board of Management, I wish to thank our colleagues for their personal contribution to our 2014 results. We look forward to their constructive ideas and support in the coming year.

Paris, February 18, 2015

Wilfried Verstraete

Chairman of the Board of Management

Board of Management members

From left to right: Dirk Oevermann, Clarisse Kopff, Wilfried Verstraete, Gerd-Uwe Baden, Frédéric Bizière and Paul Overeem.

Message from the Chairman of the Supervisory Board

Clement B. Booth

Euler Hermes Group delivered solid results in 2014, in line with those of 2013 and against a tougher environment than anticipated. Commercial teams performed well and profitability was good. But results were impacted by a stronger-than-expected global slowdown in economic growth, combined with geopolitical events that disturbed business confidence in both traditional and growth markets. Customer renewal rates were strong at 90%, an important reconfirmation of the value our customers believe we deliver to their business strategy and operations in uncertain times.

Based on the 2014 results, the Board of Management will propose a dividend of €4.40 per share to the annual Shareholders' Meeting on May 27, 2015.

Board activities and appointments

The Euler Hermes Group Supervisory Board constantly seeks to provide value in its involvement in the business. In 2014, the full Supervisory Board and Board of Management conducted an offsite strategy meeting in which the Supervisory Board gained a deeper understanding of the Company strategy and provided inputs to it.

The Supervisory Board is well on track to being prepared for Solvency II, among other governance requirements.

At the beginning of 2015, Supervisory Board member Elizabeth Corley was named a Commander of the Order of the British Empire (CBE) by Queen Elizabeth II, in recognition of her services to the financial sector. The New Year's Honours are awarded for exceptional achievement or service to society in the United Kingdom and beyond. We congratulate our colleague Elizabeth on this distinguished accolade.

Outlook

The near future is, economically speaking, less positive than we thought a year ago. However, Euler Hermes Group has a demonstrated track record of being well prepared to deal with economic change. We were again reminded in January 2015 – by acts of terrorism in the Middle East, Nigeria, Pakistan and Paris – that the world can quickly feel increasingly uncertain economically, politically and socially. By its very nature and business model, the Group is called upon daily to master complex and volatile environments, and to provide its customers with knowledge and continuity. We strive to find solutions for customers active in national and global economies, because trade credit ensures the legitimacy and successful execution of business transactions. We remain strongly committed to our mission of timely, accurate information and prudent, stable, experience-based services.

The Supervisory Board continues to encourage the Board of Management as it strengthens workforce diversity across many dimensions, as befits a global market leader. A diverse workforce brings a company wider skills and experience… and makes it more effective in serving customers. The internal impact of this effort was seen in the annual employee engagement survey: the global index measuring employee ability to act to satisfy customers and generate business results increased in 2014 vs 2013. The Supervisory Board membership also reflects this broad commitment. Shortly after I joined, the Board decided to increase its diversity in terms of gender, age, nationality, sector experience and business expertise. We have made good strides in recent years.

I would like to close by thanking my Supervisory Board colleagues for their wise and generous counsel in 2014, the Euler Hermes Group Board of Management for its leadership and solid results, and each and every employee worldwide for their dedicated service this past year. And to our clients, business partners and shareholders: thank you for your confidence and support. We will continue to work hard to earn it, every day.

Paris, February 18, 2015

For the Supervisory Board

Clement B. Booth

Chairman

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1.1 History and development of the Group

With a history dating back over 100 years, the Group has grown both organically and through acquisitions. Today it ranks as the leading credit insurer worldwide, present in over 50 countries.

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

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

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

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

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

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

On April 27, 2000 Euler was listed on the *Premier Marché* of Euronext Paris.

In September 2001 Allianz group and AGF announced their intention to merge their respective credit insurance subsidiaries through the acquisition of Hermes by Euler.

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

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

From 2004 the Group continued its international development.

In 2010 the Group launched the "Excellence" initiative and changed its governance to strengthen the Company's customer centricity and international integration.

In 2011 the legal restructuring project "Blue Europe" merged 12 separate units of the Group under the single Brussels-based insurance carrier Euler Hermes Europe SA. A memorandum of understanding was signed with MAPFRE to create a Spain and Latin America strategic alliance: to combine the Group's credit risk underwriting expertise with MAPFRE distribution and sales strength.

In 2012 the Group and MAPFRE committed to launch the Solunion joint venture in Spain and Latin America in 2013. An Excess of Loss (XoL) policy launch completed the Group product range.

2013 saw the official launch of the Solunion joint venture and the Group also increased its equity interest in the Israeli credit insurance specialist ICIC to 50%. A pioneering, innovative global distribution partnership in credit insurance was forged with HSBC.

In 2014 the Group launched an innovative online solution for risk monitoring for its policyholders: EH Smartview. Partnerships were also established with Bpifrance for a new short-term financing product and with BNP Paribas for its corporate clients in France. With the addition of the US and Malaysia, the HSBC partnership became fully operational in all target countries. The Solunion joint venture expanded into Chile, Columbia and Mexico as planned. In anticipation of Solvency II, the legal restructuring "Blue Europe II", i.e. the merger of Euler Hermes Deutschland and Euler Hermes France insurance companies into the Belgian company Euler Hermes SA (formerly Euler Hermes Europe SA) was successfully completed on time. Furthermore, the Company's third three-year transformational initiative was launched: regionally-driven EH 3.0 focuses on client solutions that make the Company easier and more efficient to do business with. Both Chinese agency Dagong Europe and Standard & Poor's rated the Group AA- with a stable outlook. In addition, Clarisse Kopff, Chief Financial Officer, became the first woman appointed to the Board of Management. Finally, the Group's expertise was recognized by industry awards globally.

MILESTONES IN THE GROUP'S HISTORY

1883 - 1992

1883
ACI, USA
1917
Hermes, Germany
1918
Trade Indemnity, UK
1927
SFAC, France and SIAC, Italy
1929
COBAC, Belgium

1993 - 1998

1993
SFAC acquires COBAC
1996
SFAC acquires Trade Indemnity and becomes the world leader in credit insurance
1998
SFAC acquires ACI and SIAC

1998

Allianz buys AGF, shareholder of SFAC

SFAC becomes Euler

2000 - 2009

2000
Euler listed on the Paris Stock Exchange
2002
Euler acquires Hermes the world's fourth credit insurer
2003
The Group and all its subsidiaries adopt the name Euler Hermes
2004 - 2009
International expansion: Asia & Pacific, Middle East (Emirates, Kuwait, Sultanat of Oman, Qatar), Lat Am
Creation of World Agency
External growth in Collections (UMA, USA; R2C, Ireland)

2010 - 2012

One Euler Hermes: simplification of the Group's structures and clarification of its governance

New products: Trade Finance Insurance & Political Risk, Excess of Loss (XoL)

Excellence: increase in productivity and flexibility of the cost base through worldwide streamlining of operations

Blue Europe: merging within the legal entity Euler Hermes Europe SA (NV) of 12 insurance branches located in Czech Republic, Denmark, Finland, Hungary, Ireland, Italy, Netherlands, Norway, Romania, Slovakia, Sweden, United Kingdom

2013

Solunion: joint venture in Spain and Lat Am of MAPFRE and Euler Hermes

ICIC: increased Euler Hermes interest equity in ICIC (the Israeli credit insurance specialist) to 50%

Distribution: innovative global distribution partnership in credit insurance with HSBC

2014

Distribution partnerships: HSBC for US & Malaysia, Bpifrance, BNP Paribas for France

Greece: Greek operations shareholding increased from 80% to 100%

Joint venture: Solunion expands operations to Chile, Columbia, Mexico

New products: EH Smartview online risk monitoring

Blue Europe II: the Group completes global legal restructuring, merging French and German legal entities into Euler Hermes SA

EH 3.0 three-year initiative launched: regionally-driven focus on value-add client solutions

Diversity: first woman appointed to Board of Management of the Company (Clarisse Kopff, CFO)

Rating: AA- with stable outlook from Chinese rating agency Dagong Europe & Standard & Poor's

Distinctions: the Group earns 13 industry awards globally

1.2 Overview of the Group's activities

Euler Hermes Group, a company of Allianz, is the world leader in trade-related insurance solutions, covering €860 billion of business transactions worldwide. On December 31, 2014, the Group had operations in more than 50 countries that together account for over 92% of world GDP.

Its objective is to promote the business growth of its clients, regardless of their size or sector, in their domestic and export markets. To achieve this goal, overlaying its core credit insurance business, the Group has developed a comprehensive range of services for trade receivables management. The Group's clients benefit from the unparalleled knowledge of corporate solvency developed by its teams of credit analysts who work in close proximity to companies around the world.

1.2.1 Main activities

Credit insurance

The Group enables companies of all sizes to grow with confidence at home or abroad by covering their risk of non-payment when they trade on credit terms.

Accounts receivables represent 30 to 40% of companies' balance sheet, yet if usually companies insure their key assets (factories, inventories…), they do not always insure their account receivables.

Well managed companies want to be credit-insured for the three main following reasons:

- credit-insurers provide a valuable alternative to meet the capital requirements of their credit activity;
- credit-insurers proprietary information acquisition costs are lower than theirs; and
- credit-insurers increase the efficiency of their salesforce by focusing on profitable customers.

The basic concept behind credit insurance is that, through B2B credit, the main bankers for companies are the companies themselves. This "banking" activity draws on a plethora of resources such as capital, financial information collection and management, credit analysis and collections capability, that a company can advantageously share with other companies through the pooling system provided by insurance contracts. The Group's mission is to provide companies with a capital base at the lowest price, together with global proprietary financial information that is produced in-house and not available on the market, as well as collection capacity, so that its customers can securely expand in their markets.

For short term credit insurance business, the Group offers a range of product targeting different segment of companies, from micro SMEs who need a simple product which provides them with sufficient cover but requests very little maintenance (Simplicity), to large multinationals with at least €500 million consolidated turnover who request tailor-made solutions (World Policy). For these large companies, the Group launched Euler Hermes World Agency in 2008 with in mind to provide them specific support. Dedicated solely to multinationals, this subsidiary provides a team of experts and a range of unique services to help companies optimize trade receivables management and secure payment. Euler Hermes World Agency is now the market leader in this segment.

The short term product range also includes products for SMEs and mid-market corporations.

Besides, the Group broadened its product range by introducing a new service for companies that have experienced in-house credit management but seek to protect against catastrophe loss and exceptional credit risk events. This product, called Excess of Loss, provides solutions to cover portfolio receivables against such losses based on a suitable risk share (deductible) and an assessment of companies' credit procedures.

Last but not least, in order to support clients on their most difficult risks which fall outside standard cover, the Group has created top up products (CAP, CAP+ and Power CAP).

The Group expanded its existing range of medium term insurance products by developing a new political risk and international trade insurance business (Trade Finance Insurance) under the name Transactional Cover, which was launched by Euler Hermes World Agency. It has now a worldwide geographical presence with four hubs located in Paris, London, New-York and Singapore. Activities encompass exceptional situations, structured trade credit and political perils (including risks of confiscation).

The Group also developed partnership and specific offers with large international banks and factoring companies in order to meet their specific needs, including in terms of capital relief.

The credit insurance policies offered by the Group are built around three major services as follows.

Monitoring of credit risk

A supplier that grants credit to a customer (the "buyer") is exposed to credit risk associated with the possibility that the buyer will default on this debt.

The Group offers suppliers its expertise in managing the credit risk associated with business transactions, starting with an assessment of the best general conditions applicable to a given sale. This expertise comes from the Group's teams across the world, which evaluate the financial condition of buyers on a daily basis. Through its monitoring services, the Group helps companies to build their growth on solvent customers.

The Group tracks changes in corporate Solvency in the world's largest economies. With its dense local coverage and 1,500 credit analysts and risk underwriters, the Group produced its own information on more than 40 million companies, with a database that is unique in the world in both depth and freshness of content, thereby offering its insurance clients the clearest visibility on their customers' credit risk.

Taking a multi-dimensional approach to risk underwriting, the Group also assesses countries' global economic indicators and political stability.

The Group receives more than 20,000 credit requests per day and 85% are processed immediately or in less than 48 hours.

Collection of unpaid receivables

The Group has been offering international debt collection services as part of its credit insurance policies for decades. It handles 380,000 debt collection files in more than 130 countries. As a leader in the field of debt collection, the Group has its own specialist teams located throughout the world. This integrated network, together with the proprietary information produced by the Group credit analysts, stands unique in the world. It is highly appreciated by clients with receivables to be collected in export markets, where they often encounter difficulties in dealing with an unfamiliar language and legal system.

In 2009, the Group decided to combine its worldwide collection operations under the name Euler Hermes Collections, as part of an initiative to develop its debt recovery business for existing insurance clients and to extend the range to new, uninsured corporate clients. As collection is a high-volume business, the aim of this initiative is to give all Group customers, whether or not they are policyholders, the opportunity to take advantage of its greater critical mass of this activity at a marginal cost. Euler Hermes Collections draws on an international network of debt-recovery companies and on a shared services center located in Poland which handles the main support functions.

Indemnification for uncollected debts

If just one buyer fails to pay an invoice, this can have a significant impact on the supplier. In some countries, nearly one out of four companies that goes bankrupt does so because one of its customers is bankrupt. In fact, this is one of the main causes of company failure. To maintain its production capacity, the supplier company must make up for the market outlet lost due to the loss of the defaulting customer. Further, to maintain a stable balance sheet, it must generate additional sales very rapidly and use the profit from these sales to offset the loss from the bad debt. As an example, to offset an unpaid receivable of just 10,000 euros on its income statement, a supplier working on a 5% margin will have to generate 200,000 euros in extra sales, and in its haste, it may encounter a problem with additional unpaid receivables.

Through indemnification of uncollected debts, the Group relieves the supplier from the pressure to generate additional sales very rapidly to offset the loss from unpaid receivables, allowing him to focus on seeking sustainable new market outlets. The financial strength of the Group, a member of the Allianz group, guarantees that the supplier will be paid.

Bonds and guarantees

Under bonding cover, the Group assumes liability for the beneficiary towards third parties for the most varied types of security (e.g. for obligations as a contractor under construction and supply contracts). The bond or guarantee secures that the contractor will fulfil its obligations (or defects liability) under a contract.

The Group provides a wide variety of surety bonds and guarantees which support customers in numerous industries for all sorts of obligations (e.g. contract performance bonds, custom bonds, infrastructure bonds, etc.).

The Group developed its bonding portfolio consequently throughout the year. The strategic orientation followed clients' needs and market demands in multiple regions of the world. The Group strengthened its product basket by introduction of different sorts of payment related bonds and guarantees which support clients and complement traditional banking instruments. Almost all sectors benefit from this offer. Promising deals for mandatory bonds in the UK energy market or instruments to cover corporate pension liabilities are examples of how modern requirements can be solved by insurance solutions.

The Group has expanded its offer to issue bonds and guarantees for corporations located in Australia, Italy and Singapore. Those launches were well appreciated by local and international stakeholders. In Turkey, a country where bonds and guarantees were previously written only by banks, the Group applied successfully for a license in bonding. Bonds, in particular in engineering and for constructions projects, will be an alternative for Turkish corporates and their needs in financing. The Group's global presence becomes more and more attractive for multinational players doing business in many countries. Together with solutions offered by Allianz, bonding activity of the Group covers 26 countries now. The process to explore further opportunities has not yet ended and some countries might be added in the future.

Following prudent underwriting principles will always remain key in the Group development strategy. Any future investments in bonding must be based on a profitable approach.

Besides traditional business channels, the Group facilitates an intensive collaboration with Allianz Global Corporate & Specialties (AGCS). Multiple joint clients and projects benefit from the expertise of AGCS and the Group in technical and financial underwriting, providing worldwide support especially in engineering projects or heavy manufacturing deals.

The Group's collaborations with banks guarantee business have reached remarkable dynamics. In many parts of the world banks acknowledge that Basel III regulations trigger the need for capital relief solutions. The Group is prepared to facilitate and to be part of mutual business opportunities.

More than 9,500 clients trust the Group for support in bonds and guarantees, summing up the Group granted facilities to more than €28 billion.

Other services

Insurance against fraud

The Group's offer includes insurance against fraud (fidelity insurance for businesses, industry and financial institutions), which covers companies against financial losses resulting from criminal acts committed by their employees, temporary staff or external service providers, such as theft, embezzlement or fraud. It also covers companies against special risks such as losses due to disclosure of company secrets, contractual penalties or hacker losses due to intrusion into IT systems by third parties. This service is currently available throughout Europe.

Reinsurance

The Group set up a reinsurance dedicated subsidiary (Euler Hermes Reinsurance AG – EH Re) at the end of 2005. Since 2008, every Group's company or branch of activity cedes its business and risks exclusively to EH Re.

By centralizing the reinsurance activity into a dedicated company, the Group has been able to increase its retention capacity making more profit over years and to optimize the terms and conditions by showing one face to the international reinsurance market.

In general, the Group buys on reinsurance market protection against the risk of sudden claims frequency and the risk of occurrence of significantly large claims. In particular, EH Re is an adequate tool enabling to buy more efficient covers through reinsurance treaties protecting both the local and the EH Re's business with additional capital relief. This allows the Group to optimize the capital it must allocate to its business depending on the nature of the risks, the available equity and the risks transferred to the reinsurers. Also, through EH Re, the Group is able to find out on the market optimal covers for very specific risks.

All internal treaties are fully harmonized with the external reinsurance treaties to ensure a complete cover of any commercial and/or political risk in any country where the Group is doing business. Combined with the capacity EH Re delivers, this enables a quicker development of business across all regions at lower costs by sharing the centralized reinsurance expertise and pooling the capacity.

The Group also offers reinsurance capacity to certain subsidiaries in which it does not hold a majority interest, but which adhere to the Group underwriting policies and rules (Solunion in Spain and in Latin America, COSEC in Portugal, Acredia in Austria, ICIC in Israel). Last but not least, since 2014, EH Re does reinsure the bonding business of some Allianz entities with a positive impact on its business volume and further cooperation enhancement between both groups.

Turnover by activity

	December 31, 2014			
(in € millions)	All lines of business	Credit Insurance & Debt Collection	Bonding & Guarantees	Other Services
Gross Earned Premiums	2,125.9	1,863.9	169.2	92.7
Service revenues	401.1	337.8	8.2	55.1
Turnover	**2,527.0**	**2,201.8**	**177.4**	**147.8**
% of Group Turnover	*100.0%*	*87.1%*	*7.0%*	*5.8%*

	December 31, 2013			
(in € millions)	All lines of business	Credit Insurance & Debt Collection	Bonding & Guarantees	Other Services
Gross Earned Premiums	2,079.0	1,838.4	150.7	89.9
Service revenues	407.2	345.0	6.9	55.3
Turnover	**2,486.2**	**2,183.4**	**157.6**	**145.2**
% of Group Turnover	*100.0%*	*87.8%*	*6.3%*	*5.9%*

(in € millions)	December 31, 2012 All lines of business	Credit Insurance & Debt Collection	Bonding & Guarantees	Other Services
Gross Earned Premiums	1,995.1	1,764.4	142.6	88.0
Service revenues	402.8	341.3	8.7	52.8
Turnover	**2,397.9**	**2,105.8**	**151.3**	**140.8**
% of Group Turnover	*100.0%*	*87.8%*	*6.3%*	*5.9%*

Turnover by geographic region

	December 31, 2014							
(in € millions)	Group	Germany, Austria & Switzerland	France	Northern Europe	Mediterranean countries, Middle East & Africa	Americas	Asia Pacific	Group Reinsurance & Others
Gross Earned Premiums	2,125.9	584.2	327.8	468.5	263.5	238.3	85.3	158.3
Service revenues	401.1	175.6	71.2	82.3	59.1	28.2	23.0	(38.3)
Turnover	**2,527.0**	**759.8**	**399.0**	**550.7**	**322.7**	**266.5**	**108.2**	**120.0**
% of Group Turnover	*100.0%*	*30.1%*	*15.8%*	*21.8%*	*12.8%*	*10.5%*	*4.3%*	*4.7%*

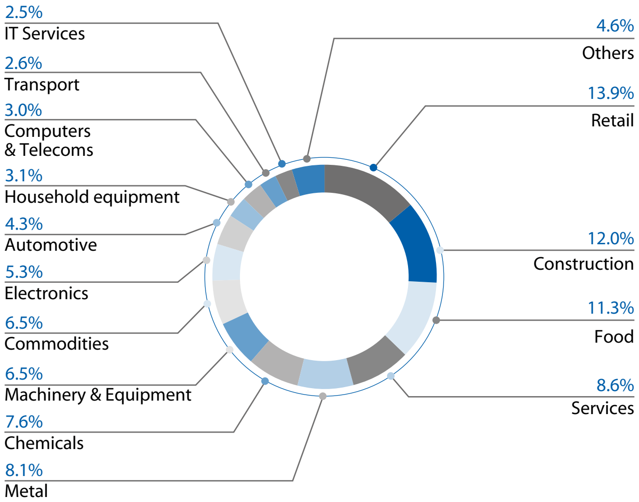
	December 31, 2013							
(in € millions)	Group	Germany, Austria & Switzerland	France	Northern Europe	Mediterranean countries, Middle East & Africa	Americas	Asia Pacific	Group Reinsurance & Others
Gross Earned Premiums	2,079.0	617.1	326.2	464.5	248.3	220.5	71.1	131.3
Service revenues	407.2	176.1	71.7	86.8	60.5	26.1	20.6	(34.6)
Turnover	**2,486.2**	**793.2**	**397.9**	**551.3**	**308.8**	**246.6**	**91.7**	**96.7**
% of Group Turnover	*100.0%*	*31.9%*	*16.0%*	*22.2%*	*12.4%*	*9.9%*	*3.7%*	*3.9%*

Pro forma with Mexican, Colombian and Chilean activities transferred from Americas to Group Reinsurance & Others; and the activity of Euler Hermes Collection North America to Group Reinsurance & Others.

	December 31, 2012							
(in € millions)	Group	Germany, Austria & Switzerland	France	Northern Europe	Mediterranean countries, Middle East & Africa	Americas	Asia Pacific	Group Reinsurance & Others
Gross Earned Premiums	1,995.1	602.4	340.1	449.9	226.8	214.3	63.8	97.8
Service revenues	402.8	174.6	73.6	74.7	55.0	24.7	15.9	(15.7)
Turnover	**2,397.9**	**777.0**	**413.7**	**524.6**	**281.8**	**239.0**	**79.7**	**82.1**
% of Group Turnover	*100.0%*	*32.4%*	*17.3%*	*21.9%*	*11.8%*	*10.0%*	*3.2%*	*3.4%*

Pro forma with Spanish and Argentinean, Mexican, Colombian and Chilean activities transferred respectively from Mediterranean countries, Middle East & Africa and Americas to Group Reinsurance & Others; and the activity of Euler Hermes Collection North America to Group Reinsurance & Others.

1.2.2 Exposure per sector in 2014



1.2.3 Real estate property

As at December 31, 2014, the total market value of the Group's real estate property was €234.3 million.

This total comprises:

- property belonging to the Group and used for the purposes of its operations: €24.65 million divided between:
  - Euler Hermes France: €3.31 million,
  - Euler Hermes Italy: €20.80 million,
  - Euler Hermes Morocco: €0.54 million;
- property belonging to the Group and used by third parties: €209.65 million mainly divided between:
  - the real estate fund (OPCI) Euler Hermes Real Estate: €169.25 million,
  - the company Euler Hermes South Express: €35.2 million.

1.2.4 The Group's strategy

Since 2010, our four-pillar strategy remains unchanged:

1. strengthening the customer base in core European markets and achieving critical mass in non-mature markets, while diversifying on product offering and distribution channel;
2. steering risk according to our policyholders' needs and the market environment;
3. continuing the business transformation to achieve cost competitiveness;
4. providing a high return to shareholders.

Strengthening the customer base in core European markets; achieving critical mass in non-mature markets

The Group aims to further develop its product suite to respond to growing and new client needs. The Group now offers transactional cover and Excess of Loss (XoL) products and supports them with specialized teams in Europe, in Singapore and in the US. In parallel, it is expanding its bonding offer beyond its traditional German and Northern European markets. In 2013 the Group posted good growth on bonding in France and launched this line of business in Italy and Australia. It also developed its inward bonding activity, in particular from Allianz companies.

Not only does the Group want to better serve its existing customer base, its goal is also to reach out to new clients through a more extensive use of innovative distribution channels. Beyond its global distribution agreement with HSBC, which the Group extended to the US and Malaysia, it signed in 2014 a distribution partnership with BNPP in France. It also partnered with Bpifrance to offer the short-term financing solution Advance+ Export.

North America, Asia and the Middle East continue to be strong growth drivers and still have a large potential for future growth. The Group continues to invest in these markets to create critical mass both in information/risk underwriting and sales.

In the US, the Group's target is to grow outside the Northeast market where it has traditionally operated. California has been a first successful initiative; in 2015 the Group will launch its operations in Texas.

In Asia, China remains the most attractive market in terms of business potential, both domestic and the newly opened export market, and the Group can rely on strong distribution partnerships to tap that potential. But the Group has also begun operating in Korea and Southeast Asia (Taiwan, Indonesia, Malaysia and Thailand).

Among future growth markets, Africa is certainly promising and widely untapped to date. The Group targets expansion in both French- and English-speaking Africa. In 2014 the Group announced the start of its activities in South-Africa in partnership with AGCS.

In parallel of these products and geographical expansions, the Group also focused on proving better service to its clients. It launched EH 3.0 initiative, a three-year program that focuses on creating value for clients by making the Group "easier to work with" and for the Group's employees easier to work with each other. The Group goal is to give clients an extra reason to choose and recommend the Group.

Steering risk according to policyholders' needs and the market environment

In response to the 2008-2009 global financial crisis, the Group introduced a more centralized risk underwriting governance and more targeted monitoring tools. These have proved to be efficient, including in 2011 when the economic climate began deteriorating again. They have also demonstrated their ability to better capture the individual needs of the Group's policyholders.

In 2014, in response to a more benign claims environment, the Group increased its worldwide exposure by 10.4%, particularly in the US and in Asia, while at the same time reducing it in some areas (like Ukraine or Russia).

Continuing the business transformation to achieve cost competitiveness

Cost competitiveness has always been and will remain a strategic focus for the Group. After the Excellence program which ran between 2010-2013 and that enabled us to keep our FTE count stable despite growing our topline, **the Group achieved, on November 4, 2014, its legal restructuring**. Euler Hermes France, Euler Hermes Deutschland, Euler Hermes Switzerland, Euler Hermes Singapore, Euler Hermes Japan and Euler Hermes Hong Kong are now all branches of Euler Hermes SA (NV) constituting the global risk carrier of the Group and completing the former merger program achieved with other European entities in 2011.

This will help further streamline the Group's operations and also improve the capital fungibility inside the Group.

Digitalization also enables faster, simpler, better and more efficient processes and enhances customer service. The Group's approach to digitalization opportunities is pragmatic and customer-focused: digital documents, electronic processing, policy price calculations, online risk and claims monitoring, tablet-driven sales support, mobile phone "app" availability of Economic Research reports.

Providing a high return to shareholders

The Group's business is partially linked to global economic cycles, consisting of uneven alternating periods of growth and contraction in activity. The Group targets a 12% return on equity over the cycle.

The Group aims to auto-finance its development while maintaining a dividend pay-out ratio around 60%. This is to be achieved by a close monitoring of our risks combined with an effective reinsurance structure.

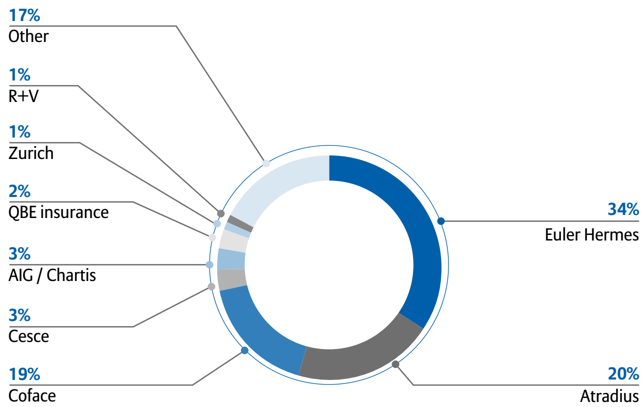
The Group's solvency is strong, based on Solvency I and future Solvency II requirements.

This financial strength is key, both for clients and shareholders. The Group remains determined to make the best use of available capital, allocating it effectively to continue to offer the high returns generated to date.

1.2.5 Competitive positioning

THE GROUP MARKET SHARE IN 2013 (PREMIUMS CREDIT INSURANCE ONLY)

Source: Group estimates as at February 2015 based on 2013 information related to all markets open to private players and available as at that date.



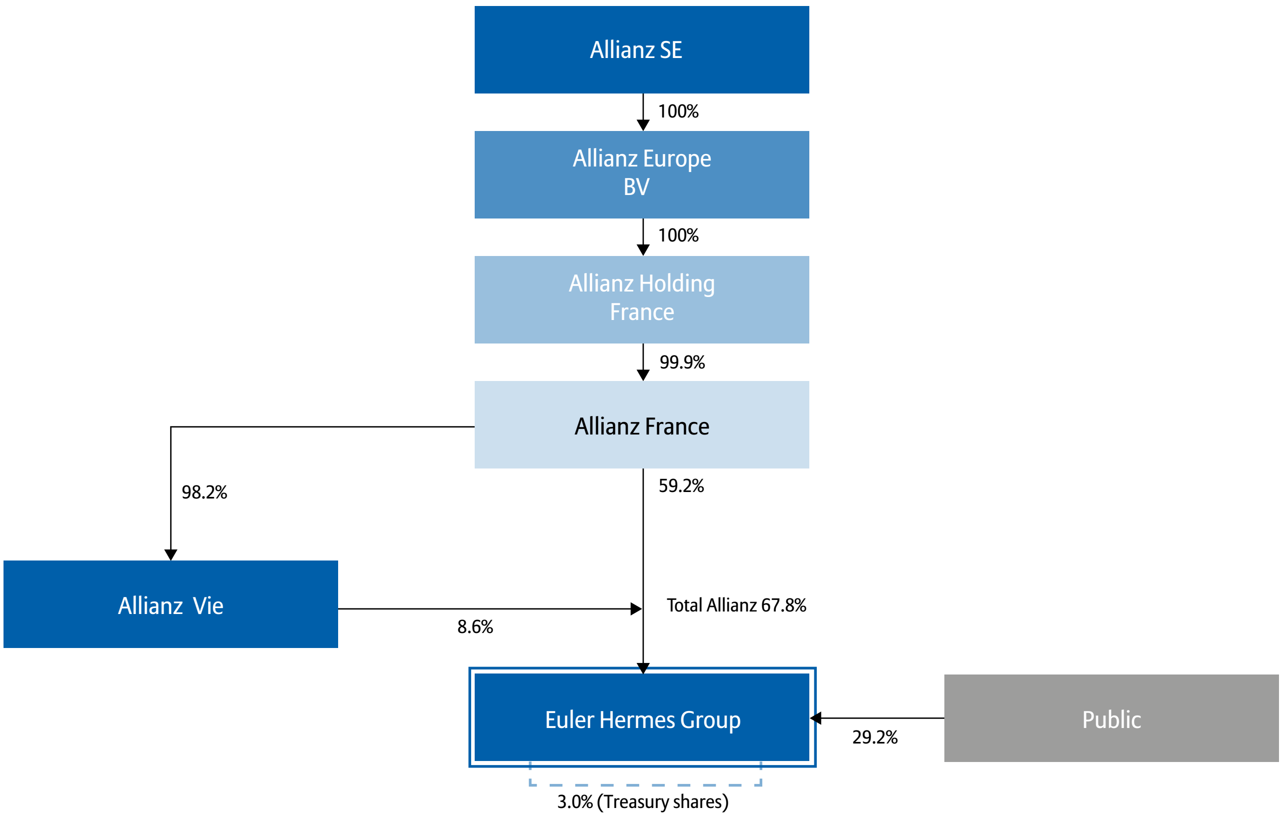
The Group remains an undisputed leader with a market share of 34%.

1.3 Shareholding structure as at December 31, 2014

During 2014, the number of Euler Hermes Group shares held by Allianz Vie and Allianz France was unchanged at 30,744,048. This represents a stake of 67.8% in Euler Hermes Group share capital and 69.9% of voting rights as at December 31, 2014.

The free float covered 29.2% of Euler Hermes Group share capital, and 30.1% of voting rights.

Euler Hermes Group holds 1,360,137 treasury shares representing 3% of its share capital.



Shareholders	Number of shares composing the share capital/Theoretical voting rights (1)	%	Real voting rights (2)	%
Allianz Vie	3,879,818	8.6%	3,879,818	8.8%
Allianz France	26,864,230	59.2%	26,864,230	61.1%
Total Allianz	**30,744,048**	**67.8%**	**30,744,048**	**69.9%**
Treasury shares	**1,360,137**	**3,0%**	**0**	**0,0%**
Public	**13,237,992**	**29.2%**	**13,237,992**	**30.1%**
TOTAL	**45,342,177**	**100%**	**43,982,040**	**100%**

(1) Including own shares.
(2) Excluding own shares.

1.4 Summary of Group structure

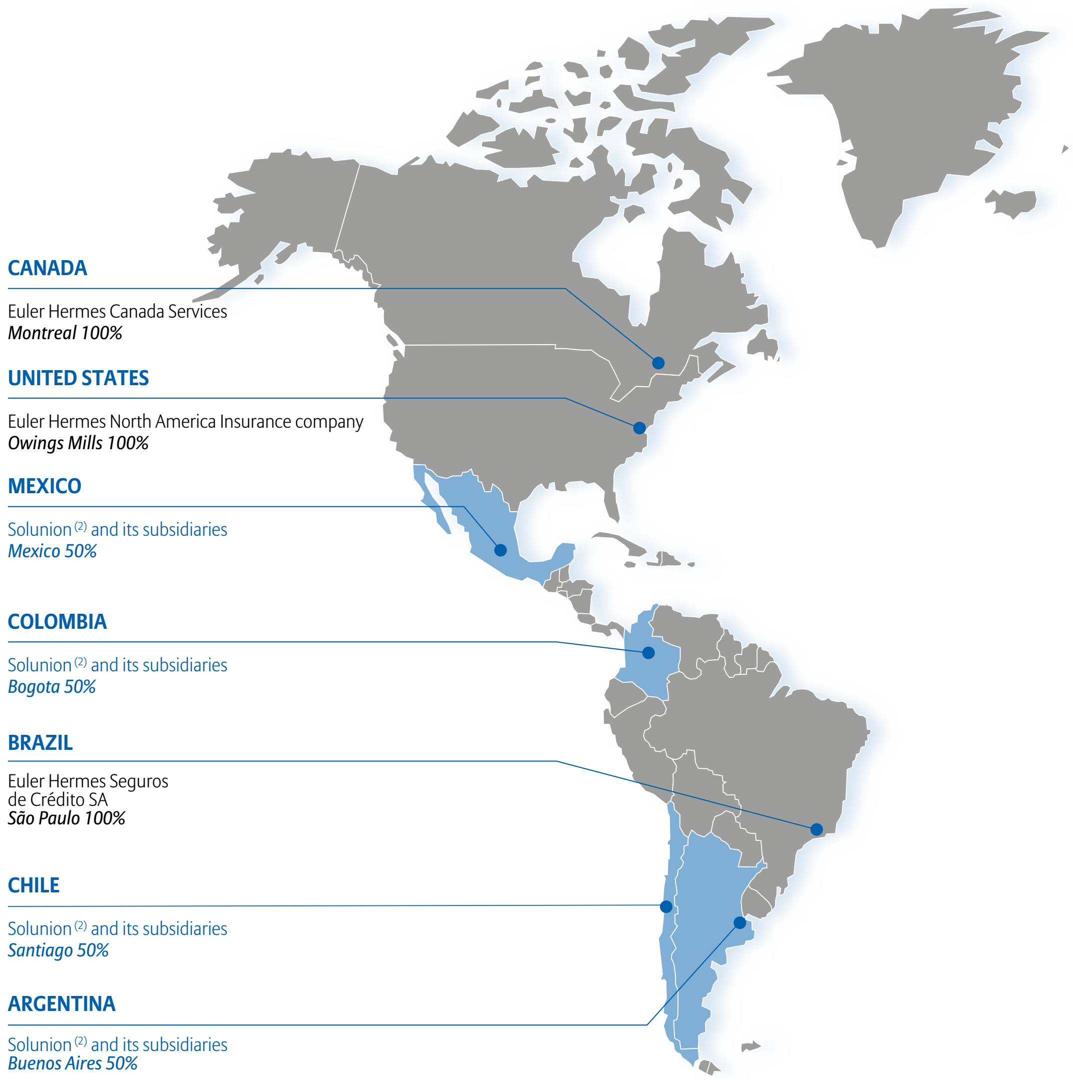
1.4.1 Relationships between the parent company and its subsidiaries

Euler Hermes Group is the Group parent company. For a detailed presentation of the main flows between the Company and its subsidiaries, see sub-section 6.3 of this Registration Document.

The Board of Management members also hold offices in the Group's main subsidiaries (sub-section 2.1 of this Registration Document).

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

Relations with other shareholders within the Moroccan subsidiary Euler Hermes Acmar (55% owned), the Austrian companies Prisma Kreditversicherungs-AG, and OeKB EH Beteiligungs-u. Management AG (both 49% owned), Israël Credit Insurance Company Ltd (ICIC – 50% owned), the Portuguese company Companhia de Seguro de Credito SA (COSEC – 50% owned), and Solunion (50% owned), are governed by a shareholders' agreement.

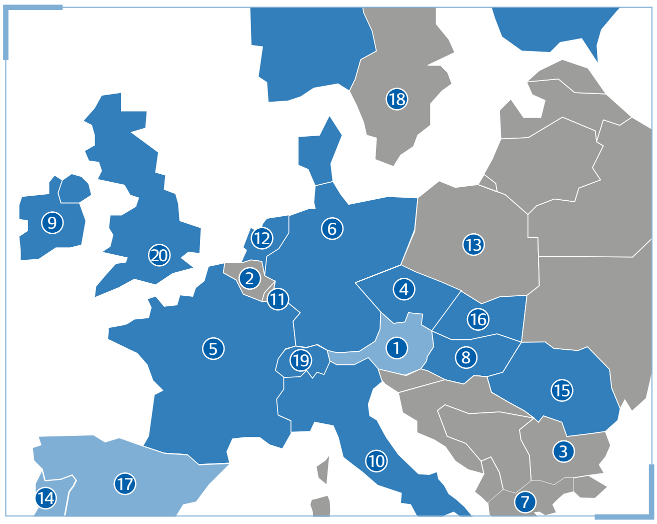


(1) Following the legal restructuring "Blue Europe" on November 4, 2014, the Group has combined within a single legal entity, Euler Hermes SA (NV) (formerly Euler Hermes Europe SA (NV)), 18 insurance branches located in the Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, Ireland, Italy, Japan, the Netherlands, Norway, Romania, Singapore, Slovakia, Sweden, Switzerland and the United Kingdom.

(2) Joint venture in which Euler Hermes Group has joint control.

1.4.2 Organizational chart

The organizational chart below shows the simplified organization of the main companies making up the Group as at the date of this Registration Document (for a detailed presentation of the subsidiaries acquired in 2014, *see paragraph 3.4.1 of this Registration Document on page 87*). The Group is present throughout the world *via* insurance companies, service companies and/or branches.



1 **AUSTRIA**
OeKB EH Beteiligungs-u. Management AG [2]
Vienna 49%

2 **BELGIUM** [1]
Euler Hermes SA (NV)
Brussels 100%

3 **BULGARIA**
Euler Hermes Service Bulgaria
Sofia 100%

4 **CZECH REPUBLIC** [1]
Euler Hermes Service Česká republica, SRO
Prague 100%

5 **FRANCE** [1]
Euler Hermes Group SA, Parent Company
Euler Hermes France SA *Paris 100%*

6 **GERMANY** [1]
Euler Hermes AG
Hamburg 100%
Euler Hermes Deutschland AG
Hamburg 100%

7 **GREECE**
Euler Hermes Hellas
Credit Insurance SA
Athens 100%

8 **HUNGARY** [1]
Euler Hermes Magyar Követeléskezelő Kft.
Budapest 100%

9 **IRELAND** [1]
Euler Hermes Service Ireland Ltd
Dublin 100%

10 **ITALY** [1]
Euler Hermes Services Italia SRL
Rome 100%

11 **LUXEMBOURG**
Euler Hermes Ré
Luxembourg 100%

12 **NETHERLANDS** [1]
Euler Hermes Services BV
's-Hertogenbosch 100%

13 **POLAND**
Towarzystwo Ubezpieczen
Euler Hermes SA
Warsaw 100%

14 **PORTUGAL**
Companhia de Seguro
de Credito SA (COSEC [2])
Lisbon 50%

15 **ROMANIA** [1]
Euler Hermes Services Romania SRL
Bucharest 100%

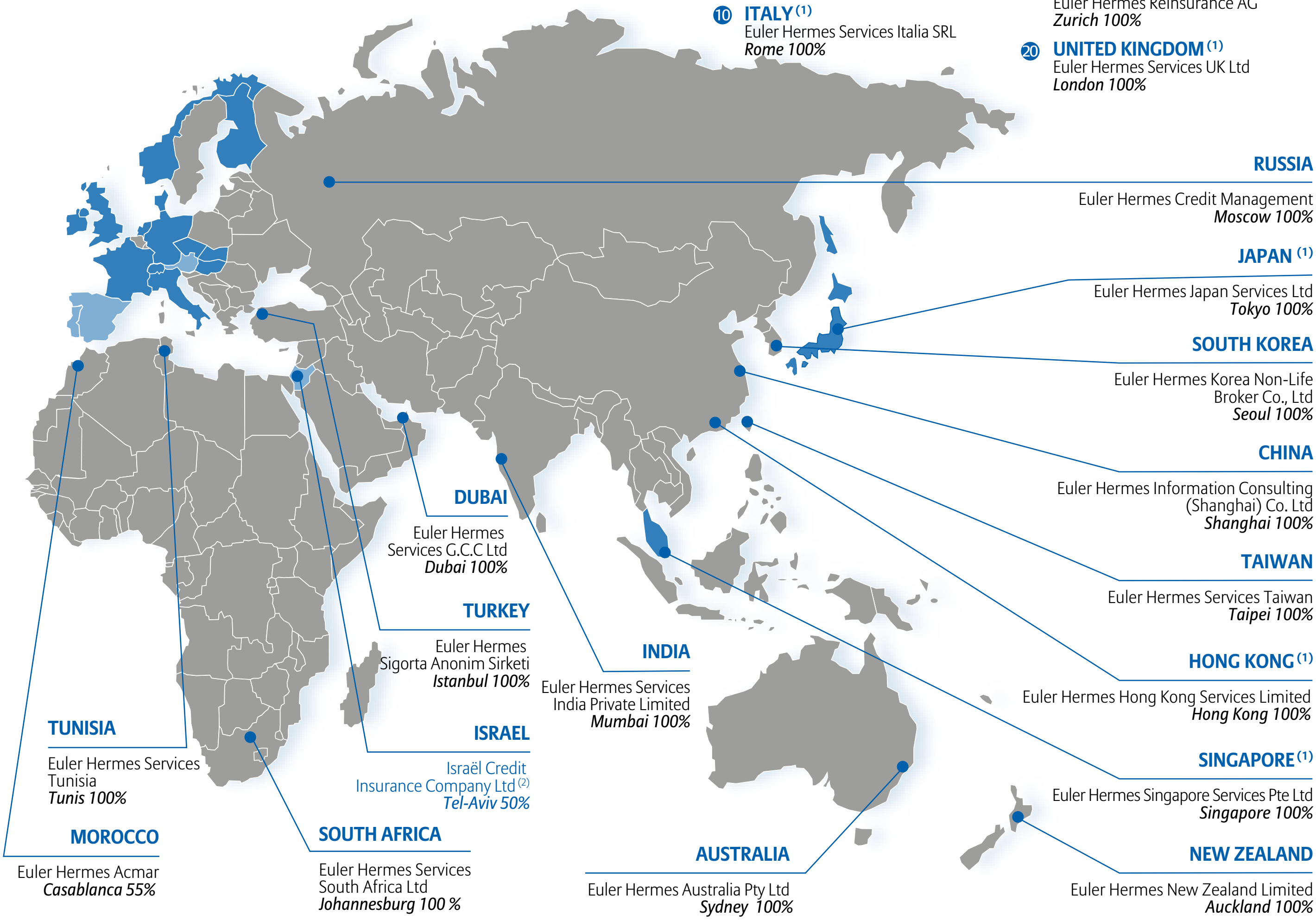
16 **SLOVAKIA** [1]
Euler Hermes Services Slovensko, SRO
Bratislava 100%

17 **SPAIN**
Solunion [2] and its subsidiaries
Madrid 50%

18 **SWEDEN** [1]
Euler Hermes Service AB
Stockholm 100%

19 **SWITZERLAND** [1]
Euler Hermes Reinsurance AG
Zurich 100%

20 **UNITED KINGDOM** [1]
Euler Hermes Services UK Ltd
London 100%



1.5 Corporate responsibility

Pursuant to Article L. 225-102-1 of the French Commercial Code, this section sets out information relating to initiatives and strategies adopted by the Company to take account of the social and environmental consequences of its activities and meet its social commitment to sustainable development.

The Group wishes to be considered as a socially responsible employer and partner, and has been implementing sustainable development initiatives for several years. The Group achieved an important milestone in 2013, consolidating the initiatives taken by its entities worldwide around a single Corporate Social Responsibility (CSR) policy. The policy was launched internally and published on the Group's intranet site in 2014 to confirm the four following key areas of commitment:

Health & Well-being

The Group encourages its employees and operating entities to support organizations and projects working in the areas of health, social development and the fight against poverty and hunger. Employees and the business also support global humanitarian crises and emergency appeals.

Financial literacy

The Group works to promote the sharing of financial expertise by its employee volunteers during educational initiatives and projects that increase financial literacy among young people and social enterprises.

Environmental protection

Reducing the Group's environmental footprint involves not only action to assess and reduce the environmental impacts of the Group's sites (energy, water and paper production, waste production, etc.), but also the progressive inclusion of environmental criteria into purchasing and real estate policies.

Equality & Diversity

Combating all forms of discrimination in hiring and promotion and encouraging the career development of women are key elements of the Group policies and its code of conduct. One aim is to achieve a female management level of 30% by 2015.

The subsidiaries have a high degree of autonomy in implementing these commitments, to take into account specific local situations. The process is monitored and coordinated by a network of correspondents within the communications, operations and human resources departments.

1.5.1 Social responsibility

Employment

Workforce size and changes

The Group had a total of 6,411 employees as at December 31, 2014, 95% of whom hold permanent contracts. The total headcount has increased by 4% since 2013 (increase can be explained by the change of reporting scope [1]) and the proportion of employees on permanent contracts has decreased by 1%.

The workforce detailed below covers employees that have an employment contract with the subsidiary at the closing date, i.e. as at December 31, 2014. For proportionately consolidated companies, the data corresponds to the Group's share as applied in the consolidated financial statements. The headcount of companies accounted for by the equity method is not taken into account.

(1) Bürgel entities in Germany entered the consolidation scope in 2014.

Contracted Headcount (CHC)	December 31, 2014	December 31, 2013
Germany and Switzerland	2,110*	1,847
France	866	916
Northern Europe	1,381	1,365
Mediterranean Countries, Middle East & Africa	516	493
Americas	441**	486**
Asia-Pacific	287	254
Captive of reinsurance	17	12
Service Group	793	767
TOTAL GROUP	**6,411**	**6,140**

Change of reporting scope:
* *Merger with subsidiary Bürgel (increase of 291 CHC in September 2014).*
** *Mexico, Chile and Columbia were reported in 2013 (56 CHC), but are out of scope in 2014; Sales agents with 100% variable pay are excluded in 2013 but included in 2014.*

The Group's active headcount was 6,096 as at December 31, 2014. Active headcount is used to calculate the age distribution of employees, gender, average age and average length of service.

■ BREAKDOWN OF ACTIVE WORKFORCE BY AGE AS AT DECEMBER 31, 2014

Age	Workforce
< 25 years old	239
25-29 years old	691
30-34 years old	989
35-39 years old	978
40-44 years old	833
45-49 years old	880
50-54 years old	765
55-59 years old	550
60-64 years old	151
≥ 65 years old	20

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

■ BREAKDOWN OF ACTIVE WORKFORCE, RECRUITMENTS AND DEPARTURES (1) BY GENDER

	Data as at December 31, 2014			Data as at December 31, 2013		
	Total	Female	Male	Total	Female	Male
Active headcount	6,096	3,143	2,953	5,809	2,934	2,875
Total external recruitments	786	394	392	697	358	339
Total external departures	(667)	(329)	(338)	(700)	(333)	(367)

Women make up 52% of the Group's active workforce and accounted for 50% of total external recruitments in 2014. 101 trainees were also employed by the Group in 2014.

No collective redundancies took place at Group level in 2014. The 64 local redundancies in 2014 were of an individual nature.

In France, there were five dismissals in 2014 (including two for Euler Hermes Services).

(1) Recruitments and departures do not take into account internal movements inside Allianz group.

Compensation

Group payroll expenses and profit sharing for 2014 amounted to €392.77 million, excluding social security charges. Social security charges for 2014 totalled €120.76 million.

Compensation policies are determined for each individual country, based on the principles of internal fairness and external competitiveness as defined by the Group. Each local company regularly assesses how its compensation compares with market levels, based on data provided by specialist consultancies. Through these market analyses, the Group defines overall compensation policies appropriate to the Group's operational regions and business sector.

In 2014, the average increase in fixed compensation within the Group was 2.8%. On average, variable compensation makes up 13% of the total compensation of the Group staff worldwide.

Information relating to the compensation and other benefits paid to the Company's corporate officers (members of the Board of Management and Supervisory Board) are provided in section 2.3 of this Registration Document.

Work organization

In each country where the Group operates, the organization and duration of working time strictly adhere to local regulations and local agreements.

The proportion of the workforce working part-time is 11%.

In France, an agreement on home-working was signed with staff representatives in 2013, allowing each employee on permanent contract (and with one year seniority in the position) to work at home one day per week. A second agreement on homeworking was signed in 2014 and at the end of the year, nearly 200 employees were part of this program. A telecommuting program in Germany went through its pilot phase in 2014 and is scheduled for roll-out in 2015. Similar initiatives connected to home working recognition and flexible working hours have also been put in place in several countries in Northern Europe (Czech Republic, Poland, Slovakia, Sweden, Norway, Finland and the United Kingdom). During school holiday's, Euler Hermes Poland has created an onsite clubroom to support employees who have childcare responsibilities. The UK offers a number of flexible working practices for employees, such as time off for dependents and flexi-time policy to help balance employees responsibilities at home and at work.

In the Netherlands, the Works Council conducted a survey during the fourth quarter 2014 to harness appetite among employees for flexible working options. First analysis shows a high employee participation rate. Detailed results are expected for 2015.

Regarding absenteeism issues, around 42,671 sick leave days were registered in 2014. The absenteeism rate for sickness is 3.1%.

Employee relations

The Group is committed to holding regular, constructive dialogue with staff representatives. Several collective agreements were concluded in 2014: 15 in Germany, six in France (including three agreements related to the Blue Europe II project), two in Belgium, one in Italy, three in the Netherlands and one in Sweden.

The most common themes covered by these agreements are compensation policies and the organization of working time.

An European works council also exists at the Allianz group level, and it can enter into agreements on cross-company matters. These agreements may then be implemented within the European countries in which the Group operates, after the prior validation of local works councils.

In addition to this formal framework for consultation and collective bargaining, the Group also has direct contacts with its staff, giving them regular opportunities to voice their opinions and expectations. Since 2010, the Group annually carries out a wide-ranging opinion survey among its employees. The Allianz Engagement Survey covers a wide range of subjects, such as the Company's strategic direction, management quality and efficiency of working methods, the atmosphere at work, the compensation system, training policy, combating discrimination and CSR policy. In 2014, 89% of the Group's employees took part in the survey, up from 88% in 2013. The 2014 results show a stable 70% personnel commitment rate.

Health and safety

The prevention of stress at work is one of the priorities of the Group's health and safety policy. An agreement with staff representatives in May 2011, through the Allianz group European works council, led to an extensive program to identify the main factors that cause stress for employees, followed by efforts to draw up improvement plans. An agreement on quality of work life is in preparation for France with staff representatives. The aim is to sign it for the year 2015. It will cover flexible working time, solidarity actions, communication among employees and health at work (training sessions, workshops). In Germany, a survey on psychosocial work related stress was performed and a catalogue of respective measures implemented. Employees in Germany and the United States are also provided with free, anonymous assistance via telephone helplines (for financial problems, stress at work, etc.).

Poland and Hungary organized several stress management workshops for employees to provide strategies if they experience stress at work. Our Dutch office introduced several initiatives to improve employee health and well-being; including free fruit, physiotherapy, massages and a bicycle scheme. Additionally, staff is offered free health checks, health and well-being workshops, discounts to gym/sauna facilities and access to a communication platform with online tips and advice.

Many other initiatives have been adopted in the various countries where the Group operates, aimed at making workstations more ergonomic, promoting sporting activities, improving nutrition and improving employees' work-life balance. Euler Hermes Italy launched a Well-being Project, focused on three main categories (Physical/Organizational/Social), under which several initiatives were held in 2014. A range of incentives are in place in Nordics to encourage employees to engage in sport. Expanding telecommuting and flexible working hours within the Group is also an appropriate way, in some cases, of reducing stress factors and improving employee well-being (see the "Work organization" section above).

Polish employees have been offered a discounted sport card that provides access to sport facilities across the country. To promote health at work, the UK runs health and well-being week, which this year included seminars from a nutritionist; presentations from a healthcare provider (Healthshield); fruit boxes; a power walk; health assessments; and cycle to work scheme promotion. Euler Hermes UK also offers a wide range of benefits to promote the health and well-being of its employees, including tax efficient gym membership; annual eye tests; free flu vaccinations; bereavement counselling; an employee assistance programme; a cycle to work scheme; and an interest free loan to purchase a bicycle. The website of the Employee Assistance Programme provided by the UK company also provides advice on health and well-being.

In 2014, the lost-time accident frequency rate for Euler Hermes Group was 3.75 (number of accidents per million hours worked) and the lost-time accident severity rate was 0.04 (number of days lost per thousand hours worked). For France, nine lost-time accidents were recorded in 2014.

Except for France no occupational diseases have been identified for the Group during 2014. For France, two cases of occupational diseases were validated by the administrative authority (Switchboard and Collections departments). Due to the fact that diagnoses are not transmitted to the employer according to legal regulation, details about occupational diseases are not available for Germany.

Training

The Group has built its reputation and position as a global leader on its professionalism and experience acquired over more than a century. It is essential to recruit the best talent and integrate them into a strong corporate culture to ensure consistency at the Group level and the same quality of service throughout the world. Continuous capability building is a key driver for high performance and for employee motivation and engagement.

All of the training courses available in the various entities of the Group worldwide are now shared in the "Euler Hermes Academy". The Academy provides innovative training programs to build and enhance employees' skills and capabilities at three levels:

- customized functional trainings in the areas of risk underwriting, claims, sales, policy administration and customer service are heavily geared towards developing the professional expertise of staff;
- leadership training courses aim to provide managers with a common set of tools to optimize the performance of their teams through effective management skills;
- courses that build a common culture such as presentation courses, working in a matrix, intercultural awareness and dealing with change.

In 2014, the Academy had over a thousand bookings for 30 different classroom-based programs and delivered, over 8,000 hours of eLearning to almost 5,000 employees. In 2014 mandatory compliance eLearning training was also rolled out for almost all employees with more scheduled for 2015. In 2014 a budget of €4.50 million was allocated to training.

Overall, 15,853 days of training [1] were provided within the Group and 60% of employees participated in at least one training session during the year.

Professional development and mobility

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

With more than 6,000 employees in over 50 countries, mobility is a reality within the Group. Mobility provides employees with new insights and exposure to other talented people and inspires innovation through best practice sharing. As business becomes increasingly global the mobility within the Group needs to become more and more diverse. Our "Best People" business strategy rightly expects our policies and practices to help ensure we have the right people at the right place for the right reasons. With a more tiered policy approach for mobility, the Group is better able to match suitable terms and conditions with different assignment situations and objectives. This increases the effectiveness of the Group's investment as well as overall fairness and equity for all assignees worldwide. In conjunction with these general principles, the

(1) A day of training comprises at least 5 hours of training.

specific terms and conditions for each individual assignment or transfer situation depend on the main objectives or drivers of the assignment or transfer, the planned duration and certain talent management criteria. Six different assignment types have been put in place and are actively applied since March 2014:

- Strategic Leadership Assignment;
- Long-Term Assignment;
- Short-Term Assignment;
- International Commuter Assignment;
- Internal Local Transfer;
- Permanent Transfer.

The Group looks for talented people in various areas, including risk underwriting, sales, controlling, human resources, organization, actuarial, marketing and IT. All positions open to international internal candidates are posted in every country where the Group operates, to maximize the opportunities available to employees throughout the Group. The Human Resources department has defined career paths where international exposure is required. Also, being part of the Allianz group gives greater possibilities for employees to take part in international assignments.

The Group's worldwide presence and career development culture provide interesting and creative job opportunities in the countries and professions in which the Group is active.

Equal treatment

Combating discrimination in all its forms is one of the key priorities of the Group's human resources policy. This commitment is one of the themes of the Allianz group's code of conduct. It also forms part of the Group's anti-discrimination and anti-harassment policy adopted in 2011, which is distributed to all staff and sets out the fully confidential procedure for reporting any instance of discrimination within the Group. The policy was updated in 2014 and rolled out in all regions.

The aim is to ensure that the process of recruiting and promoting staff is based solely on the skills of employees. The policy involves a number of initiatives in the Group's various countries, including gender equality, employing and integrating disabled people and keeping older people in work.

Gender equality

As at December 31, 2014, women occupied 32% of managerial positions. The proportion of female managers has been slowly rising for several years. This trend has been supported by initiatives to encourage women to take up managerial roles and integrate them more easily into these roles. In Germany, Italy and at the Company, the "women's network" program is running, enabling women at all levels of the company's hierarchy to communicate and help each other. These programs include mentoring, coaching, networking, panel discussions, lunch and learn sessions at which women can discuss issues and get feedback from other women in executive roles. In France, an agreement signed with staff representatives led to the creation of a Professional Equality Committee, one of whose functions will be to analyse the male-female pay gap. These kinds of initiatives are being adopted more widely within the Group and will be stepped up in the next few years, in order to attain the target of having women occupy at least 30% of executive positions in 2015.

Employing and integrating disabled people

The Group has adopted various initiatives in its main countries to increase the proportion of disabled people in its workforce.

After signing an initial agreement with the public authorities in 2008 and then in 2013, which led to the recruitment of disabled people, Euler Hermes Italy continued recruiting disabled staff during 2014 and will keep on hiring until 2016. In France, a workshop was organised to communicate and raise awareness of hearing troubles. Similar initiatives are taking place in Germany in close collaboration with the severely handicapped persons' representative.

In the UK, there were no employees recruited in 2014 who identified themselves as disabled. However Euler Hermes UK promotes an inclusive culture and the Flexible Working Policy was extended to all employees, so disabled employees may request changes to their working hours; working time and work location and any such requests would be seriously considered and accommodated where possible.

Keeping older people in work

The employment of older people is an increasingly important topic in industrialized countries where populations are ageing. It is also an important part of anti-discrimination policies.

The Group is aware of this and has implemented specific initiatives targeting this population of employees, such as second-career interviews, tutoring systems to facilitate skills transfer, and the option of adjusting working time. Belgium has granted part-time working in the years prior to retirement that has no financial impact on employees' pension scheme. Belgium has also developed a special training plan for older employees.

Euler Hermes UK offers a defined contribution pension scheme which enables employees approaching retirement to take a phased approach to retirement without impacting their pension (in the way it would with a defined benefit scheme) and the company also continues to pay pension contributions for employees who continue to work past normal retirement age. The Flexible Working Policy was also extended to all employees, so employees nearing retirement who wish to take a phased approach can make requests to change their working hours, time or location. The website of the Employee Assistance Programme provided by Euler Hermes UK provides advice for employees approaching retirement.

Promoting and complying with the fundamental conventions of the International Labor Organization

The Allianz group code of conduct is provided to all employees of the Group. It requires unconditional compliance with the International Labor Organization's fundamental conventions, particularly through the reference to the 10 principles of the United Nations Global Compact.

1.5.2 Environmental responsibility

General environmental policy

Environmental protection is one pillar of the Group's CSR policy formalized in 2013 (to find out more about this policy, please see the introductory paragraph in section 1.5). The process of reducing the Group's environmental impact mainly involves taking action to cut energy and paper consumption, generalizing waste sorting and cutting CO_2 emissions relating to business travel.

As a service company that exclusively occupies office premises, the Group has a very limited direct environmental impact. The Company has therefore made no provisions or guarantees to cover this risk, and no compensation was paid during the year as a result of any court rulings on environmental issues.

Group environmental reporting system

The Company structured and formalized its environment reporting system in 2013. In terms of organization, the process is based on regional contributors (most often in the Operations departments) reporting qualitative and quantitative environmental information to the Group's Real Estate department in two different phases. This department is responsible for validating and compiling the information collected for publication in this Registration Document.

A reporting protocol has been drawn up and distributed to the contributors. The protocol sets out in detail the structure and processes in place at the Company to measure and report the environmental information monitored by the Group.

A note on methodology section 1.5.4 provides a more detailed description of the general organization of the reporting process, the rate of coverage of indicators and more information on the indicator definitions.

Environmental requirements for buildings

In terms of the environmental footprint, the impact of the offices occupied by the Group is a key challenge. Environmental principles (Green Building principles) are thus an integral part of the Corporate Workplace Standards, which have been in place since November 2012 and which set out the Group's real estate standards and internal processes for the selection and layout of working premises.

These principles include the guidelines to be applied:

- for the building selection phase: prefer certified buildings (LEED, BREEAM or national, HQE-type certification in France), using "physical" criteria, such as the orientation of the building, the state of the heating, ventilation and air conditioning systems, and the proximity of public transport;
- for the layout and space definition phase: focusing on premises layout criteria that aim to reduce resource consumption (water, energy), and optimize waste management. These criteria involve, for example, lighting and air conditioning zones that are controlled separately, the presence of movement sensors and waste sorting bins or automated water consumption control systems.

The application of the requirement described in the Corporate Workplace Standards is amply demonstrated by the Group's premises that have an environmental certification: the total surface area of these premises at end 2013 represented about 30% of the total surface area rented by the Group (and nearly 13% of the total occupied surface area).

One of the main principles also requires the implementation of videoconferencing systems for all regional and national head offices of the Group as mandatory solution in order to reduce business travels for meeting abroad. In 2014 it has been estimated that 62% of the Group's employees could have access to a video conference system (62%, in fact is the ratio of employees sitting in premises where a video conference system has been installed).

Raising employee awareness of environmental issues

To support the Group's environmental approach as it rolls out, a number of local/regional initiatives have been implemented to raise employee awareness of environmental subjects and their personal responsibility. Several awareness initiatives were already in place at regional and national level trough a range of in-house communication media (posters, flyers, email and intranet) basically regarding waste recycle, company cars and day-to-day eco living but many others came out during year 2014. Some examples of new actions for year 2014:

- in Belgium a Green quiz has been organized in order to raise the employees knowledge and awareness about green aspects – a campaign about CO_2 reduction and identification of practical levers has been conducted with posters and diffused employees communication;
- in the Netherlands, during the celebration for the 25th anniversary of the entity, a bike has been given to all employees as a "green" gift;
- in Italy, a general program "Benessere" about Social Responsibility has been launched, with initiatives covering all the different aspects of this topic (employees well-being, social activities, green building improvements, etc.);
- in the UK, an "environmental policy" has been diffused and communicated to all employees, suppliers and sub-contractors. Main scopes of this policy are to assess and regularly re-assess the environmental effects of the organisation's activities, informing employees in environmental issues, minimise the waste production…

Pollution and waste management

The Group's activities do not generate significant air, water or ground emissions, and do not create any sound nuisance or other form of pollution.

The Group is committed to preventing and recycling the waste generated by its activity mainly through the following initiatives:

- waste sorting across most of the Group's subsidiaries for ordinary waste such as paper, cans, bottles and plastic (paper and glass/bottles are recycled in about 54% of the Group's premises). Individual bins have also been eliminated at several Group premises (Paris, Rome, Brussels and Zurich) to encourage sorting. Some countries have set up specific waste management policies: separation of printed paper into colour and black & white as in France, and incineration with energy recovery of non-recycled waste in the United Kingdom;
- management of electrical and electronic equipment, batteries, light bulbs and used ink cartridges takes place in most of the countries. This waste is entrusted to service providers, which are responsible for processing them (recycling or disposal).

The total waste produced in 2014 (coverage ratio: 69%) by Euler Hermes France, Germany, Greece, Hungary, Italy, UK and Netherlands is estimated at 517 tons, based solely on the Group's main buildings. Information about waste production is often hard to obtain in premises that are shared with other companies.

Sustainable use of resources

Water consumption

The Group's water consumption is connected to the use of premises for professional purposes: sanitary facilities, air conditioning, cooling systems for electronic equipment, cafeterias, car parks, and office cleaning. Group directives (Corporate Workplace Standards) governing premises selection recommend the presence of systems that control this consumption automatically.

The Group's water consumption reported in 2014 (coverage ratio: 77%) was 42,953 m^3. Water is used in small amounts, for sanitary purposes.

Paper consumption

In 2014, reported office paper consumption (coverage ratio: 83%) amounted to 206.31 tons (increase of coverage ratio since 2013 of 12% but reduction in consumption of 11%). The Group has been interested in the subject of reducing paper consumption for several years.

The Allianz group's printing policy is applied by the Group, with the implementation of the following measures to regulate the Group's printing equipment by default: printing in black and white, two per page, on both sides, reducing ink density and automatic standby mode.

Several campaigns have taken place to raise employee awareness and reasonable use of office paper, as for example in the Netherlands where paper workflows are fully digitalized (invoices are received by email) and in the UK where for example digital licences for business newspapers have replaced the paper standard ones.

The Group is also stepping up paperless communication with clients. Since 2003, the Group has been developing EOLIS (Euler Hermes Online Information Service), a secure extranet portal designed to help its clients and commercial partners to manage their insurance contracts online. Today, EOLIS is available in 36 countries and in 17 languages and 77% of credit limit requests were made online in 2014.

Energy consumption

The Group's energy consumption relates mainly to lighting, air conditioning and heating in work premises, along with running electrical equipment.

The Group's reported energy consumption for 2014 is presented in the table below.

2014 ENERGY CONSUMPTION

	2014 coverage ratio	2014 value	2013 value	Unit
Electricity consumption	85%	16,742,980	16,660,329	KWh
Gas consumption	77%	11,983,084	13,994,518	KWh
Steam consumption	62%	1,002,094	551,274	KWh
Fuel consumption	78%	39,230	6,000	L

- Reducing energy consumption is a key priority in the Group's environmental strategy. One of the main aspects of this strategy is to prefer premises that have been environmentally certified (see the Corporate Workplace Standards mentioned above).
- The Group therefore occupies premises certified with labels guaranteeing a high level of energy efficiency in France (Lyon and Paris), Singapore, Zurich and Mexico City (13% of the total surface area occupied by the Group). In Paris, the Company and the French subsidiary transferred their head offices to Tour First in la Défense in April 2012. Tour First is France's largest refurbished office building to receive HQE (High Environmental Quality) accreditation. The building offers CO_2 emissions and energy consumption that are significantly lower than in a traditional office building. In Zurich the Euler Hermes premises have moved together with all the other Allianz entities in the Allianz Campus in Wallisellen, a brand new building labelled Minergie.
- Given the nature of its business, the Group is not concerned by environmental issues arising from land use.

Climate change

The Group is aiming to reduce and challenge the emissions related to its activities linked to the operational and logistics aspects (buildings and employees related emissions).

While challenging the current consumptions and implementing guidelines and standards, the Group is in fact aiming to reduce the employee's carbon footprint.

As a service company that exclusively occupies office premises, the Group has a very limited direct environmental impact and for this reason is not directly concerned by climate change effects.

The CO_2 emissions arising from energy consumption and business travel by the Group's staff are set out in the table below. The breakdown of emissions by scope corresponds to the internationally recognized GhG Protocol.

GhG protocol scopes	Emissions factors	2014 emissions	2013	Unit
1	Direct emissions related to energy consumption (gas + fuel)	2,306	2,603	Metric tons of CO_2 equivalent
	Direct emissions related to the business vehicle fleet	2,453	1,744	Metric tons of CO_2 equivalent
2	Indirect emissions related to consumption of electricity and steam	3,225	2,910	Metric tons of CO_2 equivalent
3	Indirect emissions related to business travel (plane, train, car)	7,078	2,442	Metric tons of CO_2 equivalent

Reducing the Group's carbon footprint requires efforts to reduce energy consumption at its premises as well as the impact occurred by business travel. Efforts to reduce energy consumption are set out above.

The main initiatives in place at the Group to reduce CO_2 emissions related to business travel are:

- the subsidiaries' business travel policies encourage travel by train and the use of videoconferencing (as mentioned, 62% of the Group's employees are sitting in premises equipped with video conference system);
- some of the subsidiaries favour the use of vehicles with low CO_2 emissions per kilometer for their company car fleets. France and the UK have also set emissions thresholds for selecting company vehicles. Some fleets also include hybrid vehicles (the entire fleet in the UK and in the Netherlands, in France and Italy this principle is applied for the new company cars), Euler Hermes Italy provides an electric vehicle for its employees, in Switzerland a e-bike has been purchased and it is used by employees for customer visit in the surrounding area;

- the Group directives encourage subsidiaries to choose working premises that can be accessed by public transport;
- finally, in the US and Canada the Green Vehicle Rewards Program offers financial incentives to employees who invest in fuel-efficient cars, in order to reduce the environmental impact of the journey between home and work.

To go further in terms of environmental responsibility, some subsidiaries purchase electricity from renewable sources, as in Germany (100% of electricity used is hydraulic in origin) and the UK (wind power).

Biodiversity

The Group's activities do not have any material direct impact on biodiversity. At the Company's level, efforts are made to promote biodiversity by favouring the purchase of paper from sustainably managed forests (for more details, see the "Sub-contractors and suppliers" section below).

1.5.3 Responsibility towards society

Territorial, economic and social impact of activities

The Group seeks to promote economic development in the areas in which it operates by providing business customers with the insurance they need to grow their businesses.

The Group takes steps to ensure that local employees are promoted to positions of responsibility. The number of expatriate positions is intentionally restricted. Training programs are also available to help staff enhance their skills and maintain their long-term employability within the Group. In France, for example, the Form'Avenir program offers employees with limited educational qualifications two days of training per month over a two-year period, with monitoring by a tutor from within the Company. Since the launch of this program, 86 employees have been trained and 19 are on a training course.

In the United Kingdom, initiatives such as the "My Finance Coach" program aim to promote the insurance profession and financial expertise in general, among children and students. Partnerships with schools have also been set up in various countries, including Germany, where the Group has been collaborating for several years with the Hamburg School of Business Administration.

The Group also has a large number of staff on apprenticeship contracts and long-term work placements.

Dialogue with civil society, partnerships and corporate sponsorship

At Group level, the Company provides employees and business units with a CSR policy (see introduction section 1.5 above). The choice of actions, budget and initiative of dialogue with various stakeholders including charities are driven directly by the business units.

Financial support for charities

Several charities received financial donations from the Group's various subsidiaries in 2014. In line with the Group's CSR policy, the majority of these donations were made to charities working in the area of health and well-being.

The Group's entities in Germany, Italy and the Netherlands, for example, made financial contributions to several associations focused on child welfare. Donations or funding of clothing, food and footwear for children were also made in Canada, the Gulf states (GCC: Gulf Cooperation Council), Italy, the Netherlands, Poland, Sweden, Turkey, the United Kingdom and the United States.

Encouraging employees to get involved

In 2014, several operations again adopted systems for matching employees' charitable donations. In the UK, around 16 charities in health protection received funding in this way. In the US, the Group matched staff donations to the Johns Hopkins pediatric medical center (this initiative has taken place every year for over 10 years) and the Maryland food bank.

Several dozen employees in France, Italy, the Netherlands and the UK also took part in sporting events to collect funds for food aid and medical aid organizations.

Other initiatives enabled the staff to get involved directly with charitable projects. These included the "Habitat for Humanity" program in the US, where approximately 13 employees helped build homes for disadvantaged families. Poland continued its existing commitment by local employees to support initiatives related to children in need. This year, four different orphanages across the country received contributions to finance winter holiday trips for children and tickets to the cinema or theatre. Financial support was also provided to a local sports club for children. For the second year in France, a concierge service coordinated by an organization helping disabled workers into employment was provided to employees at the Euler Hermes Group's offices in Paris.

Initiatives to preserve the environment included offering a hybrid car model with lower carbon emissions among company vehicle options (France), organizing "clean days" to recycle archived paper documents (Belgium), and donating used computers to charitable organizations or for professional recycling (GCC).

Sub-contractors and suppliers

The Group Procurement Standards are implemented in each subsidiary of the Group to develop best practices on the complete sourcing life cycle across the Group. They integrate in the value chain that the principles of code of conduct for business ethics, environment and compliance are the basis for everyday business.

The Group's use of sub-contractors mainly relates to IT services. Euler Hermes Tech is in charge of the Group's information technology systems. Euler Hermes Tech has no employees and relies entirely either on employees seconded by other Group subsidiaries or external consultants working as sub-contractors.

Contracts with suppliers include clauses that commit the suppliers to uphold any employment laws or environmental legislation in force in the countries in which they operate as well as to apply very strict principles on the prevention of corruption, supporting the Group's overall anti-corruption policy.

In recent years, these basic aspects of the responsible procurement policy have been supplemented by the adoption of special procedures for certain types of purchases:

- the Group's standards include environmental principles for selecting the office premises occupied by the Group, with the main focus on buildings with environmental certification (LEED and HQE in France, etc.). The UK and German subsidiaries also supply themselves with electricity generated from renewable energy;
- some countries have established specific directives to reduce the carbon footprint of corporate vehicle fleets, mainly through the purchase of hybrid vehicles;
- the French entity has adopted the green letter tariff for its mail correspondence;
- since the Group operates in a service industry, paper is one of its largest categories of consumables. The production of paper creates significant environmental problems (such as CO_2 emissions and damage to biodiversity) and so increasing numbers of subsidiaries are mainly buying recycled or FSC-certified paper.

Fair commercial practices and respecting human rights

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

Specific restrictions are also applied within the Group in relation to arms trading. The following activities are therefore prohibited:

- conducting insurance or investment activities that contribute to the manufacture of biological or chemical weapons, anti-personnel mines, bombs or other fragmentation charges;
- taking part in transactions for the purpose of exporting arms to "high tension" countries (a list of these countries is provided by Allianz), except for export credit activity.

In addition, specific rules for commercial underwriting, which include risk assessment and a special hierarchical approval process, have also been established for activities regarded as sensitive in terms of impact on the environment, human health, animal welfare or human rights.

The Group's compliance policy is overseen by a dedicated team. This team's main areas of work and projects are presented on page 73 of this Registration Document.

Lastly, with regard to its activities based on credit insurance for businesses, the Group is not involved in specific actions to promote consumer health and safety.

1.5.4 Note on methodology

Social reporting

General organization

The Group bases its annual social reporting process on a protocol that is regularly updated and shared with the Allianz group.

The indicators collected by the information systems are grouped into the following categories: workforce, age, length of service, full-time equivalents, qualifications, turnover and health. The indicator definitions are standardized at Group level and distributed to the human resources departments of the various regions in which the Group is present.

The reporting process is overseen by a special team at Group level, in charge of controlling and consolidating all the data collected.

Scope and level of coverage

The scope of the social reporting process encompasses all the legal companies fully consolidated by the Group Financial Division for the fiscal year in question.

The level of coverage of the social indicators presented in the CSR section is 100%.

Further information on the indicators

- The active workforce is used as a reference to calculate the breakdown of personnel by age, gender, average age and average length of service.
- Recruitments take all employees into account who receive a new contract of employment with the reporting unit during reporting period. The amount of leavers indicates all the cases where the employment relationship was terminated and the contract of employment ended. Expatriation is neither considered recruitment at the receiving unit nor a departure at the sending unit.
- The rate of absenteeism shown only takes account of employee absence due to illness (excluding periods of long-term illness). Other reasons for absenteeism such as parental leave or sabbatical leave are not considered.
- The reporting unit used for training is one day. One day of training comprises at least five hours of training. A training session of between three and five hours counts as a half-day training, and training sessions of less than three hours are not taken into account. In France, the hours of training reported correspond to training that can be classified as continuing professional development.

Environmental reporting

General organization

The Group's reporting process was structured during 2013, mainly reflecting the creation and distribution of a reporting protocol within the Group. It sets out within a single document the key reporting principles, consolidation rules, instructions for input and validation, and all the necessary technical information (e.g. a precise definition of indicators, information sources to use, rules for estimates and conversion factors).

Information is collected by means of an Excel data sheet for the six regions in which the Group is present. The regional contributors (most often in the Operations departments) report qualitative and quantitative environmental information falling within their range of responsibility to the Group's Real Estate department twice a year (qualitative indicators collected in October and quantitative indicators collected in December/January). This department is responsible for verifying and compiling the information collected for publication in the Registration Document.

The selected indicators are used to measure the Group's progresses in terms of environmental responsibility and challenge for new activities and improvements. The reporting tool used is compliant with the GRI (Global Reporting Initiative) guidelines.

The reporting period under review runs from January 1 to December 31, 2014.

Scope and level of coverage

The scope of the environmental reporting process includes all the buildings occupied during the year by the Group's personnel worldwide (premises rented or owned by the Group). The list of sites used by the Group is updated twice a year by the Group Real Estate department, which also registers the surface area occupied by these sites and the number of people working on them (data collected through the Human Resources Controlling function).

For the 2014 reporting season, the quantitative data were collected from sites in all the different Group regions around the world.

The levels of coverage by surface area of the various environmental indicators are shown below. They represent the surface area of sites for which data are reported as a proportion of the total surface area of the sites occupied by the Group. Rates of consumption of gas and fuel for cooling or heating via the urban networks are shown as a ratio of the surface area of the sites concerned by this type of consumption. If this information is not known (e.g. information on whether a site consumes gas for heating is not provided), the site is regarded as concerned by the indicator by default. The level of coverage shown for these indicators is therefore a minimum.

Indicators	2014 Level of coverage/m²	2014 Level of coverage/m² per Region*	2013 Level of coverage/m²
Electricity consumption	85%	Americas (37%); APAC (32%); DACH (88%); France (98%); MMEA (87%); NE (90%)	76%
Gas consumption	77%	Americas (n/a); APAC (n/a); DACH (95%); France (1%); MMEA (99%); NE (68%)	70%
Urban heating consumption	62%	Americas (n/a); APAC (n/a); DACH (0%); France (0%); MMEA (85%); NE (85%)	33%
Fuel consumption	78%	Americas (n/a); APAC (n/a); DACH (0%); France (0%); MMEA (100%); NE (n/a)	60%
Water consumption	77%	Americas (37%); APAC (0%); DACH (88%); France (81%); MMEA (85%); NE (54%)	64%
Paper consumption	83%	Americas (0%); APAC (32%); DACH (88%); France (100%); MMEA (99%); NE (91%)	71%
Business travel	89%	Americas (0%); APAC (32%); DACH (99%); France (100%); MMEA (99%); NE (91%)	78%
Waste generation	69%	Americas (0%); APAC (0%); DACH (88%); France (76%); MMEA (72%); NE (30%)	39%

* *EH Regions: Americas, APAC (Asia-Pacific), DACH (Germany, Austria and Switzerland), France, MMEA (Mediterranean countries, Middle-East, Africa), NE (Northern Europe). "n/a" means that the indicator is not applicable.*

Further information on the indicators

CO_2 emissions

CO_2 emissions were calculated using the following information sources:

Emissions factors	Information sources
Gas and fuel combustion, urban heating Business travel by car, train and airplane Travel by company car	Bilan Carbone Tool, version V7.1.06 (ADEME)
Power generation in the various countries in which the Group is present	IEA (International Energy Agency) – Excel table CO_2 Highlights 2012

The CO_2 emissions shown in the reports correspond to the combustion phase of the various types of energy. Upstream emissions, which relate to the extraction, refining and transmission of the energy consumed, are not taken into account, and neither are online losses on power or heating networks.

The emissions factor related to the power consumption of the buildings of Euler Hermes Germany in Hamburg is zero, as these sites exclusively use power produced from renewable energy sources (hydraulic power).

1.5.5 Report by one of the Statutory Auditors, appointed as Independent Third Party, on the consolidated labour, environmental and social information presented in the management report

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

Year ended December 31, 2014

To the Shareholders,

In our capacity as Independent Third Party of Euler Hermes Group, accredited by the COFRAC registered under number 3-1049 (1) and member of KPMG International network like one of your Statutory Auditors, we hereby present to you our report on the consolidated labour, environmental and social information (hereinafter the "CSR Information") for the year ended December 31, 2014, presented in the management report. This report has been prepared in accordance with Article L. 225-102-1 of the French Commercial Code.

Responsibility of the Company

The Board is responsible for preparing the Company's management report including CSR Information in accordance with the provisions of Article R. 225-105-1 of the French Commercial Code and with the guidelines used by the Company (hereinafter the "Guidelines"), summarized in the management report and available on request from the Company's head office.

Independence and quality control

Our independence is defined by regulations, the French code of ethics governing the audit profession and the provisions of Article L. 822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable law and regulations.

Responsibility of the Independent Third Party

On the basis of our work, it is our responsibility to:

- attest that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Statement of completeness of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is presented fairly, in all material respects, in accordance with the Guidelines (Opinion on the fair presentation of the CSR Information).

Our work was performed by a team of four people between November 2014 and February 2015 and took around three weeks. We were assisted by our specialists in Corporate Social Responsibility.

We performed the procedures below in accordance with professional auditing standards applicable in France, with the decree dated May 13, 2013 determining the manner in which the independent third party should carry out his work, and with International Standard ISAE 3000 (2) concerning our opinion on the fair presentation of CSR Information.

1. Statement of completeness of CSR Information

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the Company's sustainable development strategy with respect to the social and environmental impact of its activities and its responsibility towards society and, where applicable, any initiatives or programmes it has implemented as a result.

We compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code.

For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R. 225-105, paragraph 3 of the French Commercial Code.

(1) Details available on www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

We verified that the CSR Information covers the consolidation scope, i.e. the Company, its subsidiaries as defined by Article L. 233-1 and the entities it controls as defined by Article L. 233-3 of the French Commercial Code, within the limitations set out in the methodological information presented in the "Note on methodology" paragraph of the management report.

Based on these procedures and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of the work

We conducted three interviews with the people responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, with those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and understandability, taking into account best practice, where appropriate;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the Company, the social and environmental impact of its activities, its sustainable development strategy and best practice.

With regard to the CSR Information that we considered to be the most important [(1)]:

- at parent entity level we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, action), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and consolidation of the data. We also verified that the data was consistent by cross-checking it with other information in the management report;
- at the entity level for a representative sample of entities selected [(2)] on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify that the procedures were followed correctly and to identify any undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents 25% of headcount, between 24% and 95% of quantitative environmental information.

For the other consolidated CSR information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgement, were sufficient to enable us to provide limited assurance; a higher level of assurance would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our work, we did not identify any material anomalies likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly in accordance with the Guidelines.

Appointed Independent Third-Party Auditor
French original signed by:
Paris La Défense, 20 March 2015
KPMG SA

Anne Garans
Partner
Climate Change & Sustainability Services

Xavier Dupuy
Partner

(1) Labour quantitative information: Active headcount as at December 31, 2014 broken down by age, gender and type of contract; Number of external recruitments; Number of redundancies; Active workforce working part-time; Absenteeism rate for sickness; Total number of days of training; Labour qualitative information: Occupational health and safety conditions; Equal opportunity.
Environmental quantitative information: Electricity consumption; Gas consumption; Fuel consumption; Paper consumption; Environmental qualitative information: Consumption of raw materials and measures implemented to improve efficiency in their use.
Social qualitative information: Actions of partnership and sponsorship.

(2) Labour information: Euler Hermes Deutschland AG (Germany), Euler Hermes AG (Germany).
Environmental information: Euler Hermes Hamburg building 1 and 2 (Germany).

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The Company is a limited company (*société anonyme*) with a Board of Management and a Supervisory Board. The members of the Board of Management and the Supervisory Board are referred to collectively in this Registration Document by the term "corporate officers".

As at the time of publishing this Registration Document and to the Company's knowledge, there are:

- no family ties among the Company's corporate officers;
- no conflicts of interest between the private interests of each of the corporate officers and their duties with regard to the Company;
- no arrangement or agreement concluded with the principal shareholders or with clients, suppliers or others, as a result of which any of the members of the Board of Management or Supervisory Board has been appointed as a corporate officer;
- no restriction on the sale by corporate officers of their shareholdings in the Company's capital; and
- no service agreement binding the corporate officers to the Company or any of its subsidiaries that provides for benefits to be granted to them.

In addition, as at the time of publishing this Registration Document and to the Company's knowledge, no member of the Supervisory Board or of the Board of Management has been, for at least the previous five years:

- convicted in relation to fraudulent offences;
- associated with any bankruptcies, receiverships or liquidations;
- subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);
- disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

For the purposes of their corporate office, the members of the Board of Management and the Supervisory Board are domiciled at the Company's registered office.

2.1 Board of Management

The Board of Management is the Company's collective decision-making body. The Board of Management exercises its powers collectively, but the duties and responsibilities for managing the Company are distributed among its members, with the Supervisory Board's approval.

The Board of Management was reappointed by the Supervisory Board on February 16, 2012 for four years from April 1, 2012. The mandate of the Board of Management is due to end on March 31, 2016.

Appointments and changes have taken place within the Company's Board of Management, which now comprises six members, following the appointment of Clarisse Kopff on April 30, 2014, as the Board of Management member in overall charge of the Finance functions. Gerd-Uwe Baden, a Board of Management member since 2004, is now in charge of Business Development and Partnerships, a newly created role. Frédéric Bizière, a Board of Management member since October 2011, is now responsible for the Risks, Information and Claims functions, as well as Reinsurance. The other members, Wilfried Verstraete, Dirk Oevermann and Paul Overeem, continue to perform the same roles as previously.

2.1.1 Composition of the Board of Management

As at the date of this Registration Document, the Board of Management has six members.

- **Wilfried Verstraete, Chairman of the Board of Management Internal Audit, Human Resources and Communication**

  Wilfried Verstraete graduated in Economics from the University of Brussels (VUB), holds a Master's degree in financial management from VLEKHO (Belgian school of management) and is an alumnus from the International Executive Program at Insead.

  From 1996 to 2004, Wilfried Verstraete worked at the France Telecom Group where he successively held the position of Chief Financial Officer with Mobistar in Belgium, Wanadoo in France and Orange in the UK. He served as Chairman of the Management Board of Atradius from 2004 to 2006, before joining Allianz Global Corporate & Specialty as Chief Financial Officer and member of the Management Board. Wilfried Verstraete was appointed Chairman of the Euler Hermes Group Board of Management on April 1, 2009.

- **Gerd-Uwe Baden, member of the Board of Management Business Development and Partnerships**

  Gerd-Uwe Baden graduated in Law and Management from Hamburg University, holds the second state examination in Law and a doctorate in Law. He began his career in 1985 as a management consultant with McKinsey & Company specializing in the insurance sector. In 1990, he was appointed to the Board of Management of Deutsche Versicherung, a subsidiary of the Allianz group, as the Head of the Organization and Administration department, before becoming Head of the Private Clients department. Gerd-Uwe Baden was appointed Chairman of the Board of Management of Allianz Group Companies (Switzerland) in January 1998. He joined the Euler Hermes Group Board of Management on May 25, 2004. From October 2003 until December 2009, he was also Chairman of the Board of Management of Euler Hermes Kreditversicherungs-AG (Germany).

- **Frédéric Bizière, member of the Board of Management Risks, Information and Claims, and Reinsurance**

  Frédéric Bizière graduated from HEC (French school of management). He started his career in 1992 with KPMG Audit. In 1995, he moved to Banque Française du Commerce Extérieur (since renamed Natixis). He joined the Group in 1998 as Head of the Accounting department at Euler Sfac (since renamed Euler Hermes France). He was appointed Company Secretary in 2004 and joined the Euler Hermes Sfac Board of Management in 2005. Frédéric Bizière joined the Euler Hermes Group Board of Management on October 1, 2011.

- **Clarisse Kopff Finance**

  Clarisse Kopff graduated from ESCP Europe and holds a master's degree in International Financial Markets and Commodities Markets from the Paris Dauphine University. She also holds a Kauffrau Diploma from Berlin. After working in the Origination department at Lehman Brothers in London and as an auditor at PricewaterhouseCoopers in Paris, she joined the Group in 2001 as a financial controller for Euler Hermes SFAC (France). Between 2007 and 2011, she held successive positions as Head of Controlling for French and Mediterranean activities, and Head of Group Controlling. In 2012, she was appointed Head of Group Accounting, Controlling and Investor Relations. Clarisse Kopff joined the Board of Management of Euler Hermes Group as Chief Financial Officer in May 2014.

- **Dirk Oevermann, member of the Board of Management Operations, IT**

  Dirk Oevermann holds a doctorate in business administration. After holding various management positions at well-known software companies in the financial services industry, he joined IDS Scheer in 2003 as the manager of the consulting unit for banking. In 2005, he was named managing director of IDS Scheer Germany, where he was responsible for consulting business in Germany. From 2006 to 2010 he served as member of the Executive Board of IDS Scheer AG, in charge of Europe, Middle East and Africa and he led the international consulting business. Dirk Oevermann joined the Euler Hermes Group Board of Management on February 1, 2010.

- **Paul Overeem, member of the Board of Management Marketing, Sales and Distribution**

  Paul Overeem holds a master's degree in trade law and international labor law from the University of Brabant and studied six relevant banking courses at the NIBE International Finance Academy. He established Euler Hermes Kredietverzekering in the Netherlands in 1989, and served as its Chief Executive Officer. For 25 years, his international assignments have reflected increasing responsibility: US executive Vice-President of finance and risk underwriting (1999), deputy Chief Executive Officer of Euler Hermes International in London (2001), President and CEO of all Euler Hermes operations in the Americas (2002), and Regional CEO for Northern Europe (2010). Paul Overeem joined the Euler Hermes Group Board of Management in January 2013.

2.1.2 Operation of the Board of Management

The Board of Management's operation is covered in detail in the Supervisory Board Chairman's report on corporate governance and on internal control and risk management procedures established by the Company appearing in section 2.4 of this Registration Document.

2.1.3 Offices of Board of Management members

The number of offices held by members of the Board of Management complies with applicable law and regulations and with the AFEP-MEDEF Code of Corporate Governance limiting concurrent terms of office.

Wilfried Verstraete

- *Euler Hermes Group, France (listed company).* Chairman of the Board of Management (since 04/01/2009 until 03/31/2016)
- *Euler Hermes SA, Belgium.* Executive Director and Chairman of the Management Committee (since 02/11/2014 until the SM called to approve the 2017 financial statements)
- *Euler Hermes World Agency, France.* Chairman of the Board of Non-voting Members (since 05/10/2011 until the SM called to approve the 2014 financial statements)
- *Immobel, Belgium (listed company).* Independent Director, Chairman of the Audit and Finance Committee and Member of the Investment and Asset Management Committee (since 08/29/2007 until 2015)
- *Euler Hermes AG, Germany.* Chairman of the Supervisory Board (since 04/23/2014 until the SM called to approve the 2018 financial statements)
- *Euler Hermes North America Insurance Company, United States.* Chairman of the Board of Directors (since 11/13/2009)
- *Euler Hermes North America Holding Inc, United States.* Chairman of the Board of Directors (since 11/13/2009)

Gerd-Uwe Baden

- *Euler Hermes Group, France (listed company).* Member of the Board of Management (since 05/25/2004 until 03/31/2016)
- *Euler Hermes World Agency, France.* Non-voting Member (since 06/12/2008 until the SM called to approve the 2014 financial statements)
- *Euler Hermes AG, Germany.* Vice-Chairman of the Supervisory Board (since 04/23/2014 until the SM called to approve the 2018 financial statements)
- *Euler Hermes Luxembourg Holding SARL, Luxembourg.* Sole Manager (since 08/04/2014)
- *Euler Hermes North America Insurance Company, United States.* Director (since 11/19/2013)
- *Euler Hermes North America Holding Inc, United States.* Director (since 11/19/2013)
- *Euler Hermes Reinsurance AG, Switzerland.* Chairman of the Board of Directors (from 06/28/2010 until the SM called to approve the 2014 financial statements)
- *Solunion Seguros de Crédito, Compañia International de Seguros y Reaseguros SA, Spain.* Chairman of the Board of Directors (since 05/23/2014 until 05/23/2017)
- *COSEC - Companhia de Seguro de Créditos, SA, Portugal.* Director (since 07/17/2014 until 2016)
- *ICIC - Israel Credit Insurance Company Ltd, Israel.* Member of the Board of Management (since 07/31/2014)
- *OeKB EH Beteiligungs- und Management AG, Austria.* Member of the Supervisory Board (since 09/17/2014 until the SM called to approve the 2018 financial statements)
- *Acredia Versicherung AG, Austria.* Member of the Supervisory Board (since 09/17/2014 until the SM called to approve the 2018 financial statements)

Frédéric Bizière

- *Euler Hermes Group, France (listed company).* Member of the Board of Management (since 10/01/2011 until 03/31/2016)
- *Euler Hermes SA, Belgium.* Executive Director and Member of the Management Committee (since 02/11/2014 until the SM called to approve the 2017 financial statements)
- *Euler Hermes World Agency, France.* Non-voting Member (since 01/19/2012 until the SM called to approve the 2014 financial statements)
- *Euler Hermes North America Insurance Company, United States.* Vice-Chairman of the Board of Directors (since 10/18/2011)
- *Euler Hermes North America Holding Inc, United States.* Vice-Chairman of the Board of Directors (since 10/18/2011)
- *Euler Hermes Reinsurance AG, Switzerland.* Director (from 03/09/2012 until the SM called to approve the 2014 financial statements)

Clarisse Kopff

- *Euler Hermes Group, France (listed company).* Member of the Board of Management (since 05/01/2014 until 03/31/2016)
- *Euler Hermes SA, Belgium.* Executive Director and Member of the Management Committee (since 11/04/2014 until the SM called to approve the 2017 financial statements)
- *Euler Hermes North America Insurance Company, United States.* Director (since 09/11/2014)
- *Euler Hermes North America Holding Inc, United States.* Director (since 09/11/2014)

Dirk Oevermann

- *Euler Hermes Group, France (listed company).* Member of the Board of Management (since 02/01/2010 until 03/31/2016)
- *Euler Hermes SA, Belgium.* Executive Director and Member of the Management Committee (since 02/11/2014 until the SM called to approve the 2017 financial statements)
- *Euler Hermes Tech, France.* Chairman (since 01/28/2010 with annual renewal)
- *Euler Hermes North America Insurance Company, United States.* Director (since 11/19/2013)
- *Euler Hermes North America Holding Inc, United States.* Director (since 11/19/2013)
- *Euler Hermes Collections Sp z o.o., Poland.* Chairman of the Supervisory Board (since 06/15/2010 with annual renewal)

Paul Overeem

- *Euler Hermes Group, France (listed company).* Member of the Board of Management (since 01/01/2013 until 03/31/2016)
- *Euler Hermes SA, Belgium.* Executive Director and Member of the Management Committee (since 02/11/2014 until the SM called to approve the 2017 financial statements)
- *Euler Hermes World Agency, France.* Non-voting Member (since 03/28/2012 until the SM called to approve the 2014 financial statements)
- *Euler Hermes North America Insurance Company, United States.* Director (since 11/19/2013)
- *Euler Hermes North America Holding Inc, United States.* Director (since 11/19/2013)

2.2 Supervisory Board

The Supervisory Board monitors the Company's management by the Board of Management on an ongoing basis and gives the Board of Management the prior authorizations required by law or by the Articles of Association.

2.2.1 Composition of the Supervisory Board

As at the date of this Registration Document, the Supervisory Board comprised 11 members:

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

For information on the independence or gender balance of members of the Supervisory Board, please see the Chairman of the Supervisory Board's report on corporate governance and on internal control and risk management procedures established by the Company in section 2.4 of this Registration Document.

2.2.2 Operation of the Supervisory Board and its committees

The operation of the Supervisory Board and its committees is covered in detail in the Chairman of the Supervisory Board's report on corporate governance and on internal control and risk management procedures established by the Company, in section 2.4 of this Registration Document.

2.2.3 Offices of Supervisory Board members during 2014 financial year and the past five financial years

Clement Booth,
a British national, is a member of the Allianz SE Board of Management since 2006, where he is responsible for the Global Insurance Lines (Industrial, Credit and Reinsurance) and the UK, Ireland and Australia

CLEMENT BOOTH, CHAIRMAN OF THE SUPERVISORY BOARD OF EULER HERMES GROUP
NON-INDEPENDENT MEMBER SINCE 09/18/2009 UNTIL THE SM CALLED TO APPROVE THE 2014 FINANCIAL STATEMENTS

Offices at the Allianz group

- *Allianz SE, Germany (listed company).* Member of the Board of Management (since 01/01/2006)
- *Allianz Global Corporate & Specialty SE, Germany.* Chairman of the Supervisory Board (since 11/16/2005)
- *Allianz Australia Ltd, Australia.* Member of the Board of Directors (since 01/01/2006)
- *Allianz Australia Insurance Ltd, Australia.* Member of the Board of Directors (since 01/01/2006)
- *CIC Allianz Insurance Ltd, Australia.* Member of the Board of Directors (since 01/01/2006)
- *Allianz Australia Life Insurance Ltd, Australia.* Member of the Board of Directors (since 01/01/2006)
- *AZ Irish Life Holding, Ireland.* Member of the Board of Directors (since 01/01/2006)
- *Allianz UK Ltd, United Kingdom.* Chairman of the Board of Directors (since 01/01/2006)
- *Allianz Holdings PLC, United Kingdom.* Chairman of the Board of Directors (since 01/01/2006)
- *Allianz Insurance PLC, United Kingdom.* Chairman of the Board of Directors (since 01/01/2006)

Other offices

- *Association of British Insurers (ABI), United Kingdom.* Member (since 07/15/2009)
- *Saracens, United Kingdom.* Member of the Board (since 05/09/2012)

Brigitte Bovermann,
a German national, is responsible for Allianz's Global Insurance Lines & Anglo Markets division since January 2006.

BRIGITTE BOVERMANN, VICE-CHAIRWOMAN OF THE SUPERVISORY BOARD OF EULER HERMES GROUP,
NON-INDEPENENT MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE AND THE AUDIT AND RISK COMMITTEE OF EULER HERMES GROUP SINCE 05/21/2010 UNTIL THE SM CALLED TO APPROVE THE 2015 FINANCIAL STATEMENTS

Offices at the Allianz group

- *Euler Hermes SA, Belgium.* Chairwoman of the Board of Directors, Member of the Nomination and Remuneration Committee and the Audit, Risk and Compliance Committee (since 02/11/2014 until SM called to approve the 2017 financial statements)
- *Allianz Australia Life Insurance Ltd, Australia.* Alternate non-executive member of the Board (since 04/21/2006)
- *Allianz Australia Ltd, Australia.* Alternate non-executive member of the Board (since 04/21/2006)
- *Allianz Australia Insurance Ltd, Australia.* Alternate non-executive member of the Board (since 04/21/2006)
- *CIC Allianz Insurance Ltd, Australia.* Alternate non-executive member of the Board (since 04/21/2006)
- *AGR US, United States.* Member of the Board (since 08/06/2007)
- *AMIC – AGCS Marine Insurance Company, United States.* Member of the Board (since 01/01/2010)
- *Allianz Irish Life Holdings Plc, Ireland.* Non-executive member of the Board (since 01/21/1999)
- *Allianz Plc, Ireland.* Non-executive member of the Board (since 01/21/1999)
- *Allianz Insurance Plc, United Kingdom.* Non-executive member of the Board (since 06/09/2006)
- *Allianz Holdings Plc, United Kingdom.* Non-executive member of the Board (since 09/06/2006)
- *Allianz (UK) Ltd, United Kingdom.* Non-executive member of the Board (since 06/09/2006)
- *Allianz UK Pension Fund Trustees Ltd, United Kingdom.* Member of the Board (since 05/12/2009)
- *AGF Holdings UK, United Kingdom.* Chairwoman of the Board (since 10/29/2013)
- *AGF Insurance UK, United Kingdom.* Chairwoman of the Board (since 10/29/2013)

Past offices

- *AWC – Allianz Worldwide Care Ltd, Ireland.* Chairwoman of the Board of Directors (from 07/19/2002 to 07/10/2013)
- *Allianz Worldwide Care Services Ltd, Ireland.* Director (from 04/03/2012 to 07/10/2013)
- *Allianz Life Insurance Company of North America, United States.* Member of the Board (from 03/11/2008 to 10/31/2010)
- *AZOA - Allianz of America Corporation, United States.* Member of the Board (from 03/11/2008 to 10/31/2010)
- *Fireman's Fund Insurance Company, United States.* Member of the Board (from 03/11/2008 to 10/31/2010)
- *Allianz Mexicó SA, Mexico.* Member of the Board (from 03/27/2008 to 03/22/2012)

Ümit Boyner,
a Turkish national,
is a member of the Executive Committee of Boyner Holding A.S since June 2001

ÜMIT BOYNER, INDEPENDENT MEMBER OF THE SUPERVISORY BOARD OF EULER HERMES GROUP SINCE 10/23/2013 UNTIL THE SM CALLED TO APPROVE THE 2015 FINANCIAL STATEMENTS

Other offices

- *UniCredit SpA, Italy (listed company).* Member of the International Advisory Board member (since 07/11/2013 until 07/11/2015)
- *Boyner Holding A.S, Turkey.* Member of the Executive Committee (since 06/04/2001 until 03/26/2016)

Philippe Carli,
a French national,
is Chief Executive Officer of the Amaury group since October 2010

PHILIPPE CARLI, INDEPENDENT MEMBER OF THE SUPERVISORY BOARD AND CHAIRMAN OF THE AUDIT AND RISK COMMITTEE OF EULER HERMES GROUP SINCE 05/15/2009 UNTIL THE SM CALLED TO APPROVE THE 2014 FINANCIAL STATEMENTS

Other offices

- *Éditions Ph. Amaury, France.* Chief Executive Officer (since 10/01/2010)
- *Coopérative de Distribution des Quotidiens, France.* Chairman of the Board of Directors (since 06/2011 until 06/2017)
- *Mediakiosk, France.* Director (since June 2013 until June 2015)
- *Presstalis, France.* Director (since 12/2010 until 12/2017)
- *Chambre franco-allemande de Commerce et d'Industrie, France/Germany.* Member of the Supervisory Board (since 2003 until 2015)
- *Goetz Partners AG, Germany.* Member of the Supervisory Board (since 2011)
- *Laboratoires Cyclopharma SA, France.* Director (since 2014)

Past offices

- *Siemens France holding SAS, France.* Chairman of the Board of Management (from 2003 to 2010)
- *Siemens SAS, France.* Chairman of the Board of Management (from 2002 to 2010)
- *Siemens Transportation SAS, France.* Member of the Board of Directors (from 2003 to 2010)
- *Siemens Transmission et distribution SAS, France.* Member of the Board of Directors (from 2004 to 2010)
- *Siemens Healthcare diagnostics SAS, France.* Member of the Board of Directors (from 2005 to 2010)
- *Trench France SAS, France.* Member of the Board of Directors (from 2005 to 2010)
- *Siemens SPA Haguenau, France.* Member of the Board of Directors (from 2004 to 2010)
- *Chambre franco-allemande de commerce et d'industries, France/Germany.* Chairman of the Supervisory Board (from 2005 to 2010)

Elizabeth Corley,
a British national,
is Chief Executive Officer of Allianz Global Investors since October 2014

ELIZABETH CORLEY, NON-INDEPENDENT MEMBER OF THE SUPERVISORY BOARD OF EULER HERMES GROUP SINCE 05/21/2010 UNTIL THE SM CALLED TO APPROVE THE 2015 FINANCIAL STATEMENTS

Offices at the Allianz group

- *Allianz Global Investors GmbH, Germany.* Chairwoman of the Board of Management (since 10/01/2014)
- *Allianz Asset Management AG, Germany.* Member of the Board of Management (since 10/01/2005)
- *RiskLab GmbH, Germany.* Member of the Supervisory Board (since 05/16/2011)

Other offices

- *The City UK, United Kingdom.* Member of the Advisory Board (since 02/12/2013)
- *The City of London, United Kingdom.* Member of the City of London International Regulatory Strategy Group (since 12/01/2009).
- *Financial Reporting Council (FRC), United Kingdom.* Non-Executive Director (since 03/03/2011)
- *IA (Investment Association, previously Investment Management Association), United Kingdom.* Member of the Board (since 12/08/2010)
- *Forum of European Asset Managers (FEAM).* Member of Management Committee (since 05/13/2005)
- *British Museum, United Kingdom.* Member of the Investment Committee (since 03/01/2013)
- *European Securities and Markets Authority (ESMA).* Representative of Users of Financial Services at the Securities and Markets Stakeholder Group (since 01/01/2014)
- *Pearson Plc, United Kingdom.* Non-Executive Director (since 05/01/2014) and member of the Remuneration Committee (since 08/01/2014)
- *Future of Finance Council.* Member of the Advisory Council (since 03/01/2013).

Past offices

- *Allianz Global Investors Kapitalanlagegesellschaft GmbH, Germany.* Chairwoman of the Board of Directors (from 06/30/2008 to 01/31/2012)
- *Allianz Global Investors Luxembourg SA, Luxemburg.* Chairwoman of the Board of Directors (from 01/07/2005 to 01/31/2011)
- *Allianz Global Investors France SA, France.* Chairwoman of the Board of Directors (from 12/12/2005 to 04/30/2012)
- *Allianz Global Investors Italia Sgr Spa, Italy.* Chairwoman of the Board of Directors (from 04/19/2007 to 04/24/2012)

Nicolas Dufourcq,
a French national,
is Chief Executive Officer of the Banque Publique d'Investissement since February 2013

NICOLAS DUFOURCQ, INDEPENDENT MEMBER OF THE SUPERVISORY BOARD OF EULER HERMES GROUP SINCE 05/21/2010 UNTIL THE SM CALLED TO APPROVE THE 2015 FINANCIAL STATEMENTS

Other offices

- *BPI - Groupe SA (Bpifrance holding), France.* Chief Executive Officer (since 02/07/2013 until 02/06/2018)
- *Bpifrance Financement, France.* Chairman and Chief Executive Officer (since 12/07/2013)
- *Bpifrance Participations, France.* Chairman and Chief Executive Officer (since 12/07/2013)
- *Bpifrance Investissement, France.* Chairman (since 12/07/2013)

Past offices

- *Capgemini Reinsurance Company, Luxembourg.* Chairman (since 09/17/2004 until 2012)
- *Capgemini Reinsurance International, Luxembourg.* Vice-Chairman (2012)
- *Prosodie SA, France.* Director (2012)
- *Capgemini Holding Inc, United States.* Director (since 04/15/2005 until 2012)
- *Capgemini Energy GP LLC, United States.* Director (since 11/14/2005 until 2012)
- *Capgemini Mexico, Mexico.* Director (since 09/27/2004 until 2012)
- *CGS Holdings Ltd, United Kingdom.* Director (since 09/30/2004 until 2012)
- *Capgemini UK plc, United Kingdom.* Director (since 09/30/2004 until 2012)
- *Capgemini Deutschland Holding GmbH, Germany.* Director (since 04/23/2009 until 2012)
- *Capgemini Italia SpA, Italy.* Director (since 05/26/2009 until 2012)
- *Capgemini Asia Pacific Pte., Singapore.* Director (since 01/31/2005 until 2012)
- *Capgemini Australia Pty Ltd, Australia.* Director (since 02/01/2005 until 2012)
- *Sogeti Sverige AB, Sweden.* Director (since 22/01/2006 until 2012)
- *Sogeti Sverige Mitt AB, Sweden.* Director (2012)
- *Sogeti Denamark A/S, Denmark.* Director (since 07/08/2006 until 2012)
- *Sogeti Finland Oy, Finland.* Director (since 01/01/2010 until 2012)
- *Sogeti Nrge AS, Norway.* Director (since 06/15/2007 until 2012)
- *Sogeti Nederland BV, Netherlands.* Director (since 06/23/2005 until 2012)
- *Sogeti Belgium SA, Belgium.* Director (since 05/30/2008 until 2012)
- *Sogeti Luxembourg SA, Luxembourg.* Director (since 08/01/2005 until 2012)
- *Sogeti Deutschland GmbH, Germany.* Director (since 12/21/2005 until 2012)
- *Sogeti Espana, Spain.* Director (since 06/29/2005 until 2012)
- *Capgemini Financial Services USA Inc, United States.* Director (since 03/20/2007 until 2012)
- *Capgemini Financial Services Europe, Inc, United States.* Director (since 03/20/2007 until 2012)
- *Capgemini Financial Services (Japan) Inc, Japan.* Director (since 03/20/2007 until 2012)
- *Kanbay Limited (Bermuda), Bermuda.* Director (since 01/23/2008 until 2012)
- *Kanbay (Asia) Ltd (Mauritius), Mauritius.* Director (since 01/23/2008 until 2012)
- *Capgemini Hong Kong Ltd, Hong Kong.* Director (since 01/31/2005 until 2012)
- *Capgemini Financial Services Australia Pty Ltd, Australia.* Director (since 12/28/2007 until 2012)
- *CPM Braxis (Alternate to P. Hermelin), Brazil.* Director (since 10/01/2010 until 2012)
- *Capgemini Singapore Pte. Ltd, Singapore.* Director (2012)

Robert Hudry,
a French national,
is a company director

ROBERT HUDRY, NON-INDEPENDENT MEMBER OF THE SUPERVISORY BOARD AND THE AUDIT AND RISK COMMITTEE OF EULER HERMES GROUP SINCE 04/07/2000 UNTIL THE SM CALLED TO APPROVE THE 2014 FINANCIAL STATEMENTS

- *Euler Hermes Group, France (listed company).* Member of the Audit and Risk Committee (since 07/29/2010)

Jean-Hervé Lorenzi,
a French national, is an Advisor to the Board of Management of Compagnie Edmond de Rothschild

JEAN-HERVÉ LORENZI, INDEPENDENT MEMBER OF THE SUPERVISORY BOARD AND THE NOMINATION AND REMUNERATION COMMITTEE OF EULER HERMES GROUP SINCE 11/19/2004 UNTIL THE SM CALLED TO APPROVE THE 2015 FINANCIAL STATEMENTS

Other offices

- *Edmond de Rothschild Private Equity Partners SAS, France.* Chairman of the Supervisory Board (until 12/12/2006 until SM called to approve the 2014 financial statements)
- *Edmond de Rothschild Capital Partners SAS, France.* Chairman of the Supervisory Board (until 12/12/2006 until SM called to approve the 2014 financial statements)
- *Edmond de Rothschild Investment Partners SAS, France.* Chairman of the Supervisory Board (until 12/12/2006 until SM called to approve the 2014 financial statements)
- *Newstone Courtage SA, France.* Non-voting Member (until 04/13/2007 until the end of term of office at SM called to approve the 2014 financial statements)
- *SIACI SA, France.* Non-voting member (until 04/13/2007 until the end of term of office at SM called to approve the 2014 financial statements)
- *BNP Paribas Assurances SA, France.* Member of the Supervisory Board (until 05/14/2007 until SM called to approve the 2014 financial statements)
- *Institut Louis Bachelier, France.* Member of the Supervisory Board
- *Associés en Finance, France.* Non-voting Member

Past offices

- *Crédit Foncier de France SA, France.* Director (from 10/15/2009 to 10/31/2014)

Yves Mansion,
a French national, is a company director

YVES MANSION, NON-INDEPENDENT MEMBER OF THE SUPERVISORY BOARD AND OF THE AUDIT AND RISK COMMITTEE OF EULER HERMES GROUP SINCE 01/01/1992 UNTIL THE SM CALLED TO APPROVE THE 2014 FINANCIAL STATEMENTS

Other offices

- *Mansions SAS, France.* Chairman (since 06/13/2007)
- *Aviva France, France.* Independent Director and Chairman of the Accounts and Audit Committee (since 10/01/2008 until SM called to approve the 2014 financial statements)
- *Aviva Participations, France.* Director

Past offices

- *Autorité des Marchés Financiers, France.* Board Member (from 2003 to 2011)

Thomas-Bernd Quaas,
a German national, is a member of the Supervisory Board of FischerAppelt AG since 2012

THOMAS-BERND QUAAS, INDEPENDENT MEMBER OF THE SUPERVISORY BOARD AND CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE OF EULER HERMES GROUP SINCE 05/21/2010 UNTIL THE SM CALLED TO APPROVE THE 2015 FINANCIAL STATEMENTS

Other offices

- *FischerAppelt AG, Germany.* Member of the Supervisory Board (since 08/27/2012)
- *Maxingvest AG, Germany.* Member of the Supervisory Board (since 06/26/2014)
- *Wagner International AG, Switzerland.* Member of the Board of Directors (since 07/04/2014)

Past offices

- *Beiersdorf AG, Germany (listed company).* Member of the Supervisory Board (from 04/26/2012 to 04/17/2014)
- *La Prairie Group AG, Switzerland.* Member of the Advisory Board (from 08/24/2010 to 04/03/2014)

Jacques Richier,
a French national, is Chairman and Chief Executive Officer of Allianz France SA since January 2010.

JACQUES RICHIER, NON-INDEPENDENT MEMBER OF THE SUPERVISORY BOARD OF EULER HERMES GROUP SINCE 05/21/2010 UNTIL THE SM CALLED TO APPROVE THE 2015 FINANCIAL STATEMENTS

Offices at the Allianz group

- *Allianz France SA, France.* Chairman and Chief Executive Officer (since 01/01/2010)
- *Allianz Vie SA, France.* Chairman and Chief Executive Officer (since 09/25/2008)
- *Allianz IARD SA, France.* Chairman and Chief Executive Officer (since 09/25/2008)
- *Allianz Worldwide Partners SAS, France.* Chairman (since 01/01/2014)
- *Allianz Worldwide Care SA, France.* Chairman of the Board of Management (since 11/21/2013)

Other offices

- *Paris Orléans SCA, France (listed company).* Member of the Supervisory Board (since 09/27/2010)
- *Fédération française des sociétés anonymes d'assurance, France.* Chairman (since 07/01/2014)

Past offices

- *Allianz Worldwide Care Limited, Ireland.* Chairman of the Board of Management (until 2014)
- *Allianz Global Corporate & Specialty SE, Germany.* Member of the Supervisory Board (from 01/12/2009 until 2013)
- *Oddo et Cie SCA, France.* Member of the Supervisory Board (until 2012)
- *REMA – Réunion des Mutuelles d'Assurances Régionales, France.* Director (until 2010)

2.3 Compensation and benefits in kind received by corporate officers

2.3.1 Compensation and benefits in kind received by members of the Board of Management

The following tables have been prepared in accordance with the *Autorité des Marchés Financiers'* (AMF) recommendation n° 2009-16 dated December 17, 2013. They show the compensation and benefits in kind paid to members of the Board of Management during the fiscal year ended December 31, 2014.

The principles governing the compensation of Board of Management members for the fiscal year ended December 31, 2014 are set out in the Supervisory Board Chairman's report on corporate governance and on internal control and risk management procedures established by the Company, in section 2.4 of this Registration Document.

The elements of compensation due or granted for the financial year ended December 31, 2014 to the Board of Management members submitted to the opinion of the shareholders at the Meeting of May 27, 2015, are set out in the report of the Board of Management to the Shareholders' Meeting, in section 8.1 of this Registration Document.

2.3.1.1 Summary of compensation, SAR (Stock Appreciation Rights), RSU (Restricted Stock Units) shares and options granted to each Board of Management member (in € thousands) – Table 1 AMF nomenclature

(in € thousands)	2014	2013
Wilfried Verstraete, Chairman of the Board of Management since April 1, 2009		
Compensation due in respect of the fiscal year (detailed in 2.3.1.2 below)	2,043.77	2,052.40
Value of multi-annual variable compensation granted during the fiscal year	n/a	n/a
Value of options granted during the fiscal year	n/a	n/a
Value of performance shares awarded during the fiscal year	n/a	n/a
TOTAL	**2,043.77**	**2,052.40**
Allianz SARs awarded (1) (number)	n/a	n/a
Allianz RSUs awarded (number)	1,996.00	2,720.00
Euler Hermes Group RSUs awarded (number)	2,665.50	4,592.50

(1) No SARs were awarded in 2012, 2013 and 2014.

(in € thousands)	2014	2013
Gerd-Uwe Baden, Board of Management member since May 25, 2004		
Compensation due in respect of the fiscal year (detailed in 2.3.1.2 below)	1,195.05	1,257.50
Value of multi-annual variable compensation granted during the fiscal year	n/a	n/a
Value of options granted during the fiscal year	n/a	n/a
Value of performance shares awarded during the fiscal year	n/a	n/a
TOTAL	**1,195.05**	**1,257.50**
Allianz SARs awarded (1) (number)	n/a	n/a
Allianz RSUs awarded (number)	1,088.00	1,474.00
Euler Hermes Group RSUs awarded (number)	1,452.50	2,489.50

(1) No SARs were awarded in 2012, 2013 and 2014.

(in € thousands)	2014	2013
Frédéric Bizière, Board of Management member since October 1, 2011		
Compensation due in respect of the fiscal year (detailed in 2.3.1.2 below)	843.66	859.83
Value of multi-annual variable compensation granted during the fiscal year	n/a	n/a
Value of options granted during the fiscal year	n/a	n/a
Value of performance shares awarded during the fiscal year	n/a	n/a
TOTAL	**843.66**	**859.83**
Allianz SARs awarded [(1)] (number)	n/a	n/a
Allianz RSUs awarded (number)	893.00	893.00
Euler Hermes Group RSUs awarded (number)	1,192.5	1,509.00

(1) No SARs were awarded in 2012, 2013 and 2014.

(in € thousands)	2014	2013
Clarisse Kopff, Board of Management member since May 1, 2014		
Compensation due in respect of the fiscal year (detailed in 2.3.1.2 below)	430.57	n/a
Value of multi-annual variable compensation granted during the fiscal year	n/a	n/a
Value of options granted during the fiscal year	n/a	n/a
Value of performance shares awarded during the fiscal year	n/a	n/a
TOTAL	**430.57**	**n/a**
Allianz SARs awarded[(1)] (number)	n/a	n/a
Allianz RSUs awarded (number)	n/a	n/a
Euler Hermes Group RSUs awarded (number)	n/a	n/a

(1) No SARs were awarded in 2014.

(in € thousands)	2014	2013
Dirk Oevermann, Board of Management member since February 1, 2010		
Compensation due in respect of the fiscal year (detailed in 2.3.1.2 below)	823.39	932.55
Value of multi-annual variable compensation granted during the fiscal year	n/a	n/a
Value of options granted during the fiscal year	n/a	n/a
Value of performance shares awarded during the fiscal year	n/a	n/a
TOTAL	**823.39**	**932.55**
Allianz SARs awarded [(1)] (number)	n/a	n/a
Allianz RSUs awarded (number)	884.00	1,192.00
Euler Hermes Group RSUs awarded (number)	1,181.00	2,013.50

(1) No SARs were awarded in 2012, 2013 and 2014.

(in € thousands)	2014	2013
Paul Overeem, Board of Management member since January 1, 2013		
Compensation due in respect of the fiscal year (detailed in 2.3.1.2 below)	875.63	888.61
Value of multi-annual variable compensation granted during the fiscal year	n/a	n/a
Value of options granted during the fiscal year	n/a	n/a
Value of performance shares awarded during the fiscal year	n/a	n/a
TOTAL	**875.63**	**888.61**
Allianz SARs awarded[(1)] (number)	n/a	n/a
Allianz RSUs awarded (number)	884.00	927.00
Euler Hermes Group RSUs awarded (number)	1,181.00	1,566.00

(1) No SARs were awarded in 2012, 2013 and 2014.

The members of the Board of Management as at December 31, 2014 were awarded RSUs. No SARs were awarded in 2014.

SAR AND RSU AWARDS (NUMBER AVAILABLE (REMAINING) AS AT DECEMBER 31, 2014)

	SAR						
(in numbers)	2008	2009	2010	2011	2012	2013	2014
Wilfried Verstraete since April 1, 2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gerd-Uwe Baden since May 25, 2004	2,047	n/a (1)	1,701	n/a	n/a	n/a	n/a
Frédéric Bizière since October 1, 2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Clarisse Kopff since May 1, 2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dirk Oevermann since February 1, 2010	n/a	n/a	975	n/a	n/a	n/a	n/a
Paul Overeem since January 1, 2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL	**2,047**	**n/a**	**2,676**	**n/a**	**n/a**	**n/a**	**n/a**

(1) 2009 SAR (747) were exercised in 2013.

	RSU (1)										
				2011		2012		2013		2014	
(in numbers)	2008	2009	2010	Allianz RSU	Euler Hermes Group RSU	Allianz RSU	Euler Hermes Group RSU	Allianz RSU	Euler Hermes Group RSU	Allianz RSU	Euler Hermes Group RSU
Wilfried Verstraete since April 1, 2009	n/a	n/a	3,509	2,870	4,315	3,621	6,290	2,720	4,592.5	1,996	2,665.5
Gerd-Uwe Baden since May 25, 2004	n/a (2)	n/a (3)	844	1,736	2,611	1,951	3,389	1,474	2,489.5	1,088	1,452.5
Frédéric Bizière since October 1, 2011	n/a	n/a	n/a	570	857	789	1,371.5	893	1509	893	1,192.5
Clarisse Kopff since May 1, 2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dirk Oevermann since February 1, 2010	n/a	n/a	484	1,056	1,588	1,266	2,199.5	1,192	2,013.5	884	1,181
Paul Overeem since January 1, 2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	927	1,566	884	1,181
TOTAL	**n/a**	**n/a**	**4,837**	**6,232**	**9,371**	**7,627**	**13,250**	**7,206**	**12,170.5**	**5,745**	**7672,5**

(1) The criteria for Euler Hermes Group RSU plans are set out in this Registration Document in Chapter 5 Note 31.
(2) 2008 RSU (993) were exercised in 2013.
(3) 2009 RSU (367) were exercised in 2014.

2.3.1.2 Summary of compensation paid to each Board of Management member – Table 2 AMF nomenclature

	2014		2013	
(in € thousands)	Amount due in respect of 2014	Amount paid in 2014	Amount due in respect of 2013	Amount paid in 2013
Wilfried Verstraete, Chairman of the Board of Management since April 1, 2009				
Fixed compensation	540.00	540.00	540.00	540.00
Variable compensation (annual bonus) (1)	403.66	410.30	410.30	18.00 (2)
Mid-term variable compensation (1)	403.66	n/a	410.30	1,466.10 (3)
Long-term variable compensation	403.66 (4)	1,491.97 (7)	410.30 (4)	329.02 (7)
Multi-annual variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Advance payment	n/a	n/a	n/a	n/a
Attendance fees	n/a	n/a	n/a	n/a
Specific allowances (5)	100.00	100.00	100.00	100.00
Benefits in kind (6)	192.79	192.79	181.50	181.50
TOTAL	**2,043.77**	**2,735.06**	**2,052.40**	**2,634,62**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to section 8.1 of this Registration Document.
(2) The advance payment of €450,000 made in December 2012, was deducted from the annual bonus.
(3) Annual deferred amounts for the mid-term bonus for 2010–2012 were paid for the first time in March 2013 with the following deferred amounts: 2010: €483,300; 2011: €514,800; 2012: €468,000.
(4) This compensation is liable to vary according to the performance of the Allianz and Euler Hermes Group shares and on fluctuations in their prices.
(5) Specific allowances for housing and an allowance relating to international mobility, including charges for the latter.
(6) Benefits in kind include a company car, unemployment insurance for Executive Managers (GSC), Allianz Health Insurance (AWC) and Allianz pension.
(7) This amount is due to the exercise of GEI/RSU AZ 2009 €497,632.8 (April 2014), GEI/SAR AZ 2009 €633,181.25, (November 2014) GEI/SAR AZ 2010 €361,155.21(November 2014), and to the exercise of GEI/RSU AZ 2008 €329,019.60 (March 2013).

	2014		2013	
(in € thousands)	Amount due in respect of 2014	Amount paid in 2014	Amount due in respect of 2013	Amount paid in 2013
Gerd-Uwe Baden, Board of Management member since May 25, 2004				
Fixed compensation	400.00	400.00	400.00	400.00
Variable compensation (annual bonus) (1)	203.95	223.60 (2)	223.60	73.70 (2)
Mid-term variable compensation (1)	203.95	n/a (3)	223.60	823,45 (3)
Long-term variable compensation	203.95 (4)	99.52 (5)	223.60 (4)	103.90 (5)
Multi-annual variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Advance payment	n/a	n/a	n/a	n/a
Attendance fees	n/a	n/a	n/a	n/a
Specific allowances (6)	42.00	42.00	42.00	42.00
Benefits in kind (7)	141,20	141.20	144.70	144.70
TOTAL	**1,195.05**	**906.32**	**1,257.50**	**1,587.75**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to section 8.1 of this Registration Document.
(2) The advance payment of €180,000 made in December 2012 was deducted from the annual bonus.
(3) Annual deferred amounts for the mid-term bonus for 2010–2012 were paid for the first time in March 2013 with the following deferred amounts: in 2010: €292,400; in 2011: €277,350; in 2012: €253,700.
(4) This compensation is liable to vary according to the performance of the Allianz and Euler Hermes Group shares and on fluctuations in their prices.
(5) This amount is due to the exercise of GEI/SAR 2009 €53,746.65 (January 2014), GEI/RSU 2009 €45,772.24 (April 2009), and to the exercise of GEI/RSU AZ 2008 €103,917.45 (March 2013).
(6) Specific allowances for housing and international mobility.
(7) Benefits in kind include a company car, unemployment insurance for Executive Managers (GSC), Allianz Health Insurance (AWC) and Allianz Pension.

(in € thousands)	2014 Amount due in respect of 2014	2014 Amount paid in 2014	2013 Amount due in respect of 2013	2013 Amount paid in 2013
Frédéric Bizière, Board of Management member since October 1, 2011				
Fixed compensation	294.00	294.00	294.00	294.00
Variable compensation (annual bonus) (1)	176.15	183.60	183.60	153.75
Mid-term variable compensation (1)	176.15	n/a	183.60	192.18 (2)
Long-term variable compensation	176.15 (3)	14.22 (4)	183.60 (3)	43.12 (4)
Multi-annual variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Attendance fees	n/a	n/a	n/a	n/a
Specific allowances	n/a	n/a	n/a	n/a
Benefits in kind (5)	21.21	21.21	15.03	15.03
TOTAL	**843.66**	**513.02**	**859.83**	**698.08**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to section 8.1 of this Registration Document.
(2) Annual deferred amounts for the mid-term bonus for 2010–2012 were paid for the first time in March 2013 with the following deferred amounts: in 2010: €0; in 2011: €38,430; in 2012: €153,750.
(3) This compensation is liable to vary according to the performance of the Allianz and Euler Hermes Group shares and on fluctuations in their prices.
(4) This amount is due to the exercise of GEI/RSU AZ 2009 €14,218.08 (April 2014), and to the exercice of GEI/RSU AZ 2008 €25,953 (March 2013) and GEI/SAR 2009 €17,175 (November 2013).
(5) Benefits in kind include a company car, unemployment insurance for Executive Managers (GSC).

(in € thousands)	2014 Amount due in respect of 2014	2014 Amount paid in 2014	2013 Amount due in respect of 2013	2013 Amount paid in 2013
Clarisse Kopff, Board of Management member since May 1, 2014				
Fixed compensation (7)	166.66	166.66	n/a	n/a
Variable compensation (annual bonus) (1) (7)	85.05	n/a (6)	n/a	n/a
Mid-term variable compensation (1) (7)	85.05	n/a	n/a	n/a
Long-term variable compensation (7)	85.05 (2)	n/a (3)	n/a	n/a
Multi-annual variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Attendance fees	n/a	n/a	n/a	n/a
Specific allowances (4)	n/a	n/a	n/a	n/a
Benefits in kind (5) (7)	8.76	8.76	n/a	n/a
TOTAL	**430.57**	**175.42**	**n/a**	**n/a**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to section 8.1 of this Registration Document.
(2) This compensation is liable to vary according to the performance of the Allianz and Euler Hermes Group shares and on fluctuations in their prices.
(3) No LTI was paid in 2014.
(4) No specific allowance has been paid.
(5) Benefits in kind include unemployment insurance for Executive Managers (GSC) and company car.
(6) No variable compensation (annual bonus) in the position of Board member.
(7) Prorated amount from May 1, 2014 until December 31, 2014.

(in € thousands)	2014 Amount due in respect of 2014	2014 Amount paid in 2014	2013 Amount due in respect of 2013	2013 Amount paid in 2013
Dirk Oevermann, Board of Management member since February 1, 2010				
Fixed compensation	294.00	294.00	294.00	294.00
Variable compensation (annual bonus) (1)	141.31	181.80	181.80	205.20
Mid-term variable compensation (1)	141.31	n/a	181.80	563.00 (2)
Long-term variable compensation	141.31 (3)	34.75 (6)	181.80 (3)	n/a
Multi-annual variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Attendance fees	n/a	n/a	n/a	n/a
Specific allowances (4)	71.40	71.40	71.40	71.40
Benefits in kind (5)	34,06	34,06	21.75	21.75
TOTAL	**823.39**	**616.01**	**932.55**	**1,155.35**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to section 8.1 of this Registration Document.
(2) Annual deferred amounts for the mid-term bonus for 2010–2012 were paid for the first time in March 2013 with the following deferred amounts: in 2010: €177,800; in 2011: €180,000; in 2012: €205,200.
(3) This compensation is liable to based according to the performance of the Allianz and Euler Hermes Group shares and on fluctuations in their prices.
(4) Specific allowances for housing and contributions to pension of choice.
(5) Benefits in kind include a company car, unemployment insurance for Executive Managers (GSC), Allianz Health Insurance (AWC).
(6) This amount is due to the exercise of GEI/SAR AZ 2010 €34,749 (April 2014).

(in € thousands)	2014 Amount due in respect of 2014	2014 Amount paid in 2014	2013 Amount due in respect of 2013	2013 Amount paid in 2013
Paul Overeem, Board of Management member since January 1, 2013				
Fixed compensation	294.00	294.00	294.00	294.00
Variable compensation (annual bonus) (1)	145.78	181.80	181.80	n/a
Mid-term variable compensation (1)	145.78	n/a	181.80	n/a
Long-term variable compensation	145.78 (2)	23.57 (3)	181.80 (2)	41.67 (3)
Multi-annual variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Attendance fees	n/a	n/a	n/a	n/a
Specific allowances (4)	71.40	71.40	42.00	42.00
Benefits in kind (5)	72.89	72,89	7.21	7.21
TOTAL	**875.63**	**643.66**	**888.61**	**384.88**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to section 8.1 of this Registration Document.
(2) This compensation is liable to vary according to the performance of the Allianz and Euler Hermes Group shares and on fluctuations in their prices.
(3) This amount is due to the exercise of GEI/RSU AZ 2009 €23,572.08 (April 2014), and to the exercice of GEI/RSU AZ 2008 €41,650.70 (March 2013).
(4) Specific allowances for housing and private pension.
(5) Benefits in kind include unemployment insurance for Executive Managers (GSC), Allianz Health Insurance (AWC) and pension.

2.3.1.3 Share purchase or subscription options granted during the year to each Board of Management member by the Company and by any Group company – Table 4 AMF nomenclature

The Company has not established a bonus share plan for members of the Board of Management as provided by Articles L. 225-197-1 *et seq.* of the French Commercial Code.

Stock options granted to members of the Board of Management	Plan n°	Plan date	Type of option (purchase or subscription)	Value of options on the method used for the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Wilfried Verstraete							
Gerd-Uwe Baden							
Frédéric Bizière							
Clarisse Kopff				n/a			
Dirk Oevermann							
Paul Overeem							
TOTAL							

2.3.1.4 Stock options exercised during the 2014 financial year by each Board of Management member – Table 5 AMF nomenclature

Since the Group has neither renewed the share subscription/purchase options nor implemented a system of granting free shares, there are no rules requiring management beneficiaries to hold shares.

Board of Management member	Plan n° and date	Number of options exercised during the period	Exercise price
Wilfried Verstraete	n/a	n/a	n/a
Gerd-Uwe Baden	n/a	n/a	n/a
Frédéric Bizière	n/a	n/a	n/a
Clarisse Kopff	n/a	n/a	n/a
Dirk Oevermann	n/a	n/a	n/a
Paul Overeem	n/a	n/a	n/a
TOTAL	**n/a**	**n/a**	**n/a**

2.3.1.5 Transactions involving the Company's shares carried out by the corporate officers in 2014

Full name	Title	Description of financial instrument	Date of transaction	Type of transaction	Amount of transaction (in €)
Wilfried Verstraete	n/a	n/a	n/a	n/a	n/a
Gerd-Uwe Baden	n/a	n/a	n/a	n/a	n/a
Frédéric Bizière	n/a	n/a	n/a	n/a	n/a
Clarisse Kopff	n/a	n/a	n/a	n/a	n/a
Dirk Oevermann	n/a	n/a	n/a	n/a	n/a
Paul Overeem	Board of Management member	Shares	06/16/2014	Sale	355,833.30

2.3.1.6 Performance shares allocated to each Board of Management member during the 2014 financial year – Table 6 AMF nomenclature

No performance shares were allocated to any members of the Board of Management in 2014.

Performance shares allocated by the Shareholders' Meeting during the financial year to each Board of Management member	Plan n° and date	Number of shares allocated during the period	Valuation of the shares depending on the accounts consolidation method	Acquisition date	Availability date	Performance conditions
Wilfried Verstraete						
Gerd-Uwe Baden						
Frédéric Bizière						
Clarisse Kopff			n/a			
Dirk Oevermann						
Paul Overeem						
TOTAL						

2.3.1.7 Performance shares vested to each Board of Management member during the 2014 financial year – Table 7 AMF nomenclature

The members of the Board of Management, as it existed on December 31, 2014, did not receive any performance shares vested during the 2014 financial year.

Performance shares allocated vested during the financial year to each Board of Management member	Plan n° and date	Number of shares vested during the period	Acquisition conditions
Wilfried Verstraete			
Gerd-Uwe Baden			
Frédéric Bizière			
Clarisse Kopff		n/a	
Dirk Oevermann			
Paul Overeem			
TOTAL			

2.3.1.8 History of share subscription or purchase option allocations – Table 8 AMF nomenclature

	2005 (closed)	2006 (closed)	2008
Date of Shareholders' Meeting	04/23/2003	05/22/2006	05/22/2006
Date of Supervisory Board meeting	05/24/2005	08/30/2006	05/15/2008 (7)
Date of Board of Management meeting	06/27/2005	09/18/2006	06/20/2008
Number of beneficiaries	103	102	92
Number of beneficiaries who have not yet exercised their options	n/a	n/a	38
of which, Board of Management members	*n/a*	*n/a*	*3*
Total number of options allocated	160,000	160,000	130,000
of which, Board of Management members as at the date of this Registration Document	*9,000*	*10,000*	*7,000*
Wilfried Verstraete (1)	n/a	n/a	n/a
Gerd-Uwe Baden (2)	9,000	10,000	7,000
Frédéric Bizière (3)	2,000	2,200	2,011
Clarisse Kopff (4)	n/a	n/a	n/a
Dirk Oevermann (5)	n/a	n/a	n/a
Paul Overeem (6)	1,400	1,200	1,500
Start date of exercise period	06/27/2005	09/18/2006	06/20/2008
Expiration date	06/26/2013	09/17/2014	06/19/2016
Exercise price (€)	63.08	91.82	55.67
Type of option	Subscription	Purchase	Purchase
Options to be exercised as at Jan. 1, 2014	n/a	116,537	47,456
Options allocated in 2014	n/a	n/a	n/a
Options exercised in 2014	n/a	600	10,675
Options canceled in 2014	n/a	115,937	1,875
Options to be exercised as at Dec. 31, 2014	n/a	n/a	34,906

(1) Chairman of the Board of Management since April 1, 2009.
(2) Board of Management member since May 25, 2004 and formerly employed by Euler Hermes Deutschland.
(3) Board of Management member since October 1, 2011 and formerly employed by Euler Hermes France then Euler Hermes Services.
(4) Board of Management member since May 1, 2014.
(5) Board of Management member since February 1, 2010.
(6) Board of Management member since January 1, 2013 and formerly employed by Euler Hermes SA (the Netherlands).
(7) The Supervisory Board decided during its meeting held on May 15, 2008 decided to fix to 10% the percentage of shares to be held as registered shares by each member of the Board of Management until the end of their functions as Board members.

No adjustment mechanism was applied to these share subscription and purchase plans during 2014.

2.3.1.9 Share subscription or purchase options granted to the top 10 non-corporate officer beneficiary employees and options exercised by them in 2014 – Table 9 AMF nomenclature

	Total number of options allocated/shares subscribed or purchased	Weighted average price (in €)	Plans
Options granted during the year, to the 10 Group employees allocated the largest number of options	n/a	n/a	n/a
Options held and exercised during the year, by the 10 employees who purchased or subscribed the largest number of options	600	98.61	POA FR EULER HERMES 09/18/2006 EUR 91.82
	10,675	86.39	POA NR EULER HERMES 06/20/2008 EUR 55.67

2.3.1.10 History of performance shares allocations – Table 10 AMF nomenclature

	Plan n°	Plan n°	Plan n°	Plan n°	Plan n°
Date of Shareholders' Meeting					
Date of Supervisory Board meeting					
Date of Board of Management meeting					
Number of beneficiaries					
Number of performance shares allocated					
Of which, members of the Board of Management			n/a		
Date of performance shares allocation					
Term of vesting period					
Number of performance shares subscribed as at the date of this Registration Document					
Performance shares cancelled in 2014					
Remaining performance shares on Dec. 31, 2014					

2.3.1.11 Employment contract, supplementary pension plan, severance compensation, non-compete clause – Table 11 AMF nomenclature

Corporate officer Term of office start and end date	Employment contract		Supplementary pension plan: Defined-contribution pension plan		Supplementary pension plan: Defined-benefit pension plan		Compensation or benefits due or likely to be due following termination or job change		Compensation under non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Wilfried Verstraete Chairman of the Board of Management 04/01/2009-03/31/2016		•	•			•	•			•
Gerd-Uwe Baden Board of Management member 05/25/2004-03/31/2016		•	•			•	•			•
Frédéric Bizière Board of Management member since 10/01/2011-03/31/2016		•	•			•	•			•
Clarisse Kopff Board of Management member since 05/01/2014-03/31/2016		•	•			•	•			•
Dirk Oevermann Board of Management member 02/01/2010-03/31/2016		•	•			•	•			•
Paul Overeem Board of Management member since 01/012013-03/31/2016		•	•			•	•			•

1 Employment contract

As at December 31, 2014, no members of the Board of Management were party to employment contract. This is in accordance with the AFEP-MEDEF recommendation by which the Chairman of the Board of Management should not be party to an employment contract with the Group.

2 Supplementary pension plan for Board of Management members

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

In addition to being eligible for the AGIRC-ARRCO supplementary pension plan, Frédéric Bizière, Dirk Oevermann, Clarisse Kopff and Paul Overeem are eligible for a supplementary defined-contribution pension plan managed by AG2R/ARIAL Assurances. In 2014, a charge of €18,023 each was booked for this plan for Frédéric Bizière, Dirk Oevermann and Paul Overeem, and €10,668 for Clarisse Kopff. For Paul Overeem and Dirk Oevermann, an annual contribution of €29,400 each is made into respectively a US deferred pension plan and a German pension plan.

Wilfried Verstraete and Gerd-Uwe Baden are eligible for the Allianz group supplementary defined-contribution retirement plan for executives. In 2014, charges booked for this plan amounted to €660,415 (i.e. €192,097 for Wilfried Verstraete and €468,318 for Gerd-Uwe Baden). The increase in contributions for Gerd-Uwe Baden is due to an extraordinary one-off expense based on the cost reimbursement with respect to German pension regulations.

3 Severance compensation for Board of Management members

As at the date of this Registration Document, all Board of Management members are eligible for severance compensation under the conditions approved by the Shareholders' Meetings of May 25, 2012 for Wilfried Verstraete, Gerd-Uwe Baden, Frédéric Bizière and Dirk Oevermann, and by the Shareholders' Meeting of May 24, 2013 for Paul Overeem and by the Shareholders' Meeting of May 28, 2014 for Clarisse Kopff. Severance compensation is not due if the executive leaves the Company on his or her own initiative, changes jobs within the Euler Hermes group or is eligible for retirement shortly thereafter. This indemnity is due notably in the event of forced departure resulting from a change in control or strategy.

Severance compensation is contingent on meeting the following performance criteria:

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

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

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

4 Non-compete clause

As at the date of this Registration Document, no members of the Board of Management were subject to a non-compete clause.

2.3.2 Compensation and benefits in kind received by Supervisory Board members

Attendance fees and other compensation paid to members of the Supervisory Board – Table 3 AMF nomenclature

The Shareholders' Meeting of May 28, 2014 fixed the total amount of attendance fees to be paid in respect of 2014 at €600,000.

In accordance with the method of allocating attendance fees among the members of the Supervisory Board described in section 2.4 of this Registration Document, payment of attendance fees is conditional on the members' presence at meetings. Total attendance fees paid to Supervisory Board members in respect of 2014 amounted to €525,000.

(in € thousands)	Amount paid in respect of 2014	Amount paid in respect of 2013
Clement Booth		
Attendance fees	110	75
Other compensation	n/a	n/a
Brigitte Bovermann		
Attendance fees	50	50
Other compensation	n/a	n/a
Ümit Boyner (Member since October 23, 2013)		
Attendance fees	25	8.75
Other compensation	n/a	n/a
Philippe Carli		
Attendance fees	45	42.5
Other compensation	n/a	n/a
Elizabeth Corley		
Attendance fees	35	25
Other compensation	n/a	n/a
Charles de Croisset (Member until May 24, 2013)		
Attendance fees	n/a	25
Other compensation	n/a	n/a
Nicolas Dufourcq		
Attendance fees	30	25
Other compensation	n/a	n/a
Robert Hudry		
Attendance fees	50	50
Other compensation	n/a	n/a
Jean-Hervé Lorenzi		
Attendance fees	50	45
Other compensation	n/a	n/a
Yves Mansion		
Attendance fees	50	50
Other compensation	n/a	n/a
Thomas-Bernd Quaas		
Attendance fees	50	42.5
Other compensation	n/a	n/a
Jacques Richier		
Attendance fees	30	35
Other compensation	n/a	n/a
TOTAL	**525**	**473.75**

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

In accordance with Article L. 225-102-1, paragraph 2 of the French Commercial Code, total compensation and benefits in kind received in 2014 by corporate officers of Allianz France and Allianz SE, which control Euler Hermes Group, amounted to the following:

Clement Booth	(in € thousands)
Fixed annual gross compensation 2014	750
Gross variable compensation (annual bonus), paid in 2014 for performance in 2013	945
Long term variable compensation paid in 2014 (RSU/SAR) (1)	307
Benefits in kind (car, insurance, housing)	54
TOTAL	**2,056**
RSU (number) GEI 2009 RSU	3,015
SAR (number) GEI 2009 SAR	0

(1) GEI 2009 RSU (amount: €307,000).

Brigitte Bovermann	(in € thousands)
Fixed annual gross compensation 2014	267
Gross variable compensation (annual bonus), paid in 2014 for performance in 2013	232.03
Long term variable compensation paid in 2014 (RSU/SAR) (1)	54.38
Benefits in kind (car, insurance, housing)	11.19
TOTAL	**564,6**
RSU (number) GEI 2009 RSU	436
SAR (number) GEI 2009 SAR	0

(1) GEI 2009 RSU (amount: €54,380).

Elizabeth Corley	(in € thousands)
Fixed annual gross compensation 2014	576
Gross variable compensation (annual bonus), paid in 2014 for performance in 2013	1,745
Long term variable compensation paid in 2014 (RSU/SAR, LTIPA) (1)	1,156
Benefits in kind (car, insurance, housing)	n/a
TOTAL	**3,477**
RSU (number) GEI 2009 RSU	1,630
SAR (number) GEI 2009 SAR	0

(1) GEI 2009 RSU (amount: €203,300) and LTIPA 2011-2013 (amount €952,700).

Jacques Richier	(in € thousands)
Fixed annual gross compensation 2014	700
Gross variable compensation (annual bonus + MTB), paid in 2014 for performance in 2013	1,427.03
Long term variable compensation paid in 2014 (RSU/SAR) (1)	624.22
Benefits in kind (car, insurance, housing)	53,8 (2)
TOTAL	**2,805.05**
RSU (number) GEI 2009 RSU	5,005
SAR (number) GEI 2009 SAR	0

(1) GEI 2009 RSU (amount: €624,220).
(2) Expatriation allowance.

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

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

February 18, 2015

To the Shareholders:

Pursuant to Article L. 225-68 of the French Commercial Code, the Chairman of the Euler Hermes Group Supervisory Board has issued a report on corporate governance and internal control, as a supplement to the management report.

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

The Chairman of the Supervisory Board, with the support of the Company Secretary, has prepared this report in close cooperation with the Audit and Risk Committee and the Group's main functional and operational divisions, including Internal Audit, Compliance, Risk Management, IT Security and the Group Finance Division, which comprises the Consolidation, Controlling and Investment departments. These exchanges between the Chairman of the Supervisory Board and the relevant departments give an understanding and a fair view of the Group's operation and of the procedures applied specifically within the Group.

This report has also been the subject of a report by the Company's Statutory Auditors on the internal control procedures used in the preparation and processing of accounting and financial information, and includes a declaration as to the provision of other required information, pursuant to Article L. 225-235 of the French Commercial Code (*see section 2.5 of the 2014 Registration Document*).

This report was approved by the Supervisory Board on February 18, 2015.

I Corporate governance

Code of Corporate Governance

Since 2008, the Company has voluntarily adhered to the AFEP-MEDEF Code of Corporate Governance for listed companies, which was updated in June 2013. The AFEP-MEDEF Code is available on the website *www.medef.com*.

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

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

AFEP-MEDEF Code recommendations excluded	Explanation
1. Two-thirds of Audit and Risk Committee members should be independent (§ 16.1 of the Code)	In 2014, the chairmanship of the Audit and Risk Committee was entrusted to Philippe Carli, an independent member. Currently, one of the four members of the Committee is independent. However, to ensure the continuing relevance of the work of the Audit and Risk Committee, which depends on both the financial expertise of its members and in-depth knowledge of the credit insurance business, the Supervisory Board has favored the appointment of members with these skills, the independence criterion notwithstanding. For this reason, two members of the Audit and Risk Committee have been in office at the Group for more than 12 years, ensuring effective protection for shareholders due to their knowledge of the financial counterparty linked to the credit insurance business. Note that expertise in credit insurance is rare, as it is a very specific field. It is intended to increase the number of independent members further to the Shareholders' Meeting to be held in May 2015.
2. The minimum time period of two days for examining the financial statements by the Audit and Risk Committee before examination by the Supervisory Board (§ 16.2.1 of the Code)	For practical reasons and given that some members of the Audit and Risk Committee travel from abroad, Committee meetings to examine the financial statements are systematically held the day before the Supervisory Board meeting. The Company makes every effort to provide Committee members with the meeting documents far enough in advance to allow them to easily familiarize themselves with the documents in advance.
3. The obligation of Board of Management members to conserve a significant number of registered shares (§ 23.2.1 of the Code)	No stock options and no performance shares are granted to the Board of Management members. Furthermore, the Company has set up a long-term bonus system under which Board of Management members receive RSUs (Restricted Stock Units); 50% of these are linked to changes in the Euler Hermes Group share price, with a vesting period of four years (the remaining 50% are linked to changes in the Allianz share price). Therefore, even if the RSU only give rise to payment in cash, the Board of Management members are encouraged to improve the Company performance throughout their terms of office. This system complies with the Allianz group's compensation policies.
4. Conditions applying to severance compensation (§ 20.2.4 of the Code)	The Company remains flexible with regard to this clause because it is controlled by a majority shareholder that does not intend to dispose of its investment or to change the strategy of the Company, which is the world leader in a market consisting of only three operators. Such cases of compulsory departure due to a change in control or strategy are unlikely to happen. To attract high-quality executives, and given that Board of Management offices cannot run alongside an employment agreement, the Company offers compensation in the event of compulsory departure with sound performance criteria but not necessarily related to a change in control or strategy.

Supervisory and management bodies

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

The leadership and management powers assumed by the Board of Management are clearly separated from the oversight powers exercised by the Supervisory Board. The Supervisory Board permanently oversees the management of the Company by the Board of Management. The organization adopted by the Company, which is based on the separation of executive and oversight functions, ensures a balance of powers.

The dual governance structure of the Company, which is a subsidiary of Allianz SE, is based on the same model as the governance structure of Allianz SE, which also comprises a Board of Management and a Supervisory Board.

The managers of Group functions provide the foundations of the Group's operational management.

1 Supervisory Board: composition, preparation and organization of work

1.1 Composition of the Supervisory Board

As at the date of this report, the Supervisory Board comprises 11 members:

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

1.1.1 Appointments, renewals and expiry of terms of office

Between the end of the last financial year and the date of preparation of this report, no appointment was made and no office was renewed or expired within the Supervisory Board.

The terms of office of Clement Booth, Philippe Carli, Robert Hudry and Yves Mansion as members of the Supervisory Board will expire at the next Shareholders' Meeting. During this Shareholders' Meeting, the renewal of Clement Booth and Philippe Carli will be proposed, as well as the appointment of Maria Garaña and Axel Theis respectively in replacement of Robert Hudry and Yves Mansion, for a period of three years, until the close of the Shareholders' Meeting held in 2018 called to approve the financial statements for the previous year.

1.1.2 Independence

With respect to the independence of the Supervisory Board members, the Supervisory Board's internal regulations, as amended on November 5, 2013, stipulate that:

- each member of the Supervisory Board performs his or her duties independently, loyally and professionally;
- each member of the Supervisory Board must ensure that he or she retains his or her independence of judgment, decision and action. He or she undertakes not to be influenced by any element outside the Company's corporate interest that it is his/her duty to defend.

Applicable rules regarding prevention and management of conflicts of interest within the Supervisory Board are described in section 1.2 (Internal regulations) of this report.

The Supervisory Board, at its meeting of February 18, 2015, decided to qualify the following members as independent, in accordance with the criteria set by the AFEP-MEDEF Code:

- Ümit Boyner, member of the Executive Committee of Boyner Holding A.S since 2002 and member of the Supervisory Board of Euler Hermes Group since October 23, 2013;
- Philippe Carli, Chief Executive Officer of the Amaury Group since October 2010 and member of the Supervisory Board of Euler Hermes Group since May 2009;
- Nicolas Dufourcq, Chief Executive Officer of Banque Publique d'Investissement since January 23, 2013 and member of the Supervisory Board of Euler Hermes Group since May 2010;
- Jean-Hervé Lorenzi, menber of the Supervisory Board of BNP Paribas Assurances SA, member of the Supervisory Board of Euler Hermes Group since November 2004;
- Thomas-Bernd Quaas, member of the Supervisory Board of FisherAppelt AG and member of the Supervisory Board of Euler Hermes Group since May 2010.

Five of the eleven members of the Supervisory Board are therefore independent.

In accordance with the principles stated in the AFEP-MEDEF Code, at least one-third of the Supervisory Board members are independent.

The Supervisory Board also confirmed that no significant, direct or indirect, business relationships existed between its independent members and the Company. The significance of business relationships is assessed by the Supervisory Board in accordance with the criteria set out in the AFEP-MEDEF Code.

The following table shows the situation of each Board member in terms of the AFEP-MEDEF independence criteria applied by the Company:

Independence criteria	C. Booth	B. Bovermann	Ü. Boyner	P. Carli	E. Corley	N. Dufourcq	R. Hudry	J.H. Lorenzi	Y. Mansion	T.B. Quaas	J. Richier
Should not be and should not have been for the past 5 years: ▪ an employee or executive corporate officer of the Company or a director of its parent company or of a company consolidated by the latter; ▪ an executive corporate officer of a company in which the Company holds an office or in which an employee or an executive corporate officer of the Company (currently or within the past 5 years) holds an office			•	•		•	•	•	•	•	
Should not be a significant customer, supplier, investment or commercial banker of the Company or its Group, or a customer, supplier, investment or commercial banker of which the Company or its Group represents a significant part of the activity	•	•	•	•	•	•	•	•	•	•	•
Should not have any close family ties with a corporate officer	•	•	•	•	•	•	•	•	•	•	•
Should not have been a Statutory Auditor of the Company in the past 5 years	•	•	•	•	•	•	•	•	•	•	•
Should not be a member of the Company's Board for more than 12 years	•	•	•	•	•	•		•		•	•
Should not be a shareholder representative participating in the control of the Company or of its parent company (threshold of 10% of share capital or voting rights)			•	•		•	•	•	•	•	
Qualification	**Not independent**	**Not independent**	**Independent**	**Independent**	**Not independent**	**Independent**	**Not independent**	**Independent**	**Not independent**	**Independent**	**Not independent**

1.1.3 Multiple directorships

The offices exercised by the Supervisory Board members are detailed in section 2.2.3 of the 2014 Registration Document.

The members of the Supervisory Board comply with the legal rules and the AFEP-MEDEF Code's recommendations on multiple directorships. This is an important guarantee of their commitment and availability to the Group.

1.1.4 Balanced representation of women and men on the Board

Of the Supervisory Board's 11 members, three are women. Pursuant to the legal rules and the AFEP-MEDEF Code's recommendations, the proportion of 20% female members on the Board has been met. It will be proposed to the Shareholders' Meeting to be held in May 2015 to appoint Maria Garaña as new member of the Supervisory Board (*see section 8.1 of the 2014 Registration Document*).

1.1.5 Share ownership

Every member of the Supervisory Board must be a shareholder in a personal capacity and hold a relatively significant number of shares in respect of the attendance fees he/she receives. In accordance with Article 11 of the Articles of Association, each member is required to hold at least five of the Company's shares.

1.2 Internal regulations

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

These regulations provide for the following, among other aspects:

- the organization of Supervisory Board meetings;

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

With respect to the prevention and management of conflicts of interest, the Supervisory Board's internal regulations, as amended on November 5, 2013, stipulate that:

- members of the Board are required to make every effort to avoid any conflict between their moral and material interests and those of the Company;
- in any situation that gives rise or might give rise to a conflict between the corporate interest and his/her direct or indirect personal interest, or the interest of the shareholder or group of shareholders that he/she represents, the member of the Supervisory Board concerned must inform the Board as soon as he/she is aware of the situation and deal with any consequences in relation to the exercise of his/her duties, under penalty of his/her own liability. Thus, depending on the case, he/she must:
  - either abstain from the vote on the corresponding resolution,
  - not attend meetings of the Supervisory Board during the period in which the conflict of interest exists, or
  - resign from his/her duties as a member of the Supervisory Board;
- each member must advise the Board of any information which he or she possesses and which he or she believes might affect the Company's interests. He or she must express his or her concerns and opinions clearly;
- members of the Supervisory Board and any persons attending Board meetings may not, under any circumstances, take any action likely to harm the Company's interests.

1.3 Organization of meetings of the Supervisory Board

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

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

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

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

The Supervisory Board is chaired by Clement Booth, who organizes and directs its work, and reports to the Shareholders' Meeting. The Chairman convenes the Supervisory Board, sets the agenda of the meetings, chairs the meetings and draws up minutes of each meeting with the assistance of the Company Secretary. He ensures that Supervisory Board meetings cover all the points included on the agenda. He also ensures that the Company's Supervisory Board is operating properly, and, in particular, makes certain that members of the Supervisory Board are able to carry out their duties. As such, he ascertains that all matters likely to enable the Board members to carry out effective supervision are included on the agenda and, at each meeting, he invites each member to express his or her views on the political and economic climate, so as to inform the members of the Board of Management involved in the general management of the Group, whose business operations are closely linked to the economic cycle. Furthermore, the Chairman ensures that the relevant documentation is sent to Supervisory Board members in a timely manner. He ascertains that the members are effectively present at each meeting. He also ensures that the composition of the Board complies with the rules of governance and that each member's expertise is in keeping with the Group's business activities. He moderates the discussions and ensures that sufficient time is allocated to each item on the agenda. He ensures the transparency of the information provided by members of the Board of Management to the Supervisory Board.

The Supervisory Board renewed on May 24, 2013 the term of office of Vice-Chairwoman Brigitte Bovermann, who chairs meetings in the absence of the Chairman, on May 24, 2013. When the Chairman is absent, the Vice-Chairwoman is responsible for convening the Supervisory Board and guiding its deliberations.

1.4 Activities of the Supervisory Board during financial year 2014

The Supervisory Board met six times in 2014, held one Strategic Seminar and was present during the 2014 Shareholders' Meeting.

	Board meeting of 01/15/2014	Board meeting of 02/13/2014	Board meeting of 04/30/2014	Annual Shareholders' Meeting 05/28/2014	Board meeting of 07/15/2014	Strategic Seminar 07/16/2014	Board meeting of 07/30/2014	Board meeting of 10/28/2014	% attendance of Board meetings (excluding Shareholders' Meeting and Strategic Seminar)	% overall attendance
Clement Booth	•	•	•	•	•	•	•	•	100%	100%
Brigitte Bovermann	•	•	•	•	•	•	•	•	100%	100%
Ümit Boyner	•	absent	•	absent	•	•	absent	•	67%	62.5%
Philippe Carli	absent	•	•	•	•	•	•	•	83%	87.5%
Elizabeth Corley	•	•	•	•	•	•	•	•	100%	100%
Nicolas Dufourcq	absent	•	•	absent	•	•	•	•	83%	75%
Robert Hudry	•	•	•	•	•	•	•	•	100%	100%
Thomas-Bernd Quaas	•	•	•	•	•	•	•	•	100%	100%
Jean-Hervé Lorenzi	•	•	•	•	•	•	•	•	100%	100%
Yves Mansion	•	•	•	•	•	•	•	•	100%	100%
Jacques Richier	•	•	•	•	absent	absent	•	•	83%	75%

Attendance by Supervisory Board members averaged 92%.

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

In accordance with the law and under Article 12 of the Articles of Association, the Supervisory Board exercises permanent control over the management of the Company carried out by the Board of Management, and grants that body the prior authorizations required by law or the Articles of Association.

In 2014, the Supervisory Board addressed the following matters:

- discussion of the general political and economic environment (including discussions about the euro, the economic and political situation in Turkey and the economic sanctions and the lessons drawn from the BNP Paribas case) (meetings of February 13, April 30, July 15, July 30 and October 28, 2014);
- review of the annual financial results of the Company and of the annual consolidated financial statements, the consolidated interim financial statements, the quarterly results, turnover, dividend amounts and the 2013 management report (meetings of February 13, April 30, July 30 and October 28, 2014);
- discussion of the Board of Management report (meetings of February 13, April 30, July 30 and October 28, 2014);
- discussion of the key large claims (meetings of February 13, April 30, July 30 and October 28, 2014);
- discussion of the reports of the Audit and Risk Committee and the Statutory Auditors (meetings of February 13, April 30, July 30 and October 28, 2014);
- discussion of the report of the Nomination and Remuneration Committee (meetings of February 13, April 30, July 15 and October 28, 2014);
- review of the independence of the Supervisory Board members (meeting of February 13, 2014);
- approval of the recommendations of the Nomination and Remuneration Committee relating to compensation of members of the Board of Management and the Supervisory Board (meeting of February 13, 2014) and the Chairman of the Supervisory Board (meeting of July 30, 2014);
- approval of press releases for financial results (meetings of February 13, April 30, July 30 and October 28, 2014);
- approval of the Supervisory Board meeting minutes (meetings of February 13, April 30, July 15, July 30 and October 28, 2014);
- review of draft resolutions for submission to the Annual Shareholders' Meeting (meeting of February 13, 2014);
- review and approval of the report of the Chairman of the Supervisory Board on corporate governance and the internal control and risk management procedures (meeting of February 13, 2014);
- guarantee authorization (meeting of January 15, 2014);
- discussion of the correlation coefficient between bankrupt businesses/activities (meeting of April 30, 2014);
- practical demonstration of Group IT solutions (meeting of July 30, 2014);
- presentation of the Northern Europe region by the its Chief Executive Officer (meeting of October 28, 2014);

- presentation of compliance update (meeting of October 28, 2014);
- discussion of the Blue Europe project (meeting of February 13, 2014);
- discussion of the transactional cover (TCU) activities and political risk insurance (PRI) activities of Euler Hermes World Agency by the Head of Special Products at Euler Hermes World Agency and the Head of TCU Products in the UK (meeting of April 30, 2014);
- authorization of a transaction relating to the Group's premises in Hamburg (meeting of July 30, 2014);
- authorization for the signing of a commitment letter relating to the Springbok M&A project (meeting of April 30, 2014);
- changes to the duties of Gerd-Uwe Baden, now member of the Board of Management in charge of Business Development and Partnerships, and Frédéric Bizière, now member of the Board of Management in charge of Risks, Information and Claims, as well as Euler Hermes Re, and the appointment of Clarisse Kopff as the new member of the Board of Management in charge of Finance (meeting of April 30, 2014);
- appointment of Philippe Carli as Chairman of the Audit and Risk Committee (meeting of February 13, 2014);
- results of the Supervisory Board self-assessment (meeting of February 13, 2014).

The Supervisory Board also met in Turkey for a Strategic Seminar on July 16, 2014, for more informal discussions of various topical subjects, including the Group's strategy in Africa and the Group's internal distribution circuits.

1.4.1 Principles governing the compensation of corporate officers

The compensation of Board of Management members and the Chairman and the Vice-Chairwoman of the Supervisory Board are determined by the Supervisory Board on the recommendation of the Nomination and Remuneration Committee. For further information on corporate officers' compensation and benefits, see section 2.3 of the 2014 Registration Document.

Compensation of Supervisory Board members

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

An aggregate amount of €600,000 in attendance fees has been awarded to the members of the Supervisory Board by the Shareholders' Meeting of May 28, 2014, until decided otherwise.

Pursuant to the recommendation of the Nomination and Remuneration Committee of February 17, 2015, the method used to divide attendance fees between Supervisory Board members for 2014 will be used again for 2015:

- each member receives €35,000 for the financial year;
- the Chairman receives €110,000 for the financial year;
- each member of the Audit and Risk Committee or Nomination and Remuneration Committee receives an additional amount of €15,000.

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

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

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

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

Pursuant to the recommendations of the AFEP-MEDEF Code, the variable portion of the attendance fees (which depends on actual attendance of Board and Committees meetings) constitutes the bulk of the total amount.

Details of the attendance fees received by members of the Supervisory Board are provided in section 2.3 of the 2014 Registration Document.

Compensation of Board of Management members

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

Members of the Board of Management receive fixed compensation and variable compensation.

Total compensation

Total compensation is determined using a fixed target ratio of 35% and a 65% variable.

Fixed compensation

Target fixed compensation represents 35% of the total compensation of Board of Management members. This fixed remuneration is reviewed each year when annual performance is assessed.

No increase of the fixed compensation granted to the Board of Management members has been decided for the 2015 financial year.

Variable compensation

Target variable compensation (annual, mid-term and long-term bonuses) represents approximately 65% of the total compensation of Board of Management members. At the beginning of each year, acting on the recommendation of the Nomination and Remuneration Committee, the Supervisory Board sets financial and individual targets for Board of Management members.

At the end of each year, the Nomination and Remuneration Committee provides the Supervisory Board with its assessment of the performance of Board of Management members, and, accordingly, the amount of the associated variable portion. The Supervisory Board approves the amount of variable portion calculated in this manner, in accordance with the criteria detailed below, which are applicable in the same way to each of the three components of variable compensation.

Performance is assessed according to financial and personal targets.

Financial targets, which represent 70% of variable compensation, are assessed on the basis of (i) three financial criteria for all Board of Management members: Group operating profit, Group net income, and Group turnover, and (ii) other financial criteria specific to each member and defined according to their duties. For the Chairman of the Board of Management, these additional criteria are the payment of a dividend, expenses management and the net loss ratio. Other members of the Board of Management have a focus on new markets and products.

Individual targets, which represent 30% of variable compensation, are subject to qualitative or quantitative criteria specific to the duties and responsibilities of each Board of Management member.

For further details of the quantitative and qualitative, financial and individual criteria used for each of the Board of Management members, please see the tables in section 8.1 of the 2014 Registration Document.

Variable compensation is broken down into three separate components, each representing one-third of the total:

- annual bonus;
- mid-term bonus (payable after three years):

  Board of Management members are eligible for a mid-term bonus (MTB) system that was established to increase the loyalty of its executives and to assess performance over several years (in accordance with regulations on compensation for managers of financial companies). As such, in addition to the target-based performance assessment set for variable compensation described above, an additional assessment on a three-year basis has been carried out as a function of the following criteria:

  - revenue growth,
  - increase in profitability,
  - comparison with peers,
  - risk capital (solvency),
  - other criteria (satisfaction surveys, etc.);
- long-term bonus (payable after four years).

  As part of a long-term bonus scheme for Allianz group executive managers, members of the Board of Management benefit from RSUs (Restricted Stock Units).

  RSUs awarded to Board of Management members are broken down into two parts: 50% were based on the Allianz share price trend and 50% on the Euler Hermes Group share price trend, with a vesting period of four years starting on the award date as compensation for performance in respect of year N-1. The amount used to calculate the number of RSUs to be allocated is subject to the assessment criteria set out above (70% financial targets and 30% personal targets).

In 2014, the payment of variable compensation to a member of the Board of Management was subject to the following rules.

If a Board member leaves his/her function and is a "good leaver" (as defined below) the following will apply:

- the Company will pay out to the Board member any outstanding annual bonus on a *pro rata temporis* basis and based on actual target achievement;
- the mid-term bonus will be paid on a *pro rata temporis* basis after the expiry of the third financial year and after the regular sustainability assessment;
- in respect to any RSU granted to the Board member the Company will make a pay-out in accordance with the RSU conditions.

On the contrary, if a Board member leaves his function and is a "bad leaver" (as defined below):

- the Board member will cease to be entitled to any annual or mid-term bonus, subject to applicable laws and regulations;
- any RSU already granted to the Board member will immediately lapse and no further RSU will be granted.

A Board member is a "bad leaver" if he/she leaves his/her function for one or more of the following reasons:

- the Board member has terminated his/her function with the Company or any other member of Allianz group or is otherwise leaving his/her function upon own initiative; or
- the function of the Board member has been terminated by the Company or any other member of Allianz group for cause.

A Board member who is not a "bad leaver" is considered to be a "good leaver" (e.g. if the Board member leaves his/her function because of ill health or disability, death, regular or early retirement of the Board member, revocation, business transfer or any other reason, if the Company so decides in general or in any particular case).

A Board member will be treated as "leaving his/her function" when the Board member ceases to be member of the Board of Management of the Company or, if earlier, when the Board member gives notice terminating the Board membership but only when the Board member is also no longer a member of the Board of Management of any other member of Allianz group.

The target variable compensation of the total compensation for 2014 was:

- 67% for Wilfried Verstraete (i.e. 207% of fixed salary);
- 62% for Gerd-Uwe Baden (i.e. 161% of fixed salary);
- 65% for Frédéric Bizière (i.e. 184% of fixed salary);
- 65% for Dirk Oevermann (i.e. 184% of fixed salary);
- 65% for Paul Overeem (i.e. 184% of fixed salary);
- 60% for Clarisse Kopff (i.e. 150% of fixed salary).

Details of the total amount of the variable and fixed portions for 2014 for each member of the Board of Management are also set out in section 2.3 of the 2014 Registration Document.

The limit for the variable portion is 165% of the target variable compensation amount for all the Board of Management members (e.g., for Wilfried Verstraete the variable maximum is 207% X 165% = 341% of the fixed salary).

Corporate office/Employment agreement

As at December 31, 2014, no members of the Board of Management had an employment agreement with the Company.

Severance compensation for Board of Management members

As at December 31, 2014, all Board of Management members were eligible for severance compensation upon termination of their office.

In particular, the Ordinary Shareholders' Meeting of May 28, 2014, called to vote on the special report of the Statutory Auditors on regulated agreements and commitments, approved the commitment made by the Company to Clarisse Kopff, member of the Board of Management since May 1, 2014, for compensation likely to be payable due to the termination of her duties.

The payment of this compensation, pursuant to Article L. 225-90-1 of the French Commercial Code, is subject to the performance criteria set out in section 2.3 of the 2014 Registration Document. Severance compensation may not exceed two years' fixed and variable compensation.

Non-compete clause

As at December 31, 2014, no members of the Board of Management were covered by a non-compete clause.

Supplementary pension plan for Board of Management members

Details of the pension plans for Board of Management members are provided in section 2.3 of the 2014 Registration Document.

Benefits in kind received by Board of Management members

Board of Management members have the use of a company car and certain members receive allowances for international mobility, special housing allowances, unemployment insurance for Executive Managers (GSC) and worldwide insurance from Allianz Worldwide Care. Details of the benefits in kind received by Board of Management members are provided in section 2.3 of the 2014 Registration Document.

More details of the compensation of Board of Management members for 2014 are set out in section 2.3.1 and in section 8.1 of the 2014 Registration Document.

1.4.2 Special committees

The Supervisory Board may decide to set up special committees, the composition and powers of which it determines, to carry out specific duties under its responsibility; it may not delegate powers vested in the Supervisory Board by law or by the Articles of Association, and may not reduce or limit the powers of the Board of Management.

The Supervisory Board has an Audit and Risk Committee and a Nomination and Remuneration Committee.

The Audit and Risk Committee

It should be noted that with regard to the Audit and Risk Committee, the Company draws upon the report of July 22, 2010 by the AMF working group chaired by Poupart Lafarge on Audit and Risk Committees (hereinafter referred to as the Poupart Lafarge report).

Composition of the Audit and Risk Committee

As at the date of this report, the Audit and Risk Committee of the Supervisory Board has the following four members:

- Philippe Carli, Chairman since February 13, 2014 and independent member;
- Brigitte Bovermann;
- Robert Hudry;
- Yves Mansion.

Members of the Audit and Risk Committee have financial or accounting skills.

Philippe Carli was appointed Chairman of the Audit and Risk Committee by decision of the Supervisory Board on February 13, 2014. A graduate in engineering from the École Supérieure d'Electricité (Supelec), with a master's degree in solid-state physics, he joined the Siemens group in 1986, where he has held several management positions in France and Germany, including Chairman of French subsidiary Siemens SAS from 2002 to 2010. In 2009 he was appointed a member of the Supervisory Board of Euler Hermes Group. He became Chief Executive Officer of Editions Amaury in 2010. Philippe Carli is also Chairman of the Board of Directors of the Coopérative de Distribution des Quotidiens, a director at Mediakiosk and Presstalis, Chairman of the Fondation Supélec, and a member of the Supervisory Board of the Franco-German Chamber of Commerce and Industry.

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

Robert Hudry is a graduate of the École Polytechnique and the École Nationale d'Administration (ENA) and holds an engineering degree from the École Nationale Supérieure de l'Aéronautique. He has served as Technical Advisor at the Ministry of Economy and Finance (1980-1981), Assistant Director and Deputy Director at Banque Paribas (1983-1986), and Director and Executive Vice President, Financial and Legal Affairs, at Usinor Sacilor (1986-1999).

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

The current composition of the Audit and Risk Committee was decided to ensure the continuing relevance of the Committee's work, which depends on both the financial expertise of its members and in-depth knowledge of the credit insurance business. The Supervisory Board has thus favored the appointment of members with these skills, notwithstanding the independence criterion defined by the AFEP-MEDEF Code. The Audit and Risk Committee therefore currently has one independent member out of four members. As a result, recommendation § 16.1 of the AFEP-MEDEF Code, stipulating that two-thirds of members in the Audit and Risk Committee should be independent, has not been fulfilled.

Structure of the Audit and Risk Committee

The Chairman of the Audit and Risk Committee defines the Committee's work each year, depending on his or her assessment of the importance of a particular type of risk, in agreement with the Board of Management and Supervisory Board.

The Committee meets when convened by its Chairman or the Chairman of the Supervisory Board whenever he or she deems it appropriate, and at least four times a year.

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

The Chairman acts as secretary of the Audit and Risk Committee.

To carry out its duties, the Audit and Risk Committee may, if it deems this appropriate, interview the Company's Statutory Auditors and Company executives in charge of preparing the financial statements and of internal control, without the Board of Management being present.

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

The Statutory Auditors inform the Audit and Risk Committee of:

- their work program and the various surveys conducted;
- changes they deem necessary to the financial statements for periods to be closed or to other accounting documents, together with any relevant comments on the assessment methods used in their preparation;
- any irregularities and inaccuracies they may have identified;
- their findings relating to the aforementioned comments and corrections to the results for the period.

In conjunction with the Audit and Risk Committee, the Statutory Auditors also review any risks that are liable to compromise their independence and any preventive measures taken to mitigate these risks.

They inform the Audit and Risk Committee of any material weaknesses in internal control pertaining to procedures for the preparation and processing of financial and accounting information, and, each year, they provide the documents required by law.

With the agreement of the Board of Management, the Audit and Risk Committee may also request information from any person who is liable to assist them in carrying out their duties, including senior managers in charge of operations and finance and of information processing. The Board of Management member in charge of Finance also presents the Company's risks and off-balance-sheet commitments every year.

Main duties of the Audit and Risk Committee

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

The Audit and Risk Committee is tasked with the following:

- in the area of risk management and internal controls:
  - monitoring the effectiveness of internal controls and risk management systems, and in particular, assessing internal control systems and reviewing the Internal Audit function's work program, findings, recommendations and their follow-up, and working relationships with the Internal Control function in preparing financial statements, and
  - in conjunction with the Board of Management, carrying out regular reviews of the main risks incurred by the Group, including through risk mapping;
- in the area of relations with the Statutory Auditors:

  - providing guidance in the selection of the Statutory Auditors and their replacements, issuing opinions on the amount of their fees and submitting the results of the Committee's work to the Supervisory Board,
  - ensuring that the Statutory Auditors' other engagements are not likely to affect their independence, and
  - reviewing the Statutory Auditors' work program, findings and recommendations;
- in respect to financial information and disclosure:
  - based on interviews with the Board of Management and the Statutory Auditors, ensuring the relevance and consistency of accounting policies adopted in the preparation of the parent company and consolidated financial statements, reviewing and assessing the scope of consolidation, and examining and verifying the appropriateness of accounting policies applied within the Group,
  - reviewing the parent company and consolidated financial statements, before they are presented to the Supervisory Board, and
  - monitoring the financial information preparation and reporting process, and, if necessary, supervising this process.

Such monitoring allows the Audit and Risk Committee to issue any necessary recommendations for improving existing processes and, where appropriate, for establishing new procedures.

The Audit and Risk Committee may be consulted on any matter relating to control procedures for unusual risks, whenever the Supervisory Board or the Board of Management deems it appropriate.

Work of the Audit and Risk Committee

The Audit and Risk Committee met four times in 2014. The attendance of Committee members was 100%.

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

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

In its reports, the Audit and Risk Committee includes any recommendations it deems appropriate:

- on the aptitude of the various procedures and the overall system to achieve their goal of controlling information and risks;
- on the effective application of the procedures in place and, if applicable, on the resources implemented to achieve this.

It also draws up any recommendations and proposals designed to improve the efficiency of the various procedures and the overall system or to adapt these to a new situation.

If, in the course of its work, the Audit and Risk Committee discovers a significant risk that it does not deem to have been adequately addressed, it alerts the Chairman of the Supervisory Board.

The Committee Chairman reports to the Supervisory Board on the Audit and Risk Committee's work.

In 2014, the work of the Audit and Risk Committee focused on the following main matters:

- reviewing the 2013 financial statements, a dividend distribution proposal, reviewing the Chairman's report on the internal control and self-assessment of the operation of the Audit and Risk Committee by its members (meeting of February 12, 2014);
- reviewing the financial statements for the first quarter of 2014 (meeting of April 29, 2014);
- reviewing the financial statements for the second quarter of 2014, presentation of marketing strategy in respect of products, prices and promotions, and presentation of the internal audit structure (meeting of July 29, 2014);
- reviewing the financial statements for the third quarter of 2014, presentation of the 2015 internal audit plan and an update on the Galileo project (meeting of October 27, 2014);
- update on the progress of the Solvency II project and the Group's adaptation to the rules of Solvency II (meetings of February 12, April 29, July 29 and October 27, 2014);
- update on the most recently completed internal audits (meetings of February 12, April 29, July 29 and October 27, 2014);
- approval of the minutes of the decisions of the Audit and Risk Committee (meetings of February 12, April 29, July 29 and October 27, 2014);
- review and approval of financial communications (meetings of February 12, April 29, July 29 and October 27, 2014);
- presentation of compliance update.

Assessment of the Audit and Risk Committee

The Supervisory Board asked the independent expert tasked with assessing the work of the Supervisory Board in 2015 to also carry out an assessment of the Audit and Risk Committee's work. The operation of the Audit and Risk Committee is judged to be satisfactory by its members. The Committee members consider that the quality of information provided to the Committee is fully matching expectations and the increase in meeting duration decided following the last assessment of the Committee has been very productive. They also appreciate the adequate balance of focus between financial and risk matters.

The areas for improvement suggested for 2015 are as follows:

- to strengthen the Committee's report on risk;
- to consider increasing by one the number of Committee members; and
- to ask to the Statutory Auditors the production of legal and compliance reports.

Nomination and Remuneration Committee

Composition

As at the date of this report, the Nomination and Remuneration Committee comprised the following three members of the Company's Supervisory Board:

- Thomas-Bernd Quaas, Chairman since July 24, 2013 and independent member;
- Brigitte Bovermann (*please refer to pages 65 and 66 of the 2014 Registration Document for more information on her career*); and
- Jean-Hervé Lorenzi, independent member (*see page 59 of the 2014 Registration Document*).

As an independent member, Thomas-Bernd Quaas assumes the chairmanship of the Nomination and Remuneration Committee since July 24, 2013, in accordance with the new recommendation of the AFEP-MEDEF Code of June 2013, advising that the Chairman of the Nomination and Remuneration Committee should be independent. The term of office of the members of the Nomination and Remuneration Committee coincides with their term of office on the Supervisory Board.

Committee members' terms of office may be renewed at the same time as their terms of office on the Supervisory Board.

In 2014, two-thirds of the members of the Nomination and Remuneration Committee were independent. The AFEP-MEDEF Code recommendation that the Committee should have a majority of independent members has therefore been followed.

Organization of work

The Nomination and Remuneration Committee meets when convened by its Chairman, whenever the Chairman or the Supervisory Board deems it appropriate. Meeting agendas are set by the Committee Chairman, in conjunction with the Supervisory Board when meetings are convened by that Board.

A Committee member may ask the Committee Chairman to organize a meeting. The Committee may also intervene at the request of the Chairman of the Supervisory Board or of the Board of Management, but only in an advisory capacity.

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

The Board of Management may be invited to attend Committee meetings, except for those relating to the remuneration of corporate officers.

The Committee may also ask to be provided with any internal document and any information needed to enable it to operate properly. It makes such requests to the secretary of the Supervisory Board or of the Board of Management.

Duties

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

- in the area of appointments:
  - to examine all applications for appointment to the Board of Management or the Supervisory Board and to issue an opinion on these applications or a recommendation to the Supervisory Board,
  - to examine the independent status of members of the Company's Supervisory Board, and to determine the appropriate number of independent members, and
  - to prepare recommendations in time for the replacement of corporate officers;
- with regard to compensation:
  - to make recommendations concerning compensation, pension and employee benefit schemes, benefits in kind and other financial entitlements, including, where appropriate, allocations of stock options or bonus shares to members of the Board of Management, and
  - to make recommendations on the compensation of Supervisory Board members.

Work of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee met five times in 2014, with an attendance rate for Committee members of 100%.

In 2014, the work of the Nomination and Remuneration Committee focused primarily on:

- the compensation of Board of Management members (meetings of February 12 and October 27, 2014);
- the attendance fees allocated to Supervisory Board members (meeting of February 12, 2014);
- an assessment of the independence of the members of the Supervisory Board under the AFEP-MEDEF Code (meeting of February 12, 2014);
- reviewing the financial results of the Company and of the Group for 2013 and financial targets for 2014 (meeting of February 12, 2014);

- analysis of the results of the Supervisory Board's self-assessment (meeting of February 12, 2014);
- maintaining the mid-term bonus assessment criteria for Board of Management members (meeting of April 29, 2014);
- reviewing the succession planning for key executives, as well as the appointment and compensation of Clarisse Kopff as a member of the Board of Management (meeting of April 29, 2014);
- reviewing applications for the appointment of a new Supervisory Board member (meetings of February 12, April 29, July 15 and October 27, 2014);
- reviewing the Group's fit and proper internal policy (meeting of July 29, 2014);
- change in status of Wilfried Verstraete (meeting of July 29, 2014);
- review of the composition of the Supervisory Board to comply with applicable law and with the AFEP-MEDEF Code regarding the balanced representation of men and women (meeting of October 27, 2014);
- review of the AMF recommendations published in September 2014 regarding corporate governance and remuneration (meeting of October 27, 2014);
- organization of an assessment of the Supervisory Board by an independent third party in 2015 (meeting of October 27, 2014);
- update on the ongoing discussions with the Belgian regulator in the context of the Blue Europe II project, relating to the Group's remuneration internal policy (meeting of October 27, 2014);
- approval of the minutes of decisions of the Nomination and Remuneration Committee (meetings of February 12, April 29, July 29 and October 27, 2014).

Assessment of the Nomination and Remuneration Committee

The Supervisory Board asked the independent expert tasked with assessing the work of the Supervisory Board in 2015 to also carry out an assessment of the Nomination and Remuneration Committee's work. The operation of the Nomination and Remuneration Committee is judged to be satisfactory by its members.

The areas for improvement suggested for in 2015 are as follows:

- to give a more detailed report to the Supervisory Board (even if the current reporting is considered sufficient for the Supervisory Board to take a decision); and
- to consider the evolution of the Committee's composition in the context of the progressive renewal of the Supervisory Board.

1.5 Assessment of the Supervisory Board

Pursuant to the AFEP-MEDEF recommendations, the Supervisory Board carries out an annual self-assessment of its composition, organization and mode of operation, and every three years calls in an independent third party to carry out a formal assessment of the Supervisory Board.

In 2015, an independent expert assessed the Supervisory Board in the form of individual interviews with each Board member, based on an interview guide covering the various governance items prepared with the Supervisory Board's secretary, and the production of a report combining all of these discussions. This report was presented by the independent expert to the Supervisory Board during its meeting held on February 18, 2015.

The main topics discussed with the Supervisory Board members during this assessment were the following: governance fit; Supervisory Board effectiveness; activities of the Audit and Risk Committee and of the Nomination and Remuneration Committee; Supervisory Board composition; Supervisory Board duties and working; relationship between the Supervisory Board, the Board of Management and investors.

Overall, the members of the Supervisory Board consider that the governance of the Company is very satisfactory and smooth. It is supported by its Chairman, the openness of the shareholders and the quality of the Board of Management members. The members of the Supervisory Board appreciate particularly the interaction between them and the quality of decision taken by the Supervisory Board.

In view of the report of the independent third party, the following areas of improvement are envisaged for 2015:

- more detailed information on some topics such as products, market share, competition, human resources and executive career management and dedicate more time to these topics;
- more detailed information on succession process;
- more systematic *post mortem* analysis of decision taken; and
- implementation of internal training for new Supervisory Board members.

In the context of this assessment, the Supervisory Board also discussed the issue of diversification and feminization of its composition and decided to promote candidacy of women with expertise in emerging countries, i.e. Latin America and Africa.

2 Board of Management: composition, role and organization

2.1 Composition of the Board of Management

As at the date of this report, the Board of Management has the following six members:

- Wilfried Verstraete, Chairman;
- Gerd-Uwe Baden;
- Frédéric Bizière;
- Clarisse Kopff;
- Dirk Oevermann;
- Paul Overeem.

Further details on the Board of Management members are provided in section 2.1 of the 2014 Registration Document.

2.2 Operation of the Board of Management

The Board of Management operates according to internal regulations which are designed to complement the operating principles stipulated in the Articles of Association, while respecting the collegial principle of the Board of Management. In addition, the internal regulations define the practical procedures for holding meetings and recording minutes. These regulations are regularly updated having regard to the Company's requirements and the missions that the Board of Management sets for itself and its members. They are available on the Company's website: *www.eulerhermes.com.*

The Board of Management may decide to set up committees, the composition and powers of which it determines, to carry out certain duties under its responsibility; however, it may not delegate powers vested in it.

The Board of Management meets as often as required in the interests of the Company. It met 27 times in 2014, generally twice per month.

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

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

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

Lastly, the Board of Management members are obliged to inform each other of:

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

The Chairman is in charge of organizing and coordinating the business of all Group companies. Currently, he supervises the following functions at Group level: Internal Audit; Human Resources; Communication; the activities of other members of the Board of Management; and shareholder relations.

The other five members of the Board of Management share supervision of the remaining cross-company functions, i.e. Business Development and Partnerships; Risks, Information, Claims, and Reinsurance; Marketing, Sales and Distribution; Operations and IT; and Finance.

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

2.3 Limits on the powers of the Board of Management

Article 4 of the internal regulations of the Board of Management sets out the decisions that must be submitted to the Supervisory Board for prior approval, i.e.:

- the sale of real estate property and the total or partial sale of equity investments and the pledging of security interests in Company assets where the transaction exceeds €30,000,000;
- transactions for purposes of granting or contracting any borrowings or loans, credit facilities or advances where these exceed €75,000,000;
- transactions involving the pledge of security interests, guarantees, deposits or bonding where these exceed €30,000,000;
- transactions effected directly or through equity holdings that are likely to significantly affect the Group's strategy and materially alter its financial structure or scope of business where these exceed €5,000,000;
- the issuance of securities, of any kind, that may result in a change in the share capital regardless of the amount involved.

Any transaction exceeding the specified amount must be approved by the Supervisory Board.

3 Factors likely to have an impact on a public tender offer

These factors are described in section 7.5 of the 2014 Registration Document.

4 Procedures for shareholder participation in Shareholders' Meetings

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

II Internal control procedures and the control environment

The Group mainly operates in the fields of credit insurance and bonding.

Existing regulatory obligations

Legal obligations (including the Financial Security Act in France) have been added to the existing set of regulations under which the Company's management is directly responsible for all the Company's business activities, including its internal control system, i.e. for the achievement of objectives and for the design and implementation of the tools needed to control them. These regulations include rules issued by the French Prudential Supervision and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution* - ACPR) and rules that apply to each of the companies of the Group, particularly those established by the National Bank of Belgium (NBB) and the accounting standards. The recommendations of reports relating to corporate governance should also be taken into account. These elements have been incorporated into the Group's procedures under the title of ICOFR (Internal Control of Financial Reporting).

1 Internal control

According to the definition published on July 10, 2010 in the *Autorité des Marchés Financiers*' (the French financial markets regulator) guidelines, internal control forms part of a company's systems and is defined and implemented under its responsibility with a view to ensuring:

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

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

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

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

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

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

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

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

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

- effectiveness and efficiency of operations;
- reliability of financial reporting;

- compliance with applicable laws and regulations.

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

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

Internal control aims to provide reasonable assurance that the following objectives will be achieved:

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

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

2 The control environment

The control environment within the Group and its subsidiaries consists of the following:

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

2.1 The principles of corporate governance

The organization of the Group is characterized by central operating functions and geographic division of the world into six regions. Direct control of the subsidiaries is split between these regions.

The Group applied the principles of corporate governance by reproducing the structures of the Company so as to supervise and control the legal entities that still existed in 2014, principally Euler Hermes SA (formerly Euler Hermes Europe SA).

Governance structures:

- a Board of Directors or Supervisory Board, depending on the company: it includes the representative(s) of the shareholder (the Group), directors and independent members from outside the Group, and meets at least four times a year in the presence of the Management Committee or Board of Management. Its task is to define the strategic orientations and control the business activities of its subsidiaries and/or its Management Committee or Board of Management. It reviews and/or approves the subsidiary's financial statements, main projects, risks, business development and distribution partnerships. Its work on financial statements is based on Group reports drawn up by the Group Controlling department and specific indicators in the Sales and Marketing, Risk, and Litigation areas, in particular;
- an Audit and Risk Committee of the Supervisory Board or Board of Directors: this consists of three or four members, one of whom at least is independent, and generally meets, with the company's senior management, on the day before Board meetings. It carries out a detailed review of the subsidiary's financial statements, internal controls and the activity of internal and external auditors and, as the case may be, works on Solvency II. The internal and external auditors take part in the work. They may discuss matters outside the presence of the Company's General Management at the request of members of the Committee or its Chairman. The Committee reports to the Board of Directors or Supervisory Board, depending on the entity;
- a Remuneration Committee: it consists of the shareholder's representative and independent members. The Committee makes recommendations on the compensation of the members of the Management Committee. The Group Remuneration Committee is informed of its decisions;
- a Finance Committee whose role is defined in section III below ("Accounting and financial internal control procedures").

With the restructuring of the Group's insurance companies within Euler Hermes SA (formerly Euler Hermes Europe SA), these governance structures have been simplified and centralized essentially within Euler Hermes SA and the insurance companies which remains in existence (see the paragraph below). Branches are governed locally by a local Management Committee as explained hereafter.

Management structures:

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

On December 31, 2011, the Group simplified its legal structure in Europe by combining 13 of its former subsidiaries into a single insurance company, Euler Hermes SA (formerly Euler Hermes Europe SA), based in Brussels.

On November 4, 2014, the Group continued to streamline its legal structure by merging its two main insurance structures, in France and Germany, into its Belgian insurance company, Euler Hermes SA.

After merging these entities within Euler Hermes SA, based in Belgium, the Group has now combined within a single entity 18 insurance branches located in the following countries: Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, Ireland, Italy, Japan, Netherlands, Norway, Romania, Singapore, Slovakia, Sweden, Switzerland and the United Kingdom. The Group also owns insurance companies in Greece, Israel, Latin America, Morocco, Poland, Portugal, Russia, Spain and Turkey.

The governance structure described above was implemented within Euler Hermes SA to replace existing governance structures at the subsidiaries, which were transformed into branches.

2.2 Actions in the area of compliance

The Compliance function of the Group is supported by a network of Regional Compliance Officers who report directly to the Group Compliance Officer. The Regional Compliance Officers have each been assigned a specific mission on which they work in close collaboration with the Group Compliance Officer. This cross-company structure has significantly accelerated the implementation of compliance standards within the Group.

The Group Compliance function designs and supervises the different compliance measures deployed throughout the Group. The Group Compliance Officer reports to the member of the Board of Management in charge of Finance and the Group Risk Committee. He or she is also the main contact for Allianz France and Allianz SE in all matters relating to compliance.

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

The Compliance function covers numerous domains, including anti-money laundering measures, prevention of fraud and corruption, and conflicts of interest, and also ensures compliance with regulations in force (international sanctions, antitrust law and data protection). It also monitors compliance with French capital market regulations, particularly in the areas of insider information and trading in Euler Hermes Group shares by Company directors.

Training programs on compliance-related subjects are regularly delivered, including training on conflicts of interest and anti-trust laws in 2014. Reminders of the key applicable principles and procedures are distributed by the divisions concerned, such as communications on compliance with economic sanction rules issued by the Group Risk, Information and Claim (GRIC), Sales/Marketing and Compliance Divisions. Responsibility for compliance-related matters is thus given to each employee, and reviews of the correct implementation of rules and procedures take place regularly.

2.3 Definition of functions and monitoring individual objectives

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

3 Risk assessment

3.1 Risk mapping

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

The risk-mapping process has been reviewed on several occasions, including in 2014. It is based on an audit universe spanning all functional and operational areas. The audit universe comprises:

- 78 processes for the Group's main entities (region, major subsidiaries, branches and business lines);
- 48 entities;

i.e. a total of 448 objects (processes and entities) that are given a score or risk.

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

These risks are assessed for each of the 448 objects in respect of the probability of their occurrence, their scale in the event of materialization and their sensitivity to the control environment.

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

3.2 Group Risk & Capital Management (RCM) Division

The main tasks of the RCM Division are:

- to participate in the allocation of the Group's financial resources through identification, quantification and monitoring of the risks to which the Group and its subsidiaries are exposed;
- to participate in defining a regulatory framework in which operations will be carried out so as to define and monitor a risk management strategy and a risk profile;
- to implement and/or monitor implementation of the new regulatory frameworks designed to define and manage the solvency of insurance companies.

The main solvency regulations applicable to the Group are:

- for legal entities within the European Union, Solvency II;
- Swiss Solvency Test (SST) for the reinsurance company in Switzerland;
- for the legal entity in the United States, the applicable regulations in each state.

The Group has developed an internal model for both the Solvency II directive and for SST (a complete model for Solvency II in conjunction with Allianz and a partial model for SST). Working with the regulatory authorities, it has initiated a pre-application process to allow for the use of an internal model in the place and stead of the standard model.

Alongside its work to support risk quantification, the Group has initiated projects designed to achieve compliance with national and international risk governance standards.

The Group Management works with the Risk Control Divisions of each of the Group's legal entities by coordinating certain actions and acting as second-level control vis-à-vis the legal entities.

It also works closely with the main Group operational functions, and more particularly:

- the Investment Division on asset allocation, liquidity risk and asset-liability management issues;
- the Reinsurance Division;
- Divisions performing commercial arbitrage or arbitrage involving insurance limits;
- the actuarial function (*see section 3.3 of this report*).

In carrying out its work, the RCM Division has set up the following tools in conjunction with the Allianz group:

- an internal model to estimate economic and/or regulatory capital. This model covers market, credit, insurance and operational risks;
- an Own Risk Self-Assessment (ORSA) approach (or FLAOR approach, according to the new terminology used in the interim measures relating to implementation of Solvency II decided at the end of 2013) to qualify the calculation process through the internal model, to quantify non-modeled risks, and to discuss expected trends in the future solvency margin;
- a counterparty and concentration risk management and measurement tool covering the investment portfolio and the limits granted to policyholders under their insurance policy.

Work carried out by Risk Control is discussed every quarter, at a Risk Committee meeting with the Board of Management, and presented quarterly to the Audit and Risk Committee.

3.3 The Group actuarial function

The role of the Group actuarial function focuses on several areas, as indicated in Article 48 of the Solvency II directive:

- it defines minimum standards in terms of data quality, actuarial assumptions, methods and processes to be adopted by the legal entities for the calculation of their technical provisions. It controls the proper implementation of these standards and reviews the legal entities' level of technical provisions. It also discloses on a quarterly basis the resulting technical provision levels to the Group Loss Reserve Committee, communicates on their adequacy and gets the approval of the Board of Management on their levels;
- it controls the proper implementation by the legal entities of the reserve risk model and approves the resulting reserve risk capital at Group level;
- it also contributes to an effective implementation of the risk management system;
- lastly, it is involved in overall underwriting and pricing policy and in the setting up of reinsurance agreements.

The Group actuarial function relies on local actuarial functions and coordinates their work.

3.4 Organization of internal control activities

Supervision of the internal control system is deployed at three levels: control of the implementation of rules and procedures by the Board of Management, control by the insurance functions and control via audits.

Establishment of rules by the Board of Management

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

Our principal subsidiaries and branches also have:

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

First-level controls

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

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

- the Group Risk Underwriting Committee, whose meetings are attended by the regional Risk Officers. This committee, chaired by the Head of the Group Risk team, meets every two months;
- the Group Highly Sensitive Risk Committee, whose meetings are attended by the regional Risk Officers. This committee, chaired by the Head of the Group Risk team, meets every month;
- a regional Risk Committee, which meets in each region twice per year. This committee is made up of Risk Officers at the Group and regional levels and for each regional subsidiary or branch;
- local Risk Committees in the biggest subsidiaries or branches and using a system of delegation of powers.

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

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

Second-level controls

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

Third-level controls: internal audit

The Group has an audit service organized by function: Risk, Sales/Marketing, Finance/Accounting, Operations and Corporate Governance. Regional correspondents have been put in place. The overall budgeted headcount in 2014 was 24 (FTE) auditors. The Head of Group Audit reports to the Audit and Risk Committee and to the Group Chairman. He or she participates in subsidiary Audit Committees with local Audit Managers as a permanent member of those committees.

An annual program of audit assignments is drawn up every year. This program, based on risk mapping and a pragmatic approach to requirements, includes global audits of the subsidiaries, cross-company audits of processes performed simultaneously in the main subsidiaries, and vertical audits of all the processes of a given function within a subsidiary. It is drawn up in accordance with a structured procedure in the second half of the year. It is the subject of a discussion, communication and validation process with operational staff, General Management and the Audit Committees. The last stage of the validation process is the presentation of the program to the Audit and Risk Committee for approval in the fourth quarter. The audit program is consistent with achieving five-year risk cover, in accordance with Allianz guidelines, while at the same time providing short-term cover of the most sensitive risks. The following audits were conducted in 2014: 13 cross-company audits (three of which are still under way), seven vertical audits, four sovereign audits (two of which are still under way), six *ad hoc* audits carried out at the request of General Management (one of which is still under way), and three Operations audits (one of which is still under way).

The audit activity is governed by an audit charter. The version was updated in June 2014 and approved by the Audit and Risk Committee in September 2014. It sets out in detail the missions and organization of the various control levels within the Group and its subsidiaries. It is complemented by the development of audit standards and procedures at local and Group levels.

In 2010, the Allianz group Audit function issued two documents (Allianz group Audit Policy and the Standard Audit Manual), which the Group has adopted. These documents were updated in 2011 and again in 2014.

The Group audit structure also underwent a quality audit carried out by the Allianz group Audit function in 2014. The audit results and monitoring of the implementation of the Allianz group Audit function's recommendations yielded a highly satisfactory outcome.

Specific procedures regarding information security

Information security procedures within the Group are organized around two principal functions:

- the Group Security function;
- the Group IT Security function.

Security

The Group Security Officer is responsible for:

- implementing security policies and procedures within the Group;
- ensuring compliance with those policies and procedures by all Group entities;
- defining new policies and procedures, where required;
- coordinating the Business Continuity Management plans within the Group;
- assessing the IT security risks within the Group and proposing appropriate solutions.

More particularly, this officer is responsible for all security-related sales and marketing aspects. He or she coordinates a network of correspondents in the business units.

IT systems security

Within the Group IT Systems Division, the Group IT Security Officer is responsible for:

- ensuring the implementation of technical means to improve IT security (e.g. firewalls for the Group's networks, antivirus software to protect the network from outside attacks, encryption software to protect confidential data, user authentication and authorization management software, etc.);
- establishing and monitoring controls to ensure that the IT system complies with information system security policies;
- defining an annual information system security awareness plan and ensuring that it is effective in the regions.

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

Both functions work on the basis of Allianz group standards on Information Security and the Business Continuity Management plans, which serve as minimum requirements for all Allianz organizational entities.

Group Security Committee

All activities related to information security and business continuity management are supervised and controlled by the Group Security Committee. This Committee is chaired by the Group CEO. Its members are the Group Chief Operations Officer, the Group Chief Administrative Officer, the Group Chief Information Officer, the Group Audit Director, the Group IT Security Officer and the Group Security Officer. The Committee meets once per quarter. Every six months, the Group Security Risk Log is reassessed and potential risk mitigation activities are defined if necessary.

IT quality assurance and new developments

Under the responsibility of the Group Chief Information Officer, Group IT Divisions located in Belgium, in the Netherlands, Germany and in France are in charge of designing and developing Group IT applications.

A solid IT control framework has been set up, as reflected by regular controls, thereby strengthening the quality of IT developments.

Consolidation and harmonization of systems

The Group's IT systems are currently undergoing consolidation. Subsidiaries are interconnected by means of a wide area network. All Group systems are operated by a unified organization (centralized production teams, organization and processes) in a central datacenter in France, supported by two secondary units: Euler Hermes Singapore and Euler Hermes United States.

There is a back-up site in the event of any problems and data recovery tests are carried out on a regular basis.

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

In accordance with Allianz's policy, each year the Group updates and tests the business continuity plans set up in 2004.

The Group is pursuing the development of a policy of harmonization and Marketing, Litigation and Debt Collection, Reporting (Rebus) and Financial. They are being gradually rolled out within the Group: the CRM application is fully deployed; the SAP finance application is implemented in most of the subsidiaries and the implementation of the Commercial System (Galileo) is under way, with the roll-out of the application in Germany. This will help reinforce access-control procedures and the standardization of the subsidiaries' internal control systems.

The Group's internal audit structure and Group subsidiaries' audit teams work together on regular reviews of IT projects, processes and technical infrastructure.

Financial internal control assessment procedure initiated by the Group

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

Within the Group, four branches (Euler Hermes France, Euler Hermes Deutschland, Euler Hermes UK and Euler Hermes Italy) and the company Euler Hermes North America Insurance Company have continued to apply all the ICOFR-related procedures previously set up.

III Accounting and financial internal control procedures

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

- the Consolidation department;
- the Controlling department;
- the Investment department.

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

Both the Consolidation and the Controlling department are broken down by geographical area, which means that each geographical area is covered by a consolidator and a financial controller.

1 The Consolidation department

The Group is consolidated by the Allianz SE group, which has prepared its consolidated financial statements in accordance with IAS/IFRS since 1998.

The Group has been presenting its consolidated financial statements in accordance with IFRS since 2005.

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

The IFRS accounting and valuation principles are described in Note 2 of the notes to the 2014 consolidated financial statements.

The Consolidation department includes four consolidators reporting to the department head.

Its role is to produce the Group's published consolidated financial statements and to provide the shareholders with the information needed for the integration of the Group's financial statements into their own consolidated financial statements. The Consolidation department's direct contacts are the Accounting and Financial Divisions of the consolidated entities and the Consolidation Division of the shareholding company.

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

The Group's consolidated financial statements are drawn up on a quarterly basis. They are signed off by the Group Board of Management and are presented to the Group Audit and Risk Committee, then to the Group Supervisory Board.

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

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

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

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

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

Consolidation package

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

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

Instruction manual

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

2 Controlling department

Organized into three levels

Controlling is carried out jointly by the Controlling department of each subsidiary, by the regional controllers, and by the Controlling department of the Group Financial Division.

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

The Group Controlling department reports to the member of the Board of Management in charge of Finance.

In addition to this internal organization, controls are carried out by the shareholders (Allianz).

Ongoing communication with corporate governance bodies

The Group Controlling department presents the results to the Board of Management on a monthly basis, and to the Audit and Risk Committee and the Supervisory Board of the Company on a quarterly basis. It may also prepare additional analyses on specific points, at the request of the Board of Management.

Assignments of the Controlling department

The main responsibilities of the Controlling department are:

a) budget:

- draw up the Group's budget for the coming three years;
- monitor and update revised forecasts for the current fiscal year on a monthly basis;

b) closing work:

- check the consistency of data in the consolidation packages during monthly and quarterly closing;
- analyze business trends on a monthly basis using operational and financial indicators;

c) reporting:

- draw up budgets and update budget forecasts for the Company and central entities;
- monitor and analyze the performance of subsidiaries using operational and financial indicators, compared with the previous year and in relation to budget forecasts;
- create comparisons between subsidiaries;
- create monthly reports for the management body and quarterly reports for Company's shareholders, including the majority shareholder and the minority shareholders.

Use of harmonized tools within the Group

Controls rely on harmonized reporting as defined by the Group Controlling department. Harmonization facilitates comparisons based on time and region and benchmarking (particularly of costs).

The subsidiaries' reports must be accompanied by comments on their activity, drafted by the CFO and approved by the CEO. These comments must highlight any material discrepancies from one month to another or in relation to the budget, the updated budget forecasts or the previous year.

One data analysis process covering all activity

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

- external data, including insurance terms and conditions, financial assumptions and tax rates;
- internal data, mainly including commercial production (changes in the commercial portfolio and translation into premiums, etc.), changes in claim ratios and in general cost ratios, and monitoring of employee numbers;
- compliance with accounting rules: premiums provisioning, claims provisioning, and run-off monitoring.

This analysis is carried out by region and by business line.

Specific features of procedures for drawing up budgets and for revised forecasts

Budgets are drawn up based on the following cycle:

- the Group Controlling department sends out budget guidelines, which are approved by the Company's Board of Management and to which a harmonized budget package is attached (mid-July);
- the regions send their specific budget instructions and their internal assumptions to their subsidiaries so that these can be checked for consistency (internal and external) in relation to the interim results;
- each subsidiary draws up its budget, which is then approved by the CEO. Their budget packages are then sent to the CFO and CEO of that particular region, who consolidate the region's budgets and carry out second-level controls;
- the budget packages are sent to the Group Controlling department (mid-September);
- budget meetings are held at regional level; for the Group, these are attended by the Board of Management of the Company, the Group Controlling department and the shareholder representative, and the regions, as represented by the CEO, the CFO and in some cases the Head of Controlling;
- presentation of the budget to the main shareholder for approval (mid-November).

The annual forecasts are comprehensively reviewed once a year, in September. At this point the budgets are adjusted to take account of recent developments in relation to activity. In practice, this leads to the same process as the preparation of the budget (sending of budget guidelines and the return transmission of a budget package to the Group, which is the subject of in-depth discussions between the subsidiaries, the regions and the Group).

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

3 The Investment department

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

These instructions relate to the breakdown of portfolios by asset class, the level of recommended risk, notably for the maturity of the bond portfolios and for the credit rating of issuers, the calculation of benchmark indices, the choice of portfolio managers and the choice of institutions responsible for the custody of the securities.

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

The Committee issues recommendations for the purchase and sale of securities and the reinvestment strategy to be used for cash flows from operating activities. The Board of Management of Euler Hermes Group holds the decision-making power.

The Investment department also organizes two Group Financial Committee meetings each year with the Chairman of the Supervisory Board and the Chairman of the Board of Management, the Group CFO, shareholder representatives and members of the Finance Division. At this meeting, the Committee reports on past management performance and decides on future strategies.

Lastly, the Investment department manages the Company's debt and negotiates new loans and related hedging instruments. It obtains prior approval from the Board of Management.

Conclusion

This report has been presented to and approved by the Audit and Risk Committee and the Company's Supervisory Board.

February 18, 2015

Clement Booth

Chairman of the Euler Hermes Group Supervisory Board

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

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

Year ended December 31, 2014

To the shareholders,

In our capacity as Statutory Auditors of Euler Hermes Group S.A, and in accordance with Article L. 225-235 of the French Commercial Code ("*Code de commerce*"), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L. 225-68 of the French Commercial Code for the year ended December 31, 2014.

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

It is our responsibility:

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

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

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

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

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

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

Other disclosures

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

Paris La Défense and Paris, March 20, 2015

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

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3.1 Business environment

Review of 2014: Slowly turning the corner

While the world started 2014 with much optimism it was ultimately a year of persistent economic disappointment and frustration across the globe, but the real surprise was the elevation of geopolitical uncertainty throughout 2014. Global growth picked up to expand 2.5%, against the 2.4% seen in 2013. The US expansion only slightly gathered pace (2.4% vs. 2.2%), although it was particularly volatile after being hindered by unusualy poor weather in Q1. The exit of the Eurozone from recession after three years of contraction (0.9% in 2014 vs. -0.4% in 2013) led to a diverse performance across the big four with Spain (1.4%) and Germany (1.6%) outstripping an anemic France (0.4%) and a woeful Italy (-0.4%). These improvements were offset in particular by a surprise decline in Asia driven mainly by a collapse in Japan that only just crept into expansionary territory (0.1% year on year after 1.6% in 2013). Two further key points of weakness were also in the BRICs (Brazil, Russia, India and China), namely Russia (0.6% year on year vs. 1.3% y/y in 2013) and Brazil (0.0% in 2014 against 2.5% previously), with political uncertainty and falling commodity prices weighing on both. While Advanced Economies (1.7%) had their best year since 2010, Emerging Economies (3.8%) had their weakest year since 2009.

GDP in Asia grew by a limited +4.3% in 2014 (after +4.9% in 2013), the worst performance of the region over the past 5 years. The region suffered from: a slowdown in demand growth in China (+7.4% from +7.7% in 2013) reflecting ongoing stress in the banking system and in the property market; and sharp deceleration in Japan (0.1% after 1.6% in 2013) as the recovery was held back by the rise in sales tax. Weak global demand continues to hamper trade growth, particularly important to the ASEAN countries.

Regional headlines in MENA highlight regional health problems, ongoing troubled political transitions, violent civil wars and, latterly, the collapse in oil prices. However, that would mask a year of the continuation of the rising Africa story and of economic diversification. There has also been judicious use of petrodollars to expand welfare benefits and improve infrastructure in parts of the Middle East. 2015 GDP growth in Africa and the Middle East is estimated at +4.0% and +3.2%, respectively. Many African economies increased per capita incomes in real terms and data revisions in several Sub-Saharan countries showed that nominal GDP is higher than previously estimated.

In the US, 2014 was characterized by choppy growth as severe winter weather drove Q1 GDP down -2.1%, only to be followed by strong GDP growth of +4.6% and +5.0% in Q2 and Q3 respectively. In Q3, consumption grew a decent +3.2% due to a combination of 2014 job growth which was the strongest since 1999, a sharp pickup in personal income, consumer confidence piercing the 100 level, and falling gasoline prices. Inflation was tame and interest rates remained at historically low levels despite the Fed ending its Quantitative Easing (QE) program in October. The dollar rose 8%, crimping exports, but manufacturing was robust - autos in particular had their best year since 2006. Bankruptcies fell -15% as corporate profit margins approached record highs. While house prices recovered the sector provided little contribution to growth.

2014 was a complicated year for Latin American economies, with broad economic slowdown and a very volatile financing environment. The strong fall in commodity prices hit sharply the value of exports, while the slowdown of China, the main Latin American export market, and still sluggish demand from developed markets (albeit recovering in the US) weighed on export volumes. This was combined with currency depreciation and volatility as well as tighter financing conditions due the Fed's tapering disruption, in addition to unresolved structural internal problems in the biggest economies of the region. As the Group expected, the hosting of the Soccer World Cup brought more inflation than growth for Brazil. Important financing tensions came also from Argentina and Venezuela. Both economies are mired into recession with multiple economic issues - import and FX controls, scarcity of imported industrial inputs, soaring inflation. The fall in oil prices will be an additional challenge for Venezuela, which relies greatly on oil revenues (95% of exports).

The rapid escalations of tensions in Ukraine triggered three rounds of sanctions imposed on Russia by the EU and the USA, with counter sanctions coming from Russia. Continued conflict in the Middle East and political uncertainty in the region saw 2014's growth continue to perform below long term potential, with only modest improvement anticipated in 2015, while the rise of the Islamic State (IS) represents an existential threat in the Middle East and is a source of potential imported terrorist activity worldwide.

3.2 Selected financial information

(in € millions)	2014	2013	2012 IAS 19 pro forma	2012 published
Consolidated turnover	2,527.0	2,486.2	2,397.9	2,397.9
Gross technical result [(1)]	509.9	456.8	384.0	376.8
Net technical result	351.1	345.3	331.4	324.2
Net investment income [(2)]	85.1	86.2	109.0	109.0
Current operating income	**436.2**	**431.4**	**440.5**	**433.3**
Other non ordinary operating expenses and income	(23.0)	27.2	(8.6)	(8.6)
Operating income	413.1	458.6	431.8	424.7
CONSOLIDATED NET INCOME [(3)]	**302.1**	**313.7**	**305.5**	**300.2**

(1) Excluding non technical expenses.
(2) Excluding financing expenses.
(3) Group share.

(in € millions)	2014	2013	2012 IAS 19 pro forma	2012 published
Investment porfolio				
Balance sheet book value of investments [(1)]	4,302.6	4,038.3	4,129.6	4,129.6
Market value of investments [(2)]	4,457.9	4,163.4	4,234.7	4,234.7
Technical reserves				
Gross non-life technical reserves	2,177.2	2,028.7	1,930.6	1,930.6
Net non-life technical reserves	1,613.0	1,498.8	1,431.7	1,431.7
TOTAL ASSETS	**6,359.7**	**6,062.7**	**6,077.1**	**6,064.2**
SHAREHOLDERS' EQUITY [(2)]	**2,642.7**	**2,528.5**	**2,413.5**	**2,535.0**

(1) Including investment property and cash.
(2) Including non controlling interests.

3.3 Key events

3.3.1 Key events of 2014

The following significant events occurred in the year 2014:

Changes in the share capital and in share ownership

As at December 31, 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 Group. Consequently, Euler Hermes Group is integrated into the Allianz consolidation scope.

As at December 31, 2014, Euler Hermes Group's share capital was composed of 45,342,177 shares, including 1,360,137 shares held in treasury stock.

Creation of Euler Hermes AG

Euler Hermes Germany's Export Credit Activities were carved out into a new company (Euler Hermes AG) through a spin-off or 'Abspaltung' early this year, allowing us to proceed with Euler Hermes Germany's merger into Euler Hermes Europe (renamed into Euler Hermes SA (NV) at year-end).

Transfer of the Asian Insurance portfolios to Euler Hermes Europe (renamed into Euler Hermes SA (NV) at year-end)

Also in the context of the legal restructuring in the Group, the insurance portfolios of the Asian branches were transferred on June 1 for Singapore, on July 1 for Hong Kong and August 1 for Japan, from Euler Hermes Deutschland to Euler Hermes Europe (renamed into Euler Hermes SA (NV) at year-end) in Belgium.

Company name changes

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

Following the Extraordinary Shareholders' Meeting of November 4, 2014, the company name "Euler Hermes Europe" SA (NV) has been changed to "Euler Hermes" SA (NV).

Blue Europe II: cross border mergers

The cross border mergers of Euler Hermes Deutschland AG and of Euler Hermes France SA into Euler Hermes SA (NV), have been authorized by the NBB, the ACPR and BaFin, the Belgian, French and German regulators. The mergers were approved in the Extraordinary Shareholders' Meeting of November 4, 2014, with retroactive effect from January 1, 2014.

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

In January 2014, Euler Hermes SA (NV) bought-back the non-controlling interests of Euler Hermes Hellas Credit Insurance. The Greek subsidiary is now 100% held by the Group.

Expansion in international markets

During the year 2014 the Group created new service companies to expand its business in growing markets: Euler Hermes Services Taiwan, Euler Hermes Services GCC Ltd, a company located in Dubai, Euler Hermes Services Bulgaria, Euler Hermes Services Tunisia and Euler Hermes Korea Non-Life Broker Co, Ltd.

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

During the third quarter of 2014, Euler Hermes Group and Euler Hermes Deutschland Boards of Management have signed an agreement with a real estate development company to sell and partially leaseback the corporate buildings of the Group in Hamburg with the objective to transfer the ownership before the end of 2015.

Consequently, the net value of properties was reclassified as assets "held for sale" for an amount of €75.7 million before impairment. After reclassification, an impairment loss corresponding to the fair value less costs of sale was recognized for an amount of €17.2 million. This impairment loss is recognized in the income statement under "Other non-ordinary operating expenses".

Initiative EH 3.0 launch

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

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

In january 2014, Euler Hermes Group received a AA- rating from the leading chinese credit rating agency Dagong Europe, and is also the first insurance group in Europe to be rated by the agency.

3.3.2 Key events post December 31, 2014

No subsequent events occurred since December 31, 2014 closing which would impact the assumptions of the annual closing.

3.4 Activity of Euler Hermes Group

Euler Hermes Group (ex Euler Hermes SA) is the parent company of the Group. It generates the bulk of its revenues from shareholdings.

3.4.1 Acquisition of subsidiaries and participating interests

In 2014 the service activity on behalf and for account of the Federal German Government of the subsidiary Euler Hermes Deutschland AG was transferred to a newly set-up German company Euler Hermes AG. The shares of the subsidiary Euler Hermes Deutschland AG were transferred to Euler Hermes AG for €115.9 million. In return Euler Hermes Group, (ex Euler Hermes SA) received shares of the subsidiary Euler Hermes AG. As at December 31, 2014, Euler Hermes Group, (ex Euler Hermes SA) owns 445,714 shares of Euler Hermes AG, representing 100% of the capital.

On November 4, 2014 Euler Hermes France and Euler Hermes Deutschland AG have been merged with Euler Hermes SA (ex Euler Hermes Europe SA). The shares of the subsidiaries Euler Hermes France and Euler Hermes Deutschland AG have been transferred to Euler Hermes SA (ex Euler Hermes Europe SA). In return Euler Hermes Group, (ex Euler Hermes SA) received shares of the subsidiary Euler Hermes SA (ex Euler Hermes Europe SA). As at December 31, 2014, Euler Hermes Group, (ex Euler Hermes SA) owns 2,846,815 shares of Euler Hermes SA (ex Euler Hermes Europe SA), representing 97.32% of the capital.

3.4.2 Comments on the results

Net income for the year stands at €195.5 million compared with €194.3 million in 2013. The table below shows the main components of the Company's income:

(in € millions)	2014	2013	Variation
Income from participating interests (1)	241.1	246.3	-2.1%
Other net financial expenses (2)	(7.7)	(25.0)	-69.0%
Net operating expenses (3)	(46.6)	(46.3)	0.6%
Provision for (-) or write back of (+) depreciation of treasury stock (4)	(1.1)	0.0	-
Ordinary Income	**185.7**	**175.0**	**6.1%**
Exceptional items (5)	(1.0)	2.1	-146.6%
Corporation tax (6)	10.7	17.2	-37.6%
NET INCOME	**195.5**	**194.3**	**0.6%**

(1) These are dividends received from operating entities. Main contributions come from Euler Hermes SA (ex Euler Hermes Europe SA), Euler Hermes AG and Euler Hermes Reinsurance AG.
(2) This heading mainly comprises €4.8 million interest charges on bank loans and €4.1 million interest expenses on financial debt taken out with associates. Last year included a €2.1 million interest charges on a loan with Allianz Finanzbeteiligungs Gmbh, and €12.9 million penalty for its early reimbursement in November 2013.
(3) Net operating expenses increased by €0.3 million compared to last year.
(4) This heading corresponds to the provision for depreciation of treasury stock for €1.1 million.
(5) This caption includes the gains and losses on repurchases of treasury stock for €-0.5 million and an additional allowance to the retirement benefits provision for €-0.5 million.
(6) Euler Hermes Group heads the tax group for French companies that are more than 95%-owned.

3.4.3 Dividends

As proposed by the Group Board of Management, the Supervisory Board recommends to the Shareholders' meeting that dividend should be paid for €199.5 million, including treasury shares, which corresponds to a dividend per share of €4.40.

Proposed allocation of income	2014
Source	
Retained earnings from previous year	283.2
Net income for the year	195.5
TOTAL	**478.6**
Allocation	
Allocation to reserves	0.0
Total proposed dividend*	199.5
Retained earnings	279.1
TOTAL	**478.6**

** Total proposed dividend includes the share of dividend that relates to treasury shares. The Shareholders' Meeting will be proposed to credit this share of dividend to the retained earnings account at the date of dividend payment.*

3.5 Consolidated result of the Group

3.5.1 Consolidated turnover

Consolidated turnover consists of premium income, comprising earned premiums generated by direct insurance and assumed business, and service revenues, mostly premium-related.

Premiums

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

Premiums are based mainly on policyholders' sales or their outstanding customer risk, which also depends on their sales.

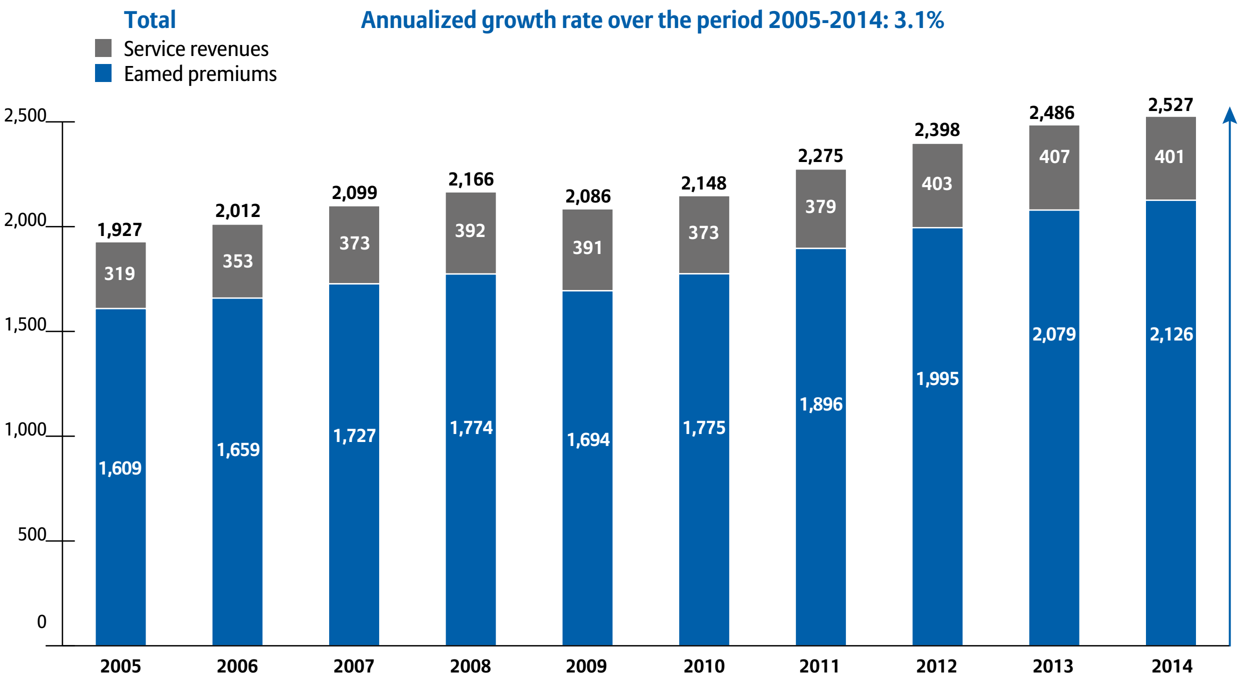
Service revenues

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

- *Information fees:* these consist of billings for research and analysis carried out to provide policyholders with the required credit insurance cover, and of amounts billed for monitoring the solvency of their customers;
- *Collection fees:* these correspond to the amounts billed for debt collection services provided to policyholders and to companies that are not policyholders.

3.5.1.1 Consolidated turnover overview

- **CONSOLIDATED TURNOVER *(in € millions)***



This year again, turnover increased to reach a new historical height at €2,527 million, up by 1.6%, and by 1.7% at constant exchange rates.

3.5.1.2 Consolidated turnover per region

Turnover (in € millions)	2014	2013 (published)	Variation	2013 [1]	Variation [1]
Germany, Austria, Switzerland	759.8	793.2	-4.2%	793.5	-4.2%
France	399.0	397.9	0.3%	397.9	0.3%
Northern Europe	550.7	551.3	-0.1%	554.7	-0.7%
Mediterranean Countries, Middle East & Africa	322.7	308.8	4.5%	306.2	5.4%
Americas	266.5	274.9	-3.1%	243.8	9.3%
Asia-Pacific	108.2	91.7	18.0%	89.5	20.9%
Non consolidated OE's and other [2]	120.1	68.3	n/a	99.3	n/a
EULER HERMES GROUP	**2,527.0**	**2,486.2**	**1.6%**	**2,484.9**	**1.7%**

Area contribution: After intra-region eliminations & before inter-region eliminations.
(1) At constant exchange rates and pro forma (Mexico, Colombia & Chile in 2013 in EH Re.).
(2) Corporate entities + inter-region eliminations.

In 2014, the Group's turnover rose by 1.6%, to reach €2,527 million. At constant rates, the turnover increased by 1.7%.

New production reached a new record level of €305 million, 4.5% ahead of last year, mainly driven by Americas, Asian and the Middle East markets and new lines of business, namely Transactional cover and Excess of Loss. The retention rate stood at 90% at the end of the year, same level as in 2013. Prices were in average negative due to the low level of frequency claims and the competitive market environment. After a negative 2013 year, the contribution from our policyholders' insured turnover was flat this year, driven by lack of GDP growth or inflation in Europe.

As a result, the growth of topline was only supported by commercial performance.

3.5.1.3 Breakdown of turnover between premium income and related revenues

(in € millions)	2014	2013	Variation in amount	Variation in %
Earned premiums	2,125.9	2,079.0	46.9	2.3%
Service revenues	401.1	407.2	(6.1)	-1.5%
TOTAL TURNOVER	**2,527.0**	**2,486.2**	**40.8**	**1.6%**

The Group's premiums amounted to €2,126 million in 2014, setting a new historical level. They rose by 2.3% compared to last year, and by 2.2% at constant exchange rates.

Service revenues decreased by 1.5% in 2014 and hampered the turnover growth. The shortfall in service revenues was linked to declining collection revenues following the lower level of claims. Collection fees declined by 12.8% against last year, but were partially compensated by the positive evolution of information fees (+1.0%) and other fees (+1.5%).

3.5.1.4 Earned premiums

(in € millions)	2014	2013	Variation
Gross earned premiums	2,125.9	2,079.0	2.3%
Ceded premiums	(643.9)	(643.5)	0.1%
NET EARNED PREMIUMS	**1,482.0**	**1,435.6**	**3.2%**
Cession rate	30.3%	31.0%	

While gross earned premiums increased by 2.3% compared to last year, net earned premiums rose by 3.2%, reflecting the decrease in premiums ceded to reinsurers on the quota share treaty and cheaper non-proportional reinsurance.

3.5.2 Cost of claims

The claims ratio is defined as the cost of claims relative to earned premiums after deduction of rebates granted to policyholders.

(in € millions)	2014	2013	Variation
Gross claims costs	(998.7)	(1,046.5)	-4.6%
Ceded claims costs	275.9	321.5	-14.2%
NET CLAIMS COSTS	**(722.8)**	**(725.0)**	**-0.3%**
Gross Claims ratio	**47.0%**	**50.3%**	-3.4 pt
Net Claims ratio	**48.8%**	**50.5%**	-1.7 pt

Gross claims costs all attachment years were at €998.7 million, a 4.6% improvement over last year thanks to a decrease in frequency claims.

Gross claims ratio stood at 47.0%, decreasing by 3.4 points between 2013 and 2014.

The net claims ratio decreased by 1.7 points between 2013 and 2014, mainly driven by the low claims environment and higher run-off in 2014 in credit insurance, and a reduction in the bonding loss ratio.

3.5.2.1 Cost of claims on current attachment year

(in € millions)	2014	2013	Variation
Gross claims costs current attachment year	(1,220.7)	(1,228.9)	-0.7%
Ceded claims costs current attachment year	304.8	352.7	-13.6%
NET CLAIMS COSTS CURRENT ATTACHMENT YEAR	**(915.9)**	**(876.1)**	**4.5%**
Gross loss ratio current attachment year	**-57.4%**	**-59.1%**	1.7 pt
Net loss ratio current attachment year	**-61.8%**	**-61.0%**	-0.8 pt

Gross claims costs current year were at €1,220.7 million, a decrease of 0.7% compared to last year. The decrease in frequency claims more than compensated the negative impact from the mid-size claims that hit the Group in the second semester 2014.

Overall in Europe and in Asia Pacific, claims ratios on current attachment year decreased, hence the Group gross loss ratio improvement at 57.4% compared to 59.1% last year, which represents a satisfying performance in the current subdued economy.

However, in net terms, claims increased by 4.5% year on year as a proportionally lower volume of claims was ceded to the reinsurers. Thus the net loss ratio was slightly above last year level, standing at 61.8%.

3.5.2.2 Net run-off

(in € millions)	2014	2013	Variation
Gross claims costs previous attachment years	222.0	182.3	21.8%
Ceded claims costs previous attachment years	(28.9)	(31.2)	-7.4%
NET CLAIMS COSTS PREVIOUS ATTACHMENT YEARS	**193.1**	**151.2**	**27.8%**
Gross loss ratio previous attachment year	**10.4%**	**8.8%**	1.7 pt
Net loss ratio previous attachment year	**13.0%**	**10.5%**	2.5 pt

Gross run-offs were positive and amounted to €222.0 million, higher by 21.8% compared to last year which was negatively impacted by additional reserves on previous attachment years' cases. All regions posted positive run-offs and the gross loss ratio on previous attachment years stood at 10.4%, above last year by 1.7 pt.

The net run-off ratio increased faster than the gross run-off ratio as proportionally more run-offs were retained by the Group on recent attachment years.

3.5.3 Operating expenses

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

The gross technical operating expenses that are included in the technical expense ratio (see definition above) include the following costs:

(in € millions)	**2014**	**2013 Profoma**	**2013 Published**	**Variation vs pro forma amount**	**Variation %**
HR expenses	474.3	469.0	462.3	5.2	1.1%
Brokerage	279.5	260.4	257.5	19.0	7.3%
IT & Communications	23.0	22.1	22.7	0.8	3.8%
Facilities & Occupancy	50.4	51.8	51.7	(1.4)	-2.8%
Audit, Tax & related fees performed	6.5	6.0	6.0	0.5	8.7%
Legal & consulting fees	48.9	48.3	49.3	0.6	1.3%
Agency, Marketing & Advertising	18.0	17.1	16.9	0.9	5.1%
Representation & Other Travel Expenses	20.9	20.0	20.3	0.9	4.6%
External information & collection expenses	63.4	59.2	63.2	4.2	7.1%
Other Operating Expenses	33.7	34.0	33.2	(0.3)	-1.0%
GROSS TECHNICAL EXPENSES	**1,018.4**	**987.9**	**983.0**	**30.5**	**3.1%**
Service revenues	(401.1)	(411.5)	(407.2)	10.4	-2.5%
EXPENSES NET OF SERVICE REVENUES	**617.3**	**576.4**	**575.7**	**40.9**	**7.1%**
Reinsurance commission	(222.9)	(219.6)	(219.6)	(3.4)	1.5%
NET TECHNICAL EXPENSES	**394.4**	**356.9**	**356.1**	**37.5**	**10.5%**
Gross technical expense ratio	**29.0%**	**27.7%**	**27.7%**	**1.3 pt**	
Net technical expense ratio	**26.6%**	**24.9%**	**24.8%**	**1.8 pt**	

Pro forma Solunion in 2013: all costs by nature in Mexico, Chile & Colombia (€5.9m) are reclassified in inward commission (brokerage).

Pro forma Bürgel in 2013: following the merger in 2014 of 3 entities "Bürgel" (that were until then non consolidated), 2013 has been restated as if these entities were merged in 2013 for better comparison purpose.

Gross technical expenses were up by 3.1% compared to last year, mostly driven by the growth in HR expenses and brokerage.

The increase in HR expenses was 1.1%, impacted by conventional salary increases and recruitments in growth areas (Asia, Turkey and the Gulf countries). Brokerage costs rose by 7.3% compared to last year, which was faster than premium growth because premium growth was located in markets with higher brokerage rate. Information expenses grew because of information purchases to Solunion but this increase was matched in revenues. Other costs increased altogether by 1.0%, in line with topline evolution.

Net technical ratio stood at 26.6% for 2014 compared to 24.9% last year, impacted by the shortfall in service revenues and proportionally lower reinsurance commission contribution.

3.5.4 Net technical result

At €351.1 million, net technical result was €5.8 million above last year, thanks to premium growth with an almost stable combined ratio.

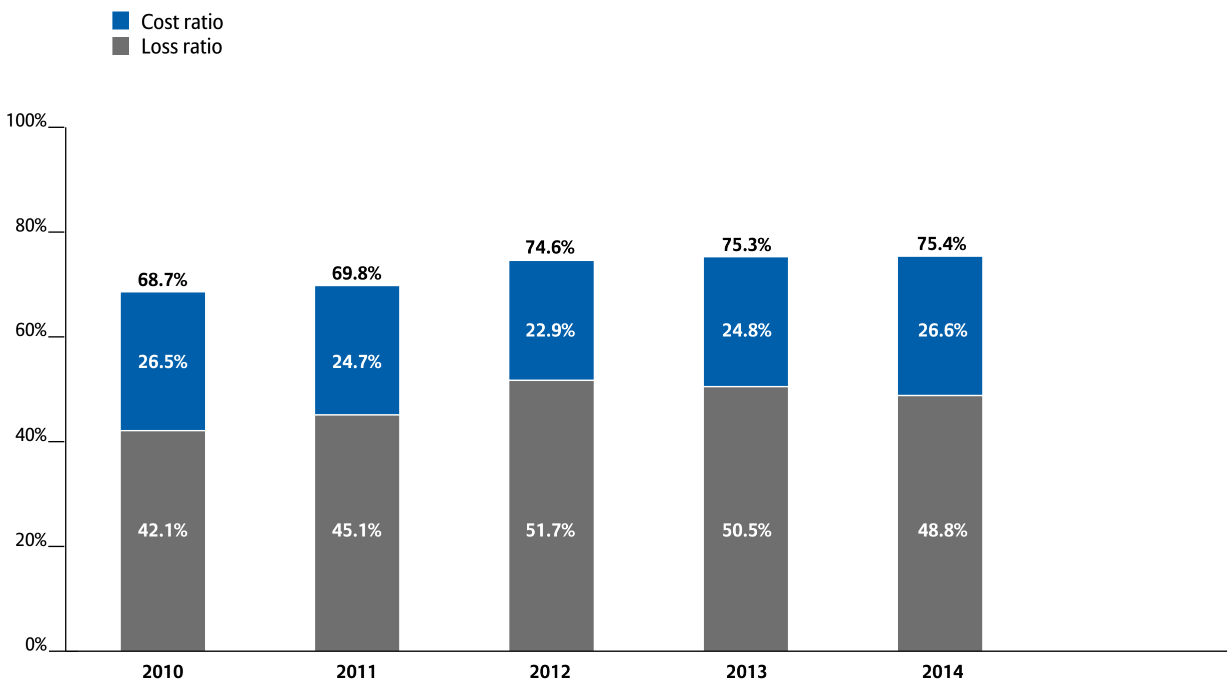
(in € millions)	2014	2013	Variation
Net earned premium	1,482.0	1,435.6	3.2%
Net claims costs	(722.8)	(725.0)	-0.3%
Net technical expenses	(394.4)	(356.1)	10.7%
Other non technical charges	(13.8)	(9.2)	49.8%
NET TECHNICAL RESULT (1)	**351.1**	**345.3**	**1.7%**
Net combined ratio	75.4%	75.3%	

(1) Net technical result = Current operating income before net investment income.

3.5.5 Net combined ratio

Net combined ratio after reinsurance was stable at 75.4%. The higher net cost ratio in 2014 was compensated by an improving net loss ratio compared to last year.

■ **NET COMBINED RATIO AFTER REINSURANCE *(in % of net earned premiums)***



3.5.6 Net investment income

Net investment income (before financing expenses) amounted to €85.1 million as at December 31, 2014, compared to €86.2 million in 2013. The 2014 net investment income was impacted by lower investment income due to significant interest rate decrease, and negative net change in foreign currency all offset by higher realized gains.

(in € millions)	2014	2013	Variation
Revenues from investment property	*2.6*	*2.7*	*-2.5%*
Revenues from equity and debt securities	*58.5*	*63.8*	*-8.2%*
Other financial income	*20.0*	*21.9*	*-8.9%*
Investment income	81.1	88.4	-8.2%
Investment expenses	(9.0)	(8.4)	7.5%
Net change in foreign currency	(5.4)	(0.5)	891.4%
Net gains and losses on sales of investments less impairment and amortization	18.3	6.7	173.3%
NET INVESTMENT INCOME (EXCLUDING FINANCING EXPENSES)	**85.1**	**86.2**	**-1.2%**

Investment income dropped by 8.2% between 2013 and 2014, due to lower yields on bonds. Investment expenses were slightly above last year level (€-0.6 million), and the adverse change in currency also impacted negatively the net investment income.

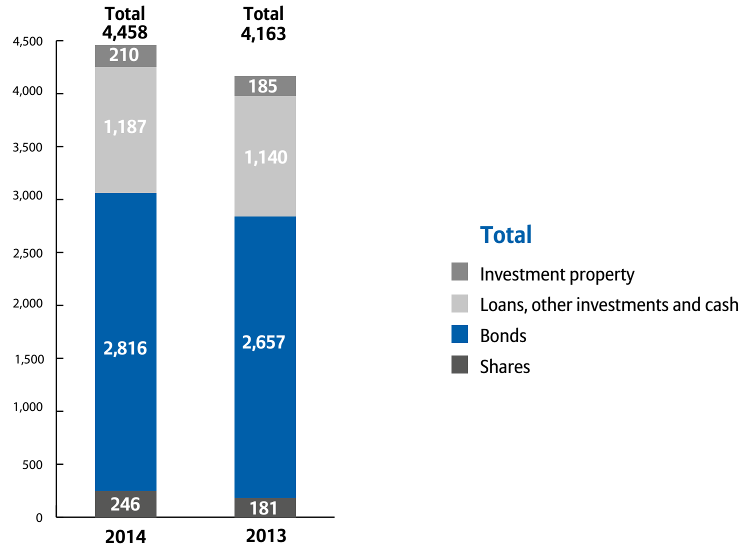
Net realized gains and losses were at €18.3 million, to be compared to €6.7 million at the end of 2013. As a reminder last year included a €13 million penalty on the early reimbursement of a loan.

At €4,458 million, the market value of the Group's investment portfolio increased by €294.5 million. This increase was driven by positive operating cash flows and an increase in unrealized gains by €75 million.

	12/31/2014					12/31/2013				
(in € millions)	Amortized cost	Unrealized gain reserve recognized in net equity	Net book value	Market value	Unrealized gains and losses (unrecognized)	Amortized cost	Unrealized gain reserve recognized in net equity	Net book value	Market value	Unrealized gains and losses (unrecognized)
▪ Shares	220.2	25.3	245.5	245.5	-	154.1	27.0	181.1	181.1	-
▪ Bonds	2,708.9	106.9	2,815.9	2,815.9	-	2,596.9	60.0	2,656.9	2,656.9	-
▪ Loans and other investments	833.2	-	833.2	854.2	21.0	837.9	-	837.9	837.9	-
Total financial investments	**3,762.4**	**132.2**	**3,894.6**	**3,915.6**	**21.0**	**3,588.8**	**87.0**	**3,675.9**	**3,675.9**	**-**
Buildings third party use		**-**	**75.4**	**209.7**	**134.3**		**-**	**60.2**	**185.4**	**125.1**
Cash	**-**	**-**	**332.6**	**332.6**	**-**	**-**	**-**	**302.2**	**302.2**	**-**
TOTAL	**-**	**-**	**4,302.6**	**4,457.9**	**155.3**	**-**	**-**	**4,038.3**	**4,163.4**	**125.1**

The increase in market value for "buildings third party use" is linked to the refurbishment of the former head office 1, rue Euler (Paris).

INVESTMENT PORTFOLIO *(€ millions-Market value as at 12/31/2014)*



3.5.7 Ordinary operating income

The ordinary operating income increased by 1.1% between 2013 and 2014, driven by the improvement in the net technical result.

(in € millions)	2014	2013	Variation
Technical result	351.1	345.3	1.7%
Net investment income (excluding financing expenses)	85.1	86.2	-1.2%
ORDINARY OPERATING INCOME	**436.2**	**431.4**	**1.1%**

3.5.8 Consolidated net income

After non ordinary items, financing expenses, income from companies valued at equity, and corporate tax, consolidated net income, Group share, stood at €302.1 million, compared to €313.7 million at end of December 2013.

(in € millions)	2014	2013	Variation
Ordinary operating income	**436.2**	**431.4**	**1.1%**
Other non-ordinary income and expenses	(23.0)	27.2	-184.7%
Financing expenses	(8.3)	(11.0)	-23.8%
Share of Income from companies accounted by the equity method	15.7	6.4	144.7%
Corporation tax	(116.4)	(137.0)	-15.0%
Non controlling interests	(2.0)	(3.4)	-39.1%
CONSOLIDATED NET INCOME, GROUP SHARE	**302.1**	**313.7**	**-3.7%**
Tax rate	**27.7%**	**30.2%**	

Other non-ordinary income and expenses stood at €-23.0 million of which €-17.2 million for the depreciation of held-for-sale buildings. Last year included a one-shot gain of €36.9 million on the legal contribution of Spanish, Argentinean, Mexican, Colombian and Chilean entities to the Solunion joint-venture with MAPFRE.

The adverse impact of the positive one-off in 2013 (gains on contributions to Solunion) and negative one-off in 2014 (impairment of the Hamburg building) is partly offset by:

- Lower financing expenses since last year included interests on an Allianz loan until its early reimbursement in November 2013;
- A higher contribution from entities valued at equity (€+15.7 million compared to €+6.4 million in 2013);
- A lower Group average tax ratio.

3.6 Performance of the Group's main geographic regions

The Group's organization is based on six geographical regions: Germany/Switzerland/Austria, France, Northern Europe, Americas, Mediterranean Countries, Middle East and Africa and Asia/Pacific.

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

3.6.1 Germany/Switzerland/Austria

This region includes the direct insurance and assumed business carried out by the operating entities in Germany, Austria and Switzerland.

(in € millions)	2014	2013	Variation
Earned premiums	584.2	617.1	-5.3%
Service revenues	175.6	176.1	-0.3%
Turnover	**759.8**	**793.2**	**-4.2%**
Investment income	27.1	30.7	-11.5%
Total ordinary income	**786.9**	**823.9**	**-4.5%**
Insurance service expenses	(242.7)	(291.2)	-16.7%
Net outwards reinsurance income or expenses	(113.3)	(85.1)	33.2%
Other income and expenses	(305.9)	(309.2)	-1.1%
Total other income and expenses	**(661.9)**	**(685.5)**	**-3.4%**
CURRENT OPERATING INCOME	**125.0**	**138.4**	**-9.6%**
Net combined ratio	*51.3%*	*49.0%*	

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

Turnover decreased by 4.2% in 2014, negatively impacted by the loss of a few policies due to competition, pressure on rates and disappointing new production.

Investment income stood at €27.1 million, lower than last year by €3.6 million. This is attributable to lower revenues on the bond portfolio and a decrease of realized gains on bonds.

Insurance service expenses dropped by 16.7% between 2013 and 2014 and reached €242.7 million at the end of 2014. Claims activity is at low levels in 2014, whereas 2013 had been impacted by a few mid-size claims.

Net outward reinsurance expenses amounted to €-113.3 million, compared to €-85.1 million last year. This is mainly due to a change in reinsurance scheme within the Group for specific lines of business, which are now retroceded via the Group's reinsurance upon the common internal reinsurance rules within the Group.

Other income and expenses decreased by 1.1% compared to last year partly following topline downturn.

The net combined ratio increased in 2014, from 49.0% in 2013 to 51.3% in 2014, mainly due to the change in the reinsurance structure.

As a consequence of lower revenues, the current operating income stood at €125.0 million at the end of the year, a 9.6% decrease compared to 2013.

3.6.2 France

(in € millions)	2014	2013	Variation
Earned premiums	327.8	326.2	0.5%
Service revenues	71.2	71.7	-0.7%
Turnover	**399.0**	**397.9**	**0.3%**
Investment income	24.2	27.5	-12.0%
Total ordinary income	**423.2**	**425.4**	**-0.5%**
Insurance service expenses	(142.3)	(153.4)	-7.2%
Net outwards reinsurance income or expenses	(47.3)	(38.5)	23.0%
Other income and expenses	(157.9)	(154.4)	2.3%
Total other income and expenses	**(347.6)**	**(346.3)**	**0.4%**
CURRENT OPERATING INCOME	**75.7**	**79.1**	**-4.4%**
Net combined ratio	*51.7%*	*51.8%*	

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

Turnover is slightly above last year by 0.3% driven by a good commercial performance which compensates for negative rate variations and low insured turnover volumes.

Investment income amounted €24.2 million compared to €27.5 million last year, due to lower yields on bonds.

Insurance service expenses stood at €142.3 million, lower than last year by 7.2%. At 43.4% the gross claims ratio all attachment years was lower than last year, thanks to sound risk management that resulted in the low claims activity despite the sluggish economic environment and the high level of insolvencies.

The net combined ratio was however stable due to a higher average cession of the technical result to the reinsurers.

The current operating income stood at €75.7 million, down by €3.4 million versus 2013, fully due to the lower investment income.

3.6.3 Northern Europe

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

(in € millions)	2014	2013	Variation
Earned premiums	468.5	464.5	0.9%
Service revenues	82.3	86.8	-5.3%
Turnover	**550.7**	**551.3**	**-0.1%**
Investment income	9.8	15.1	-35.5%
Total ordinary income	**560.5**	**566.4**	**-1.0%**
Insurance service expenses	(254.7)	(297.5)	-14.4%
Net outwards reinsurance income or expenses	(40.0)	(18.5)	116.6%
Other income and expenses	(222.3)	(220.2)	1.0%
Total other income and expenses	**(517.0)**	**(536.1)**	**-3.6%**
CURRENT OPERATING INCOME	**43.5**	**30.3**	**43.7%**
Net combined ratio	*75.2%*	*88.8%*	

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

At €550.7 million, turnover is almost flat compared to last year but down by 0.7% at constant exchange rates, mainly impacted by a drop in service revenues due to the lower amount of collection fees in an improving claims environment. Premiums grew by 0.9% but were 0.5% below last year at constant exchange rates following a slowdown in the new production in Northern and Eastern European countries.

Investment income was €5.3 million below last year, mainly attributable to a negative impact in foreign exchange result (loss of €1.9 million compared to a gain of €2.4 million last year).

Insurance service expenses reached €254.7 million, down 14.4% compared to last year. The region benefited from low claims frequency levels and was spared the impacts of any severity claim, which was not the case last year when a few mid-size cases occurred in Nordics, Poland and the UK.

Reinsurance result is lower by €21.5 million compared to 2013 mostly because the contribution from reinsurers was particularly high on the mid-size claims last year.

Other income and expenses rose by 1.0% compared to last year, consequence of costs related to the legal restructuring within the region (consulting and legal fees).

Thanks to lower claims, the net combined ratio ended up lower than last year at 75.2% and the current operating income stood at €43.5 million in 2014, up €13.2 million over last year.

3.6.4 Mediterranean countries, Middle East & Africa

This region includes the direct insurance and assumed business in Italy, Greece, Morocco, Tunisia, Turkey, the Gulf Countries and South Africa.

(in € millions)	2014	2013	Variation
Earned premiums	263.5	248.3	6.1%
Service revenues	59.1	60.5	-2.2%
Turnover	**322.7**	**308.8**	**4.5%**
Investment income	5.6	7.6	-26.1%
Total ordinary income	**328.3**	**316.4**	**3.7%**
Insurance service expenses	(138.8)	(164.5)	-15.7%
Net outwards reinsurance income or expenses	(40.5)	(13.5)	200.7%
Other income and expenses	(124.2)	(119.1)	4.3%
Total other income and expenses	**(303.4)**	**(297.1)**	**2.1%**
CURRENT OPERATING INCOME	**24.9**	**19.4**	**28.7%**
Net combined ratio	*74.5%*	*83.1%*	

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

At €322.7 million, turnover showed a continuous and solid performance. Earned premiums rose by 6.1% compared to 2013, linked to the good development of business in the Gulf Countries, Turkey and Italy, and rate increases in some countries. Service revenues are down by 2.2% over the year, due to the negative impact of lower claims frequency on the collection fees.

Investment income decreased by €2.0 million, mainly due to lower income from the bonds portfolio.

Insurance service expenses reached €138.8 million in 2014, a decrease of 15.7% compared to 2013. The region suffered last year from high claims frequency during the first quarters, but risk action plans that successfully brought back the claims at lower levels were maintained in 2014. In addition, positive run-offs on previous attachment years were higher than last year.

The reinsurance result is negatively impacted, by the mechanical effect of higher run-offs on previous attachment years resulting in more boni retroceded to reinsurers.

Other expenses increased by 4.3%, in line with the turnover growth.

The net combined ratio stood at 74.5%, down 8.6 pt. compared to last year due to lower claims levels, and as a result the current operating income improved to €24.9 million in 2014.

3.6.5 Americas

This region includes all the direct insurance and reinsurance activities carried out in the United States and Brazil.

From January 1, 2014 onwards, the region does not include the activity of Mexico, Colombia and Chile anymore as these entities were ceded to Solunion (the joint-venture with MAPFRE) on December 20, 2013 along with the activity of Spain and Argentina in 2013.

The activity of Euler Hermes Collection North America has also been shifted to the "Group services" segment for better business steering purposes on January 1, 2014.

For comparison purpose, 2013 figures have been restated without Mexico, Colombia and Chile, and without Euler Hermes Collection North America.

(in € millions)	2014	2013 pro forma	2013 published	Variation vs pro forma
Earned premiums	238.3	220.5	236.4	8.1%
Service revenues	28.2	26.1	38.5	8.2%
Turnover	**266.5**	**246.6**	**274.9**	**8.1%**
Investment income	5.4	8.0	8.5	-32.3%
Total ordinary income	**271.9**	**254.6**	**283.4**	**6.8%**
Insurance service expenses	(107.9)	(76.7)	(87.4)	40.7%
Net outwards reinsurance income or expenses	(32.9)	(58.2)	(62.4)	-43.4%
Other income and expenses	(101.7)	(103.6)	(117.0)	-1.9%
Total other income and expenses	**(242.5)**	**(238.5)**	**(266.8)**	**1.7%**
CURRENT OPERATING INCOME	**29.4**	**16.1**	**16.6**	**82.6%**
Net combined ratio	*63.9%*	*55.6%*	*86.9%*	

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

Turnover grew by 8.1% between 2013 pro forma and 2014, to reach €266.5 million as at December 31, 2014. At constant exchange rates, the increase was even stronger, with a 9.3% growth of turnover, coming from both premiums (+8.7%) and service revenues (+15.2%) and mainly attributable to a strong performance in the US (especially California), to the dynamic multinational segment and a good start of new products.

Investment income amounted to €5.4 million, to be compared to €8.0 million in 2013 pro forma. The foreign exchange result was €-1.0 million (mostly realized on the second semester following the EUR depreciation against USD), compared to €+1.2 million in 2013 pro forma.

The claims activity captured in the "insurance service expenses" line picked up from the very low levels of 2013 due to a more accommodating risk underwriting policy, combined with some mid-size claims.

Net outward reinsurance expenses decreased by €25.3 as a result of a higher cession of claims than last year.

Other income and expenses decreased by 1.9% between 2013 pro forma and 2014 thanks to a strict monitoring of costs, and a good control of distribution costs.

Net combined ratio stood at 63.9% which is higher than last year because of the higher loss ratio, nevertheless current operating income is increasing compared to last year pro forma driven by the dynamic topline growth and cost-savings measures implemented.

3.6.6 Asia-Pacific

This region includes all the direct insurance and reinsurance activities carried out by branches based in Asia (India, Japan, South Korea, China, Hong Kong, Taiwan and Singapore) and Oceania (Australia and New-Zealand).

(in € millions)	2014	2013	Variation
Earned premiums	85.3	71.2	19.8%
Service revenues	23.0	20.6	11.8%
Turnover	**108.2**	**91.7**	**18.0%**
Investment income	(4.1)	(4.6)	-11.2%
Total ordinary income	**104.2**	**87.1**	**19.5%**
Insurance service expenses	(41.5)	(37.5)	10.8%
Net outwards reinsurance income or expenses	(9.7)	(7.9)	21.7%
Other income and expenses	(63.0)	(52.5)	20.0%
Total other income and expenses	**(114.2)**	**(97.9)**	**16.6%**
CURRENT OPERATING INCOME	**(10.0)**	**(10.8)**	**-7.0%**
Net combined ratio	*131.8%*	*128.6%*	

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

Turnover rose by 18.0% in 2014, and 20.9% at constant exchange rates, benefiting from strong performance in key strategic markets, namely Hong Kong and Singapore and in the multinational segment. Service revenues went up by 11.8% (15.2% at constant exchange rates), thanks to growth in information fees.

Investment income was again strongly impacted by the euro fluctuation since regional policies were issued in US dollars or local currencies. Foreign exchange movements negatively contributed to the region revenues up to €-4.4 million, compared to €-5.0 million last year.

At 49.7%, the gross claims ratio improved compared to 2013 thanks to a strict risk monitoring policy and a benign claims environment.

Net outward reinsurance expenses amounted to €-9.7 million compared to €-7.9 million in 2013, in line with the increasing activity, especially on large programs and new products which have a lower retention rate.

Other income and expenses increased by 20.0% between 2013 and 2014, in line with the growth in turnover.

Due to the high cost structure of the Asian operations, which is not offset by an equivalent reinsurance commission, and due to the foreign exchange loss, current operating income was a loss of €-10.0 million.

3.6.7 Group reinsurance

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

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

They also include the inward reinsurance related to the non-consolidated companies COSEC (Portugal), ICIC (Israel), OeKB (Austria), and Solunion (Spain and Latin America).

(in € millions)	2014	2013	Variation
Earned premiums	1,459.0	1,357.5	6.2%
Service revenues	0.0	0.0	0.0%
Turnover	**1,459.0**	**1,357.5**	**6.2%**
Investment income	26.2	25.4	1.1%
Total ordinary income	**1,485.2**	**1,382.9**	**5.7%**
Insurance service expenses	(654.2)	(639.1)	1.1%
Net outwards reinsurance income or expenses	(125.4)	(94.6)	26.9%
Other income and expenses	(512.4)	(439.0)	16.2%
Total other income and expenses	**(1,292.0)**	**(1,172.7)**	**8.8%**
CURRENT OPERATING INCOME	**193.2**	**210.2**	**-11.5%**
Net combined ratio	*81.0%*	*77.7%*	

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

Earned premiums grew by 6.2% compared to 2013, higher than the premium growth observed at Group level (+2.3%). The main part of this turnover is eliminated at Group level in the consolidated financial statements, only inward business from non-consolidated remains. This inward business grew by 32.7% to €162.2 million in 2014, driven by Solunion (that included starting January 2014 the Latin America entities business which was previously done directly by the Group entities in Mexico, Colombia and Chile).

There are no "service revenues" as these are not subject to internal or external reinsurance.

The investment income stood at €26.2 million and increased by 1.1% compared to 2013, driven by higher realized gains on bonds despite negative contribution of the foreign exchange result (€-0.3 million, versus a positive contribution of €+1.6 million in 2013).

The insurance service expenses increased by 1.1% compared to 2013, at a slower pace than earned premiums.

The profit ceded to external reinsurers captured in the "net outward reinsurance income or expenses" line increased from €-94.6 million in 2013 to €-125.4 million in 2014. This is mainly linked to the mechanical effect of the higher level of run-off release in 2014, which leads to higher positive result retroceded to reinsurers.

Other income and expenses increased by 16.2% between 2013 and 2014. They mainly include the reinsurance commission paid to the ceding companies according to the proportional reinsurance treaties (quota-share). These are eliminated in the consolidated financial statements.

At €193.2 million, the net current operating income decreased by 11.5% compared to 2013 and the net combined ratio stood at 81.0%, higher than last year by 3.3 pt.

3.7 Cash and capital

The information included in this section is a complement to the sub-section 5.4 "Consolidated statement of cash flows" and to the Note 13 "Cash and cash equivalents" of the Notes to the consolidated financial statements in sub-section 5.6 of this document.

Cash position of the Group increased by €30.8 million compared to the end of 2013 and amounted to €332.6 million as at December 31, 2014. The main variations impacting the Group's cash position between 2013 and 2014 are the following:

- cash flow from operating activities increased to reach €406.8 million in 2014, from €389.3 million in 2013. This results mainly from an increased turnover and lower loss ratio in 2014;
- investment activities contributed for €-181.6 million to the cash position at the end of 2014, against €-86.9 million at the end of 2013, the cash was mainly invested on Bonds and Equities. In 2013 less cash was available for investment due to the early reimbursement of a loan to Allianz (cf. cash flow from financing activities hereunder);
- cash flow from financing activities amounted €-193.0 million in 2014, mainly corresponding to the €189.4 million dividends paid in 2014. Cash flow from financing activities in 2013 were €-304.6 million and included the anticipated reimbursement of a loan to Allianz.

At the end of December 2014, liquidities are principally held in euros, as the Group's main area of business is the euro zone.

3.8 Financing

The information contained in this section is a complement to Note 18 "Borrowings" of the Notes to the consolidated financial statements in sub-section 5.6 of this document.

Loans held by Euler Hermes Group as at December 31, 2014 were taken out under the following terms:

- a five-year loan of €125 million from Credit Agricole. The loan expires on June 18, 2015 and has an annual fixed interest rate of 1.885%. Euler Hermes Group has the option to reimburse all or part of this loan by anticipation;
- a five-year loan of €125 million from HSBC France. The loan expires on June 18, 2015 and has an annual fixed interest rate of 1.885%.

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

Rating of Standard & Poor's or equivalent agency	Applicable interest rate
AA- or higher rating	1.885% a year
A+	1.885% a year
A	1.985% a year
A-	1.985% a year
BBB+ or lower rating	2.785% a year

3.9 Consolidated shareholders' equity

As at December 31, 2014, consolidated shareholders' equity amounts to €2,642.7 million compared to €2,528.5 million at the end of 2013. The table below describes the main changes in shareholders' equity during the year.

(in € thousands)	Capital stock	Additional paid-in capital	Consolidation reserve and Retained earnings	Revaluation reserve	Other: Translation reserve	Other: Treasury shares	Shareholders' equity, Group share	Non controlling interests	Total shareholders' equity
Shareholders' equity as at December 31, 2013 - IFRS	**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	-	-	-	47,632	-	-	47,632	-	47,632
Impact of transferring realised gains and losses to income statement	-	-	-	(15,150)	-	-	(15,150)	-	(15,150)
Actuarial gain / (loss) on defined benefit plans	-	-	(49,723)	-	-	-	(49,723)	(61)	(49,784)
Impact of translation differences	-	-	-	3,106	32,770	-	35,876	106	35,982
Components of other comprehensive income net of tax	**-**	**-**	**(49,723)**	**35,588**	**32,770**	**-**	**18,635**	**45**	**18,680**
Net income for the year	-	-	302,060	-	-	-	302,060	2,040	304,100
Comprehensive income of the period	**-**	**-**	**252,337**	**35,588**	**32,770**	**-**	**320,695**	**2,085**	**322,780**
Capital movements	-	-	-	-	-	(17,504)	(17,504)	-	(17,504)
Dividend distributions	-	-	(184,826)	-	-	-	(184,826)	(4,546)	(189,372)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	(537)	(537)	-	(537)
Transaction between shareholder's	-	-	729	88	-	-	817	(1,979)	(1,162)
Other movements	-	-	10	-	-	-	10	-	10
Shareholders' equity as at December 31, 2014 - IFRS	**14,510**	**465,007**	**2,092,254**	**99,242**	**(12,973)**	**(77,515)**	**2,580,525**	**62,142**	**2,642,667**

The increase in the Group share consolidated shareholders' equity is due to the positive impacts of:

- net result generated over the period for €+302.1 million excluding non-controlling interests;
- revaluation of the investment portfolio for €+32.5 million;
- other translation differences for €+35.9 million;
- other variation for €+0.8 million.

compensated by the negative impacts attributable to:

- dividends paid for €-184.8 million;
- actuarial losses on defined benefits plan for €-49.7 million;
- net impact of operations on the treasury shares for €-18.0 million.

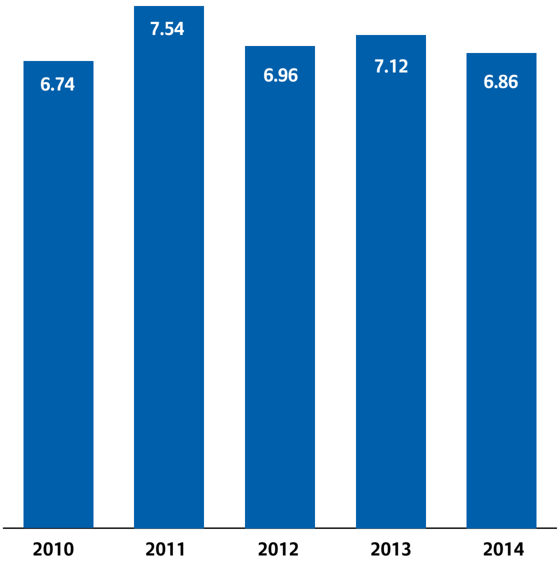
The share of the non-controlling interests decreases by €-4.4 million.

3.10 Creation of value for the shareholder

3.10.1 Earnings per share

Earnings per share are €6.86 in 2014, versus €7.12 in 2013.

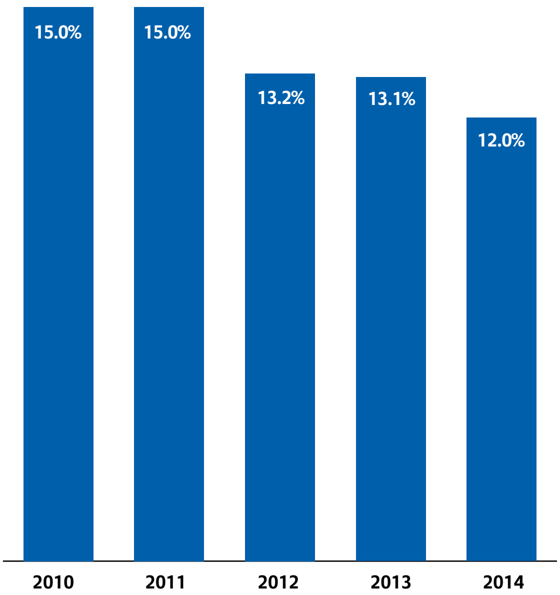
- **NET RESULT PER EULER HERMES GROUP SHARE *(in €)***



3.10.2 Return on equity

The return on equity in accounting terms [(1)] equals to 12.0%, 1.1 points below last year.

- **RETURN ON EQUITY *(in %)***



(1) Calculated on the basis of net income, Group share relative to average of shareholders equity (excluding minority interests) Group share between end-December 2013 and end-December 2014.

3.11 Outlook

3.11.1 Economic outlook

Outlook for 2015: Improvement, albeit slow

Global GDP growth in 2015 should show improvement to +2.8%, the fourth (and hopefully final) consecutive year below +3%, before expanding by around +3.1% in 2016. The Group expects growth of the Advanced Economies will be +2.1% in 2015, the fastest rate since 2010, with the US (+3.1%) significantly outstripping the Eurozone, which should finally rise above the +1% mark at +1.2%, the highest in four years. The three main central banks' actions will reflect current economic divergence: US rates are likely to rise; the ECB will begin outright Quantitative Easing (QE) and the Bank of Japan to continue to provide continued monetary accommodation. Any change to these actions is likely to be telegraphed and orderly, rather than risking a repeat of the Taper-Tantrum seen in the middle of 2013, although the risk remains of FX volatility to surprise.

Emerging Economies are expected to maintain their growth rate of 2014 into 2015 as well, a subpar +3.8%. However, there will be two crucial, albeit very different, slowdowns. Firstly China's policy-driven slowdown to +7.3% in 2015, compared with +7.4% in 2014, focuses on boosting domestic demand and, crucially, lessening over-investment and excess capacity. By comparison, economic sanctions, capital flight and the near halving of both the RUB and oil prices resulted in Russian GDP growth of only +0.6% in 2014, markedly below the 2000-08 average of +7%. The Group does not see a swift resolution of the current situation and expect the economic issues will be compounded as time passes, resulting in contraction in GDP of -5.5% in 2015 and -4% in 2016.

In Asia Pacific GDP growth is set to accelerate to 4.7% in 2015 driven by economic recovery in Japan (+1%), acceleration in India (7.7% in FY 2015-16), resilience in China (7.3%) and progressive pick up in ASEAN (ASEAN-5 up +4.7% after 4.1% in 2014). Improving demand in the Eurozone and the US will certainly be a key driver for Asia supporting exports recovery. Reduced oil prices will give some respite especially to massive oil-importing economies of the region such as Japan, India and Indonesia either reducing their imports bill or giving more room for manoeuver to their Central Bank to support growth in a context of slowing inflation. Private consumption is expected to continue to progress benefitting from rising households' purchasing power and strong labor market. Nevertheless, the outlook is still subject to significant headwinds notably: adjustments in the property market and ongoing financial stress in China and a difficult year for Abenomics in Japan.

Eurozone growth continues to be stuck in a sluggish environment as deflationary pressures remain a major concern. At +1.2% in 2015, Eurozone GDP growth, and inflation rate below 1%, nominal GDP growth remains far too low to boost companies' turnovers and therefore activity while making the deleveraging process still painful for both private and public sector. The lack of demand has been a major constraint for investment in 2014, and will continue to remain one in 2015. Financing will to some extent ease boosted by the ECB QE program, which will also drive the euro lower and boost exports. Within the biggest economies of the region, Spain will remain the leader in terms of GDP growth (+1.9%), although downside risks on the domestic demand side prevail. Germany will grow by +1.7% while France and Italy will register still below 1% GDP growth, at +0.9% and +0.3% respectively. Some uncertainty could be triggered by the legislative/Presidential elections in Greece, Italy, Portugal and Spain, but the negative impact should overall remain contained.

Both the Middle East and Africa have their share of problems, crucially with regional conflicts, Iraq, Syria, Yemen, Libya and Somalia, and unresolved issues including sanctions on Iran, likely to continue through most of 2015. Lower commodity prices will adversely affect exporters but oil importers, in particular, will receive a growth boost. This year will be a busy one for regional presidential and/or legislative elections. The Ivory Coast, Ethiopia, Nigeria, both Sudans, Tanzania and Zambia, among others, are all scheduled to go to the polls. GDP growth in Africa and the Middle East is forecast at +4.0% and +3.2%, respectively.

In the US the prospects for 2015 the Group anticipates GDP growth +3.1% supported by the 3 million new jobs created in 2014. Rising incomes combined with low gasoline prices are boosting confidence and helping consumer spending accelerate. The Fed will start raising rates in mid-2015, but monetary policy will remain highly accommodative. The dollar will likely strengthen as other central banks are expected to maintain accommodative monetary policy, pressuring exports. However, manufacturing should remain strong with falling unit labor costs and increased domestic consumption. Bankruptcies are expected to fall -6%.

For Latin America 2015 will remain very challenging. The external environment will remain difficult, mainly driven down by weak commodity prices and strong FX volatility, while global demand, although recovering, should remain subdued. While Argentina, Venezuela or Brazil will have to deal with inflationary pressures and other economies such as Chile, Bolivia or Peru will suffer from still low commodities prices. Social discontent is to be monitored closely, especially in countries with strong state interventionism, such as Argentina and Venezuela. The Group expects Latin America to grow by +0.5% in 2015, after +0.9% in 2014.

The Group expects a continuation of existing political minefields, with no resolution in sight in Ukraine, continued conflict in the Middle East and Venezuelan political tensions unaided by lower oil prices. There is also the potential for the elections in the UK, Sri Lanka, Turkey, Burma, Argentina and Thailand to throw up some surprises.

Trends in corporate insolvencies

In 2014, corporate insolvencies have confirmed their expected downside trend. The total number of insolvencies in the sample of 42 countries have registered another decline of -4% (provisional figure), with roughly 335,200 bankruptcies over the course of the year. More significantly, Euler Hermes Global Insolvency Index, which factors in the heterogeneity of national statistics and business environments, and the weights of each country, registered a drop of -12% (after -2% in 2013). By doing so, global insolvencies have posted the strongest improvement in recent years, marking 5 years of continuous decline in number of insolvencies worldwide and leading to a significant recovery since 2009 (-23%). Nevertheless, this was not sufficient yet to erase the surge in insolvencies registered during the 2008/2009 crisis (+54% between 2007 and 2009). The global statistics mask huge differences between private sectors around the globe: (i) 6 out of 10 countries of the sample should have registered a drop in insolvencies, meaning that 4 out of 10 should have posted an increased number of insolvencies, more often not for the first year, and (ii) most of the highest drops were observed in the countries that have been showing previously the highest increases in insolvencies.

For 2015, the macroeconomic and financial context remains globally conducive to a further decrease in business insolvencies worldwide, with a slightly higher number of countries posting a decline (+2 countries to 26). However, this will be to a lesser extent (-2%) and still unevenly. This is true by region. The Group expects the drop in insolvencies to: (i) diminish gradually to reach level of -6% in 2015 in North America (after -14% en 2014); (ii) decelerate in Western Europe (from -14% in 2014 to -3% in 2015); and (iii) hit the pause button in the Asia Pacific region (0% in 2015 after -9% in 2014). Conversely, bankruptcies will rebound in developing countries in Latin America (+9% for 2015) and in Central and Eastern Europe (+1% in 2015, after -7% in 2014), mainly because of Russia. De facto, the main challenge is to distinguish today's risky countries from the strongest countries with the higher risks of weakening. To this respect, the Group has identified five groups of countries that should be monitored differently: (i) the group of countries with insolvencies at a (record) low level, but with factors limiting insolvencies that cannot be extrapolated (US, Canada, UK, Japan, South Korea, Taiwan, South Africa, and to a lesser extent Sweden); (ii) countries with insolvencies at a (record) low level in 2014, but expected in rebound in 2015 (Germany, Austria and Hong Kong); (iii)countries with (huge) progress but where risks are still very present, because the decreases in insolvencies take place after major surges (Denmark, Ireland, Lithuania, the Netherlands, Portugal, Spain, Turkey and to a lesser extent Switzerland) or because a rebound is expected in 2015 (Belgium and Luxembourg); (iv) the Emerging countries already facing uncertainties or deteriorating trend (China, Russia, Brazil, Chile, Colombia and Poland) and (v) the countries with (record) high level of insolvencies and still struggling to stabilize them (France, Italy, Finland, Greece, Norway, Hungary, Czech Republic, Slovakia, Romania and Morocco).

3.11.2 Outlook for the Group

Global GDP growth has been below +3% for four consecutive years and is expected to be only +2.8% in 2015. Economic prospects have been dampened in both advanced and emerging economies, which are currently expected to grow in 2014 by +1.7% (the fastest pace since 2011) and by +3.8% (the slowest pace since 2009), respectively. World trade has also been consistently low compared with the long-term average and the Group expects this to continue in the near-term as both demand and prices will remain subdued. Macroeconomic developments continue to weigh on companies' income statements. Weak demand and downside pressures on prices weigh on turnover. This weak turnover, in turn, is limiting profit growth.

Business insolvencies will decline by -2% in 2015 but are still 10% above pre-crisis levels. Days Sales Outstanding are still being used as a financing tool. There is a trend increase in DSOs in the larger economies, indicating that credit terms are more lenient because companies are finding it difficult to pay on time. This could be a factor that is mitigating greater insolvencies.

In this economic context, the Group maintains its strategy unchanged: it will carry on expansion in the non-core markets, in particular the US and Asia. In continuity with 2014, the Group also expects a higher growth from its bonding and non-traditional credit insurance line of products (Excess of Loss, Transactional Cover) than from traditional credit insurance.

Geographically, the Group doesn't expect a dramatic turnaround in Western Europe where low growth and low inflation, as well as pressure on prices due to the benign claims environment are here to stay. Specific efforts will be endeavored in Germany, under a new leadership, and are expected to bear fruits in the second half of 2015/first half of 2016.

As it keeps investing in strategic markets outside Europe and targets to return to positive growth in its European markets, the turnover growth is expected to improve progressively in 2015 compared to 2014.

In terms of risk underwriting, the Group does not expect vast changes to its stance in 2015. In some markets or specific sectors, the improvement of the economic environment will allow the Group to accompany more its clients without jeopardizing its results. However the Group also expects that the political and economic instability, already experienced in 2014, will lead to unexpected adjustments, sometimes rapid, in markets that cannot be foretell at the time this report is written. Fortunately, the governance and the monitoring tools built by the Group since the 2008 crisis will allow reacting rapidly where necessary while at the same time granting cover where it is possible.

In terms of expenses, the Group has already initiated efforts in 2014 to tame expense growth in its Core European markets suffering from a sluggish topline. The Group expects these efforts to pay-off in 2015. However, the continuation of the Group investments in non-core and high growth markets, where set-up costs and distribution costs are higher, will offset the result of these efforts. The improvement of the conditions of the reinsurance market might nevertheless allow the Group to slightly improve its net cost ratio.

Save for an unforeseen economic downturn, and thanks to its agile risk underwriting and net expense control, the Group is targeting a net combined ratio within the 75% to 80% range in 2015.

Even if it is somewhat protected by its short term nature of its business, and if it relies less than other insurers on its investment income, the Group is not immune from the very low interest rate environment now prevailing the world over. Record low or even negative interest rates are limiting the capacity to generate investment income. Nevertheless, thanks to diversification, in particular in real estate, the Group expects the decrease of its current investment income to be limited. The Group also expects that the reduction of its financing expenses and the improvement of the result of its joint ventures will allow offsetting that decrease.

In 2015, the Group intends to carry on with the simplification of its legal structure in Europe, albeit with much smaller operations than the ones realized in 2014. The Group also intends to pursue its Euler Hermes 3.0 plan to become "more easy to work with" as a differentiator, with in particular a strong "digitalization" agenda.

During 2015, the Group will finish its preparation for Solvency II implementation, which will take place in 2016. The Group expects to be ready for the new legislation, and its capital level might exceed the new capital requirements that will be confirmed in 2016. This will allow the Group to pursue growth with confidence, absorb any unexpected adverse effects, continue to offer its customers high-quality services, and provide its shareholders with the strong financial performance that they have been used to for several years.

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4.1 Risk factors

The Group draws readers' attention to the risks described below. These risks could significantly affect the Group's operations, consolidated net income, financial position, share price, solvency margin and ability to achieve projected results.

The description of risks provided below is not exhaustive. Other risks and uncertainties that are currently unknown or regarded as minor could, in the future, significantly affect the Group's business, financial position, consolidated net income, cash flows or share price.

The risks described below are inherent to the nature of the Group's operations and its economic, competitive and regulatory environments. In view of the numerous contingencies and uncertainties associated with these risks, senior management is not always able to quantify their impact accurately. However, to prevent, detect and manage risks on an ongoing basis, the Group has implemented numerous risk management processes, procedures and controls. These processes, like any control and monitoring system, cannot be regarded as an absolute guarantee. Rather, they offer a reasonable assurance of security in respect of operations and of control over results.

The Risk Management organization is described in section 4.2 of this Registration Document. In cases where the risks described in section 4.1 may have measurable financial consequences or potential for significant liabilities, these factors are reflected in the Group's consolidated and combined financial statements, in accordance with the applicable IFRS accounting standards. The risks described below are classified on the basis of their origin. This presentation aims to reflect senior management's current views on the potential consequences of each risk for the Group. While senior management devotes significant resources to risk management on an ongoing basis, as described in section 4.2 of this document, the Group's risk management activities, like any system of control, are subject to inherent limits and cannot provide absolute certainty or protect the Group against all risks described in section 4.1 or all losses potentially caused by these risks.

4.1.1 Risk factors related to insurance operations

The prevailing and future economic environment

By its nature, the Group's activity is directly related to economic activity.

Today's challenging economic environment has various effects, some of which may conflict with each other:

- a decline in premium income stemming from a downturn in economic activity, leading to a reduction in policyholder turnover – used as the basis for calculating the insurance premium – or a loss of policies (termination of unprofitable policies by the Group, default by policyholders, termination by policyholders, etc.);
- a potential increase in premium income resulting from new policies (new policyholders seeking coverage of their client receivables or existing policyholders extending their coverage), or from rate increases;
- an increase in the frequency of claims and an increase in the severity of claims.

To address this risk, the Group acts in four ways to reduce the sensitivity of its results to the economic environment:

- more precise monitoring of limits granted, aimed at limiting the losses borne jointly by policyholders, reinsurers and the Group;
- diversification of sector and geographical risks;
- product diversification through the introduction of service products less closely correlated to activity;
- implementation of a risk transfer policy to reduce the effects of higher claims frequency and to limit the severity of peak risks.

Ongoing difficult economic conditions may have a negative impact on the Group's net income, financial strength, solvency margin, share price and, potentially, reputation.

Given the eurozone situation, the large proportion of the Group's business generated in Europe could be an aggravating factor for this risk. However, the Group has taken measures to reduce its dependency to Europe.

The occurrence of natural or human disasters, and the consequences of emerging and inherently unpredictable risks

The proliferation of weather events worldwide, not to mention other risks such as acts of terrorism, explosions, the emergence and spread of pandemics or the impact of future climate change could, in addition to their immediate damage and impact, have a material impact on insurers' operations as well as their current and future results.

While past experience shows that such events have little impact on the Group's results, the Group cannot rule out the possibility that such events could affect its net income in the future.

The establishment of sanctions regimes by a State or group of States against another State in which the Group delivers guarantees, the economic impact of these sanctions and any counter-sanctions

The Group has established a range of processes (governance, IT, legal – through policy terms or granted limits – and reporting) to demonstrate its compliance with the various sanctions regimes.

However, the Group cannot rule out:

- being subject to control or even in disagreement with the authorities controlling its activities in countries under sanctions regimes;
- being the target of legal proceedings by a policyholder or one of its customers due to measures taken in response to sanctions regimes;
- being subject to internal or external fraudulent activity aimed at circumventing sanctions regimes.

In addition to the above points, the application of sanctions has the following effects on the Group's activity:

- reducing its activity in the country concerned due to the cancellation of certain policies, even policies signed in other countries, as policyholders may no longer have coverage in the country under sanction;
- increased claims in the country under the sanctions regime;
- increased claims in the countries or business sectors that might be subject to counter-sanction by a country under a sanctions regime.

The establishment of these sanctions regimes might lead to a decrease in the Group's net income due to the increased cost of demonstrating compliance with the sanctions regimes, a reduction in its activity or increased claims due to the implementation of these sanctions regimes (or counter-sanctions), reputational risk or fines if its operational processes fail to manage these sanctions regimes.

Default or a regulatory change impacting the process of underwriting insurance risks

The management of the credit-insurance and bonding risk is based on a strong risk culture related to the management of contracts and service to customers. In addition to managing the underwriting of contracts, the Group provides a service to policyholders to reduce receivables-related risks. During the period of insurance, all requests for insurance cover on a given customer are analyzed by applying specific solvency criteria (financial analysis, prior claims, etc.) to the customer in question. Cover is then issued on the basis of the risk profile of the commercial transaction associated with the request.

Credit-insurance risk management processes are based on analyzing the solvency of the policyholder's customer using all information gathered.

This analysis involves the following elements:

- the possibility of gathering or purchasing information about the Group's policyholders' customers;
- the correct functioning of a centralized information system gathering information and requests for cover;
- the establishment and consistent application of written rules governing the analysis of information gathered and decisions on requests for cover;
- control over the application of these rules at two levels: a central team responsible for this mission and internal audit.

A failure of one of the processes or tools in place, or change in the statutory or regulatory requirements under which such operations are carried out, could have an impact on net income or financial strength. They could also lead to statutory or regulatory fines. Lastly, they could have consequences on the Group's reputation.

The possibility of recording losses in the event that assumptions used to determine insurance reserves materialize

Determining insurance reserves, including reserves for premiums not yet written or reserves for un-notified claims, is based on inherently uncertain elements derived from assumptions about future changes in factors that may (i) be economic, demographic, social, legislative, regulatory, financial, (ii) be linked to the conduct of the policyholder or its customer or (iii) be dependent of the anticipation of the nature of the claims (frequency claims vs peak claims).

The use of these numerous assumptions and their revision requires a high degree of assessment by the Group's management bodies. They might influence the level of reserves determined and might have a negative impact on the net income, financial position, solvency margin and valuation of the Group.

Default of reinsurers, higher reinsurance costs or reduced capacity of reinsurers in the credit-insurance market

The theoretical exposure granted by the Group is not based solely on the Group's available capital.

The theoretical exposure is based on the fact that some of the claims arising from this exposure will be transferred to external reinsurers through purchases of reinsurance covering a given fiscal year.

It should be borne in mind that the act of transferring some of the risks borne by the Group to reinsurance companies does not release it from its obligation to indemnify its policyholders.

In concrete terms, the Group is subject to the following risks:

- the insolvency of one of its reinsurers;
- inability to place its reinsurance contracts at acceptable prices.

The Group has put management rules in place in order to be sure of the solvency of its reinsurers and guarantee a good level of diversification in its ceded claims. Nevertheless, it is possible that one or more reinsurers may no longer be able to meet its/their commitments, leading to a rise in the Group's own losses.

In addition, reinsurance capacity and the pricing of reinsurance agreements depend on prevailing economic conditions, and can vary substantially. As such, the Group might have difficulty in purchasing reinsurance at acceptable prices.

The materialization of one of these risks could have a long-term effect on the Group's activity, net income and solvency margin.

4.1.2 Risk factors related to financial markets, the soundness of credit rating, the valuation of assets and other related aspects

Risks related to the investment portfolio

The risks described below could, if they materialize, have negative impacts on current and future turnover, net income, cash flows, financial position and, in some cases, the Euler Hermes Group share price.

I Interest rate risk

As its portfolio is invested primarily in bonds (national, supranational and, to a lesser extent, corporate), the Group is subject to interest rate risk.

During periods of declining interest rates, the risk is that the portfolio's average interest rate could fall (reinvestment being made at lower rates) or that the portfolio duration could increase (making the portfolio more susceptible to future changes in interest rates).

During periods of rising interest rates, the risk is that the market value of the bond portfolio could decline, possibly resulting in unrealized losses.

The Group has implemented an asset management policy aimed at minimizing these risks, including asset-liability management factoring in all local constraints.

II Equity market risk

As part of its portfolio is invested in equities (or equity equivalents), the Group is exposed to a decline – whether short- or long-term – in the equity markets. This could result in the Group having to record unrealized losses or asset impairments.

The Group has implemented an asset management policy aimed at selecting high-quality issuers and diversifying risk in this asset class.

III Real-estate risk

The Group is exposed to real-estate risk via the buildings housing its operations, as well as its investment properties.

The risk is that market values may fall and as such reduce the unrealized capital gains on these buildings or even lead to recorded unrealized losses.

IV Counterparty risk

Default by financial institutions and third parties, including potential defaults on sovereign debt payments or restructurings, could lead to the loss or impairment of invested assets, or to unrealized losses, which could all affect the value of the Group's investments and reduce profitability.

The Group has implemented management rules to diversify risk (geographical as well as sectoral) and to reduce the risk of default by investing in counterparties boasting robust financial health.

The downgrading of ratings reflecting capacity to settle claims and financial strength

Ratings related to the capacity to settle claims and financial strength have become increasingly important elements in determining insurance companies' relative competitive positions. Rating agencies review their ratings and methodologies on an ongoing basis and can revise their ratings at any time. Accordingly, the Group's current ratings are subject to change.

In a difficult economic and financial climate, some rating agencies have revised their outlook downwards for the insurance sector and downgraded an increasing number of companies. Nevertheless, Euler Hermes Group has negotiated this period without a revision of its AA- rating from Standard & Poor's, and on February 6, 2014 its rating was confirmed at AA- outlook stable. Furthermore, Dagong Europe gave Euler Hermes Group an AA- outlook stable rating on January 20, 2014.

A ratings downgrade – actual or potential – and, more importantly, a fall in the rating below A, could have adverse effects on the Group, by:

(i) undermining its competitive position;

(ii) hindering the distribution of new insurance policies;

(iii) increasing the rate of redemption or termination of existing insurance policies;

(iv) raising the cost of reinsurance;

(v) limiting its access to sources of funding and/or increasing the cost of such funding;

(vi) imposing the need to provide additional guarantees for certain contracts;

(vii) having an adverse impact on relations with creditors or trading counterparties;

(viii) having a significant impact on public confidence.

Each of these scenarios could have a negative impact on the business, liquidity level, consolidated net income, revenues and financial position of the Group.

Exchange rate fluctuations

The Group is exposed to exchange rate fluctuations due to:

- the presence of subsidiaries outside the eurozone. The Group's main subsidiaries outside the eurozone operate in US Dollar, British Pound and Swiss Franc;
- a subsidiary granting limits in a currency that is not the subsidiary's accounting currency.

On December 31, 2014, 35.4% of its turnover was generated outside the eurozone.

To reduce its exposure to exchange rate fluctuations, the Group applies the principle of congruence (matching assets and liabilities denominated in a different currency from the currency used for its accounting).

Moreover, the Group does not invest in foreign currencies for speculative purposes.

At the end of 2014, the Group had no hedging instruments in place to protect against exchange rate fluctuations.

Market conditions, changes in accounting principles and other factors that could affect the book value of goodwill

The Group's accounting principles and policies, along with the analysis of intangible assets (including goodwill) are set out in Notes 2, 3 and 4 in the notes to the consolidated financial statements presented in section 5.6 of this Registration Document.

Changes in the business and the market may affect the value of goodwill recognized in the consolidated statement of financial position, the amortization of Deferred Acquisition Costs (DAC) and the Value of Business In force (VBI), and the valuation of deferred tax assets of the Group.

A deterioration in the operating performance of companies or market conditions could accelerate the amortization of DAC and VBI or reduce the assets and lead to a reduction in consolidated net income and weaken the Group's financial position.

4.1.3 Risk factors within the Group

The reliance of Euler Hermes Group on its subsidiaries to cover its expenses and pay dividends

As a holding company, Euler Hermes Group does not have its own activity. All insurance and service activities are carried out by its subsidiaries. As such, Euler Hermes Group is dependent on the dividends paid by its subsidiaries, and on other funding sources, to meet its expenses, including the payment of dividends and interest on its debt.

Due to the various risk factors described in this section, Euler Hermes Group may receive a reduced dividend or no dividend from some of its subsidiaries, or may need to provide some of them with significant financial support in the form of loans or capital contributions, and this could significantly impact its liquidity and its ability to pay dividends.

The Group is subject to a certain number of legal and regulatory constraints which restrict the use of capital and in particular the payment of dividends.

In particular, each of the legal insurance entities and the Group must maintain a minimum solvency margin calculated in respect of national regulations and for some of them a minimum level of equalization reserve.

As at December 31, 2014 and subject to validation by local regulators, all the Group companies satisfy regulatory requirements.

If a Group subsidiary were to fall below the required regulatory standards, an action plan would be put in place in order to return to compliance. This action plan could rely, *inter alia*, on changes in arbitrage or investment policies, changes in reinsurance conditions or changes in the shareholding structure.

The Group's finance department, in close collaboration with the subsidiaries' finance departments, monitors the risks resulting from potential regulatory restrictions and the implementation of new solvency policies and in particular Solvency II in Europe, Swiss Solvency Test (SST) in Switzerland and Solvency Modernization Initiative (SMI) in the United States.

Risk assessments made by the Group and its governing bodies

Determining the amount of reserves and impairments is based on periodic assessments and estimates of the known and inherent risks of each underlying event. These assessments and estimates are revised as conditions change or as new information becomes available.

The Group's governing bodies, in the light of this information and in accordance with the accounting principles and methods set out in the consolidated financial statements (*see Note 2 "IFRS recognition and measurement rules" in the notes to the consolidated financial statements*), make decisions on what constitutes an adequate booked level of reserves and impairments. These decisions are taken based on their analysis, assessment and appraisal of the causes and consequences of any changes affecting previous risk estimates.

However, the Group cannot guarantee that its management bodies have correctly estimated the level of impairment and the reserves recognized in the financial statements or that additional impairments or reserves may not negatively affect the Group's net income and financial position.

A slowdown in the growth of the Group's operations

Growth observed in recent years, both organic and acquisition-driven, may, despite the strategic expansion objectives of the management bodies, not continue or may not be in line with expectations, mainly due to challenging conditions in the financial markets and changes in economic conditions.

The Group has implemented initiatives to enter new markets either by expanding its existing credit-insurance business in new geographical areas in which the Group was not previously present or where its earlier presence was only marginal, or in the form of new products related to credit insurance.

Maintaining a high level of development could, however, be affected by the change in the current regulations or tax legislation.

Any inability on the part of the Group to capitalize on innovative products and on partnerships or new methods of distribution, to deploy them within the Group and develop them in accordance with its objectives, could adversely affect the growth of the Group's business.

The diversity of the countries in which the Group operates

The Group markets its products and services in Europe, North and South America, Asia, Oceania, Turkey, Russia, the Middle East and some African countries through various legal structures and distribution channels, including majority- or minority-owned subsidiaries, partnerships with insurance companies or banks, joint ventures, agents and independent brokers.

The diversity of the Group's international presence exposes it to very different and often widely fluctuating economic, financial, regulatory, commercial, social and political environments, which could potentially affect demand for its products and services, the value of its investment portfolio or the solvency of its local business partners.

The successful implementation of the Group's overall strategy may be hampered by the environment in some countries in which it operates, with adverse effects on the Group's net income and financial position.

Existence of unexpected liabilities relating to discontinued operations and expenses relating to other off-balance sheet commitments

The Group may occasionally retain insurance and reinsurance liabilities or other off-balance sheet commitments stemming from the sale or liquidation of various activities, or be required to provide guarantees and undertake other off-balance sheet transactions.

If the existing reserves for such obligations and liabilities are insufficient, the Group may have to record additional charges that may impact its net income significantly.

For more information, see Note 33 of the Group's consolidated financial statements relating to commitments given and received.

Operational failures or inadequacies

The Group's activity is based very heavily on its processes and information systems.

As such, the Group makes considerable efforts to maintain and modernize its information systems and the efficiency of its processes. In particular, the Group ensures that its processes and information systems are consistent with industry, regulatory and technological standards and with the preferences of its policyholders.

However, the Group is exposed to operational risks that are inherent to its business and which may be of human, organizational, material or natural origin, or result from other events within or outside the Group. These operational risks could materialize in various ways, mainly through interruptions or failures of information systems used by the Group; errors, fraud or malice on the part of its employees, policyholders or intermediaries; non-compliance with internal and external regulations; and hacking of its information systems.

While the Group strives to achieve better management of all of these operational risks in order to limit their potential impact, they could result in financial losses, a deterioration in the Group's liquidity, disruption of its activity, regulatory sanctions or damage to its reputation.

4.1.4 Risk factors related to the competitive or regulatory environment

A highly competitive environment

The Group operates in a highly competitive market, in which other players are sometimes subject to different regulations, use multiple distribution channels and offer more competitive prices than those of the Group. In addition, several products offer an alternative to credit insurance and widen the coverage possibilities available to customers.

In view of this competitive pressure, the Group may need to adjust the prices of some of its products and services or its policy for underwriting risks, which could affect its ability to maintain or improve profitability and adversely affect its net income and financial position.

Reinforcement of, and changes in, local, European and international regulations

The credit insurance business is subject to specific regulations in different countries. Changes to the laws and regulations governing the insurance business could significantly affect the conduct of operations and the Group's range of insurance products.

Implementation of the Solvency II directive and the solvency regime in Switzerland

To implement the Solvency II directive, the Group has developed a project structure under the authority of the Group's Chief Financial Officer and Chief Risk Officer.

As part of this project, the Group has decided to implement an internal model in conjunction with its major shareholder in order to model all of its individual risks, bearing in mind that the standard formula does not adequately represent the Group's risk profile, especially in respect of credit insurance and bonding.

At the time of writing, the Group cannot be certain that its internal model will obtain approval from the regulators supervising the Group. If its internal model is not approved, the application of the standard formula laid down under Solvency II might take the Group's solvency margin below the level consistent with its risk profile, thereby requiring it to carry out a capital increase and possibly resulting in reputational risk.

Moreover, as the implementing legislation has not yet been finalized, a number of choices have been made in preparation for implementing the directive.

Given the substantial uncertainties involved in the implementation scenario for the Solvency II directive, the Group has also had to make choices in relation to its main shareholder.

There is uncertainty as to the validity of these decisions, potentially resulting in additional costs when the final version of the directive and its implementing legislation come into force, or even regulatory sanctions if the Group is late in implementing the said texts.

The same uncertainty exists for the Group's reinsurance company in Switzerland as regards the local solvency regime (the Swiss Solvency Test), particularly in terms of obtaining authorization to use an internal model to estimate certain components of this company's solvency margin.

Changes to local, European and international tax laws and regulations

Changes to the tax legislation of countries in which the Group operates could have unfavorable consequences on the Group's operations, cash flow position and net income.

In addition, such changes to tax laws and regulations, or operating performances below expected levels or occurring at different times, could lead to a significant change in the Group's deferred tax assets and thus lead to a reduction in the value of certain tax assets or call their use into question.

This situation could have a material adverse impact on the Group's net income and financial position.

The classification of the main shareholder of the Group as significantly important for the financial system

In 2014, the Group's main shareholder, the Allianz group, was included in the list of Global Systemically Important Insurers (GSII)). The Allianz group is currently preparing measures to bring it into compliance with this designation, from the point of view of capital, governance, and financial reporting. This classification, which does not directly affect the Group, could result in additional costs to implement governance or reporting measures, in a rise in the cost of the capital that the Group's shareholder makes available to it (which could lead to having to postpone or cancel some of the Group's development projects), or in a review of the capitalization of the Group by its shareholders.

The classification of credit insurance and bonding as traditional insurance was revised by the International Association of Insurance Supervisors as non-traditional insurance. This change in classification could result in tighter capitalistic constraints both for the Group, its main shareholder and its reinsurers, who are themselves designated as systemically important reinsurance groups. This classification could result in "capital restriction" measures on credit insurance and bonding activities for the Group's main shareholder and some of its reinsurers. This classification could also lead to increased costs to strengthen the risk management framework defined by the Group, particularly if the Group were declared a National Systemically Important Insurer (NSII) or the credit insurance and bonding branches were declared as important for the economy.

Potential changes to international accounting standards

The Group's consolidated financial statements are drawn up in accordance with international accounting standards as adopted by the European Union. International accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts (*see Note 2 "IFRS recognition and measurement rules" in the notes to the consolidated financial statements*).

Plans to amend existing standards are being considered by the International Accounting Standards Board (IASB); some of them may have a significant impact on the financial statements of insurance companies and financial institutions. These potential changes could concern the recognition of both the Group's assets and liabilities, and its income and expenses, in the consolidated income statement.

The impact of such changes is difficult to assess at this stage, but would be likely to affect the Group's net income and financial position.

The variety of legal systems in the countries in which the Group operates

In recent years, the Group has accelerated its international expansion in countries in which judicial and dispute resolution systems sometimes involve different timeframes from those that exist in Europe or the United States. As such, the Group may find it difficult to take legal action or enforce rulings. In such a situation, the possible legal implications could affect the Group's operations and net income.

4.2 Quantitative and qualitative notes relating to risk factors

4.2.1 The Risk Management structure

The Risk and Capital Management function

The responsibilities of the Risk Management function are as follows:

- to identify, measure and take part in the management of financial, insurance and operational risks;
- to define and monitor the Group's appetite for these risks and to strengthen the risk-reporting process, risk limits and decision-making processes, with reference to four aspects: revenues, value, capital, and liquidity;
- to calculate the economic capital associated with the business. Economic capital is calculated using an internal model, and responsibility for developing this model is shared between the Group, for risks associated with the insurance business, and the main shareholder for all other risks;
- to construct a favorable environment in terms of models, indicators, standards and culture for the various business lines, in order to underwrite risks in the context of the risk appetite validated locally and by the Group;
- to carry out the approval process for internal models with supervisors in preparation for Solvency II and the Swiss Solvency Test;
- more generally, to put in place all the actions necessary to constitute a "second line of defence" that is effective for all risks.

In order to fulfill these missions, this team operates totally independently. Although it does not have an operating function, it is closely associated with the Group's management and decision-making processes. It relies on other Group functions, at both the Group and local levels, and in particular the commercial, underwriting, claims management and Finance functions.

All activities and the results of risk analysis are subject to regular reporting.

The Risk Management structure

Risk Management is organized around three pillars:

1. Euler Hermes Group's senior management:
   - defines and implements the business strategy under delegation from the Supervisory Board and/or the Board of Management,
   - defines and develops internal controls and the framework of Risk Management activity,
   - ensures that the activity is consistent with the defined risk appetite.

   Senior management relies on various committees to carry out its tasks, including:
   - the Risk Committee,
   - the Investment Committee,
   - the Actuarial Committee,
   - the Reinsurance Committee,
   - the Commercial Committees,
   - the Risk Underwriting Committees;
2. Risk Management, which is responsible for:
   - defining and implementing the Risk Management system within the organization, particularly the risk governance rules,
   - ensuring that all the Group's legal entities comply with these rules.

   The Risk Management function is led by a Chief Risk Officer, who reports to the Group's Chief Financial Officer.

   The Chief Risk Officer and his/her team act independently and have no operational responsibilities.

   The Risk Management function works closely, in particular, with the Compliance function, the Legal and Tax Division and the Actuarial department in order to establish a coordinated second line of defense;
3. the internal audit function which:
   - independently and objectively verifies that all processes implemented as part of Risk Management are properly defined and implemented, and suggests improvements.

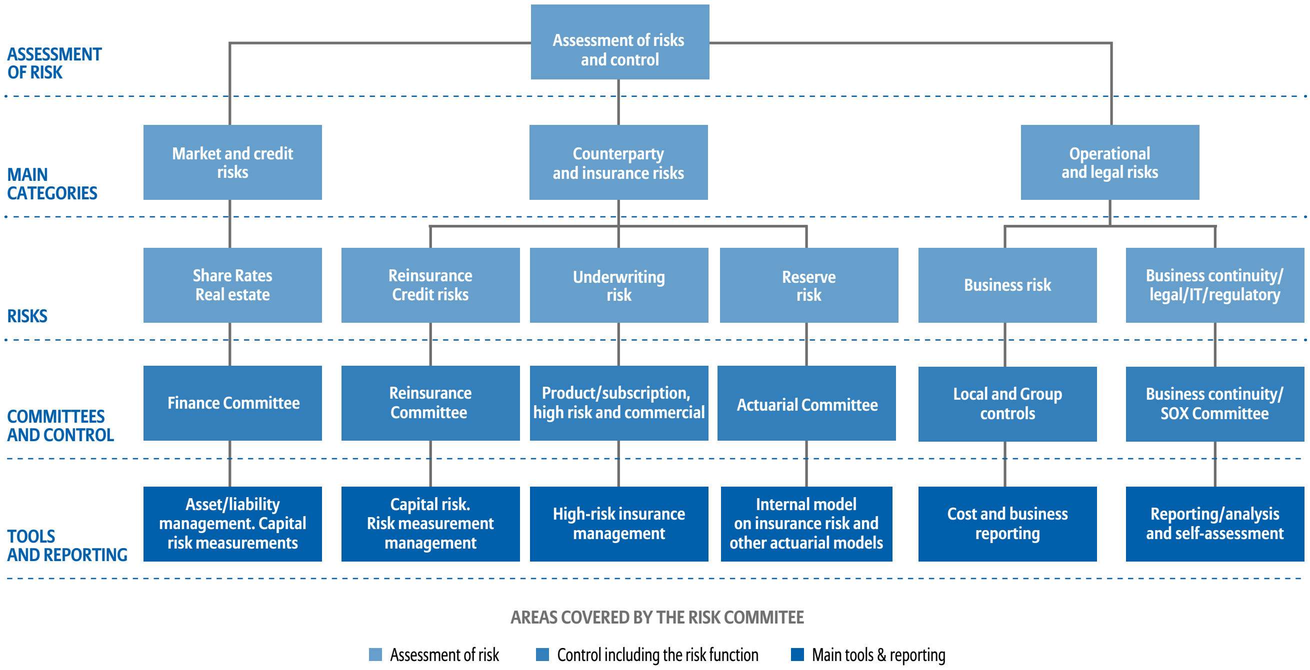
Risk Management at the local level

Risk Management in the Group's various legal entities has the same tasks and is organized in the same way as at Group level.

In particular, each legal entity defines a local risk appetite, in line with the Group risk appetite, and manages its activity on the basis of local risk appetite.

The main Risk Management flows

The various types of risk, identified and classified by category and function together with the related control flows, are presented in the following diagram:



This structure aims to identify and proactively monitor all risks by maintaining responsibility for their management at the operational level. This allows routine Risk Management to be spread across the operations of the entire Group, while at the same time allowing the function to respond to specific events as efficiently as possible. The Risk Management function establishes risk scenarios in collaboration with other operating functions and informs senior management accordingly. The committees are important relay points, both as a center for responsibility and decision-making for Risk Management, but also to disseminate a culture and identify the strengths and weaknesses of risk control. All these elements combine to form an ongoing Risk Management mechanism that includes a forward-looking view of major risks, especially with regard to any changes in the environment or trends. As such, the Group is particularly well prepared to monitor adverse developments and take appropriate action.

4.2.2 Insurance risk

Product approval

A Group-level Product Committee has been set up that is responsible for approving all new products or changes to existing products.

The Product Committee comprises the Group's main functions, especially Marketing, Commercial Underwriting, Risk Underwriting, Management Control, Reinsurance and Risk Management.

The Committee's purpose is to approve products from different perspectives (commercial, internal processes, profitability, impact on solvency, etc.) and to make recommendations to the Board of Management.

Underwriting of risk

The underwriting of risk takes place in two phases:

1. Signature of the insurance contract

The credit insurance contract contains all management rules and parameters of the relationship between the Group and the policyholder (deductible, maximum liability, etc.). These rules and parameters are differentiated depending on the risk profile of each policyholder. It also requires the policyholder to declare its unpaid invoices according to certain declaration timescales, and, during the insurance period, the Group and the policyholder are in regular contact, including managing customer limits as necessary. The principle of comprehensive coverage of the policyholder's revenues is one of the key elements for diversifying risk and avoiding anti-selection phenomena.

2. Management of limits granted to policyholders

   The Group has developed a risk business model to deal with insurance risk in the most efficient way.

   The key elements of this risk business model are:

   - definition of the model by a Group team;
   - local risk underwriting;
   - centralized control;
   - processes for researching and collecting information on the Group's policyholders' clients;
   - a Group risk grading system;
   - specialized teams;
   - a centralized IT system in which all policyholder requests are entered, and all granted limits and any information on the debtors are stored.
   - quality of service standards in the response to customers.

The following tables show the Group's gross theoretical exposure, breaking it down into two segments:

1) the country in which the debtor is located [1];
2) the economic sector of the debtor.

(1) The Group hedges the risk of non-payment of invoices delivered by a policyholder to its client. Consequently, the analyses are not based on the characteristics of the policyholder but rather its clients (or debtors).

1) THE DEBTOR'S COUNTRY OF LOCATION

(in € millions)	2014	%	2013	%	Change
Total Europe	**650,779**	**75.7%**	**620,419**	**78.6%**	**4.9%**
of which:					
France	*186,893*	*21.7%*	*190,365*	*24.1%*	*-1.8%*
United Kingdom	*69,450*	*8.1%*	*57,362*	*7.3%*	*21.1%*
Germany	*154,018*	*17.9%*	*150,544*	*19.1%*	*2.3%*
Italy	*71,885*	*8.4%*	*67,766*	*8.6%*	*6.1%*
Belgium and Luxembourg	*16,775*	*2.0%*	*15,663*	*2.0%*	*7.1%*
Netherlands	*22,480*	*2.6%*	*20,609*	*2.6%*	*9.1%*
Spain	*16,464*	*1.9%*	*13,719*	*1.7%*	*20.0%*
Eastern Europe	*44,587*	*5.2%*	*43,443*	*5.5%*	*2.6%*
Scandinavia	*27,528*	*3.2%*	*25,895*	*3.3%*	*6.3%*
Other Europe	*40,699*	*4.7%*	*35,053*	*4.4%*	*16.1%*
Total Americas	**111,065**	**12.9%**	**96,075**	**12.2%**	**15.6%**
of which:					
United States	*79,392*	*9.2%*	*60,167*	*7.6%*	*32.0%*
Canada	*11,851*	*1.4%*	*9,665*	*1.2%*	*22.6%*
Other Americas	*19,822*	*2.3%*	*26,242*	*3.3%*	*-24.5%*
Asia-Pacific	**67,632**	**7.9%**	**50,842**	**6.4%**	**33.0%**
Middle East	**21,311**	**2.5%**	**14,925**	**1.9%**	**42.8%**
Africa	**9,095**	**1.1%**	**7,130**	**0.9%**	**27.6%**
TOTAL	**859,882**	**100.0%**	**789,391**	**100.0%**	**8.9%**

2) THE DEBTOR'S ECONOMIC SECTOR

(in € millions)	2014	%	2013	%	Change
Automotive	36,609	4.3%	31,655	4.0%	15.6%
Chemicals	64,999	7.6%	58,506	7.4%	11.1%
Commodities	55,732	6.5%	49,153	6.2%	13.4%
Computers & Telecoms	26,084	3.0%	24,056	3.0%	8.4%
Construction	103,385	12.0%	102,112	12.9%	1.2%
Electronics	45,963	5.3%	40,938	5.2%	12.3%
Food	96,802	11.3%	86,246	10.9%	12.2%
Household equipment	26,707	3.1%	24,791	3.1%	7.7%
IT Services	21,382	2.5%	17,815	2.3%	20.0%
Machinery & Equipment	56,301	6.5%	53,446	6.8%	5.3%
Metal	69,438	8.1%	65,186	8.3%	6.5%
Paper	17,028	2.0%	15,720	2.0%	8.3%
Retail	119,658	13.9%	110,950	14.1%	7.8%
Services	74,306	8.6%	68,460	8.7%	8.5%
Textile	19,669	2.3%	17,530	2.2%	12.2%
Transport	22,535	2.6%	20,807	2.6%	8.3%
Unknown	3,285	0.4%	2,020	0.3%	62.6%
TOTAL	**859,882**	**100.0%**	**789,391**	**100.0%**	**8.9%**

Reinsurance

The purchase of reinsurance is an important part of the way in which the Group manages its insurance activity and controls risks.

The Group has entrusted its reinsurance purchase transactions in the market to its Switzerland-based reinsurance company (Euler Hermes Reinsurance AG).

Rules have been laid down to guide the purchase of reinsurance, and their application is subject to regular internal auditing.

In addition, a Reinsurance Committee comprising the Chairman of the Group's Board of Management, the Group Chief Financial Officer, Euler Hermes Reinsurance AG's Chief Executive Officer and the Group Risk Officer makes recommendations to the Board of Management.

Purchases of reinsurance are preceded by:

- quantitative analysis to ensure that the proposed structures match the risk borne by the Group, in terms of both frequency and severity, especially in the event of changes in the economic conditions in which the Group operates;
- analysis of the financial strength of reinsurers on the panel.

Underwriting and claims management

One of the responsibilities of subsidiaries as part of their insurance activities is to establish reserves to cover the occurrence of an incident resulting in an insurance claim. These reserves must be sufficient to guarantee the settlement of future claims.

To ensure the smooth functioning of this process, the Group has defined and implemented written procedures for:

- claims management, including the conditions for opening and settling a claim;
- management of claims recoveries (both before and after settlement);
- recognition of all transactions associated with determining the ultimate loss recorded by the Group to calculate the level of reserves.

These rules are subject to regular review by the Group Claims department and periodic review by the Internal Audit department.

This process applies to each notified claim.

The Group has implemented a process of defining reserves Incurred But Not Reported ("IBNR reserves") covering un-notified claims relating to the current and previous fiscal years. For the definition of this reserve, see the following section.

Assessment of reserves

Claims reserves recorded at a given time result from three reserves:

- reserves for notified claims, covering notified claims;
- IBNR reserves, covering un-notified claims relating to the current and previous years;
- expectations of future recoveries of settled claims.

The reserve for notified claims is subject to case-by-case analysis, as described in the preceding paragraph.

The determination of the IBNR reserves and expectations of future recoveries of settled claims result from periodic actuarial analysis conducted by the Actuarial departments of each legal entity and overseen by the Group Actuarial department.

The Group Actuarial department is also tasked with ensuring that the overall level of the Group's reserves is sufficient to cover future claims, and to establish and verify the correct implementation of actuarial principles, with which the calculations of estimated reserves must be consistent.

The entire process is subject to periodic review by the Internal Audit department and by external auditors.

The rules for establishing reserves are consistent with local laws and regulations.

At the current time, the main actuarial methods used by the Group's subsidiaries are based on claims triangles (Chain Ladder, Bootstrapping method, etc.) or other methods (Bornhuetter Fergusson, etc.). These methodologies aim to define a reasonable range of estimates within which the Actuarial departments set their recommended reserve level.

On the basis of this range calculated by actuaries, their recommendations and other analyses (actuarial or not), senior management sets the level of reserves to be adopted for each quarterly closing at meetings of the Loss Reserve Committee. Loss Reserve Committee meetings are held in each subsidiary and then at Group level. They are held at least once per quarter, but can also be held in the event of a major event requiring a major revision to the level of reserves, such as a major claim.

It should nevertheless be noted that estimates are based mainly on assumptions that may differ from subsequent observations, particularly in the event of changes in the economic and legal environments, especially if they affect the Group's main portfolios simultaneously.

A description of the main factors causing changes in claims is provided in section 3.5.2 of this Registration Document.

CLAIMS/PREMIUMS RATIO NET OF REINSURANCE

	2009	2010	2011	2012	2013	2014
Claims/premiums ratio	82.1%	42.1%	45.1%	51.7%	50.5%	48.8%

COST OF CLAIMS FOR THE EULER HERMES GROUP

	2014			2013		
(in € thousands)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	**1,335,823**	**(330,747)**	**1,005,076**	**1,411,931**	**(396,626)**	**1,015,305**
Claims paid	286,466	(74,860)	211,606	308,498	(91,778)	216,720
of which, claims reserves	955,692	(252,284)	703,408	1,013,708	(300,135)	713,573
of which, claims handling expenses	93,665	(3,603)	90,062	89,725	(4,713)	85,012
Recoveries for the current period	**(115,159)**	**25,969**	**(89,190)**	**(183,073)**	**43,903**	**(139,170)**
Recoveries received	(8,705)	2,379	(6,326)	(11,244)	1,862	(9,381)
Change in reserves for recoveries	(106,454)	23,590	(82,864)	(171,829)	42,041	(129,788)
Cost of claims from prior periods	**(268,073)**	**35,103**	**(232,970)**	**(194,114)**	**41,450**	**(152,664)**
Claims paid	707,223	(237,778)	469,445	636,715	(224,317)	412,398
of which, claims reserves	(986,923)	272,433	(714,490)	(836,088)	263,903	(572,185)
of which, claims handling expenses	11,627	448	12,075	5,259	1,864	7,123
Recoveries from prior periods	**46,080**	**(6,243)**	**39,837**	**11,785**	**(10,274)**	**1,512**
Recoveries received	(159,091)	72,099	(86,992)	(125,421)	45,362	(80,059)
Change in reserves for recoveries	205,171	(78,341)	126,829	137,206	(55,636)	81,571
GROSS CLAIMS COSTS	**998,671**	**(275,917)**	**722,753**	**1,046,530**	**(321,547)**	**724,983**

TECHNICAL RESERVES FOR THE EULER HERMES GROUP

	December 31, 2014			December 31, 2013		
(in € thousands)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	**1,906,065**	**(565,768)**	**1,340,297**	**1,901,802**	**(586,472)**	**1,315,330**
Current period	1,010,239	(253,783)	756,456	1,045,698	(300,545)	745,153
Prior periods	895,826	(311,985)	583,841	856,104	(285,927)	570,177
Recoveries to be received	**(290,534)**	**98,967**	**(191,567)**	**(386,708)**	**154,071**	**(232,637)**
Current period	(107,544)	23,585	(83,959)	(171,589)	42,057	(129,532)
Prior periods	(182,990)	75,382	(107,608)	(215,119)	112,014	(103,105)
Claims reserves	**1,615,531**	**(466,801)**	**1,148,730**	**1,515,094**	**(432,401)**	**1,082,693**

	December 31, 2014			December 31, 2013		
(in € thousands)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	**396,221**	**(62,695)**	**333,526**	**344,975**	**(61,390)**	**283,585**
Claims reserves	**1,615,531**	**(466,801)**	**1,148,730**	**1,515,094**	**(432,401)**	**1,082,693**
of which, reserves for known claims	1,130,972	(359,647)	771,325	1,169,313	(403,847)	765,466
of which, reserves for late claims	679,393	(194,256)	485,137	638,108	(170,406)	467,702
of which, reserves for claims handling expenses	95,688	(11,865)	83,823	94,211	(12,220)	81,991
of which, other technical reserves	13	-	13	170	1	171
of which, recoveries to be received	(290,535)	98,967	(191,568)	(386,708)	154,071	(232,637)
Reserves for no-claims bonuses and rebates	**165,494**	**(34,783)**	**130,711**	**168,613**	**(36,085)**	**132,528**
TECHNICAL RESERVES	**2,177,246**	**(564,279)**	**1,612,967**	**2,028,682**	**(529,876)**	**1,498,806**

Claims developments

For a specific attachment year, claims developments follow a process of claims declaration, payment and recovery. This process can run over many years.

The following tables show:

a) The development of the ultimate cost of claims per attachment and development year

ESTIMATED FINAL COST OF CLAIMS FOR THE MAJORITY OF GROUP ENTITIES (BEFORE REINSURANCE) (1)

Accident/development year (in € thousands)	1	2	3	4	5	6	7	8	9	10	Difference (2)	% Diff
2005	873,240	796,162	759,213	755,687	746,491	751,118	740,128	731,574	728,952	738,477	134,763	15.4%
2006	843,926	793,430	745,815	732,928	741,316	737,367	739,651	736,372	737,867		106,059	12.6%
2007	858,239	848,305	833,174	840,394	845,069	831,833	822,350	818,535			39,704	4.6%
2008	1,349,832	1,430,150	1,485,867	1,481,531	1,460,892	1,440,755	1,398,826				-48,994	-3.6%
2009	1,202,872	996,311	957,733	927,089	903,867	905,540					297,332	24.7%
2010	948,624	713,969	679,979	660,693	655,192						293,432	30.9%
2011	1,077,420	928,871	885,266	859,495							217,925	20.2%
2012	1,319,593	1,279,206	1,198,001								121,593	9.2%
2013	1,239,213	1,171,735									67,479	5.4%
2014	1,231,299											

(1) All figures (Current & Previous years) and when necessary have been converted based on the end of year 2014 euro conversion rate.
(2) Variance: Surplus or shortfall of the latest estimated claims cost over the initial estimated claims cost for a specific year.

b) The development of paid claims per attachment and development year

DEVELOPMENT TRIANGLES FOR CUMULATIVE CLAIMS PAID NET OF RECOVERIES FOR MOST GROUP ENTITIES (BEFORE REINSURANCE)(1)

Accident/development year (in € thousands)	1	2	3	4	5	6	7	8	9	10
2005	267,710	654,445	701,631	716,150	716,420	719,009	721,919	719,772	720,418	725,849
2006	279,460	659,381	700,846	702,009	720,520	720,534	722,314	727,189	734,637	
2007	269,088	699,066	766,992	791,475	802,908	806,961	806,353	807,838		
2008	376,384	1,120,534	1,297,655	1,344,931	1,359,704	1,361,895	1,350,533			
2009	415,261	794,866	848,709	855,464	863,042	859,846				
2010	220,730	528,538	574,183	597,202	621,396					
2011	272,593	732,623	805,180	813,268						
2012	523,083	999,127	1,049,857							
2013	346,272	863,830								
2014	329,927									

(1) All figures (Current & Previous years) and when necessary have been converted based on the end of year 2014 euro conversion rate.

4.2.3 Market risks

Market risk is the risk of losses that may result from fluctuations in the prices of the financial instruments comprising the Group's investment portfolio.

Interest rate risk

Interest rate risk measures how sensitive asset and liability values are to changes in the interest rate curve.

Interest rate risk management, while recognizing the short duration of the liabilities, also takes into account the continuity of activity in order to increase the duration of investments and thus achieve higher returns on investments in fixed-income products.

BOND PORTFOLIO AT FAIR VALUE BY MATURITY

	2014		2013	
	(in € millions)	(%)	(in € millions)	(%)
0 to 1 year	422	15.0%	420	15.8%
1 to 3 years	884	31.4%	813	30.6%
3 to 5 years	810	28.8%	766	28.9%
5 to 7 years	462	16.4%	407	15.3%
7 to 10 years	210	7.5%	234	8.8%
Beyond 10 years	27	1.0%	17	0.6%
TOTAL BOND PORTFOLIO AT FAIR VALUE	**2,816**	**100%**	**2,657**	**100%**

Exchange rate risk

Exchange rate risk measures the sensitivity of assets and liabilities to changes in currencies other than the reporting currency in which assets and liabilities are recorded in the statement of financial position.

The Group faces exchange rate risk in various ways, mainly in the event of:

- limits granted for a policyholder in a currency other than the reporting currency, which may lead to cash or reserve changes (as part of claims management or debt collection procedures) that are not recognized in the reporting currency;
- reinsurance in a currency other than the reporting currency;
- investment in a currency other than the reporting currency;
- the presence of branches or subsidiaries operating in a currency other than the reporting currency of the parent company.

To limit exchange rate risk, and in accordance with rules laid down by local regulators, the congruence principle, i.e. the matching of assets and liabilities at the local level, is applied.

For this reason, and because of the high concentration of activity in the eurozone, the Group does not hold any currency hedging instruments.

On December 31, 2014, the portion of the financial portfolio carried by the Group in currencies other than the euro amounted to 20.8% of the market value of the portfolio.

FINANCIAL PORTFOLIO OF THE GROUP BY CURRENCY

	2014		2013	
	(in € millions)	(%)	(in € millions)	(%)
EUR	3,266	79.2%	3,122	80.9%
GBP	219	5.3%	179	4.6%
USD	409	9.9%	275	7.1%
Other currencies	231	5.6%	285	7.4%
TOTAL FINANCIAL INVESTMENTS	**4,125**	**100%**	**3,861**	**100%**

Assets comprise the investment portfolio, technical reserves recorded as assets and the ceded portion of technical reserves.

Liabilities comprise technical reserves and borrowings.

The principle of matching assets and liabilities at the local level and the emphasis on the euro in the statement of financial position has allowed the Group to avoid having to hedge residual exchange rate risk.

EXCHANGE RATE RISK

	2014			2013		
(in € thousands)	United States	United Kingdom	Group	United States	United Kingdom	Group
Net income attributable to owners of the Company in € thousands as at 12/31	21,562	8,003	302,060	26,426	9,398	313,729
Exchange rate at year end	0.8264	1.2886		0.7257	1.2019	
Net income attributable to owners of the Company in local currency	**26,091**	**6,211**		**36,413**	**7,819**	
Effect of a 100-basis point change in the exchange rate on income/loss	0.8164	1.2786		0.7157	1.1919	
Net income in € thousands after exchange rate variation	21,301	7,941	301,737	26,062	9,320	313,295
% change relative to initial income/loss	**-1.21%**	**-0.78%**	**-0.11%**	**-1.38%**	**-0.83%**	**-1.38%**

Equity market risk

Equity market risk measures how sensitive asset values are to changes in equity prices. By extension, minority stakes in unlisted companies and investments in funds dominated by equities are deemed to be equities.

The Group had over 5% of its financial portfolio invested in equities at the end of 2014. This percentage is consistent with the strategic allocation of the investment portfolio, as well as its tactical allocation, as defined by the Investment Committee.

As at December 31, 2014, the maximum proportion of equities allowed in the strategic allocation of the investment portfolio was 10% (including private equities, convertibles and unlisted securities).

Investments in convertible bonds are classified under 'Bonds' in the table below.

	2014		2013	
(in € millions)	Amount	%	Amount	%
Bonds	2,816	63.2%	2,657	63.8%
Shares	246	5.5%	181	4.3%
Investment property	210	4.7%	185	4.5%
Loans, deposits and other financial investments	854	19.2%	838	20.1%
Total Financial investments	**4,125**	**92.5%**	**3,861**	**92.7%**
Cash	**333**	**7.5%**	**302**	**7.3%**
TOTAL FINANCIAL INVESTMENTS + CASH	**4,458**	**100.0%**	**4,163**	**100%**

Liquidity risk

Liquidity risk is the risk that the Group may not have sufficient financial resources to cover its cash needs.

Liquidity risk is subject to specific monitoring by the Group, in both its insurance activities and financial investments.

Each entity carries out projections of the cash flows derived from its insurance operations, its investment portfolio and any dividends received from subsidiaries, and then monitors these flows. These cash flow projections are reviewed at financial committee meetings.

With the exception of the Group's German entity, which participates in the cash pooling common to all the German entities of the Allianz group, the entities manage their cash independently.

Sources of liquidity available to the Group (excluding the divestment of its investment portfolio) mainly comprise:

- the excess liquidity of a company;
- shareholders;
- the banking market;
- bond issues.

Based on short- and medium-term cash flow projections and stress tests applied to these projections (liabilities as well as assets), the Group considers its liquidity risk to be low.

On December 31, 2014, some of the Group's borrowings (described in Note 17 "Borrowings" in the notes to the consolidated financial statements) were subject to specific clauses in addition to standard clauses relating to the existence of reserves or a refusal to certify the financial statements, which could lead to a change in borrowing costs. Indeed, some borrowings are subject to step-up clauses providing for an increase in the annual interest rate in the event of a ratings downgrade by Standard & Poor's.

Real-estate risk

Real-estate risk measures how sensitive the value of property assets is to changes in values in the real-estate market. This risk covers buildings housing the Group's operations (described in Note 8 "Operating property and other property, plant and equipment" in the notes to the consolidated financial statements), as well as real estate leased to other parties (described in Note 5 "Investment and operating property" in the notes to the consolidated financial statements).

Investments in real estate or real estate products (for own use or investment) account for just over 6.5% of the investment portfolio's market value. This percentage is consistent with the strategic allocation of the investment portfolio, as well as its tactical allocation, as defined by the Investment Committee and in force as at December 31, 2014.

Sensitivity tests

In addition to calculating the capital required to cover the risk taken, the Group regularly conducts sensitivity tests to check the adequacy of its protection and the possibility of scenarios involving higher risks than initially anticipated.

The results are representative of the risks concerned but, like any simulation, have their limits. The simulation is based on the situation at a given date, i.e. the year-end in the present case. As such, the results do not reflect events that may arise after the end of the financial year.

RISK RELATING TO EQUITIES AND BONDS IN THE PORTFOLIO ON DECEMBER 31, 2014

(in € millions)	Market value on December 31, 2014	Impact of a 100 bp increase in interest rates**	Impact of 10% fall in equity markets	Market value on December 31, 2013	Impact of a 100 bp increase in interest rates*	Impact of 10% fall in equity markets
Bonds	2,816	(84,7)	-	2,657	(82)	–
Shares	246	-	(23,5)	181	–	(17)
TOTAL	**3,061**			**2,838**		

* *Average sensitivity 3%, calculated on the main subsidiaries representing over 99% of the bond portfolio at the end of 2013.*
** *Average sensitivity 3%, calculated on the main subsidiaries representing over 99% of the bond portfolio at the end of 2014.*

PORTFOLIO EQUITY RISK ON DECEMBER 31, 2014

(in € millions)	Market value on December 31, 2014-scenario impact	Revaluation reserves/ shareholders' equity impact	Amortized cost/ economic account impact
TOTAL	**245.5**	**25.3**	**220.2**
Impact of 10% fall in equity markets	(23.5)	(23.5)	0.0
Impact of 30% fall in equity markets	(66.6)	(25.3)	(45.2)

Impact on shareholders' equity does not take account of deferred taxes. Income impact is before tax.

(in € millions)	Net income 2014	10% fall in premiums	10% rise in cost of claims in 2014	10% increase in management costs	Net income 2013	10% fall in premiums	10% rise in cost of claims in 2013	10% increase in management costs
Change in net income	**302**	**(57)**	**(65)**	**(68)**	**314**	**(50)**	**(58)**	**(61)**

FINANCIAL PORTFOLIO ON DECEMBER 31, 2014

(in € millions)	Assets (a)	Financial liabilities (b)	Foreign-currency commitments (c)	(d) = (a) – (b) +/- (c)	Hedging instruments (e)	Net position after hedging (f) = (d) – (e)
EUR	3,266	284	0	2,982	0	2,982
GBP	219	0	0	219	0	219
USD	409	0	0	409	0	409
Other currencies	231	0	0	231	0	231
TOTAL	**4,125**	**284**	**0**	**3,841**	**0**	**3,841**

(a) Financial assets
(b) Borrowings

The following table illustrates the impact of exchange rates movements on the annual operating income before tax and the own funds of subsidiaries which report accounting statements in non-euro currencies.

	Impact on operating income		Impact on equity before tax	
(in € thousands)	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
GBP	86.5	(86.5)	(301.9)	301.9
USD	401.0	(401.0)	1,185.4	(1,185.4)
TOTAL (GROUP)	**487.5**	**(487.5)**	**883.5**	**(883.5)**

4.2.4 Counterparty risk

Counterparty risk is the loss the Group would incur in the event of the insolvency of one of its business partners, namely the failure of a reinsurer, a bank, a bond or equity counterparty, or the non-performance by a policyholder of its commitments.

The Group has implemented various mechanisms to anticipate and limit the consequences of the failure of one of its counterparties.

Reinsurer default

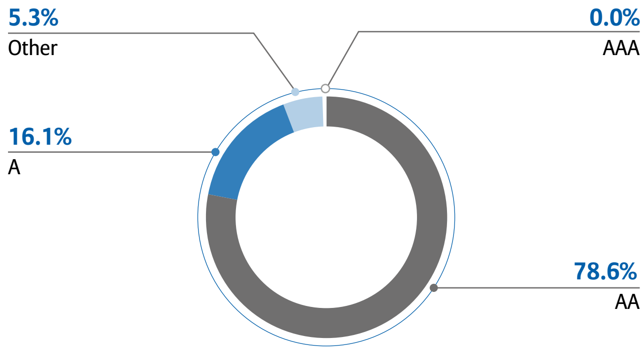
Mechanisms for detecting and limiting counterparty risk:

- selection of reinsurers on the basis of their counterparty rating (rated A or higher or subject to the special prior approval of the Group Board of Management in the event of a rating lower than A);
- limits on concentration risk relating to a single reinsurer;
- constant monitoring by the various operational entities via a maturity analysis of reinsurers' credits and debits, and the amount of technical reserves transferred to them;
- requests for letters of credit or security deposits from reinsurers;
- cut-offs of reinsurance agreements a few years after the implementation of the reinsurance contract.

In the event of reinsurer default or any event that may result in reinsurer default, the Group would conduct a risk analysis of the event. It would then take steps, on the basis of its findings, to minimize the negative impact on the Group.

In this case, the assets carried by the Group in connection with this counterparty would be impaired.

DISTRIBUTION OF TECHNICAL RESERVES CEDED BY REINSURERS' RATINGS (THE SCOPE COVERED REPRESENTS 99.3% OF TOTAL GROUP RESERVES ON DECEMBER 31, 2014)



Reinsurer's Credit Rating	Exposure (in € thousands)	In %
AAA	0	0.0%
AA	441,146	78.6%
A	90,562	16.1%
Other	29,895	5.3%
TOTAL	**561,603**	**100%**

Bank default

Mechanisms for detecting and limiting counterparty risk:

- selection of banks on the basis of their rating (rated A or higher);
- limits on the available cash held in bank accounts;
- increase in the number of banks with which the group deals.

In the event of banking counterparty default, all the Group's cash in the accounts kept by the bank in question would be impaired.

Bond or equity counterparty default

Mechanisms for detecting and limiting counterparty risk:

- implementation of a strict policy limiting investment in a single private issuer to 5% of total assets.

- **RATINGS OF BOND COUNTERPARTIES**

	2014		2013	
(in € millions)	Amount	%	Amount	%
AAA	1,329	47.2%	1,470	55.4%
From AA+ to AA-	737	26.2%	689	25.9%
From A+ to A-	269	9.5%	258	9.7%
Other instruments	481	17.1%	240	9.0%
TOTAL FINANCIAL INVESTMENTS	**2,816**	**100%**	**2,657**	**100%**

Policyholder default

Mechanisms for detecting and limiting counterparty risk:

- procedures for the proactive management of funds held with policyholders, in particular to avoid a financial loss in the event of policyholder default.

	December 31, 2014				
(in € thousands)	< 3 months	3 months to 1 year	1 to 5 years	> 5 years old	Total
Total credit insurance receivables	**596,803**	**6,647**	**843**	**577**	**604,870**

Trade receivables are subject to strict monitoring procedures. 98.7% of trade receivables have a maturity of less than three months. Reserves are recognized for the full amount of any outstanding receivable which is more than six months past due.

4.2.5 Operational, legal, regulatory and tax risks

The Group, jointly with its main shareholder, has implemented an analysis framework to identify and quantify operational risk that could stem from an overall failure of the organization and the Group's systems, due to human error or to an external event. Ensuring that appropriate processes are implemented to manage these risks is a cornerstone of the Risk Management function.

Operational risk

Operational risk is managed in accordance with the policy laid down in the Group's operational risk policy, and is based on the deployment and maintenance of an appropriate and consistent internal control organization, guaranteeing appropriate operational risk management for each Group entity.

The Group's operational risk management system is based on:

- crisis management and business continuity plans;
- internal management rules and operational procedures specifying the manner in which operations should be carried out;
- a periodic disclosure process for operating losses above €10,000 and regular analysis of scenarios that could, if they materialize, result in an operating loss.

The operational risk control system, set out for all Group entities, is based on two levels of control, with responsibilities and control plans suited to each level:

- permanent self-monitoring at the operational level and continuous management control;
- periodic checks conducted in each entity by the internal audit function.

In addition, a program covering own insurance risks has been set up in each Group entity, in a decentralized manner.

Regulatory risk

The Group is subject to various regulations governing the insurance, banking and asset management businesses.

The Group is also subject to strict regulations due to its listing on Euronext Paris.

The Group has set up the necessary structures to comply with the regulations of the countries in which it operates. They apply the laws of their country of establishment and comply with administrative requirements or those set by local supervisory authorities, as well as specific prudential rules.

In particular, each entity has appointed a correspondent tasked with implementing the European directive on data protection, and the Group has strengthened its control over the application of regulations by making a person within the Group responsible for this function, in conjunction with correspondents within each entity.

Legal and arbitration proceedings

In the ordinary course of its business, the Group is involved in legal proceedings (notably debt collection proceedings) and is subject to tax assessments and administrative audits. Reserves are systematically established accordingly.

The unfavorable outcome of any pending or future litigation could have an adverse impact on the Group's business, financial position, consolidated net income, reputation or market image. The Group carefully manages its relationships with external parties, and each entity has a local structure or the necessary legal resources to take the appropriate action in the event of disputes.

To the best of the Company's knowledge, there are no governmental, judicial or arbitration proceedings, either pending or threatened, which have had over the last 12 months or may in the future have a material impact on the financial position or profitability of the Company and/or Group.

Tax risks

Tax teams at both Group and local level monitor the current regulations.

Compliance risk

Compliance risk relates to the application of appropriate rules of behavior for a given period or situation.

To deal with this risk, a Group Head of Compliance, working in conjunction with correspondents in every region, monitors compliance with rules governing ethics, fraud, money laundering and the observance of periods during which trading in Euler Hermes Group securities is suspended.

Reputational risk

The Group has implemented measures necessary to protect its image and actively communicate with its shareholders, customers, employees and, more broadly, the financial community about its financial strength through:

- regular disclosure, both internally and externally;
- continuous monitoring of the Group's image and reputation;
- a set of rules to determine whether operations may result in a reputational risk.

Labor and environmental risks

On labor issues, the major challenge facing the Group is how to retain employees and how to attract the best talent in the future.

Environmental issues affect the Group to a fairly limited extent, due to the generally non-polluting nature of its business.

5 Consolidated financial statements

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5.7 Statutory Auditors' report on the consolidated financial statements 209

Pursuant to Article 28-1 section 5 of (EC) regulation 809/2004 of the European Commission of April 29, 2004, the Group's consolidated financial statements for the year ending December 31, 2013 (established in accordance with IFRS including comparative data for fiscal 2012 under the same standards) and for the year ending December 31, 2012 (established in accordance with IFRS including comparative data for fiscal 2011 under the same standards) and the related report of the Statutory Auditors are included by reference in this Registration Document. They appear on pages 123 to 199 of the Registration Document of the Company for financial year 2013, as registered by the AMF on April 30, 2014 under no. D 14-0469 and on pages 111 to 194 of the Registration Document of the Company for financial year 2012, as registered by the AMF on April 26, 2013 under no. D 13-0446.

5.1 Consolidated statement of financial position

(in € thousands)	Notes	December 31, 2014	December 31, 2013
Goodwill	3	108,389	99,489
Other intangible assets	4	112,502	88,985
Intangible assets		**220,891**	**188,474**
Investment property	5	75,369	60,231
Financial investments	6	3,894,626	3,675,876
Derivatives		19,011	13,801
Investments		**3,989,006**	**3,749,908**
Investments accounted for at the equity method	7	**199,428**	**193,853**
Share of assignees and reinsurers in the technical reserves and financial liabilities	19	**564,279**	**529,876**
Operating property and other property, plant and equipment	8	48,602	138,339
Acquisition costs capitalised		67,753	58,501
Deferred tax assets	9	23,653	24,447
Inwards insurance and reinsurance receivables	10	592,788	563,542
Outwards reinsurance receivables	10	12,082	71,813
Corporation tax receivables		19,811	20,161
Other receivables	11	228,100	221,552
Asset classified as Held for sale	12	60,670	-
Other assets		**1,053,459**	**1,098,355**
Cash	13	332,624	302,190
TOTAL ASSETS		**6,359,687**	**6,062,656**
Capital stock		14,510	14,510
Additional paid-in capital		465,007	465,007
Reserves		1,712,679	1,650,801
Net income, group share		302,060	313,729
Revaluation reserve	14	99,242	63,566
Foreign exchange translation		(12,973)	(45,743)
Shareholders' equity, Group share		**2,580,525**	**2,461,870**
Non controlling interests	15	62,142	66,582
Total shareholders' equity		**2,642,667**	**2,528,452**
Provisions for risks and charges	16	**383,651**	**310,374**
Bank borrowings		284,159	261,384
Other borrowings		-	351
Borrowings	18	**284,159**	**261,735**
Non-life technical reserves	19	2,177,246	2,028,682
Liabilities related to contracts		**2,177,246**	**2,028,682**
Deferred tax liabilities	9	163,063	264,903
Inwards insurance and reinsurance liabilities	20	226,992	192,141
Outwards reinsurance liabilities	20	131,477	145,300
Corporation tax payables		60,658	46,284
Other payables	21	289,774	284,785
Other liabilities		**871,964**	**933,413**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,359,687**	**6,062,656**

5.2 Consolidated income statement

(in € thousands excepted for the earnings per share)	Notes	December 31, 2014	December 31, 2013
Premiums written		2,270,416	2,202,496
Premiums refunded		(111,513)	(109,896)
Change in unearned premiums		(32,992)	(13,580)
Earned premiums		**2,125,911**	**2,079,020**
Service revenues		401,101	407,220
Turnover	21	**2,527,012**	**2,486,240**
Investment income		81,117	88,372
Investment management charges		(9,012)	(8,390)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		21,108	12,992
Change in fair value of investments recognised at fair value through profit or loss		210	(5,122)
Change in investment impairment provisions		(2,984)	(1,162)
Net change in foreign currency		(5,357)	(540)
Net investment income	23	**85,082**	**86,150**
Insurance services expenses		**(998,671)**	**(1,046,530)**
Outwards reinsurance income		498,812	541,158
Outwards reinsurance expenses		(643,876)	(643,461)
Net outwards reinsurance income or expenses	22	**(145,064)**	**(102,303)**
Contract acquisition expenses		**(452,940)**	**(426,506)**
Administration expenses		**(207,943)**	**(206,065)**
Other ordinary operating income	25	**23,595**	**21,611**
Other ordinary operating expenses	25	**(394,902)**	**(381,186)**
Current operating income	22	**436,169**	**431,411**
Other non ordinary operating expenses	26	(24,726)	(32,189)
Other non ordinary operating income	26	1,682	59,384
Operating income		**413,125**	**458,606**
Financing expenses		(8,347)	(10,953)
Share of Income from companies accounted for at the equity method	7	15,718	6,424
Corporation tax	27	(116,396)	(136,996)
CONSOLIDATED NET INCOME		**304,100**	**317,081**
o/w			
Net income, group share		**302,060**	**313,729**
Non controlling interests		2,040	3,352
Earnings per share (in euros)	28	**6.86**	**7.12**
Diluted earnings per share (in euros)	28	**6.86**	**7.11**
Earnings per share of continuing activities (in euros)		**6.86**	**7.12**
Diluted earnings per share of continuing acitivies (in euros)		**6.86**	**7.11**

5.3 Consolidated statement of other comprehensive income

(in € thousands)	December 31, 2014	December 31, 2013
Net income, group share	**302,060**	**313,729**
Net income, Non controlling interests	2,040	3,352
Actuarial gains and losses on defined benefit plans net of tax	(49,723)	17,337
Other comprehensive income - Items that may never be reclassified to profit and loss	**(49,723)**	**17,337**
Available-for-sale (AFS) investments - reclassification to net income	(20,361)	(21,362)
Tax impact	5,211	6,515
Available-for-sale investments - changes arising during the period	63,945	(23,656)
Tax impact	(16,313)	9,348
Foreign currency translation adjustments	35,876	(23,978)
Other comprehensive income - Items that may be reclassified to profit and loss in future periods	**68,358**	**(53,133)**
Other comprehensive income - non controlling interests share net of tax	45	(148)
TOTAL COMPREHENSIVE INCOME	**322,780**	**281,137**
Total comprehensive income, Group share	320,695	277,933
Total comprehensive income, Non controlling interests	2,085	3,204

5.4 Consolidated statement of cash flows

(in € thousands)	Notes	December 31, 2014	December 31, 2013
Net income, Group share		**302,060**	**313,729**
Corporation tax		116,396	136,996
Financing expense		8,347	10,953
Minority interests		2,040	3,352
Income (loss) of companies accounted for at the equity method	7	(15,718)	(6,424)
Operating income before tax		**413,125**	**458,606**
Allocation to and writebacks of depreciation, amortization and reserves		82,123	59,698
Change in technical reserves		54,034	114,520
Change in deferred acquisition costs		(5,228)	(2,686)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		(1,609)	(2,990)
Realised capital gains/(losses) net of writebacks		(21,471)	(62,732)
Unrealised foreign exchange gain (loss) in company accounts		11,719	5,528
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		1,929	829
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		**121,497**	**112,167**
Dividends received from companies accounted for at the equity method	7	10,414	19,127
Change in liabilities and receivables relating to insurance and reinsurance transactions		59,914	(34,414)
Change in operating receivables and liabilities		(2,835)	34,311
Change in other assets and liabilities		(13,487)	(45,483)
Corporation tax		(181,854)	(155,050)
Cash flow related to operating activities		**(127,848)**	**(181,509)**
CASH FLOW FROM OPERATING ACTIVITIES		**406,774**	**389,264**
Acquisitions of subsidiaries and joint ventures, net of acquired cash		(4,667)	-
Disposals of subsidiaries and joint ventures, net of ceded cash		-	52,758
Acquisitions of equity interests in companies accounted for at the equity method	7	-	(91,982)
Disposals of equity method investments		-	-
Merger		25	-
Cash flow linked to changes in the consolidation scope		**(4,642)**	**(39,224)**
Disposals of AFS securities		1,063,955	1,060,533
Matured HTM securities		-	300
Disposals of investment properties		165	2,989
Disposals of securities held for trading		2,630	2,317
Cash flow linked to disposals and redemptions of investments		**1,066,750**	**1,066,139**
Acquisitions of AFS securities		(1,197,437)	(1,042,825)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	5	(16,832)	(11,639)
Acquisitions of trading securities		(5,900)	(3,588)
Cash flow linked to acquisitions of investments		**(1,220,169)**	**(1,058,052)**
Disposals of other investments and intangible assets (1)		2,733,714	2,906,800
Acquisitions of other investments and intangible assets (1)		(2,757,258)	(2,962,529)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		**(23,544)**	**(55,729)**
CASH FLOW FROM INVESTING ACTIVITIES		**(181,605)**	**(86,866)**
Increases and decreases in capital		-	8,166

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

(in € thousands)	Notes	December 31, 2014	December 31, 2013
Increases in capital		-	*8,166*
Decreases in capital		-	-
Change in treasury stock		(18,041)	6,642
Dividends paid		(189,372)	(180,866)
Cash flow linked to transactions with the shareholders		**(207,413)**	**(166,058)**
Change in non voting shares		-	-
Changes in loans and subordinated securities		22,682	(124,759)
Issue		*22,682*	*10,358*
Repayment		-	*(135,117)*
Interest paid		(8,263)	(13,811)
Cash flow from Group financing		**14,419**	**(138,570)**
CASH FLOW FROM FINANCING ACTIVITIES		**(192,994)**	**(304,628)**
Impact of foreign exchange differences on cash and cash equivalents		(130)	(3,851)
Reclassification		-	(109)
Other cash flows linked to restructuring operations		(1,261)	-
OTHER NET CHANGES IN CASH		**(1,391)**	**(3,960)**
Change in cash flows		**30,784**	**(6,190)**
Change in cash and cash equivalents		**30,784**	**(6,190)**
Cash and cash equivalents at beginning of period	13	**301,840**	**308,030**
Cash and cash equivalents at end of period	13	**332,624**	**301,840**

During 2014, the cash position increased by €30,784 thousand.

- Cash flow from operating activities contributed for €407 million in 2014 against €389 million in 2013, mainly due to improvement of flows related to the operations of reinsurance.
- Investment activities contributed to cash outflows up to €-182 million at the end of 2014, against €-87 million at the end of 2013, mainly due to new investments net from disposals in AFS securities for €133.5 million in 2014 against €17.7 million in 2013, and due to new net investments in real estate for €16.7 million in 2014 against €8.7 million in 2013.
- Cash outflows from the financing activities decreased from €-305 million in 2013 to €-193 million in 2014. They are mainly related to the payment of dividends (€189 million in 2014 against €180 million in 2013) while 2013 also included the reimbursement of a loan of €135 million.

5.5 Consolidated statement of changes in equity

For the year 2014

(in € thousands)	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	-	-	-	47,632	-	-	47,632	-	47,632
Impact of transferring realised gains and losses to income statement	-	-	-	(15,150)	-	-	(15,150)	-	(15,150)
Actuarial gain/(loss) on defined benefit plans	-	-	(49,723)	-	-	-	(49,723)	(61)	(49,784)
Impact of translation differences	-	-	-	3,106	32,770	-	35,876	106	35,982
Components of other comprehensive income net of tax	**-**	**-**	**(49,723)**	**35,588**	**32,770**	**-**	**18,635**	**45**	**18,680**
Net income for the year	**-**	**-**	**302,060**	**-**	**-**	**-**	**302,060**	**2,040**	**304,100**
Comprehensive income of the period	**-**	**-**	**252,337**	**35,588**	**32,770**	**-**	**320,695**	**2,085**	**322,780**
Capital movements	-	-	-	-	-	(17,504)	(17,504)	-	(17,504)
Dividend distributions	-	-	(184,826)	-	-	-	(184,826)	(4,546)	(189,372)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	(537)	(537)	-	(537)
Transaction between shareholder's	-	-	729	88	-	-	817	(1,979)	(1,162)
Other movements	-	-	10	-	-	-	10	-	10
CLOSING SHAREHOLDERS' EQUITY, GROUP SHARE	**14,510**	**465,007**	**2,092,254**	**99,242**	**(12,973)**	**(77,515)**	**2,580,525**	**62,142**	**2,642,667**

For the year 2013

(in € thousands)	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	-	-	-	(14,308)	-	-	(14,308)	(29)	(14,337)
Impact of transferring realised gains and losses to income statement	-	-	-	(14,847)	-	-	(14,847)	-	(14,847)
Actuarial gain/(loss) on defined benefit plans	-	-	17,337	-	-	-	17,337	(88)	17,249
Impact of translation differences	-	-	-	(56)	(23,922)	-	(23,978)	(31)	(24,009)
Components of other comprehensive income net of tax	**-**	**-**	**17,337**	**(29,211)**	**(23,922)**	**-**	**(35,796)**	**(148)**	**(35,944)**
Net income for the year	**-**	**-**	**313,729**		**-**	**-**	**313,729**	**3,352**	**317,081**
Comprehensive income of the period	**-**	**-**	**331,066**	**(29,211)**	**(23,922)**	**-**	**277,933**	**3,204**	**281,137**
Capital movements	42	8,124	-	-	-	5,303	13,469	-	13,469
Dividend distributions	-	-	(176,020)	-	-	-	(176,020)	(4,846)	(180,866)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	1,339	1,339	-	1,339
Other movements	-	-	4,089	-	-	(4,181)	(92)	(37)	(129)
CLOSING 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**

As at December 31, 2014, the share capital of Euler Hermes Group consisted of 45,342,177 fully paid-up shares. At the same date Euler Hermes Group holds 1,360,137 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 year, the increase in the revaluation reserve totalled €35,588 thousand net of taxes.

The increase in translation reserves by €32,770 thousand during the exercise relates mainly to the US dollar for an impact of €25,704 thousand, the British pound for €13,824 thousand, the Russian rouble for €-4,491 thousand, the Singapore dollar for €1,526 thousand and the Hungarian forint for €-1,025 thousand.

The non-controlling interests are down by €4,440 thousand. This is mainly due to the buyback of non-controlling interests of Euler Hermes Hellas Credit Insurance for an impact of €-1,979 thousand, the net result for the period for €2,040 thousand and the payment of dividend for €-4,546 thousand.

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Note 1 Significant events

The following significant events occurred in the year 2014:

Changes in the share capital and in share ownership

As at December 31, 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 Group. Consequently, Euler Hermes Group is integrated into the Allianz consolidation scope.

As at December 31, 2014, Euler Hermes Group's share capital was composed of 45,342,177 shares, including 1,360,137 shares held in treasury stock.

Creation of Euler Hermes AG

Euler Hermes Deutschland's Export Credit activities on behalf of the German Government were carved out into a new company (Euler Hermes AG) through a spin-off or *Abspaltung* early this year, allowing the merger of Euler Hermes Deutschland's into Euler Hermes Europe (renamed into Euler Hermes SA (NV) at year-end).

Transfer of the Asian Insurance portfolios to Euler Hermes Europe (renamed into Euler Hermes SA (NV) at year-end)

Also in the context of the legal restructuring of the Group, the insurance portfolios of the Asian branches were transferred on June 1 for Singapore, on July 1 for Hong Kong and August 1 for Japan, from Euler Hermes Deutschland to Euler Hermes Europe (renamed into Euler Hermes SA (NV) at year-end) in Belgium.

Company name changes

Following the Shareholders' Meeting of May 28, 2014, the company name "Euler Hermes SA" was changed into "Euler Hermes Group SA".

Following the Extraordinary Shareholders' Meeting of November 4, 2014, the company name "Euler Hermes Europe SA (NV)" was changed into "Euler Hermes SA (NV)".

Blue Europe II: realization of cross border mergers

The cross border mergers of Euler Hermes Deutschland AG and of Euler Hermes France SA into Euler Hermes SA (NV), have been authorized by the NBB, the ACPR and BaFin, the Belgian, French and German regulators. The mergers were approved in the Extraordinary Shareholders' Meeting of November 4, 2014, with retroactive effect from January 1, 2014.

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

In January 2014, Euler Hermes SA (NV) bought-back the non-controlling interests of Euler Hermes Hellas Credit Insurance. The Greek subsidiary is now 100% held by the Euler Hermes Group.

Expansion in international markets

During the year 2014 the Group created new service companies to expand its business in growing markets: Euler Hermes Services Taiwan, Euler Hermes Services GCC Ltd, a company located in Dubai, Euler Hermes Services Bulgaria, Euler Hermes Services Tunisia and Euler Hermes Korea Non-Life Broker Co, Ltd.

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

During the third quarter of 2014, Euler Hermes Group and Euler Hermes Deutschland Boards of Management have signed an agreement with a real estate development company to sell and partially leaseback the corporate buildings of the Group in Hamburg with the objective to transfer the ownership before the end of 2015.

Consequently, the net value of properties was reclassified as assets "held for sale" for an amount of €75.7 million before impairment. After reclassification, an impairment loss corresponding to the fair value less costs of sale was recognized for an amount of €17.2 million. This impairment loss is recognized in the income statement under "Other non-ordinary operating expenses".

Initiative EH 3.0 launch

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

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

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

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 December 31, 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 December 31, 2014 were approved by the Group Board of Management of February 16, 2015 and presented to the Supervisory Board of February 18, 2015. They will be submitted for validation to the Shareholders' Meeting of May 27, 2015.

2.1 General Principles

In accordance with European regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements published as at December 31, 2014 were prepared in accordance with IFRS as adopted by the European Union. International accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at December 31, 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 the Group 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 1, 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.

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 January 1, 2014. The impacts are not significant at Group level. Consequently, comparative financial statements related to the previous period were not retrospectively restated. Following the purchase of 55% of NV Interpolis Kredietverzekeringen (IKV) by Euler Hermes SA (NV) at 22 December 2014, NV Interpolis Kredietverzekeringen (IKV) is now fully held and fully consolidated by the Group.

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. As part of the Financial Statements as at December 31, 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 as of January 1, 2014.

2.3 Consolidation scope

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

The Group has created and fully integrated the following services entities during the year 2014: Euler Hermes Services Taiwan, Euler Hermes Services GCC Ltd in Dubai, Euler Hermes Services Bulgaria, Euler Hermes Services Tunisia and Euler Hermes Korea Non-Life Broker Co, Ltd.

The French and German insurance companies, Euler Hermes France and Euler Hermes Deutschland AG have been merged in the company Euler Hermes Europe SA (NV), renamed Euler Hermes SA (NV). Beforehand Euler Hermes Deutschland's Export Credit activities on behalf of the German Government were carved out into a new company (Euler Hermes AG) through a spin-off or *Abspaltung* early this year, allowing the merger of Euler Hermes Deutschland into Euler Hermes SA (NV).

Following the purchase of 55% of NV Interpolis Kredietverzekeringen (IKV) by Euler Hermes SA (NV) at December 22, 2014, NV Interpolis Kredietverzekeringen (IKV) is now fully held and fully consolidated by the Group.

Three entities held by Bürgel Wirtschaftsinformationen GmbH & Co. KG have been merged into their parent company and then entered the consolidation scope in 2014.

2.4 List of consolidated companies

French companies	Consolidation method	December 31, 2014 % control	December 31, 2014 % interest	December 31, 2013 % control	December 31, 2013 % interest
Euler Hermes Group [1] 1, place des Saisons - 92048 Paris-La Défense Cedex N°Siren: 552 040 594	Held by Allianz SA: 67.81%	Parent company		Parent company	
Bilan Services SNC 25, boulevard des Bouvets - 92000 Nanterre N°Siren: 333 192 631	Full	50.00	50.00	50.00	50.00
Euler Hermes Asset Management SA 1, place des Saisons - 92048 Paris-La Défense Cedex N°Siren: 422 728 956	Full	100.00	100.00	100.00	100.00
Euler Hermes Services SAS 1, place des Saisons - 92048 Paris-La Défense Cedex N°Siren: 414 960 377	Full	100.00	100.00	100.00	100.00
Euler Hermes France 1, place des Saisons - 92048 Paris-La Défense Cedex N°Siren: 348 920 596	Liquidated in 2014 [2]			100.00	100.00
Euler Hermes Crédit France 1, place des Saisons - 92048 Paris-La Défense Cedex N°Siren: 388 236 853	Full	100.00	100.00	100.00	100.00
Euler Hermes Recouvrement France 1, place des Saisons - 92048 Paris-La Défense Cedex N°Siren: 388 238 026	Full	100.00	100.00	100.00	100.00
Euler Hermes Tech SAS 1, place des Saisons - 92048 Paris-La Défense Cedex N°Siren: 388 237 091	Full	100.00	100.00	100.00	100.00
Euler Gestion 1, place des Saisons - 92048 Paris-La Défense Cedex FR0007434980	Full	100.00	100.00	100.00	100.00
Euler Hermes World Agency 1, place des Saisons - 92048 Paris-La Défense Cedex N°Siren: 487 550 907	Full	100.00	100.00	100.00	100.00
Gie Euler Hermes SFAC Services 1, place des Saisons - 92048 Paris-La Défense Cedex N° Siren: 393 302 708	Full	100.00	100.00	100.00	100.00
Financière Callisto 1, place des Saisons - 92048 Paris-La Défense Cedex N° Siren: 503 326 514	Full	100.00	100.00	100.00	100.00
Euler Hermes Real Estate 87 rue Richelieu 75002 Paris N° Siren: 488 480 567	Full	60.00	60.00	100.00	60.00
Financière Aldebaran 1, place des Saisons - 92048 Paris-La Défense Cedex N° Siren: 493 467 609	Full	100.00	100.00	100.00	100.00

(1) Proportion held is based on a total of 45,342,177 shares (before restatement of treasury shares).
(2) Dissolved after the merger in Euler Hermes SA NV
Full: *Full Integration;* **Proportional:** *Proportional Integration;* **Equity:** *Equity Method Accounting;* **NC:** *Not consolidated.*
NB: Percentages of control and interest are determined on the last day of the financial period.

Foreign companies	Country	Consolidation Method	December 31, 2014 % control	December 31, 2014 % interest	December 31, 2013 % control	December 31, 2013 % interest
Euler Hermes Australia Pty Ltd Level 9, Forecourt Building, 2 Market Street Sydney NSW 2000	Australia	Full	100.00	100.00	100.00	100.00
Acredia Versicherung AG Himmelpfortgasse 29 - 1010 Vienna	Austria	Equity	49.00	49.00	49.00	49.00
OeKB EH Beteiligungs- u. Manag Strauchgasse 1-3 - 1011 - Vienna	Austria	Equity	49.00	49.00	49.00	49.00
Euler Hermes SA (NV) Avenue des Arts, Kunstlaan 56 - 1000 Brussels - RC Bruxelles: 45 8033	Belgium	Full	100.00	100.00	100.00	100.00
Euler Hermes Services Belgium SA (NV) Avenue des Arts, Kunstlaan 56 - 1000 Brussels - RC Bruxelles: 45 8033	Belgium	Full	100.00	100.00	100.00	100.00
Euler Hermes Patrimonia 56, avenue des Arts, A - 1000 Brussels	Belgium	Full	100.00	100.00	100.00	100.00
Euler Hermes South Express SA Avenue du Port 86C, Box 204 - B - 1000 Brussels	Belgium	Full	100.00	100.00	100.00	100.00
Graydon Belgium (NV) Uibreidingstraat 84 Bus 1 - 2500 Berchem	Belgium	Equity	27.50	27.50	27.50	27.50
Euler Hermes Seguros de Crédito SA Av. Paulista, 2.421, 3º and. - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Full	100.00	100.00	100.00	100.00
Euler Hermes Serviços de Gestão de Riscos Ltda Av. Paulista, 2.421, 3º and. - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Full	100.00	100.00	100.00	100.00
Euler Hermes Seguros de Crédito à Exportaçao Av. Paulista, 2.421, 3º and. - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Liquidated in 2014 (1)			100.00	100.00
Euler Hermes Services Bulgaria 82 Patriarch Evtimii Blvd. - 1463 Sofia	Bulgaria	Full	100.00	100.00		
Euler Hermes Canada Services 1155, René-Lévesque Blvd West, suite 2810 - Montreal H3B 3Z7	Canada	Full	100.00	100.00	100.00	100.00
Euler Hermes information Consulting (Shanghai) Co., Ltd Unit 2103, Taiping Finance Tower, 488 Middle Yincheng Road, Pudong New Area, Shanghai, 200120, PRC	China	Full	100.00	100.00	100.00	100.00
Euler Hermes Service, Česká republika, sro Molakova 576/11, 186 00 Prague 8	Czech Republic	Full	100.00	100.00	100.00	100.00
Bürgel Wirtschaftsinformationen GmbH & Co. KG Gasstr.18 - D-22761 Hambourg	Germany	Full	50.10	50.10	50.10	50.10
Bürgel Wirtschaftsinformationen Verwaltungs-GmbH Gasstr.18 - D-22761 Hambourg	Germany	Full	50.40	50.40	50.40	50.40
Euler Hermes Forderungsmanagement Deutschland GmbH Friedensallee 254 - D-22763 - Hambourg	Germany	Liquidated in 2014 (2)			100.00	100.00
Euler Hermes Rating Deutschland GmbH Friedensallee 254 - D-22763 Hambourg	Germany	Full	100.00	100.00	100.00	100.00
Euler Hermes Collections GmbH Zeppelin Str. 48 - DE-14471 - Potsdam	Germany	Full	100.00	100.00	100.00	100.00
Euler Hermes Aktiengesellschaft Friedensallee 254 D-22763 - Hambourg	Germany	Full	100.00	100.00		
Euler Hermes Deutschland AG Friedensallee 254 D-22763 - Hambourg	Germany	Liquidated in 2014 (3)			100.00	100.00
Euler Hermes Hellas Credit Insurance SA 16 Laodikias Street - 1-3 Nymfeou Street - 115 28 Athens	Greece	Full	100.00	100.00	80.30	80.30
Euler Hermes Emporiki Services Ltd 16 Laodikias Street - 1-3 Nymfeou Street - 115 28 Athens	Greece	Full	100.00	100.00	80.30	80.30
Euler Hermes Hong Kong Services Limited Suites 403-11, 4/F, Cityplaza 4 - 12 Taikoo Wen Road - Taikoo Shing, Hong Kong	Hong Kong	Full	100.00	100.00	100.00	100.00
Euler Hermes Magyar Követeléskezelő Kft. Kiscelli u.104 - 1037 Budapest	Hungary	Full	100.00	100.00	100.00	100.00

(1) Dissolved after the merger in Euler Hermes Seguros de Credito SA.
(2) Dissolved after the merger in Euler Hermes Aktiengesellschaft.
(3) Dissolved after the merger in Euler Hermes SA NV
Full: *Full Integration;* **Proportional:** *Proportional Integration;* **Equity:** *Equity Method Accounting;* **NC:** *Not consolidated.*
NB: Percentages of control and interest are determined on the last day of the financial period.

Foreign companies	Country	Consolidation Method	December 31, 2014 % control	December 31, 2014 % interest	December 31, 2013 % control	December 31, 2013 % interest
Euler Hermes Services India Private Limited 4th Floor, Voltas House - 23, J N Heredia Marg - Ballard Estate - Mumbai 400 001	India	Full	100.00	100.00	100.00	100.00
Euler Hermes Service Ireland Ltd Block 4, Blackrock Business Park, Craysfort Avenue, Blackrock, Co Dublin	Ireland	Full	100.00	100.00	100.00	100.00
Pimco Funds Ireland Styne House - Upper Hatch Street - Dublin 2	Ireland	Full	100.00	100.00	100.00	100.00
Israël Credit Insurance Company Ltd (ICIC) 2, Shenkar Street - 68010 Israël - Tel Aviv	Israel	Equity	50.00	50.00	50.00	50.00
Euler Hermes Services Italia SRL Via Raffaello Matarazzo, 19 - 00139 Rome	Italy	Full	100.00	100.00	100.00	100.00
Euler Hermes Japan Services Ltd Kyobashi Nisshoku Bldg 7F - 08-07, Kyobashi 1-chome, Chuo-Ku - Tokyo 104-0031	Japan	Full	100.00	100.00	100.00	100.00
Euler Hermes Korea Non-life Broker Company Limited 51 JongRo-gu, JongRo - Seoul	Korea	Full	100.00	100.00		
Euler Hermes Ré 19, rue de Bitbourg - L-2015 Luxembourg	Luxembourg	Full	100.00	100.00	100.00	100.00
Euler Hermes Luxembourg Holding SARL 37, rue d'Anvers - L. 1130 Luxembourg	Luxembourg	Full	100.00	100.00	100.00	100.00
Euler Hermes Acmar 37, boulevard Abdellatif Ben Kaddour - 20050 Casablanca	Morocco	Full	55.00	55.00	55.00	55.00
Euler Hermes Acmar Services 37, boulevard Abdellatif Ben Kaddour - 20050 Casablanca	Morocco	Full	55.00	55.00	55.00	55.00
Euler Hermes Services BV Pettelaarpark 20 - Postbus 70571 - NL-5216 PD's-Hertogenbosch	Netherlands	Full	100.00	100.00	100.00	100.00
Graydon Creditfink BV Hullenbergweg 260 - 1101 BV Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Graydon Holding NV Hullenbergweg 260 - 1101 BV Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Graydon Nederland BV Hullenbergweg 260 - 1101 BV Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Kisys Krediet Informatie Systemen BV Hullenbergweg 270 - 1101 BV Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
MarkSelect BV Diemerhof 26 - Postbus 22969 - 1100 DL Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Interpolis Kredietverzekeringen NV Pettelaarpark 20 - 5216 PD's Hertogenbosch	Netherlands	Full	100.00	100.00	45.00	45.00
Euler Hermes New Zealand Limited Level 1, Lumley Center, 152 Fanshawe Street, Auckland 1010	New Zealand	Full	100.00	100.00	100.00	100.00
Euler Hermes Collections Sp. z o.o. ul. Domaniewska 50B, 02-672 Warsaw	Poland	Full	100.00	100.00	100.00	100.00
Towarzystwo Ubezpieczen Euler Hermes SA ul. Domaniewska 50B, 02-672 Warsaw	Poland	Full	100.00	100.00	100.00	100.00
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k ul. Domaniewska 50B, 02-672 Warsaw	Poland	Full	99.98	99.98	99.98	99.98
Euler Hermes Services Sp. z.o.o. ul. Domaniewska 50B, 02-672 Warsaw	Poland	Full	100.00	100.00	100.00	100.00
Companhia de Seguro de Creditos SA (COSEC) Avenida de Republica, n° 58 - 1069-057 Lisboa	Portugal	Equity	50.00	50.00	50.00	50.00
Euler Hermes Services Romania SRL 6 Petru Maior street, Sector 1 - Bucarest 011264	Romania	Full	100.00	100.00	100.00	100.00

Full: *Full Integration;* **Proportional:** *Proportional Integration;* **Equity:** *Equity Method Accounting;* **NC:** *Not consolidated.*
NB: Percentages of control and interest are determined on the last day of the financial period.

Foreign companies	Country	Consolidation Method	December 31, 2014 % control	December 31, 2014 % interest	December 31, 2013 % control	December 31, 2013 % interest
Ooo Euler Hermes Credit Management ul. Krymskij Val3, 2, Office 210 - 119049 Moscow	Russia	Full	100.00	100.00	100.00	100.00
LLC "IC" Euler Hermes RU 8 Office C08, 4-th Dobryninskiy per.8 - 119049 Moscow	Russia	Full	100.00	100.00	100.00	100.00
Euler Hermes Singapore Services Pte Ltd 12 Marina View - # 14-01 Asia Square Tower 2 - Singapore 018961	Singapore	Full	100.00	100.00	100.00	100.00
Euler Hermes Services Slovensko, SRO Plynarenska 7/A 821 09 Bratislava	Slovakia	Full	100.00	100.00	100.00	100.00
Euler Hermes Services South Africa LTD The Firs, 2nd Floor, 32A Cradock Avenue, Rosebank, 2196	South Africa	Full	100.00	100.00	100.00	100.00
Solunion Compania Internacional de Seguros y Reaseguros SA Avenida General Péron, 40 - 28020 Madrid	Spain	Equity	50.00	50.00	50.00	50.00
Euler Hermes Service AB Klara Norra Kyrkogata 29 - SE 101 34 Stockholm	Sweden	Full	100.00	100.00	100.00	100.00
Euler Hermes Services Schweiz AG Richtiplatz 1 - Postfach CH-8304 Wallisellen	Switzerland	Full	99.50	99.50	99.50	99.50
Euler Hermes Reinsurance AG Richtiplatz 1 - Postfach CH-8304 Wallisellen	Switzerland	Full	100.00	100.00	100.00	100.00
Euler Hermes Taïwan Services 15F, NO.170, Tun Hwa N.RD. - 10548 Taipai	Taiwan	Full	100.00	100.00		
Euler Hermes Services Tunisia 6, rue Ibn Hazm, Cité Jardins, Le Belvédère - 1002 Tunis	Tunisia	Full	100.00	100.00		
Euler Hermes Risk Yönetimi Büyükdere caddesi Maya Akar Center, B Blok Kat:7 34394 Esentepe, Istanbul	Turkey	Full	100.00	100.00	100.00	100.00
Euler Hermes Sigorta Anonim Sirketi Büyükdere caddesi Maya Akar Center B Blok Kat:7 34394 Esentepe, Istanbul	Turkey	Full	100.00	100.00	100.00	100.00
Euler Hermes Services GCC Limited Dubai International Financial Centre - Dubai	United Arab Emirates	Full	100.00	100.00		
Euler Hermes Services UK Ltd 01, Canada Square - London E14 5DX	United Kingdom	Full	100.00	100.00	100.00	100.00
Graydon UK Limited Hyde House, Edgware road - Colindale - London NW9 6LW	United Kingdom	Equity	27.50	27.50	27.50	27.50
Euler Hermes North America Insurance company 800, Red Brook Boulevard - Owings Mills, MD 21117	United States	Full	100.00	100.00	100.00	100.00
Euler Hermes Services North America, LLC 800, Red Brook Boulevard - Owings Mills, MD 21117	United States	Full	100.00	100.00	100.00	100.00
Euler Hermes Collection North America Company 600 South 7th Street – Louisville, KY 40203, USA	United States	Full	100.00	100.00	100.00	100.00
Euler Hermes North America Holding Inc Corporation Trust Center, 1209 Orange Street	United States	Full	100.00	100.00	100.00	100.00

Full: *Full Integration;* **Proportional:** *Proportional Integration;* **Equity:** *Equity Method Accounting;* **NC:** *Not consolidated.*
NB: Percentages of control and interest are determined on the last day of the financial period.

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

2.5 Consolidation principles and methods

Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

Acquisitions of non-controlling interests

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

Subsidiaries

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

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

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

The Group owns 100% of these mutual funds, except Euler Hermes Real Estate, 60%-owned.

Loss of control

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

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

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

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

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

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

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

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

- OeKB EH Beteiligungs- und Managment AG;
- Graydon Holding NV;
- Companhia de Seguro de Creditos SA (COSEC);
- Israel Credit Insurance Company Ltd (ICIC);
- Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA.

Jointly controlled operations

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

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

On 22 December 2014, Euler Hermes SA (NV) (formerly Euler Hermes Europe SA) has purchased the shares previously owned by Achmea BV, and now fully holds and controls NV Interpolis Kredietverzekeringen, which is fully consolidated in the financial statement of the Group as at 31 December 2014.

2.6 Eliminations on consolidation

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

2.7 Financial year and year-end dates

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

2.8 Use of estimates

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

The estimates concerning technical provisions are also detailed in the section 4 "Major risk factors and their management within the Group".

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

	Estimate	Communicated Information
Note 3	Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit's is based on assumptions of capital costs, growth rate to infinity and loss ratio & standard retention rates used in the calculation of the final values.
Note 5	Fair value of real estate held for investments & for use	The fair value of buildings is estimated based on market prices, adjusted, where applicable, to take into account the nature, location or other specific features of the building concerned.
Note 16	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 17	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 19	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 19	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 19	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 19	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 19	IBNR reserve	IBNR reserves are established to recognize the estimated cost of losses that have occurred but where the Group has not yet been notified. The 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 31	Stock option plans	The fair value of the liabilities resulting from the Allianz and Euler Hermes Group 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 Group share price, until expiry of the obligation. The fair value from SAR and RSU is calculated using the Cox-Ross-Rubinstein binomial valuation model.

2.9 Translation

Translation of transactions denominated in a foreign currency

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

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

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

Translation of the financial statements of foreign companies

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

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

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

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

	December 31, 2014		December 31, 2013	
(in € vs currency)	Closing	Average	Closing	Average
Pound sterling	0.7760	0.8061	0.8320	0.8493
US dollar	1.2101	1.3286	1.3779	1.3281
Swedish krona	9.4724	9.1017	8.8503	8.6520
Brazilian real	3.2166	3.1216	3.2510	2.8698
Hong Kong dollar	9.3835	10.3029	10.6838	10.3018
Swiss franc	1.2024	1.2145	1.2255	1.2308
Polish złoty	4.2981	4.1848	4.1578	4.1960

2.10 Segment data

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

2.11 Goodwill and other intangible assets

Goodwill

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

For business combinations made with effect from March 31, 1998 goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see § 2.5. Consolidation principles and methods.

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

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

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

With effect from January 1, 2004, goodwill is no longer amortized in accordance with IFRS 3, but instead is subject to impairment testing, at least once a year or whenever an indication of loss in value occurs *(see § 2.12. "Impairment")*.

For the purposes of impairment testing, goodwill is allocated to Cash-Generating Units or to groups of Cash-Generating Units *(see the impairment test procedure in § 2.12. "Impairment")*.

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

Other intangible assets

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

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

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

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

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

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

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

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

2.12 Impairment

Goodwill

In accordance with IFRS 3, goodwill is not amortized but is subject to impairment tests which are performed on a systematic annual basis and as soon as there is any indication of loss in value. Impairment tests are performed for each Cash Generating Unit (CGU) or group of CGUs to which goodwill is related. The CGUs correspond to some of the main subsidiaries or branches of areas presented in the segment analysis. An impairment loss of goodwill is recognised when the highest of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (net asset including goodwill)

The main assumptions used to determine the value in use are as follows: indefinite renewal of policies, perpetual growth rate between 1% and 1.5% depending on the CGU concerned, and a cost of capital between 4.11% and 5.74% depending on the CGU. With effect from 2006, the cost of capital rate used is determined by geographic region. The model is based on the projected 3-year budget prepared by management with a final year based on normalised management ratios (combined ratios and target retention rates).

Furthermore, since the Group has organized its reinsurance activities with the settlement of a Group reinsurance region, the scope of the Cash Generating Units has been extended to include internal reinsurance activities contracted by the CGU with this Group reinsurance region, as well as the share of related shareholders' equity.

The calculation parameters adopted as at December 31, 2014 are detailed per CGU in the Note 3 "Goodwill".

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

Other intangible assets

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

2.13 Property assets

Distinction between investment property and operating property

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

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

Recognition and measurement

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

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

- housing;
- warehouses and commercial premises;
- offices;
- high-rise buildings.

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

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

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

Properties are valued periodically by independent experts. The fair value of buildings is estimated based on market prices, adjusted, where applicable, to take into account the nature, location or other specific features of the building concerned. The fair value is presented in the Note 5 Investment and operating property.

Impairment

Investment property

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

Property for own use

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

2.14 Other property, plant and equipment

Other property plant and equipment are recorded at cost less accumulated depreciation and impairment write-downs.

The depreciation methods and useful lives are generally as follows:

■ IT equipment	straight-line	3 years
■ Furniture/fittings	straight-line	10 years
■ Motor vehicles	straight-line	5 years

2.15 Financial instruments

Financial investments

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

The Group's financial investments are mainly classified as available-for-sale investments. The Group has not elected for the option enabling it to value its financial investments at fair value through profit and loss.

Available-for-sale assets (AFS)

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

Initial recognition

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

Measurement

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

Impairment

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

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

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

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

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

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

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

Disposal

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

Held-to-maturity assets (HTM)

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

Initial recognition

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

Measurement

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

Assets held for trading purposes

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

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

Initial recognition

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

Measurement

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

Loans and receivables

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

Recognition and measurement

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

Impairment

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

Derivatives

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

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

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

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

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

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

Within the Group, derivatives correspond mainly to hedging instruments linked to the stock option plans included in the Allianz group Equity Incentive *(see Note 31 "Stock option plans")*.

2.16 Assets classified as held for sale

Assets are classified as "held for sale" when they are available for immediate sale in their present condition, their sale is highly probable, the management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated. In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", assets or group of assets held for sale are presented separately on the face of the statement of financial position, at the lower of their carrying amount and fair value less costs to sell.

This item includes:

- non-current assets held for sale;
- groups of assets held for sale;
- the total of current and non-current assets related to a business or geographical segment (i.e. to a discontinued operation) itself held for sale.

2.17 Insurance and reinsurance receivables and liabilities

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

2.18 Acquisition costs capitalised

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

2.19 Current and deferred tax

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

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

Deferred tax is recorded in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recorded for:

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

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

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

2.20 Other receivables and operating liabilities

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

2.21 Cash and cash equivalents

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

2.22 Provisions for risks and charges

Provisions

Provisions for risks and charges essentially comprise provisions for retirement commitments *(see § 2.23 Employee benefits)*. Other provisions are measured using the rules set out in IAS 37, which imply the existence of a present obligation arising from a past event, the probability that an outflow of resources representing economic benefits will be necessary to settle the obligation and a reliable estimate of the obligation amount. They are discounted in the event that the impact proves to be significant.

Contingent liabilities and contingent assets

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

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

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

2.23 Employee benefits

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

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

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

The Group has put in place specific assets to cover certain plans. In this case, the commitment is reduced by the amount of the fair value of these assets.

Re-measurement results of the net defined benefit assets/liabilities due to changes in assumptions and to experience adjustments are recognised in other comprehensive income without subsequent reclassification.

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

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

2.24 Share-based payments transactions

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

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

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

2.25 Insurance and reinsurance contracts

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

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

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

Definition of insurance contracts

Insurance contracts are contracts under which the insurer accepts significant insurance risk. Insurance risk is a risk, other than a financial risk, that is transferred by the policyholder to the policy issuer (a financial risk is the risk of a future variation of one or several of the following components: specified interest rate, price of financial instrument, price of a good, exchange rate, price or rate index, credit rating or credit index or other flexible component (if it concerns a non-financial component, the component must not be specific to one of the part of the contract). Credit insurance contract are included in IFRS 4 (section B18 (g)).

Measurement of insurance contracts

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

- removal of provisions for equalisation;
- performance of a test for the adequacy of liabilities;
- impairment testing of reinsurance assets;
- identification and separation of embedded derivatives.

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

Analysis by function of expenses relating to contracts

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

Premiums

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

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

Provisions for unearned premiums

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

Claims

Claims comprise the following items:

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

Reserves for claims payable

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

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

Claims reserves are increased by a provision for administration charges.

Additional information on the measurement of claims reserves is provided in section 4 "Major risk factors and their management within the Group".

Estimated recoveries

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

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

Other technical reserves

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

Test for the adequacy of liabilities

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

Reinsurance contracts

Acceptances

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

Assignments

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

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

2.26 Borrowings

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

The measurement and recognition of borrowings are defined by IAS 39. With the exception of derivatives *(see § 2.15. Financial instruments – Derivatives)*, borrowings and other financial liabilities are recorded originally at fair value less any related transaction costs, and are subsequently measured at amortized cost calculated using the effective interest rate.

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

2.27 Income from ordinary activities

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

Turnover comprises earned premiums and commissions and other operating revenues.

Premiums

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

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

Investment income

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

Investment income net of management expense

This income is mainly composed of the following categories:

- net income from property;
- net income from securities;
- other financial income (bank credit interest, income from other investments);
- foreign exchange gains and losses;
- investment management charges.

Capital gains and losses on disposals of investments

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

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

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

Change in investment impairment charges

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

2.28 Insurance services expenses

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

The recognition principles applied to these items are those set out in IFRS 4 and are described in § 2.25. Insurance and reinsurance contracts – Measurement of insurance contracts.

2.29 Net outwards reinsurance income or expense

This heading comprises the share of assignments and retrocessions of earned premiums, claims paid, changes in claims reserves, bonuses and commissions received from reinsurers.

The recognition principles applied to these items are those set out in IFRS 4 and are described in § 2.25. Insurance and reinsurance contracts – Reinsurance contracts.

2.30 Administration expense and Contract acquisition expenses

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

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

2.31 Other ordinary operating income and expense

Other ordinary operating income and expense correspond mainly to the Group's service revenue and expense.

2.32 Other operating income and expense

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

2.33 Financing expense

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

Financing expense consists of expenses relating to the following items:

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

2.34 Earnings per share

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

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

Note 3 Goodwill

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

(in € thousands)	December 31, 2014 Italy	United Kingdom	United States	Benelux countries	Other	Total	December 31, 2013 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	-	-	-	1,217	-	1,217	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	3,622	3,836	-	225	7,682	(2,991)
Impairment losses	-	-	-	-	-	-	-
Closing carrying amount	**5,820**	**54,867**	**31,485**	**9,459**	**6,757**	**108,389**	**99,489**
Closing Balance							
Gross value	6,229	64,141	35,039	9,459	6,757	121,625	111,695
Impairment losses	(409)	(9,274)	(3,554)	-	-	(13,236)	(12,206)
Carrying amount	**5,820**	**54,867**	**31,485**	**9,459**	**6,757**	**108,389**	**99,489**

At year-end 2014, following the purchase of shares held by minority shareholders of NV Interpolis Kredietverzekeringen a goodwill has been recognized for €1,217 thousand. In 2013, the change of goodwill related to outgoing entities was due to the deconsolidation of Euler Hermes Credito in Spain.

Method of impairment tests

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

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

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

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

Results of impairment tests

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Cost of capital (net of tax)	5.45%	5.33%	5.74%	4.39%	4.24%	4.11%
of which, risk-free rate	*1.88%*	*1.76%*	*2.17%*	*0.82%*	*0.67%*	*0.54%*
of which, risk premium (bêta = 0.71)	*3.57%*	*3.57%*	*3.57%*	*3.57%*	*3.57%*	*3.57%*
Effective tax rate	48.0%	21.5%	35.0%	34.0%	25.0%	31.0%
Normalised return on financial portfolio	1.28%	1.36%	1.73%	0.45%	0.36%	0.26%
Gross combined ratio	87.5%	85.0%	83.0%	84.0%	81.0%	78.0%
Target retention rate	31.5%	27.7%	27.9%	27.6%	33.0%	35.6%
Perpetual growth	1.5%	1.5%	1.5%	1.5%	1.0%	1.0%
Value in use (in € millions)	**392.6**	**469.6**	**787.3**	**176.8**	**222.4**	**2,260.4**
Contribution to group consolidated net asset (in € millions)	**307.0**	**242.9**	**303.0**	**96.9**	**68.5**	**936.9**
Surplus (or deficit)	85.6	226.7	484.3	79.9	153.9	1,323.4

Sensitivity of impairment tests

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

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

Break even parameters

The following table presents for each CGU the change in each of the key parameters taken individually, where the estimated value in use breaks even with its contribution to Group consolidated net asset.

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Perpetual growth	0.2%	-3.0%	-8.2%	-1.0%	-8.2%	-5.2%
Cost of capital	6.7%	9.3%	13.5%	6.7%	11.9%	22.3%
Gross combined ratio	90.7%	99.6%	116.4%	98.5%	110.0%	91.1%

Note 4 Other intangible assets and contracts portfolio

(in € thousands)	December 31, 2014 Contract portfolio	IT development and software	Other intangible assets	Total	December 31, 2013 Contract portfolio	IT development and software	Other intangible assets	Total
Opening balance								
Gross value	3,945	237,308	33,132	274,385	4,815	209,683	28,489	242,987
Amortization	(3,944)	(161,031)	(20,425)	(185,400)	(4,484)	(145,860)	(16,077)	(166,421)
Impairment	-	-	-	-	-	-	-	-
Carrying amount	**1**	**76,277**	**12,707**	**88,985**	**331**	**63,823**	**12,412**	**76,566**
Change during the year								
Opening carrying amount	**1**	**76,277**	**12,707**	**88,985**	**331**	**63,823**	**12,412**	**76,566**
Acquisitions	4,427	36,901	1,104	42,432	-	32,589	1,485	34,074
Changes in consolidation scope	-	145	39	184	-	(6)	-	(6)
Disposals	(3,597)	(1,055)	(1,129)	(5,781)	-	(3,708)	-	(3,708)
Reclassifications	-	6,123	-	6,123	-	(9)	-	(9)
Foreign exchange differences	-	976	215	1,191	(15)	(224)	(95)	(334)
Net amortization	(414)	(19,087)	(1,124)	(20,625)	(315)	(16,188)	(1,095)	(17,598)
Net provisions for impairment	-	-	(7)	(7)	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Closing carrying amount	**417**	**100,280**	**11,805**	**112,502**	**1**	**76,277**	**12,707**	**88,985**
Closing balance								
Gross value	3,133	293,835	33,459	330,427	3,945	237,308	33,132	274,385
Amortization	(2,716)	(193,555)	(21,654)	(217,925)	(3,944)	(161,031)	(20,425)	(185,400)
Impairment	-	-	-	-	-	-	-	-
Carrying amount	**417**	**100,280**	**11,805**	**112,502**	**1**	**76,277**	**12,707**	**88,985**

In 2014, as in 2013, the increase of IT development and software results mainly from the capitalization of internally developed Group applications, and purchased software for internal projects.

The main Group applications developments are:

- in 2013: Galileo (Commercial), FIT +1 (Accounting) and IMX (Collection);
- in 2014: Galileo (Commercial), FIT+1 (Accounting), Convergence and Bonding (Commercial).

Depreciation in 2014 is mainly related to internally developed softwares Galileo (Commercial) and IMX (Collection).

The reclassification in 2014 for €6,123 thousand is due to Group applications developments that were classified in tangible assets under construction until last year.

Note 5 Investment and operating property

(in € thousands)	December 31, 2014 Investment property	December 31, 2014 Operating property	December 31, 2013 Investment property	December 31, 2013 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	16,676	156	11,249	390
Change in consolidation scope	-	-	-	-
Disposals	(367)	(66)	(3,334)	-
Reclassifications	(167)	(78,099)	(9)	-
Changes in foreign currency translation adjustments	-	104	-	(116)
Net depreciation	(1,004)	(2,200)	(1,338)	(2,843)
Net provisions for impairment	-	-	-	-
Other changes	-	-	-	-
Closing carrying amount	**75,369**	**9,579**	**60,231**	**89,684**
Balance at the end of the period				
Gross value	97,015	27,230	78,531	141,336
Depreciation	(21,646)	(17,651)	(18,300)	(44,855)
Impairment losses	-	-	-	(6,797)
Carrying amount	**75,369**	**9,579**	**60,231**	**89,684**
Fair value	**209,650**	**24,652**	**185,360**	**120,886**

AMOUNTS RECORDED IN THE INCOME STATEMENT

Investment property	December 31, 2014	December 31, 2013
Rental revenues from investment property	2,645	2,715
Direct operating expenses relating to property	(157)	163

The acquisitions of investment property consist of renovation costs of the former headquarter owned by Euler Hermes Real Estate. As at December 31, 2014, these costs amounted to €16.7 million compared to €11.2 million as at December 31, 2013.

Disposals mainly concern a partial scrapping of some components of the building located 1, rue Euler (Paris).

As at December 31, 2014, these disposals represent a net value of €-0.4 million compared to €-3.3 million as at December 31, 2013.

The reclassification of €-78 million net book value represents the recognition of three operating properties into assets held for sale: a total of €-75.7 million for two German buildings and €-2.4 million for an American one. These properties were subsequently impaired for €17.2 million – to a carrying value of €58.6 million – and €0.6 million – to a carrying value of €2 million – respectively.

Note 6 Financial investments

Classification by accounting method

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

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

Classification by investment category

	December 31, 2014						December 31, 2013					
(in € thousands)	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets												
Bonds	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	220,224	25,320	245,544	245,544	2,973,382	87,827	154,054	27,007	181,061	181,061	2,775,856	61,913
Bonds	2,708,754	106,911	2,815,665	2,815,665			2,596,674	60,033	2,656,707	2,656,707		
Total Available-for-sale assets	**2,928,978**	**132,231**	**3,061,209**	**3,061,209**	**2,973,382**	**87,827**	**2,750,728**	**87,040**	**2,837,768**	**2,837,768**	**2,775,856**	**61,913**
Loans, deposits and other financial investments	833,226	-	833,226	854,230	-	-	837,917	-	837,917	837,917	-	-
Total Loans, deposits and other financial investments	**833,226**	**-**	**833,226**	**854,230**	**-**	**-**	**837,917**	**-**	**837,917**	**837,917**	**-**	**-**
TOTAL FINANCIAL INVESTMENTS (EXCLUDING INVESTMENTS IN CONSOLIDATED ENTERPRISE)	**3,762,395**	**132,231**	**3,894,626**	**3,915,630**	**2,973,573**	**87,827**	**3,588,836**	**87,040**	**3,675,876**	**3,675,876**	**2,776,047**	**61,913**

(in € thousands)	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**
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 (EXCLUDING INVESTMENTS IN CONSOLIDATED ENTERPRISE)	**3,637,362**	**130,152**	**3,767,514**	**3,767,514**	**2,924,224**	**34,549**

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*).

There was no significant impact of impairment on the Group portfolio as of December 31, 2014. The 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 of Allianz 3-year bonds for an amount of €160 million reaching maturity during the year 2013.

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 € thousands)	December 31, 2014 Level 1	Level 2	Level 3
Available-for-sale assets	3,012,930	-	48,279

(in € thousands)	December 31, 2013 Level 1	Level 2	Level 3
Available-for-sale assets	2,797,634	-	40,134

(in € thousands)	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 valuated at amortized cost. Their hierarchical ranking is mainly level 3 except for the non-listed German mortgage bonds (*Pfandbriefe*) classified in level 2 for €467 million.

Classification by geographical zone

2014

(in € thousands)	France	Other Countries	Group
Held-to-maturity assets			
Bonds	191	-	191
Total held-to-maturity assets	**191**	**-**	**191**
Available-for-sale assets			
Equities	96,763	148,781	245,544
Bonds	501,769	2,313,896	2,815,665
Total Available-for-sale assets	**598,532**	**2,462,677**	**3,061,209**
Loans, deposits and other financial investments	109,599	723,627	833,226
Total loans, deposits and other financial investments	**109,599**	**723,627**	**833,226**
TOTAL FINANCIAL INVESTMENTS	**708,322**	**3,186,304**	**3,894,626**

2013

(in € thousands)	France	Other Countries	Group
Held-to-maturity assets			
Bonds	191	-	191
Total held-to-maturity assets	**191**	**-**	**191**
Available-for-sale assets			
Equities	84,024	97,037	181,061
Bonds	489,308	2,167,399	2,656,707
Total Available-for-sale assets	**573,332**	**2,264,436**	**2,837,768**
Loans, deposits and other financial investments	112,116	725,801	837,917
Total loans, deposits and other financial investments	**112,116**	**725,801**	**837,917**
TOTAL FINANCIAL INVESTMENTS	**685,639**	**2,990,237**	**3,675,876**

2012

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

Movements in the period

(in € thousands)	December 31, 2014 Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	December 31, 2013 Total
Opening carrying amount	**191**	**2,837,768**	**837,917**	**3,675,876**	**3,767,514**
Increase in gross value	-	1,197,437	2,714,827	3,912,264	3,971,280
Decrease in gross value	-	(1,042,669)	(2,727,747)	(3,770,416)	(3,932,849)
Change in consolidation scope	-	5,264	-	5,264	(27,729)
Revaluation	-	43,667	-	43,667	(44,398)
Impairment	-	(2,984)	-	(2,984)	(1,158)
Changes in foreign currency translation adjustments	-	48,517	5,719	54,236	(32,209)
Reclassifications	-	-	-	-	-
Other changes	-	(25,791)	2,510	(23,281)	(24,575)
Closing carrying amount	**191**	**3,061,209**	**833,226**	**3,894,626**	**3,675,876**

In 2014, the change in consolidation scope mainly concerns the full integration of Interpolis Kredietverzekeringen NV's investments as at December 31, 2014. The other changes of assets available for sale investments are mainly explained by the amortization of premiums and discounts of bonds. The changes in foreign currency translations are mainly due to the appreciation of the US dollar and pound sterling against euro.

(in € thousands)	December 31, 2013 Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	December 31, 2012 Total
Opening carrying amount	**491**	**2,958,282**	**808,741**	**3,767,514**	**3,558,317**
Increase in gross value	-	1,042,825	2,928,455	3,971,280	3,260,520
Decrease in gross value	(300)	(1,039,170)	(2,893,379)	(3,932,849)	(3,110,909)
Change in consolidation scope	-	(26,521)	(1,208)	(27,729)	-
Revaluation	-	(44,398)	-	(44,398)	86,561
Impairment	-	(1,158)	-	(1,158)	(1,062)
Changes in foreign currency translation adjustments	-	(27,298)	(4,911)	(32,209)	2,648
Reclassifications	-	-	-	-	955
Other changes	-	(24,794)	219	(24,575)	(29,516)
Closing carrying amount	**191**	**2,837,768**	**837,917**	**3,675,876**	**3,767,514**

In 2013, the change in consolidation scope is mainly due to the deconsolidation of the Spanish and Mexican entities that have been contributed to the joint-venture Solunion. The other changes of available for sale investments are mainly the amortization of premiums and discounts of bonds.

Exposure of the Group to European sovereign debt

The Group does not have anymore exposure to the sovereign debts in the following countries: Greece, Ireland, Hungary, and Turkey. The Group (without joint ventures) has a limited exposure to the Spanish sovereign debt:

Country (in € thousands)	**Maturity**	**Acquisition value**	**Market Value**	**Unrealized Gain or Losses**
Spain	2016	14,529	14,745	216
Spain	2017	9,980	10,260	280
Spain	2018	29,910	30,867	957
Spain	2019	21,929	22,930	1,001
Spain	2020	20,264	20,987	723
TOTAL		**96,612**	**99,789**	**3,177**

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

Portugal

The Portuguese joint-venture COSEC, accounted for at the equity method within the Group, has the following exposure to the sovereign debt of peripheral European countries:

Country (in € thousands)	**Maturity**	**Acquisition value**	**Market Value**	**Unrealized Gain or Losses**
Spain	2018	2,950	3,020	70
Italy	2018	991	1,017	26
Italy	2024	2,508	2,571	63
Portugal	2015	910	935	25
Portugal	2016	8,952	9,139	187
Portugal	2018	3,152	3,330	178
TOTAL		**19,463**	**20,012**	**549**

Spain

The Spanish joint-venture Solunion, accounted for at the equity method within the Group, has the following exposure to local government debt:

Country (in € thousands)	**Maturity**	**Acquisition value**	**Market Value**	**Unrealized Gain or Losses**
Spain	2015	549	550	1
Spain	2016	6,362	6,487	125
Spain	2017	3,612	3,628	16
Spain	2018	3,022	3,235	213
Spain	2019	1,129	1,160	31
Spain	2024	2,938	2,990	52
TOTAL		**17,612**	**18,050**	**438**

Note 7 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 AG	Austria	49.00%
Graydon Holding NV	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, Compañia Internacional de Seguros y Reaseguros SA	Spain	50.00%

Information on equity-accounted investments

	December 31, 2014			
(in € thousands)	Assets (1)	Shareholders' equity (2)	Turnover (3)	Net income
Credit insurance companies	777,693	358,855	302,900	33,196
Other companies	44,036	19,233	55,733	(1,815)
TOTAL	**821,729**	**378,088**	**358,633**	**31,381**

(1) Assets based on IFRS statements as at September 30, 2014, except for Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA for which the assets are based on IFRS statements as at December 31, 2014.

(2) Equity is determined on the basis of IFRS statements as at September 30, 2014, except for Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA for which equity is determined on the basis of IFRS statements as at December 31, 2014.

(3) The turnover corresponds to the turnover in the IFRS statements as at September 30, 2014 plus ¼ of 2013 total turnover, except for Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA for which turnover is as at December 31, 2014.

(in € thousands)	December 31, 2013			
	Assets (1)	Shareholders' equity (2)	Turnover (3)	Net income
Credit insurance companies	816,769	369,924	305,528	7,686
Other companies	50,280	13,636	63,228	9,705
TOTAL	**867,049**	**383,560**	**368,756**	**17,391**

(1) Assets based on IFRS statements as at September 30, 2013.

(2) Shareholders' equity based on IFRS statements as at September 30, 2013.

(3) The turnover corresponds to the turnover in the IFRS statements as at September 30, 2013 plus ¼ of 2012 total turnover.

Movements during the period

(in € thousands)	December 31, 2014	December 31, 2013
Opening carrying amount	**193,853**	**115,500**
Increases	4,716	91,982
Decreases	(4,490)	-
Reclassifications	-	-
Share of income for the period	15,718	6,424
Dividends paid	(10,414)	(19,127)
Impairment	-	-
Foreign exchange differences	137	(308)
Other changes	(92)	(618)
Closing carrying amount	**199,428**	**193,853**

The increases and decreases of investments accounted for at the equity method by €4,716 thousand and by €-4,490 thousand are due to the change of inclusion method of Interpolis Kredietverzekeringen NV from proportional integration to at equity method and finally full integration following the purchase of the non-controlling interests for 55% at the end of December 2014.

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

The other changes are mainly due to the change of the revaluation reserves of the investments accounted for at the equity method.

Contribution to shareholders' equity (without 2014 income)

(in € thousands)	December 31, 2014	December 31, 2013
Credit insurance companies	178,421	183,680
Other companies	5,289	3,750
Share of shareholders' equity	**183,710**	**187,430**

Contribution to income

(in € thousands)	December 31, 2014	December 31, 2013
Credit insurance companies	16,217	3,755
Other companies	(499)	2,669
Share of total income	**15,718**	**6,424**

Note 8 Operating property and other property and equipment

(in € thousands)	December 31, 2014 Operating property	Other property and equipment	Total	December 31, 2013 Operating property	Other property and equipment	Total
Opening balance						
Gross value	141,336	151,029	292,365	138,526	137,118	275,644
Depreciation	(44,855)	(102,075)	(146,930)	(39,476)	(86,225)	(125,701)
Impairment	(6,797)	(299)	(7,096)	(6,797)	(458)	(7,255)
Carrying amount	**89,684**	**48,655**	**138,339**	**92,253**	**50,435**	**142,688**
Change during the year						
Carrying amount at opening period	**89,684**	**48,655**	**138,339**	**92,253**	**50,435**	**142,688**
Acquisitions	156	14,336	14,492	390	24,430	24,820
Changes in consolidation scope	-	10	10	-	(304)	(304)
Disposals	(66)	(6,990)	(7,056)	-	(13,702)	(13,702)
Reclassifications	(78,099)	(6,125)	(84,224)	-	13	13
Foreign exchange differences	104	611	715	(116)	(542)	(658)
Net depreciation	(2,200)	(11,459)	(13,659)	(2,843)	(11,834)	(14,677)
Net provisions for impairment	-	0	0	-	159	159
Other changes	-	(16)	(16)	-	-	-
Carrying amount at closing period	**9,579**	**39,023**	**48,602**	**89,684**	**48,655**	**138,339**
Balance at closing period						
Gross value	27,230	171,014	198,244	141,336	151,029	292,366
Depreciation	(17,651)	(131,692)	(149,343)	(44,855)	(102,075)	(146,930)
Impairment	-	(299)	(299)	(6,797)	(299)	(7,096)
Carrying amount	**9,579**	**39,023**	**48,602**	**89,684**	**48,655**	**138,339**

In 2013 and 2014, the acquisitions and disposals in Other Property and Equipment are mainly due to the renewal of computers, furniture and office equipment.

The reclassification of -€78 million net book value represents the recognition of three operating properties into assets held for sale: a total of -€75.7 million for two German buildings and -€2.4 million for an American one. These properties were subsequently impaired for €17.2 million – to a carrying value of €58.6 million – and €0.6 million to a carrying value of €2 million respectively.

The reclassification in 2014 for €6,125 thousand is mainly due to IT applications developments previously classified in tangible assets under construction that were transferred in intangible assets this year.

Note 9 Deferred tax

Breakdown by type of tax

(in € thousands)	December 31, 2014	December 31, 2013
Deferred tax assets	321,069	287,597
Deferred tax liabilities	(460,479)	(528,053)
Net deferred tax	**(139,410)**	**(240,456)**
Tax losses	5,366	8,407
Deferred tax assets linked to revaluation of AFS investments	12,535	12,364
Deferred tax assets - provisions for retirement commitments	179,658	150,356
Deferred tax assets - technical reserves	14,700	46,496
Other deferred tax assets	108,810	69,974
Total deferred tax assets	**321,069**	**287,597**
Deferred tax liabilities linked to revaluation of AFS investments	(36,036)	(27,728)
Deferred tax liabilities - provisions for retirement commitments	(136,500)	(121,193)
Deferred tax liabilities - technical reserves	(194,769)	(314,616)
Other deferred tax liabilities	(93,174)	(64,516)
Total deferred tax liabilities	**(460,479)**	**(528,053)**
Net deferred tax	**(139,410)**	**(240,456)**
After offsetting deferred tax assets and liabilities at tax entity level		
Deferred tax assets	23,653	24,447
Deferred tax liabilities	(163,063)	(264,903)
NET DEFERRED TAX	**(139,410)**	**(240,456)**

The decrease of tax losses mainly concerns Euler Hermes SA (NV) for €3.2 million.

The activated tax losses are mainly due to Euler Hermes SA (NV) for €0.9 million, Euler Hermes Re (Luxembourg) for €1.9 million, and to Euler Hermes Collections GmbH for €1.3 million.

Movements in deferred tax by geographical region

(in € thousands)	December 31, 2013	Change through income statement	Change relating to revaluation of AFS inv.	Foreign exchange difference	Other movements	December 31, 2014
France	(89,370)	69,506	(1,845)	-	-	(21,709)
Germany, Austria, Switzerland	(143,468)	31,492	12,453	-	0	(99,524)
Northern Europe	957	(5,446)	1,853	215	(495)	(2,916)
Mediterranean countries, Middle East & Africa	6,969	1,452	80	24	-	8,525
Asia & Pacific countries	1,750	(1,468)	13	12	0	307
America	1,913	(511)	(894)	883	366	1,757
Reinsurance	(28,874)	(5,156)	(4,106)	327	-	(37,809)
Other countries	-	-	-	-	-	-
Group Services/Holdings	9,666	2,141	305	(6)	(147)	11,959
TOTAL	**(240,456)**	**92,010**	**7,858**	**1,456**	**(276)**	**(139,410)**

The decrease of deferred tax liabilities in France is mainly due to the cross border merger of Euler Hermes France SA in Euler Hermes SA (NV), which has resulted in the release of equalization reserves and the relevant deferred tax.

Changes in standard tax rate

	December 31, 2014	December 31, 2013
Group rate	27.68%	30.17%
France	34.43% (1)	34.43%
Germany	31.00%	32.28%
Italy	27.50%	27.75%
United Kingdom	21.50%	23.25%
United States	35.00%	35.00%
Netherlands	25.00%	25.00%
Belgium	33.99%	33.99%
Switzerland	17.50%	17.50%
Poland	19.00%	19.00%

(1) The temporary and extraordinary tax contribution equal to 5% of the amount of corporate income tax in France has been increased up to 10.7% for the fiscal year 2013 to fiscal year 2015. Then the current income tax rate for France is 38% for the fiscal year 2014. As this extraordinary contribution is temporary, the deferred taxes are not computed with the rate of 38%, except for the deferred taxes to be reversed in the year 2015.

The Group tax rate corresponds to the effective tax rate, which is determined on the basis of the effective income tax expenses on income before income taxes.

The reconciliation between the tax rate of the parent company Euler Hermes Group and the effective tax rate in 2014 is provided in Note 27.

Note 10 Insurance and reinsurance receivables

Breakdown by type

	December 31, 2014			December 31, 2013
(in € thousands)	Gross	Provisions	Net	Net
Receivables from policyholders and agents	268,432	(21,462)	246,970	210,352
Earned premiums not yet written	275,956	-	275,956	242,471
Receivables from guaranteed debtors	25,131	-	25,131	39,380
Receivables from reinsurance transactions	59,167	(2,354)	56,813	143,152
TOTAL CREDIT INSURANCE RECEIVABLES	**628,686**	**(23,816)**	**604,870**	**635,355**

Receivables from guaranteed debtors are mainly receivables recorded by Euler Hermes SA (NV) in respect of the retail credit activity (which is in run-off of business since 2011), of which €14 million have been recovered during 2014.

Breakdown by maturity

	December 31, 2014				
(in € thousands)	< 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL CREDIT INSURANCE RECEIVABLES	**596,803**	**6,647**	**843**	**577**	**604,870**

Provisions for bad debts from policyholders and agents

(in € thousands)	December 31, 2014	December 31, 2013
Balance at opening period	**(16,835)**	**(17,861)**
Change in consolidation scope	(6)	-
Provision	(8,290)	(4,776)
Write back	8,123	5,278
Foreign exchange translation	(10)	124
Other changes	(4,444)	400
Balance at closing period	**(21,462)**	**(16,835)**

Note 11 Other receivables

Breakdown by type

(in € thousands)	December 31, 2014 Gross	Provision	Net	December 31, 2013 Net
Current account	20,057	-	20,057	8,907
Other taxes receivables	44,204	-	44,204	44,158
Other receivables	150,503	(5,728)	144,775	153,322
of which, accrued interest not due	*47,122*	-	*47,122*	*51,749*
Deferred charges	11,900	-	11,900	12,914
Other adjustment accounts	1,460	-	1,460	1,893
Other assets	5,704	-	5,704	358
TOTAL OTHER RECEIVABLES	**233,828**	**(5,728)**	**228,100**	**221,552**

Breakdown by maturity

(in € thousands)	< 3 months	3 months to 1 year	1 to 5 years	> 5 years	Total
TOTAL OTHER RECEIVABLES	**218,490**	**6,369**	**506**	**2,735**	**228,100**

Note 12 Assets held for sale

(in € thousands)	December 31, 2014	December 31, 2013
Assets held for sale	60,670	-
TOTAL ASSETS HELD FOR SALE	**60,670**	**-**

In 2014, the Assets held for sale are related to Euler Hermes AG for €30,176 thousand, Euler Hermes Deutschland branch of Euler Hermes SA (NV) for €28,510 thousand and Euler Hermes Collections North America Company for €1,983 thousand. These assets consist in headquarters.

Note 13 Cash and cash equivalents

(in € thousands)	December 31, 2014	December 31, 2013
Cash in bank and at hand	274,014	264,937
Cash pooling	58,610	37,253
TOTAL CASH	**332,624**	**302,190**
Total cash in balance sheet	**332,624**	**302,190**
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	-	(350)
TOTAL CASH AND CASH EQUIVALENTS	**332,624**	**301,840**

Note 14 Revaluation reserve

(in € thousands)	Investments	Tax	Foreign exchange difference	Associated companies	Other	Revaluation reserve except minority interests	Minority interests	Revaluation reserve
Opening balance	**84,252**	**(22,784)**	**158**	**1,094**	**846**	**63,566**	**(21)**	**63,545**
Change in fair market value of asset held for sale transferred through profits & losses (Gross amount) - group	(20,361)	5,211	-	-	-	(15,150)	-	(15,150)
Change in fair market value of asset held for sale booked through equity (Gross amount) - group	64,026	(16,313)	3,106	-	88	50,907	-	50,907
Change in fair market value of asset held for sale booked through equity (Gross amount) - COSEC associated company	-	-	-	(80)	-	(80)	-	(80)
Change in fair market value of asset held for sale booked through equity (Gross amount) - OeKB associated company	-	-	-	-	-	-	-	-
Change in fair market value of asset held for sale booked through equity (Gross amount) - minority	-	-	-	-	-	-	20	20
Other movements	-	-	-	-	(1)	(1)	-	(1)
CLOSING BALANCE	**127,917**	**(33,886)**	**3,264**	**1,014**	**933**	**99,242**	**(1)**	**99,241**

Note 15 Non-controlling interests

Movements during the year

(in € thousands)	December 31, 2014	December 31, 2013
Non-controlling interests at start of period	**66,582**	**68,261**
Non-controlling interests' share of net income	**2,040**	**3,352**
Components of other comprehensive income	**45**	**(148)**
Revaluation reserve for financial investments available for sale	-	(29)
Actuarial gain/(loss) on defined benefit plans	(61)	(88)
Foreign currency translation differences	106	(31)
Other movements	**(6,525)**	**(4,883)**
Dividends paid to minority shareholders	(4,546)	(4,846)
Capital increases and other movements	(1,979)	(37)
Non-controlling interests at end of period	**62,142**	**66,582**

Capital increases and other movements mainly correspond to the purchase of the non-controlling interests of the Greek subsidiary Euler Hermes Hellas Credit Insurance SA.

Breakdown by country

(in € thousands)	December 31, 2014	December 31, 2013
Euler Hermes in France	47,396	48,131
Euler Hermes in Germany	10,714	11,794
Euler Hermes in Switzerland	15	4
Euler Hermes in Morocco	4,017	4,650
Euler Hermes in Greece	-	2,003
NON CONTROLLING INTERESTS	**62,142**	**66,582**

Note 16 Provisions for risks and charges

(in € thousands)	December 31, 2013	Allowance	Write back (used)	Write back (not used)	Reclassification	Other changes	December 31, 2014
Retirement scheme *(see Note 17 Employee Benefits for more details)*	**172,570**	**42,310**	**(38,373)**	**(920)**	**(11,397)**	**68,524**	**232,714**
Defined-benefit retirement plans	172,570	42,310	(38,373)	(920)	(11,397)	68,524	232,714
Other provisions for risks and charges	**137,804**	**86,111**	**(57,733)**	**(18,091)**	**1,827**	**1,019**	**150,937**
Provision for tax litigation in Germany	255	-	-	-	-	7	262
Provision for tax uncertainties	29,228	16,112	100	(4,010)	-	19	41,449
Provisions for employee benefits	86,345	64,089	(51,993)	(11,635)	2,014	690	89,510
Provision for restructuring	8,636	1,020	(2,222)	-	65	232	7,731
Provisions for sundry disputes	13,340	4,890	(3,618)	(2,446)	(252)	71	11,985
TOTAL PROVISIONS FOR RISKS AND CHARGES	**310,374**	**128,421**	**(96,106)**	**(19,011)**	**(9,570)**	**69,543**	**383,651**

For the defined-benefit retirement plans, the other changes of €68 million mainly consist in changes in assumptions and experiences adjustments and are recognised in other comprehensive income according to IAS 19 Revised.

Note 17 Employee benefits

In accordance with the regulatory environment and collective agreements, the Group has established defined contribution and defined benefit pension plans (company or multi-employer) in favour of employees.

Defined contribution plans

Defined contribution plans are funded through independent pension funds or similar organizations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions.

During the year ended December 31, 2014, the Group recognized expenses for defined contribution plans of €10.5 million (2013: €9.4 million). Additionally, the Group paid contributions for state pension schemes of €27.9 million in 2014 (2013: €27.1 million).

Defined benefit plans

General description of the plans:

- Retirement indemnities (France): the rights in respect of retirement indemnities are defined by the insurance companies' collective agreement. This plan is financed partly by a policy taken out with an insurance company.
- PSAD (France): this is a supplementary retirement benefit plan that was closed in 1978 and covers executives of Euler Hermes France. Contributions are paid by Euler Hermes France to beneficiaries or their surviving spouse (reversion) until their death. The plan is managed by BCAC, which informs Euler Hermes France quarterly of the contributions to be paid.

- Cardif (France): This is a supplementary retirement benefit plan that was closed in 2006 and covers members of the Group Management Board and/or corporate officers of Euler Hermes Group and Euler Hermes France. The contributions are paid by CARDIF to the beneficiaries or their surviving spouse (reversion) until their death.
- Euler Hermes SA (NV) (Italy branch): TFR *(Trattamento di Fine Rapporto)* is a pension plan established by Italian legislation that is similar to a defined benefit pension plan. It is valued in accordance with IAS 19 by an independent actuary.

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

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

  The assets covering the actuarial liability are included along with the other assets of Euler Hermes SA (NV) (Italy branch) and are not identified separately.
- Euler Hermes SA (NV) (UK branch): the UK branch operates a defined benefit pension plan that covers all employees who had joined the company by December 31, 2001. Under this plan, employees will be granted a pension on retirement, based on a fraction of their final salary and based on their length of service within the company while the plan was open to future accrual. The plan closed to future accrual with effect from December 31, 2012, at which point the link to future salary increases was removed. The company funds these rights through a dedicated fund. The retirement rights are revalued annually based on the constraints set by law, which provides for the mandatory application of different revaluation rates according to the vesting date of the rights. The 2012 closure of the plan has resulted in a curtailment gain of £6.2 million.
- AVK/APV: Euler Hermes Deutschland branch of Euler Hermes SA (NV), Euler Hermes AG and Euler Hermes Rating Deutschland GmbH have implemented a defined benefit pension plans for all their employees. The beneficiaries will receive an annuity upon retirement at 65 years old at the latest. These plans are financed in part by external companies, namely Pensionskasse AVK and Unterstützungskasse APV and by contractual trust arrangement namely Methusalem Trust e.V. Employees who leave the Company prior to the date provided for may benefit from an annuity of a lower amount than the one initially provided for.

  Within the Allianz defined benefit plan in which the Group is involved in Germany, the assumptions for determining the DBO have been updated. The plan has been split into 2 items: on one hand the engagement to pay a fixed annuity to employees, engagement covered by an insurance contract and on the other hand the engagement to pay a compensation for the inflation. As a result, the analysis leads to the conclusion that the engagement to pay the fixed annuity was already fully covered in 2014 in the absence of profit participation and could be evaluated at the fair value of plan asset. The second part is still valued according to the projected unit credit method as required by IAS 19.

  This approach implies a decrease of €40 million in the net commitment.
- Euler Hermes SA (NV) (Belgium branch) has implemented a plan that covers the payment to employees of Euler Hermes Credit Insurance Belgium and Euler Hermes Services Belgium SA of a fixed capital amount (equal to a multiple of their salary at 60 years old). It also provides coverage in the event of death – a multiple of salary based on family composition – or invalidity of the employee. The plan was closed in 2012.
- Euler Hermes SA (NV) (Netherlands branch) implemented a defined benefit pension plan for its employees that is managed by Delta Lloyd. The plan was closed at the end of 2012.
- Scandinavia:

  Euler Hermes SA (NV) (Sweden branch): a multi-employer plan that is managed by SPP, one of the largest life insurance companies. Employees begin to accrue pension at 28 years old. Employees can receive a pension as from 65 years old. Employees are then guaranteed 65% of their final salaries,

  Euler Hermes SA (NV) (Norway Branch): a multi-employer plan that is managed by Vital, a Norwegian life insurance company. Employees begin to accrue pension from the first day of employment. Employees can receive a pension as from 67 years old. Employees are then guaranteed 70% of their final salaries.

12/31/2014 (in € thousands)	France & Greece								Scandinavia		
	Retirement indemnities	PSAD	Cardif	Italy	United-Kingdom	Germany	Belgium	Netherlands	FTP	VITAL	Total
Actuarial obligation - total - Opening	**(7,727)**	**(3,380)**	**(3,326)**	**(7,034)**	**(179,045)**	**(517,414)**	**(23,149)**	**(12,772)**	**(6,222)**	**(1,683)**	**(761,752)**
▪ Current period service cost	(907)	-	-	(146)	-	(10,478)	(626)	(575)	638	(671)	(12,765)
▪ Interest on obligation	(249)	(110)	(477)	(103)	(8,238)	(17,846)	(692)	(350)	(227)	(58)	(28,350)
▪ Employee contributions	-	-	-	(453)	-	(3,037)	(64)	(204)	187	18	(3,553)
▪ Plan amendment	-	-	-	-	-	-	-	-	-	-	-
▪ Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
▪ Plan curtailments	-	-	-	-	-	-	-	(45)	-	-	(45)
▪ Plan settlements	-	-	-	-	-	-	-	-	-	-	-
▪ Actuarial gains (losses) due to a change in assumptions	(1,069)	(215)	(432)	(288)	(29,878)	(75,349)	(2,071)	(4,268)	(1,504)	129	(114,944)
▪ Actuarial gains (losses) due to a change in experience	(149)	(24)	(8)	(4)	-	1,721	(105)	(369)	(22)	-	1,040
▪ Benefits paid	439	366	166	472	5,972	13,230	1,636	10	-	-	22,291
▪ Currency translation difference	-	-	-	-	14,156	-	-	-	(697)	(125)	13,585
▪ Other	-	-	30	-	(3)	126	-	(101)	-	-	52
▪ Removal of the discretionary clause	-	-	-	-	-	-	(0)	-	-	501	500
Actuarial obligation - total - Closing	**(9,662)**	**(3,363)**	**(4,047)**	**(7,556)**	**(225,347)**	**(609,047)**	**(25,071)**	**(18,674)**	**(6,453)**	**(1,889)**	**(911,110)**
Fair value of plan assets - total - Opening	**4,944**	**-**	**3,233**	**-**	**189,552**	**367,717**	**18,266**	**9,864**	**5,095**	**1,018**	**599,689**
▪ Interest income on plan assets	166	-	104	-	8,736	12,928	555	275	179	31	22,974
▪ Actuarial gains (losses) due to a change in experience	(40)	-	32	-	9,951	29,350	162	4,802	-	(111)	44,146
▪ Employee contributions	-	-	-	-	-	3,037	64	480	(187)	(18)	3,376
▪ Employer contributions	919	-	-	-	1,255	7,776	788	225	169	144	11,275
▪ Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
▪ Plan curtailments	-	-	-	-	-	-	-	(17)	-	-	(17)
▪ Plan settlements	-	-	-	-	-	-	-	-	-	-	-
▪ Benefits paid	(428)	-	(166)	-	(5,972)	(8,493)	(1,636)	(10)	-	-	(16,705)
▪ Currency translation difference	-	-	-	-	14,184	-	-	-	(525)	106	13,764
▪ Other	-	-	-	-	(634)	(42)	201	14	356	(2)	(106)
Fair value of plan assets - total - Closing	**5,561**	**-**	**3,203**	**-**	**217,071**	**412,273**	**18,400**	**15,633**	**5,087**	**1,168**	**678,396**
Net commitments <0	**(4,101)**	**(3,363)**	**(844)**	**(7,556)**	**(8,276)**	**(196,774)**	**(6,671)**	**(3,041)**	**(1,366)**	**(721)**	**(232,714)**
Net commitments >0	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Actuarial Gain/Loss - cumulative amount in Other Comprehensive Income											
▪ Actuarial Gain/Loss - gross - Opening value	(787)	520	-	(346)	(44,675)	(108,932)	(2,343)	(2,404)	50	148	(158,770)
▪ Actuarial Gain/Loss - gross - Movement	(1,260)	(239)	(409)	(292)	(19,926)	(44,564)	(2,014)	165	(1,526)	18	(70,047)

12/31/2014 (in € thousands)	France & Greece								Scandinavia		
	Retirement indemnities	PSAD	Cardif	Italy	United-Kingdom	Germany	Belgium	Netherlands	FTP	VITAL	Total
Actuarial Gain/Loss - gross - Closing Value	**(2,047)**	**281**	**(409)**	**(638)**	**(64,602)**	**(153,496)**	**(4,357)**	**(2,239)**	**(1,476)**	**166**	**(228,817)**
▪ Actuarial Gain/Loss - Tax effect - Closing value	681	(94)	136	175	13,889	47,584	1,481	559	369	(42)	64,739
Actuarial Gain/Loss - Net of tax - Closing value	**(1,366)**	**187**	**(273)**	**(463)**	**(50,712)**	**(105,912)**	**(2,876)**	**(1,680)**	**(1,107)**	**124**	**(164,078)**
Expenses for the period	**(990)**	**(110)**	**(373)**	**(249)**	**498**	**(15,402)**	**(763)**	**(745)**	**590**	**(698)**	**(18,242)**
▪ Current period service cost	(907)	-	-	(146)	-	(10,478)	(626)	(645)	638	(671)	(12,835)
▪ Finance cost (effect of undiscounting)	(249)	(110)	(477)	(103)	(8,238)	(17,846)	(692)	(350)	(227)	(58)	(28,350)
▪ Interest income on plan assets	166	-	104	-	8,736	12,928	555	275	179	31	22,974
▪ Profit/loss on curtailment/ settlement	-	-	-	-	-	-	-	(45)	-	-	(45)
▪ Asset ceiling limitation	-	-	-	-	-	-	-	-	-	-	-
▪ Other	-	-	-	-	(0)	(6)	-	20	-	-	14
Actuarial assumptions											
▪ Discounting rates used	2.00%	2.00%	2.00%	2.00%	3.60%	2.00%	3.05%	2.50%	3.70%	-	
▪ Inflation rate used	1.75%	1.75%	1.75%	2.00%	3.15%	1.70%	2.50%	0.20%	2.00%	-	
▪ Expected rate of salary increase	1.85%	1.85%	1.85%	0.50%	-	2.10%	3.20%	2.50%	3.00%	-	
▪ Expected rate of increase of medical costs	-	-	-	-	-	-	-	-	-	-	
▪ Rate of increase of benefit used by plan	1.75%	1.75%	1.75%	-	-	-	-	-	-	-	
▪ Plan retirement age	60 or 63	60 or 63	60 or 63	62 and 66 (3)	65	63	60	67	65	67	
▪ Plan residual service period	-	-	-	-	24	15	-	17	-	17	
▪ Other significant actuarial assumption used (1)	-	60%	-	-	-	-	-	-	-	-	
Structure of plan assets (2)											
▪ Shares	-	-	-	-	42.54%	7.70%	-	-	11.00%	-	
▪ Bonds	-	-	100.00%	-	25.00%	89.40%	-	-	84.00%	-	
▪ Real estate	100.00%	-	-	-	7.26%	2.70%	-	-	5,00%	-	
▪ Other instruments	-	-	-	-	25.20%	0.20%	-	100.00%	-	-	

(1) The 60% on the PSAD plan corresponds to the reversion rate.
(2) Structure of hedging assets by entity. Germany and Netherlands correspond to the statistics of the more significant company.
(3) The retirement age has been taken as 62 years for women and 66 years for men.

12/31/2013 (in € thousands)	France & Greece Retirement indemnities	PSAD	Cardif	Italy	United-Kingdom	Germany	Belgium	Nether lands	Scandinavia FTP	VITAL	Total
Actuarial obligation - total - Opening	**(7,909)**	**(3,655)**	**(3,333)**	**(6,142)**	**(165,845)**	**(524,559)**	**(21,688)**	**(11,311)**	**(6,241)**	**(1,474)**	**(752,157)**
▪ Current period service cost	(523)	-	-	(787)	-	(11,295)	(674)	(756)	(128)	(181)	(14,344)
▪ Interest on obligation	(236)	(114)	(109)	(122)	(7,444)	(16,879)	(766)	(366)	(239)	(56)	(26,331)
▪ Employee contributions	-	-	-	-	-	(2,973)	(63)	(217)	-	18	(3,235)
▪ Plan amendment	35	-	-	-	-	-	(152)	-	-	9	(108)
▪ Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
▪ Plan curtailments	46	-	-	-	-	-	-	-	-	-	46
▪ Plan settlements	-	-	-	-	-	-	-	-	-	-	-
▪ Actuarial gains (losses) due to a change in assumptions	390	-	-	(57)	-	20,324	(807)	-	111	-	19,961
▪ Actuarial gains (losses) due to a change in experience	281	6	(18)	-	(13,862)	5,651	422	571	311	-	(6,638)
▪ Benefits paid	139	383	164	364	4,294	12,411	1,107	-	195	-	19,057
▪ Currency translation difference	-	-	-	-	3,812	-	-	-	334	1	4,147
▪ Other	50	-	(30)	(290)	-	(94)	(528)	(693)	(565)	-	(2,150)
▪ Removal of the discretionary clause	-	-	-	-	-	-	-	-	-	-	-
Actuarial obligation - total - Closing	**(7,727)**	**(3,380)**	**(3,326)**	**(7,034)**	**(179,045)**	**(517,414)**	**(23,149)**	**(12,772)**	**(6,222)**	**(1,683)**	**(761,752)**
Fair value of plan assets - total - Opening	**4,107**	**-**	**3,334**	**-**	**173,124**	**355,793**	**17,705**	**8,864**	**5,133**	**888**	**568,948**
▪ Interest income on plan assets	103	-	126	-	7,800	11,623	608	279	185	30	20,754
▪ Actuarial gains (losses) due to a change in experience	-	-	-	-	15,804	(2,486)	(47)	(475)	(136)	-	12,660
▪ Employee contributions	-	-	-	-	-	2,973	63	217	305	146	3,704
▪ Employer contributions	861	-	-	-	1,351	7,566	915	807	-	(18)	11,482
▪ Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
▪ Plan curtailments	-	-	1	-	-	-	-	(358)	-	-	(357)
▪ Plan settlements	-	-	-	-	-	-	-	-	-	-	(0)
▪ Benefits paid	(127)	-	(166)	-	(4,294)	(7,955)	(1,107)	530	(192)	-	(13,311)
▪ Currency translation difference	-	-	-	-	(3,921)	-	-	-	(200)	(28)	(4,149)
▪ Other	-	-	(62)	-	(312)	203	129	-	-	-	(42)
Fair value of plan assets - total - Closing	**4,944**	**-**	**3,233**	**-**	**189,552**	**367,717**	**18,266**	**9,864**	**5,095**	**1,018**	**599,689**
Net commitments <0	**(2,783)**	**(3,380)**	**(93)**	**(7,034)**	**-**	**(149,697)**	**(4,883)**	**(2,908)**	**(1,126)**	**(665)**	**(172,570)**
Net commitments >0	**-**	**-**	**-**	**-**	**10,507**	**-**	**-**	**-**	**-**	**-**	**10,507**
Actuarial Gain/Loss - cumulative amount in other comprehensive income											
▪ Actuarial Gain/Loss - gross - Opening value	(1,639)	-	-	(289)	(46,657)	(132,474)	(1,911)	(2,500)	333	176	(184,961)
▪ Actuarial Gain/Loss - gross - Movement	852	520	-	(57)	1,982	23,542	(432)	96	(283)	(28)	26,191
Actuarial Gain/Loss - gross - Closing Value	**(787)**	**520**	**-**	**(346)**	**(44,675)**	**(108,932)**	**(2,343)**	**(2,404)**	**50**	**148**	**(158,770)**
▪ Actuarial Gain/Loss - Tax effect - Closing value	114	(2)	-	97	11,028	33,681	941	-	-	-	45,858
Actuarial Gain/Loss - Net of tax - Closing value	**(673)**	**518**	**-**	**(249)**	**(33,647)**	**(75,252)**	**(1,402)**	**(2,404)**	**50**	**148**	**(112,912)**
Expenses for the period	**(621)**	**(114)**	**20**	**(909)**	**356**	**(16,551)**	**(832)**	**(821)**	**(181)**	**(208)**	**(19,861)**

12/31/2013 (in € thousands)	France & Greece Retirement indemnities	PSAD	Cardif	Italy	United-Kingdom	Germany	Belgium	Nether lands	Scandinavia FTP	VITAL	Total
■ Current period service cost	(523)	-	-	(787)	-	(11,295)	(674)	(756)	(128)	(182)	(14,344)
■ Finance cost (effect of undiscounting)	(236)	(114)	(109)	(122)	(7,444)	(16,879)	(766)	(366)	(239)	(56)	(26,332)
■ Interest income on plan assets	103	-	126	-	7,800	11,623	608	279	185	30	20,754
■ Profit/loss on curtailment/ settlement	20	-	3	-	-	-	-	-	-	-	23
■ Asset ceiling limitation	-	-	-	-	-	-	-	-	-	-	-
■ Other	15	-	-	-	-	-	-	22	-	-	37
Actuarial assumptions											
■ Discounting rates used	3.25%	3.25%	3.25%	3.25%	4.50%	3.50%	3.05%	3.25%	3.50%	-	
■ Inflation rate used	2.00%	2.00%	2.00%	2.00%	3.45%	1.50%	2.50%	-	2.00%	-	
■ Expected rate of salary increase	2.18%	2.18%	2.18%	0.05%	-	1.50%	3.20%	3.50%	3.00%	-	
■ Expected rate of increase of medical costs	-	-	-	-	-	-	-	-	-	-	
■ Rate of increase of benefit used by plan	2.00%	2.00%	2.00%	-	-	-	-	0.05%	-	-	
■ Plan retirement age	60 or 63	60 or 63	60 or 63	62 and 66 (3)	65	63	60	65	65	67	
■ Plan residual service period	-	-	-	-	24.4	15	-	16	-	17	
■ Other significant actuarial assumption used (1)	-	60%	-	-	-	-	-	-	-	-	
Structure of plan assets (2)											
■ Shares	-	-	-	-	39.30%	5.90%	-	-	11.10%	10.40%	
■ Bonds	-	-	100.00%	-	31.20%	90.60%	-	-	81.40%	70.30%	
■ Real estate	100.00%	-	-	-	-	2.90%	-	-	-	-	
■ Other instruments	-	-	-	-	29.50%	0.60%	-	100.00%	7.50%	19.30%	

(1) The 60% on the PSAD plan corresponds to the reversion rate.
(2) Structure of hedging assets by entity. Germany and Netherlands correspond to the statistics of the more significant company.
(3) The retirement age has been taken as 62 years for women and 66 years for men.

Sensitivity of actuarial assumptions

As far as the Germany scope is concerned (85% of Group net commitments for the defined-benefit retirement plans), an increase of the discount rate by 50 bps would have a negative effect on the defined benefit obligation by €41 million. A decrease of 50 bps would lead to an increase of €49 million. An increase or a decrease of the salary by 50 bps would have no material effect on the defined benefit obligation.

Estimation of future benefit payments

The table below presents the estimated future benefit payments that will be met mainly to the benefit of the employee of the German entities, by the pension funds or by the Group:

(in € thousands)	Pension Benefits
2014	13,230
2015	13,524
2016	14,513
2017	15,303
2018	16,248
2019	17,278
2020-2024	98,804

Note 18 Borrowings

Breakdown by type

(in € thousands)	December 31, 2014	December 31, 2013
Subordinated debt	-	-
Term loans and other term borrowings	284,159	261,384
Demand accounts	-	-
Borrowings from banking sector businesses	**284,159**	**261,384**
Other borrowings	-	351
TOTAL BORROWINGS	**284,159**	**261,735**

Bank borrowings mainly correspond to the following items:

- 2010 loan of €125 million from Crédit Agricole redemption in June 18, 2015, with fixed annual interest rate of 1.885% (initially 3.05%, renegotiated in July, 2012);
- 2010 loan of €125 million from HSBC with redemption on June 18, 2015, with fixed annual interest rate of 1.885% (initially 3.05%, renegotiated in July, 2012);
- Credit line of €32 million from AAREAL Bank with redemption on October 22, 2023, with variable annual interest rate Euribor 3M plus 1.55% of margin. On December 2014, this line has been totality drawn down (to €32 million), against €10 million in 2013;
- Accrued interest for €2.16 million.

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

Breakdown by maturity

(in € thousands)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total borrowings	-	252,159	-	32,000	284,159

Breakdown by maturity for interests to be paid

(in € millions)	2014 [1]	2015
Borrowing 2010 of €125 million maturity 06/18/2015, annual fixed rate to 1.885%	2.36	1.18
Borrowing 2010 of €125 million maturity 06/18/2015, annual fixed rate to 1.885%	2.36	1.18
TOTAL FUTURE INTEREST EXPENSES WITH OTHERS THAN ALLIANZ GROUP	**4.72**	**2.36**

(1) The annual interest on loans amounts to €2.36 million.

(in € millions)	2014	2015 to 2022 [1]	2023
Borrowing 2013 of €32 million maturity 10/22/2023,3 Euribor 3M +1.55% [2]	0.32	3.66	0.44
TOTAL FUTURE INTEREST EXPENSES WITH OTHERS THAN ALLIANZ GROUP	**0.32**	**3.66**	**0.44**

(1) This interest is accumulated aver 7 years; the annual interest on loans amounts to €0.52 million.
(2) The line of credit of € 32 million maturity October 2023 has been totally drawn down.

Note 19 Technical reserves

(in € thousands)	December 31, 2013	Allowance net of writebacks	Foreign exchange differences	Changes in consolidation scope	Other changes	December 31, 2014
Reserve for unearned premiums	344,975	33,019	18,234	(7)	-	396,221
Reserve for claims net of forecasts of recoveries	1,515,094	68,584	31,711	142	-	1,615,531
Reserve for no-claims bonuses and rebates	168,613	(3,498)	295	75	9	165,494
Gross technical reserves	**2,028,682**	**98,105**	**50,240**	**210**	**9**	**2,177,246**
Reserve for unearned premiums	61,390	1,914	(608)	-	(2)	62,695
Reserve for claims net of forecasts of recoveries	432,401	34,229	171	-	-	466,801
Reserve for no-claims bonuses and rebates	36,085	(1,299)	(2)	-	(1)	34,783
Reinsurers' share of technical reserves	**529,876**	**34,844**	**(439)**	**-**	**(3)**	**564,279**
NET TECHNICAL RESERVES	**1,498,806**	**63,261**	**50,679**	**210**	**12**	**1,612,967**

Claims reserves

(in € thousands)	December 31, 2014 Gross	Reinsurance	Net	December 31, 2013 Gross	Reinsurance	Net
Claims reserves gross of recoveries	**1,906,065**	**(565,768)**	**1,340,297**	**1,901,802**	**(586,472)**	**1,315,330**
Current period	1,010,239	(253,783)	756,456	1,045,698	(300,545)	745,153
Prior periods	895,826	(311,985)	583,841	856,104	(285,927)	570,177
Recoveries to be received	**(290,534)**	**98,967**	**(191,567)**	**(386,708)**	**154,071**	**(232,637)**
Current period	(107,544)	23,585	(83,959)	(171,589)	42,057	(129,532)
Prior periods	(182,990)	75,382	(107,608)	(215,119)	112,014	(103,105)
CLAIMS RESERVES	**1,615,531**	**(466,801)**	**1,148,730**	**1,515,094**	**(432,401)**	**1,082,693**

Breakdown by type of reserve

(in € thousands)	December 31, 2014 Gross	Reinsurance	Net	December 31, 2013 Gross	Reinsurance	Net
Reserves for unearned premiums	**396,221**	**(62,695)**	**333,526**	**344,975**	**(61,390)**	**283,585**
Claims reserves	**1,615,531**	**(466,801)**	**1,148,730**	**1,515,094**	**(432,401)**	**1,082,693**
of which, reserves for known claims	1,130,972	(359,647)	771,325	1,169,313	(403,847)	765,466
of which, reserves for late claims	679,393	(194,256)	485,137	638,108	(170,406)	467,702
of which, reserves for claims handling expenses	95,688	(11,865)	83,823	94,211	(12,220)	81,991
of which, other technical reserves	13	-	13	170	1	171
of which, recoveries to be received	(290,535)	98,967	(191,568)	(386,708)	154,071	(232,637)
No-claims bonuses and rebates	**165,494**	**(34,783)**	**130,711**	**168,613**	**(36,085)**	**132,528**
TECHNICAL RESERVES	**2,177,246**	**(564,279)**	**1,612,967**	**2,028,682**	**(529,876)**	**1,498,806**

Note 20 Insurance and reinsurance liabilities

Breakdown by type and by maturity

(in € thousands)	December 31, 2014	December 31, 2013
Policyholders' guarantee deposits and miscellaneous	114,339	102,418
Liabilities due to policyholders and agents	112,653	89,723
Liabilities arising from inward insurance and reinsurance transactions	**226,992**	**192,141**
Liabilities due to reinsurers and assignors	122,866	51,189
Deposits received from reinsurers	8,611	94,111
Outwards reinsurance liabilities	**131,477**	**145,300**
TOTAL INSURANCE AND REINSURANCE LIABILITIES	**358,469**	**337,441**

(in € thousands)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL INSURANCE AND REINSURANCE LIABILITIES	**352,860**	**5,009**	**600**	**-**	**358,469**

Note 21 Other liabilities

(in € thousands)	December 31, 2014	December 31, 2013
Tax and social liabilities	153,119	137,462
Other operating liabilities	108,728	117,052
Deferred income	27,783	30,124
Other accrued expenses	-	-
Other liabilities	145	147
TOTAL OTHER LIABILITIES	**289,775**	**284,785**

(in € thousands)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL OTHER LIABILITIES	**263,226**	**7,098**	**204**	**19,247**	**289,775**

Note 22 Breakdown of operating income

	December 31, 2014			December 31, 2013		
(in € thousands)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	2,270,416	(670,884)	1,599,532	2,202,496	(660,909)	1,541,587
Premiums refunded	(111,513)	25,743	(85,770)	(109,896)	25,851	(84,045)
Gross premiums written - credit insurance	2,158,903	(645,141)	1,513,762	2,092,600	(635,059)	1,457,541
Change in unearned premiums	(32,992)	1,265	(31,727)	(13,580)	(8,403)	(21,983)
Earned premiums	**2,125,911**	**(643,876)**	**1,482,035**	**2,079,020**	**(643,462)**	**1,435,558**
Service revenues	401,101	-	401,101	407,220	-	407,220
Turnover	**2,527,012**	**(643,876)**	**1,883,136**	**2,486,240**	**(643,462)**	**1,842,778**
Net investment income	**85,082**	**-**	**85,082**	**86,150**	**-**	**86,150**
Claims paid	(825,893)	238,160	(587,733)	(808,548)	268,872	(539,676)
Claims reserves expenses	(67,486)	34,602	(32,884)	(142,998)	49,827	(93,171)
Claims handling expenses	(105,292)	3,155	(102,137)	(94,984)	2,849	(92,135)
Insurance services expenses	**(998,671)**	**275,917**	**(722,754)**	**(1,046,530)**	**321,548**	**(724,982)**
Brokerage commissions	(201,018)	-	(201,018)	(197,177)	-	(197,177)
Other acquisition costs	(254,821)	-	(254,821)	(236,701)	-	(236,701)
Change in acquisition costs capitalised	2,899	-	2,899	7,372	-	7,372
Contract acquisition expenses	**(452,940)**	**-**	**(452,940)**	**(426,506)**	**-**	**(426,506)**
Impairment of portfolio securities and similar	**-**	**-**	**-**	**-**	**-**	**-**
Administration expenses	**(207,943)**	**-**	**(207,943)**	**(206,065)**	**-**	**(206,065)**
Commissions received from reinsurers	**-**	**222,895**	**222,895**	**-**	**219,611**	**219,611**
Other ordinary operating income and expenses	**(371,307)**	**-**	**(371,307)**	**(359,575)**	**-**	**(359,575)**
CURRENT OPERATING INCOME	**581,233**	**(145,064)**	**436,169**	**533,714**	**(102,303)**	**431,411**

Cost of claims

	December 31, 2014			December 31, 2013		
(in € thousands)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	**1,335,823**	**(330,747)**	**1,005,076**	**1,411,931**	**(396,626)**	**1,015,305**
of which, claims paid	286,466	(74,860)	211,606	308,498	(91,778)	216,720
of which, claims reserves	955,692	(252,284)	703,408	1,013,708	(300,135)	713,573
of which, claims handling expenses	93,665	(3,603)	90,062	89,725	(4,713)	85,012
Recoveries for the current period	**(115,159)**	**25,969**	**(89,190)**	**(183,073)**	**43,903**	**(139,170)**
Recoveries received	(8,705)	2,379	(6,326)	(11,244)	1,862	(9,381)
Change in reserves for recoveries	(106,454)	23,590	(82,864)	(171,829)	42,041	(129,788)
Cost of claims from prior periods	**(268,073)**	**35,103**	**(232,970)**	**(194,114)**	**41,450**	**(152,664)**
of which, claims paid	707,223	(237,778)	469,445	636,715	(224,317)	412,398
of which, claims reserves	(986,923)	272,433	(714,490)	(836,088)	263,903	(572,185)
of which, claims handling expenses	11,627	448	12,075	5,259	1,864	7,123
Recoveries from prior periods	**46,080**	**(6,243)**	**39,837**	**11,785**	**(10,274)**	**1,512**
Recoveries received	(159,091)	72,099	(86,992)	(125,421)	45,362	(80,059)
Change in reserves for recoveries	205,171	(78,341)	126,829	137,206	(55,636)	81,571
COST OF CLAIMS	**998,671**	**(275,917)**	**722,753**	**1,046,530**	**(321,547)**	**724,983**

Note 23 Net financial income

(in € thousands)	December 31, 2014	December 31, 2013
Revenues from investment property	2,644	2,714
Revenues from equity & debt securities	58,524	63,766
Available for sale assets through equity	58,512	63,749
Trading assets	-	-
Held to maturity	12	17
Revenues from loans, deposits and other financial investments	19,703	21,383
Other financial income	244	509
Investment income	**81,117**	**88,372**
Depreciation of investment property	(1,004)	(1,338)
Investment management expenses	(7,793)	(6,790)
Interest paid to reinsurers	(215)	(262)
Other financial expenses	-	-
Investment expenses	**(9,012)**	**(8,390)**
Profits (losses) on sales of property	(363)	(345)
Net profits (losses) on sales of securities	21,471	13,337
Available for sale assets through equity	21,286	21,380
Trading assets	-	-
Held to maturity	-	-
On sales of loans to banks and customers	185	(8,043)
Profits (losses) on sales of participating interests	-	-
Net gain (loss) on sales of investments less impairment and depreciation write backs	**21,108**	**12,992**
Change in fair value of derivatives	210	(5,122)
Change in fair value of trading assets	-	-
Change in fair value of investments recognised at fair value through the income statement	**210**	**(5,122)**
Reserve for impairment of investments	(2,984)	(1,162)
Change in impairment of investments	**(2,984)**	**(1,162)**
Net change in foreign currency	**(5,357)**	**(540)**
NET FINANCIAL INCOME (EXCLUDING FINANCING EXPENSE)	**85,082**	**86,150**

The change in fair value of derivatives in 2013 was mostly due to the impact of the increase in Euler Hermes Group share price on Long Term Incentive provision.

The net losses in foreign currency in 2014 are due to the appreciation of the Hong Kong dollar and the pound sterling against euro.

Note 24 Operating leases

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

	31 December 2014						
(in € thousands)	United Kingdom	United States	Northern Europe (1)	Germany	France	Asia	Others
Less than 1 year	2,806	2,530	2,911	1,839	19,236	1,703	2,586
1 to 5 years	8,293	7,102	6,626	2,832	73,546	3,655	1,714
More than 5 years	1,760	549	53	48	113	0	757
TOTAL	**12,859**	**10,181**	**9,590**	**4,719**	**92,895**	**5,358**	**5,057**

(1) Includes the Netherlands, Scandinavia and Belgium.

Following the relocation from 1, rue Euler to First Tower in La Défense, Euler Hermes France has a rental contract of 9 years since January 1, 2012 for an annual amount of €10,417 thousand.

Note 25 Other ordinary operating revenues and expenses

(in € thousands)	December 31, 2014	December 31, 2013
Other ordinary operating income	**23,595**	**21,611**
Other ordinary operating expenses	(381,127)	(371,992)
Employee profit sharing and bonuses	(13,775)	(9,194)
Other ordinary operating expenses	**(394,902)**	**(381,186)**
OTHER ORDINARY OPERATING INCOME AND EXPENSES	**(371,307)**	**(359,575)**

The other ordinary operating expenses mainly concern expenses related to services activities.

The employee profit sharing and bonuses has increased by almost 50% in 2014 compared to 2013 mainly because of the release of the equalisation reserves in Euler Hermes France after the realization of the legal restructuring project (cross border merger in Euler Hermes SA (NV)). This release explains most of the increase in the net statutory taxable profit of Euler Hermes France, on which the profit-sharing is calculated.

Note 26 Other operating revenues and expenses

(in € thousands)	December 31, 2014	December 31, 2013
Other non-ordinary operating income	1,682	59,384
Other non-ordinary operating expenses	(24,726)	(32,189)
OTHER NON-ORDINARY OPERATING INCOME AND EXPENSES	**(23,044)**	**27,195**

In 2013, the other non-ordinary operating income is mainly due to the gain on the contribution of assets to the JV Solunion for €36,866 thousand and to the release of used restructuring provision for €22,518 thousand mainly for the Excellence project.

The other non-ordinary operating expenses are mainly due to restructuring expenses related to Excellence project for €32,189 thousand.

In 2014, the other non-ordinary operating expenses consist of:

- €17.8 million for depreciation of held-for-sale buildings (Hamburg headquarters);
- €7 million for restructuring expenses.

Note 27 Corporation tax

Breakdown of tax charge between current income tax and deferred income tax

The tax charge is split as follows:

(in € thousands)	December 31, 2014	December 31, 2013
Current income tax		
France	87,165	32,945
Other countries	121,291	100,351
Subtotal	**208,456**	**133,296**
Deferred income tax		
France	(71,645)	(1,666)
Other countries	(20,415)	5,366
Subtotal	**(92,060)**	**3,700**
TOTAL CORPORATION TAX AS REPORTED IN THE INCOME STATEMENT	**116,396**	**136,996**

The increase in current income tax and the decrease in deferred Income tax are mainly due to the release of the equalization reserve in Euler Hermes France, following the legal restructuring (cross-border merger in Euler Hermes SA (NV)), that results in the payment of current income tax to the French Tax administration.

Tax proof

The reconciliation between the theoretical tax charge to 34.43% (pre-tax profit multiplied by the applicable tax rate in France for the period concerned) and the effective tax charge to 27.68% is as follows:

	December 31, 2014	December 31, 2013
Consolidated income before taxes	**420,496**	**454,077**
Theoretical tax rate	34.43%	34.43%
Tax at theoretical tax rate	**(144,777)**	**(156,339)**
Contribution of companies booked at equity	5,545	2,668
Impact of differences between group and local tax rates	**37,145**	**33,860**
Local specific taxes	**(6,019)**	**(4,710)**
Net tax on other items non taxable or non deductible	307	1,882
Tax group boni	1,133	2,487
Dividends	(9,696)	(9,520)
Corrections and adjustments on prior years periods	286	(1,817)
Allowance of provision for tax uncertainties	(2,322)	(493)
Other permanent differences	2,002	(5,013)
Tax at effective tax rate	**(116,396)**	**(136,996)**
Effective tax rate	**27.68%**	**30.17%**

The main variances are due to:

- the differences in tax rates due to the presence of the Group in countries which have a different theoretical tax rates;
- dividends consist of taxable dividends outside the French Tax Group as well as the additional contribution of 3% on dividends paid by Euler Hermes Group;
- permanent differences (mainly taxation without basis and unrecognized tax losses);
- reduced rates;
- specific tax positions (mainly adjustments on prior year periods of tax losses).

Note 28 Earnings per share and dividend per share

Earnings per share

	December 31, 2014	December 31, 2013
Distributable net income (in thousand of euros)	302,060	313,729
Weighted average number of ordinary shares before dilution	44,028,454	44,071,909
Earnings per share (in euros)	**6.86**	**7.12**
Distributable net income (in thousand of euros)	302,060	313,729
Weighted average number of ordinary shares after dilution	44,043,176	44,153,434
Diluted earnings per share (in euros)	**6.86**	**7.11**

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 14,722 in 2014 (81,524 in 2013).

The net income, Group Share, is used as the basis for this calculation.

Dividend per share

The Management will propose to the Shareholders' Meeting of May 27, 2015 the payment of a dividend of €4.40 per share concerning the 2014 period.

Note 29 Segment data

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

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

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

A pro forma analysis for Segment Data 2013 has been performed to take into account the change in Segment Allocation from January 1, 2014 of a collection services entity previously shown in the Americas region, and now presented in the Group Services segment.

Profit & loss by segment – year-end December 2014

	Twelve months ended December 31, 2014									
(in € thousands)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	636,765	360,795	497,972	261,469	250,121	106,237	1,550,858	-	(1,393,801)	2,270,416
Premiums refunded	(53,941)	(29,007)	(22,021)	5,255	(5,256)	(3,135)	(77,466)	-	74,058	(111,513)
Change in unearned premiums	1,372	(4,003)	(7,465)	(3,210)	(6,615)	(17,840)	(14,390)	-	19,159	(32,992)
Earned premiums - non-Group	**584,196**	**327,785**	**468,486**	**263,514**	**238,250**	**85,262**	**1,459,002**	**-**	**(1,300,584)**	**2,125,911**
Services revenues - non-Group	175,585	71,240	82,254	59,145	28,236	22,983	-	130,254	(168,596)	401,101
Turnover - intra-sectoral	**759,781**	**399,025**	**550,740**	**322,659**	**266,486**	**108,245**	**1,459,002**	**130,254**	**(1,469,180)**	**2,527,012**
Investment income	27,121	24,206	9,761	5,628	5,421	(4,091)	26,178	241,630	(250,772)	85,082
Of which, dividends	*(4,164)*	*(1,281)*	-	-	-	-	-	*(241,130)*	*246,575*	-
Total ordinary income	**786,902**	**423,231**	**560,501**	**328,287**	**271,907**	**104,154**	**1,485,180**	**371,884**	**(1,719,952)**	**2,612,094**
Insurance services expenses	(242,703)	(142,319)	(254,658)	(138,770)	(107,895)	(41,502)	(654,192)	(3,767)	587,135	(998,671)
Outwards reinsurance income	269,894	173,836	292,423	147,565	138,810	56,981	455,933	-	(1,036,630)	498,812
Outwards reinsurance expenses	(383,153)	(221,151)	(332,446)	(188,015)	(171,731)	(66,635)	(581,329)	-	1,300,584	(643,876)
Other income and expenses	(305,933)	(157,929)	(222,292)	(124,158)	(101,660)	(63,019)	(512,421)	(162,865)	618,087	(1,032,190)
Total other income and expenses	**(661,895)**	**(347,563)**	**(516,973)**	**(303,378)**	**(242,476)**	**(114,175)**	**(1,292,009)**	**(166,632)**	**1,469,176**	**(2,175,925)**
Current operating income	**125,007**	**75,668**	**43,528**	**24,909**	**29,431**	**(10,021)**	**193,171**	**205,252**	**(250,776)**	**436,169**
Other non ordinary operating expenses and income	(15,081)	97	502	(16)	-	-	-	(5,766)	(2,780)	(23,044)
Operating income	**109,926**	**75,765**	**44,030**	**24,893**	**29,431**	**(10,021)**	**193,171**	**199,486**	**(253,556)**	**413,125**
Financing expenses	(275)	(1,920)	(116)	(721)	(10)	-	(532)	(8,971)	4,198	(8,347)
Share of Income from companies accounted by the equity method	5,345	8,894	(262)	-	-	-	-	1,741	-	15,718
Corporation tax	(34,177)	(25,490)	(10,830)	(8,599)	(9,878)	(3,758)	(33,460)	9,971	(175)	(116,396)
Consolidated net income	**80,819**	**57,249**	**32,822**	**15,573**	**19,543**	**(13,779)**	**159,179**	**202,227**	**(249,533)**	**304,100**
NET INCOME, GROUP SHARE	**79,028**	**57,762**	**32,822**	**15,070**	**19,543**	**(13,779)**	**159,179**	**201,968**	**(249,533)**	**302,060**
Non controlling interests	1,791	(513)	-	503	-	-	-	259	-	2,040

Profit & loss by segment – year-end December 2013 – Pro forma

	Twelve months ended December 31, 2013									
(in € thousands)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	661,333	355,745	484,642	247,803	252,885	72,708	1,425,334	-	(1,297,954)	2,202,496
Premiums refunded	(49,028)	(28,697)	(22,229)	218	(5,161)	(2,313)	(74,325)	-	71,639	(109,896)
Change in unearned premiums	4,820	(891)	2,090	295	(11,286)	789	6,448	-	(15,845)	(13,580)
Earned premiums - non-Group	**617,125**	**326,157**	**464,503**	**248,316**	**236,438**	**71,184**	**1,357,457**	**-**	**(1,242,160)**	**2,079,020**
Services revenues - non-Group	176,095	71,718	86,813	60,494	32,044	20,565	-	150,008	(190,517)	407,220
Turnover - intra-sectoral	**793,220**	**397,875**	**551,316**	**308,810**	**268,482**	**91,749**	**1,357,457**	**150,008**	**(1,432,677)**	**2,486,240**
Investment income	30,657	27,520	15,124	7,614	8,478	(4,609)	25,431	228,842	(252,907)	86,150
Of which, dividends	*(2,847)*	*(1,281)*	-	-	-	-	-	*(246,269)*	*250,397*	-
Total ordinary income	**823,877**	**425,395**	**566,440**	**316,424**	**276,960**	**87,140**	**1,382,888**	**378,850**	**(1,685,584)**	**2,572,390**
Insurance services expenses	(291,215)	(153,371)	(297,503)	(164,538)	(84,816)	(37,453)	(639,137)	(5,311)	626,814	(1,046,530)
Outwards reinsurance income	320,699	180,731	310,374	165,534	111,992	41,713	434,207	-	(1,024,092)	541,158
Outwards reinsurance expenses	(405,759)	(219,198)	(328,848)	(178,986)	(174,391)	(49,644)	(528,798)	-	1,242,163	(643,461)
Other income and expenses	(309,247)	(154,431)	(220,162)	(119,075)	(109,267)	(52,536)	(438,996)	(176,225)	587,793	(992,146)
Total other income and expenses	**(685,522)**	**(346,269)**	**(536,139)**	**(297,065)**	**(256,482)**	**(97,920)**	**(1,172,724)**	**(181,536)**	**1,432,678**	**(2,140,979)**
Current operating income	**138,355**	**79,126**	**30,301**	**19,359**	**20,478**	**(10,780)**	**210,164**	**197,314**	**(252,906)**	**431,411**
Other non ordinary operating expenses and income	(6,338)	25,683	186	1,139	17,645	-	-	(3,471)	(7,649)	27,195
Operating income	**132,017**	**104,809**	**30,487**	**20,498**	**38,123**	**(10,780)**	**210,164**	**193,843**	**(260,555)**	**458,606**
Financing expenses	(109)	(436)	(74)	(166)	18	(1)	(523)	(12,176)	2,514	(10,953)
Share of Income from companies accounted by the equity method	6,992	6,567	-	-	-	-	-	(7,135)	-	6,424
Corporation tax	(39,440)	(45,662)	(5,624)	(8,019)	(9,883)	(485)	(43,546)	15,663	-	(136,996)
Consolidated net income	**99,460**	**65,278**	**24,789**	**12,313**	**28,257**	**(11,266)**	**166,095**	**190,196**	**(258,041)**	**317,081**
NET INCOME, GROUP SHARE	**96,868**	**66,012**	**24,789**	**10,819**	**28,257**	**(11,266)**	**166,095**	**190,196**	**(258,041)**	**313,729**
Non controlling interests	2,592	(734)	-	1,494	-	-	-	-	-	3,352

Profit & loss by segment – year-end December 2013 – Published

	Twelve months ended December 31, 2013									
(in € thousands)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	661,333	355,745	484,642	247,803	252,885	72,708	1,425,334	-	(1,297,954)	2,202,496
Premiums refunded	(49,028)	(28,697)	(22,229)	218	(5,161)	(2,313)	(74,325)	-	71,639	(109,896)
Change in unearned premiums	4,820	(891)	2,090	295	(11,286)	789	6,448	-	(15,845)	(13,580)
Earned premiums - non-Group	**617,125**	**326,157**	**464,503**	**248,316**	**236,438**	**71,184**	**1,357,457**	**-**	**(1,242,160)**	**2,079,020**
Services revenues - non-Group	176,095	71,718	86,813	60,494	38,494	20,565	-	143,558	(190,517)	407,220
Turnover - intra-sectoral	**793,220**	**397,875**	**551,316**	**308,810**	**274,932**	**91,749**	**1,357,457**	**143,558**	**(1,432,677)**	**2,486,240**
Investment income	30,657	27,520	15,124	7,614	8,478	(4,609)	25,431	228,842	(252,907)	86,150
Of which, dividends	*(2,847)*	*(1,281)*	-	-	-	-	-	*(246,269)*	*250,397*	-
Total ordinary income	**823,877**	**425,395**	**566,440**	**316,424**	**283,410**	**87,140**	**1,382,888**	**372,400**	**(1,685,584)**	**2,572,390**
Insurance services expenses	(291,215)	(153,371)	(297,503)	(164,538)	(87,413)	(37,453)	(639,137)	(2,714)	626,814	(1,046,530)
Outwards reinsurance income	320,699	180,731	310,374	165,534	111,992	41,713	434,207	-	(1,024,092)	541,158
Outwards reinsurance expenses	(405,759)	(219,198)	(328,848)	(178,986)	(174,391)	(49,644)	(528,798)	-	1,242,163	(643,461)
Other income and expenses	(309,247)	(154,431)	(220,162)	(119,075)	(117,000)	(52,536)	(438,996)	(168,492)	587,793	(992,146)
Total other income and expenses	**(685,522)**	**(346,269)**	**(536,139)**	**(297,065)**	**(266,812)**	**(97,920)**	**(1,172,724)**	**(171,206)**	**1,432,678**	**(2,140,979)**
Current operating income	**138,355**	**79,126**	**30,301**	**19,359**	**16,598**	**(10,780)**	**210,164**	**201,194**	**(252,906)**	**431,411**
Other non ordinary operating expenses and income	(6,338)	25,683	186	1,139	17,645	-	-	(3,471)	(7,649)	27,195
Operating income	**132,017**	**104,809**	**30,487**	**20,498**	**34,243**	**(10,780)**	**210,164**	**197,723**	**(260,555)**	**458,606**
Financing expenses	(109)	(436)	(74)	(166)	(23)	(1)	(523)	(12,135)	2,514	(10,953)
Share of Income from companies accounted by the equity method	6,992	6,567	-	-	-	-	-	(7,135)	-	6,424
Corporation tax	(39,440)	(45,662)	(5,624)	(8,019)	(8,362)	(485)	(43,546)	14,142	-	(136,996)
Consolidated net income	**99,460**	**65,278**	**24,789**	**12,313**	**25,858**	**(11,266)**	**166,095**	**192,595**	**(258,041)**	**317,081**
NET INCOME, GROUP SHARE	**96,868**	**66,012**	**24,789**	**10,819**	**25,858**	**(11,266)**	**166,095**	**192,595**	**(258,041)**	**313,729**
Non controlling interests	2,592	(734)	-	1,494	-	-	-	-	-	3,352

Depreciation, amortization and provisions by segment

	Twelve months ended December 31, 2014									
(in € thousands)	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	(150)	(3,088)	(1,002)	(24)	(25)	(24)	(50)	583	-	(3,780)

	Twelve months ended December 31, 2013									
(in € thousands)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(112)	(1,722)	(1,016)	-	21	12	(261)	(4,543)	-	(7,621)

Balance sheet by segment – year-end December 2014

	December 31, 2014									
(in € thousands)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	67,566	5,936	27,937	3,403	-	3,547	-	108,389
Other intangible assets	53,566	20,245	23,895	10,708	1,197	2,250	344	4,125	(3,827)	112,503
Investments - insurance businesses	899,321	962,499	(378,434)	34,286	140,304	61,670	1,029,851	1,691,692	(452,183)	3,989,006
Investments accounted for by the equity method	72,797	54,063	-	-	-	-	-	72,568	-	199,428
Share of assignees and reinsurers in the technical reserves and financial liabilities	271,666	123,214	272,370	256,990	116,781	22,105	372,018	110	(870,975)	564,279
Insurance and reinsurance receivables	55,401	69,650	174,215	79,979	90,734	55,680	260,298	(47)	(181,040)	604,870
Other assets	287,843	115,301	1,604,984	277,400	73,713	19,403	62,222	155,038	(1,814,692)	781,212
TOTAL ASSETS	**1,640,594**	**1,344,972**	**1,764,596**	**665,299**	**450,666**	**164,511**	**1,724,733**	**1,927,033**	**(3,322,717)**	**6,359,687**
Technical reserves	543,804	241,963	515,131	274,185	274,847	197,275	1,004,720	48	(874,727)	2,177,246
Liabilities related to inward insurance and reinsurance transactions	24,836	69,740	49,332	39,702	7,431	15,163	94,716	1,439	(75,367)	226,992
Liabilities related to outward reinsurance transactions	35,288	12,349	52,539	25,880	38,672	2,268	94,360	43	(129,922)	131,477
Other liabilities	1,088,401	878,603	329,400	165,086	45,270	81,697	55,731	683,242	(2,146,125)	1,181,305
TOTAL LIABILITIES	**1,692,329**	**1,202,655**	**946,402**	**504,853**	**366,220**	**296,403**	**1,249,527**	**684,772**	**(3,226,141)**	**3,717,020**

Balance sheet by segment – year-end December 2013 – Pro forma

	December 31, 2013									
(in € thousands)	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 – year-end December 2013 – Published

	December 31, 2013									
(in € thousands)	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**

Note 30 Related parties

Euler Hermes Group is mainly owned by Allianz France SA, which in turn is 100%-owned by the Allianz group.

The breakdown of 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	1,360,137	3.00%
Sub-total	**32,104,185**	**70.80%**
Public (bearer securities)	13,237,992	29.20%
TOTAL	**45,342,177**	**100.00%**

Transactions

	December 31, 2014				December 31, 2013			
(in € thousands)	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	53,264	-	-	151,265	52,156	-	-	77,327
Insurance services expenses	(6,691)	-	-	(62,364)	(2,371)	-	-	(84,840)
Net outward reinsurance income or expenses	(64,682)	-	-	(5,517)	(33,285)	-	-	3,603
Financing expenses	(157)	-	-	-	-	(4,818)	-	-
Other net income/(expenses)	(15,744)	-	-	(51,514)	(13,440)	-	-	(27,710)

Receivables and liabilities

	December 31, 2014				December 31, 2013			
(in € thousands)	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)	58,515	-	-	-	37,125	-	-	4
Net operating receivables	6,893	-	153	4,107	2,672	-	-	857
Operating liabilities	(8,858)	-	-	921	(8,179)	-	-	2,639

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

Remuneration of senior executives

Board of Management members and Supervisory Board members represent key personnel to the Group.

The following table summarizes amounts due by the Group in respect of compensation and other benefits granted to the members of the Board of Management.

Group Board of Management members

(in € thousands)	Year ended December 31, 2014	Year ended December 31, 2013
Salaries and other short term benefits for the year	5,456	5,365
Capital gain from SAR/RSU exercise	-	-
Benefits in kind	471	370
Other indemnities	285	255
TOTAL	**6,212**	**5,991**
Share-based attribution (number)	13,418	19,377
▪ Euler Hermes options & LTI EH	7,673	12,171
▪ AEI (ex RSU)	5,745	7,206

Details related to the stock option plans are mentioned in Note 31.

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

In addition to being eligible for the AGIRC-ARRCO supplementary pension plan, Frédéric Bizière, Dirk Oevermann, Clarisse Kopff and Paul Overeem are eligible for a supplementary defined-contribution pension plan managed by AG2R/ARIAL Assurances.

Paul Overeem is eligible for a 401(k) Pension Plan in the United States.

Wilfried Verstraete and Gerd-Uwe Baden are eligible for the Allianz group supplementary defined-contribution retirement plan for senior executives.

The chapter 2, paragraph 2.3 of the Registration Document contains detailed disclosures on the various compensation and benefits paid to key management personnel of the Group.

The following table summarizes attendance fees paid by the Group to members of the Supervisory Board being part of Allianz France and/or the Allianz group.

Supervisory Board members being part of Allianz France and/or the Allianz group

(in € thousands)	Year ended December 31, 2014	Year ended December 31, 2013
Attendance fees owed by Euler Hermes Group	225	185

Note 31 Stock option plans

Euler Hermes Group stock option plans

Characteristics of the stock option plans

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

The assumptions used were as follows:

	Purchase plans	
	Sept. 2006	**June 2008**
Fair value of options allocated	22.29	6.83
Characteristics		
Date of Extraordinary General Meeting (EGM)	05/22/2006	05/22/2006
Period of validity of options	8 years	8 years
Rights vesting period	2 years	2 years
Assumptions		
Risk-free interest rate	4.01%	4.72%
Expected volatility (1)	25%	33%
Rate of return on shares	3.74%	10.51%

(1) Expected volatility is calculated using historical market prices.

Sundry restrictions

Mixed plans adopted by the EGM of May 22, 2006

The beneficiaries of the scheme are all the employees and corporate officers of Euler Hermes Group and of more than 50%-owned subsidiaries, with permanent or fixed-term employment contracts and at least six months length of service on the options allocation date. The options may be freely exercised after a period of four years from the date of the offer, other than as provided for by Article 91 ter of Appendix II to the French General Tax Code (loss of employment, retirement, incapacity or death), depending on the country.

Information on plans currently in effect

As at December 31, 2014, the following options are potentially exercisable:

	Purchase plans (1)	
Allocation date	**September 2006**	**June 2008**
Number of options outstanding	0	34,906
End of subscription period	September 2014	June 2016
Exercise price of valid options at end of period	91.82	55.67

(1) The EGM of May 22, 2006 authorised the allocation of share purchase and/or subscription options to all the Group's employees and possibly to its corporate officers. The options granted in September 2006 were purchase options only. The Group Management Board of June 20, 2008 approved the request from the Supervisory Board of June 15, 2008 related to the granting of a purchase plan (authorised by the Combined Shareholder's Meeting of May 22, 2006).

Transactions under the share option plans since January 1, 2014 may be summarised as follows:

	Year ended December 31, 2014				
	Average exercise price (€)	**Number of options**	**Average price of EH share on exercise dates (€)**	**Average residual term (years)**	**Exercise price range of options still outstanding at end of period (€)**
Start of period	**81.36**	**163,993**			
Allocation	-	-			
Exercise	57.59	11,275	57.59		
Cancellation	91.24	117,812			
End of period	**55.67**	**34,906**		**1.47**	**55.67**

	Year ended December 31, 2013				
	Average exercise price (€)	**Number of options**	**Average price of EH share on exercise dates (€)**	**Average residual term (years)**	**Exercise price range of options still outstanding at end of period (€)**
Start of period	**71.31**	**417,750**			
Allocation	-	-			
Exercise	64.34	229,632	64.34		
Cancellation	69.36	24,125			
End of period	**81.36**	**163,993**		**1.19**	**55.67-91.82**

Allianz group Equity Incentive plans

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

Characteristics of the SAR and RSU plans

	SAR Plans			
	March 6, 2008	**March 12, 2009**	**March 11, 2010**	**Total**
Fair value at 31 December 2014 (in euros)	**19.28**	**77.93**	**49.99**	
(in € thousands)				
Total commitment	**669**	**385**	**1,259**	**2,313**
Opening commitment	**371**	**916**	**1,255**	**2,542**
Charge recognised during the period	298	308	717	**1,323**
Exercise of SAR	-	(839)	(713)	**(1,552)**
Closing commitment	**669**	**385**	**1,259**	**2,313**

	RSU Plans						
	March 12, 2009	**March 11, 2010**	**March 10, 2011**	**March 8, 2012**	**March 7, 2013**	**March 13, 2014**	**Total**
Fair value at 31 December 2014 (in euros)	**-**	**137.35**	**137.35**	**130.68**	**123.84**	**116.81**	
(in € thousands)							
Total commitment	**-**	**2,806**	**3,673**	**4,290**	**3,221**	**2,045**	**16,035**
Opening commitment	**956**	**1,467**	**2,005**	**1,758**	**809**	**-**	**6,995**
Charge recognised during the period	246	1,241	1,517	1,465	968	736	**6,173**
Exercise of RSU	(1,202)	0	-	-	-	-	**(1,202)**
Closing commitment	**-**	**2,708**	**3,522**	**3,223**	**1,777**	**736**	**11,966**

SAR

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

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

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

RSU

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

Impact on the consolidated financial statements as at December 31, 2014

The fair value of the liabilities resulting from the SAR and RSU plans is reassessed at each balance sheet date based on the Allianz share price, until expiry of the obligation, and is calculated using the Cox-Ross-Rubinstein binomial valuation model. The charge is recognised as the rights are vested, and is thus spread over two years for the SAR (except for March 2009 and March 2010 plan, 4 years) and five years or four years for the RSU. At December 31, 2014, the liability relating to the SAR and RSU still to be exercised amounted to €14, 279 thousand.

Information on plans currently in effect

	Year ended December 31, 2014												
	SAR							RSU					
Allocation date	Rights vesting period (years)	Reference price (€)	SAR at the opening	SAR granted	SAR cancelled	SAR exercised	SAR transferred	Rights vesting period (years)	RSU at the opening	RSU granted	RSU cancelled	RSU exercised	RSU transferred
03/08/07	2	160.13	25,038	-	(25,038)	-	-	-	-	-	-	-	-
03/06/08	2	117.38	24,700	-	-	-	9,992	-	-	-	-	-	-
03/12/09	4	51.95	11,750	-	-	(10,791)	3,983	5	7,679	-	-	(9,635)	1,956
03/11/10	4	87.36	30,481	-	-	(15,955)	10,667	5	15,131	-	-	-	5,295
03/10/11	-	-	-	-	-	-	-	4	21,678	-	-	-	5,062
03/08/12	-	-	-	-	-	-	-	4	27,415	-	-	-	5,416
03/07/13	-	-	-	-	-	-	-	4	20,534	-	-	-	5,474
03/13/14	-	-	-	-	-	-	-	4	-	17,510	-	-	-

Euler Hermes Group Long-Term Incentive plans

Euler Hermes Group has implemented four Long-Term Incentive (LTI) plans (in March 2011, in March 2012, in March 2013 and in March 2014). The beneficiaries of the scheme are employees and members of the Board of Management of Euler Hermes Group (under Allianz grade 20 to 15). The Euler Hermes Long-Term Incentive is a variable, long-term equity based plan providing an opportunity for executives and key employees to benefit from the Group's success over the long-term.

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

Characteristics of Euler Hermes Group RSU plan

	Euler Hermes Group RSU plans				
	March 1, 2011	March 1, 2012	March 1, 2013	March 1, 2014	Total
Fair value at December 31, 2014 (in euros)	**79.96**	**79.96**	**79.96**	**79.96**	
Total commitment (w/o social contributions) (in € thousands)	**3,924**	**5,878**	**4,660**	**2,979**	**17,441**
Opening commitment	**3,846**	**4,243**	**2,274**	**-**	**10,363**
Charge recognised during the period	(105)	159	383	1,162	1,599
Exercise of options	-	-	-	-	-
Closing commitment	**3,741**	**4,402**	**2,657**	**1,162**	**11,962**

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

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

The number of Euler Hermes Group RSU granted to the participants equals the LTI allocation value divided by the fair value at allocation of a single Euler Hermes Group RSU.

The first Euler Hermes Group RSUs were granted as of March 1, 2011, the second as of March 1, 2012, the third as of March 1, 2013 and the fourth as of March 1, 2014.

After the Vesting Date of the Euler Hermes Group RSU (March 2015 for the first Euler Hermes Group RSU granted, 2016 for the second plan, 2017 for the third plan and 2018 for the fourth plan), each participant will receive from the Company for each Euler Hermes Group RSU, as elected by the Company, either

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

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

Information on plans currently in effect

	Year ended December 31, 2014					
	Euler Hermes Group RSU					
Allocation date	Rights vesting period (in years)	RSU at the opening	RSU granted	RSU cancelled	RSU exercised	RSU transferred
03/01/2011	4	51,320	-	(2,250)	-	-
03/01/2012	4	77,195	-	(3,677)	-	-
03/01/2013	4	61,185	-	(2,906)	-	-
03/01/2014	4	-	37,261	-	-	-

The attribution to the Group Management Board is as follows:

- RSU Allianz 5,745
- RSU Euler Hermes Group 7,673

The RSU fair value impact amounting to €1,063 thousand was reallocated to financial income.

Note 32 Other information

Group Employees (Contracted headcount)

The breakdown of Group employees is as follows:

	December 31, 2014	December 31, 2013
Germany & Switzerland	2,110	1,847
France	866	916
Northern Europe	1,381	1,365
Mediterranean Countries & Africa	516	493
America	441	486
Asia Pacific	287	254
Captive of reinsurance	17	12
Service Group	793	767
TOTAL GROUP	**6,411**	**6,140**

The staff numbers shown correspond to the contracted headcount.

Employees of proportionately consolidated companies are included according to their percentage of consolidation. NV Interpolis Kreditverzekeringen held proportionately in 2013 is 100% owned by the Group in 2014. Employees of equity associates are not included.

The increase in headcount in Germany is due to the integration in the consolidation scope of three entities held by Bürgel Wirtschaftsinformationen.

Personnel expenses

(in € thousands)	December 31, 2014	December 31, 2013
Staff expenses	(512,339)	(503,195)
Employee profit-sharing and bonuses	(13,775)	(9,194)
TOTAL PERSONNEL EXPENSES	**(526,114)**	**(512,389)**

Staff costs totalled €526.1 million for the year ended December 31, 2014 against €512.4 million in 2013. The increase of employee profit-sharing and bonuses is mainly due to the release of the equalisation reserves in Euler Hermes France after the realization of the Blue Europe II project (cross border merger in Euler Hermes SA (NV)). This release explains most of increase in the net statutory taxable profit of Euler Hermes France, on which the profit-sharing is calculated.

Remuneration due to members of the Group Board of Management for the year 2014 came to €6,212 thousand (2013: €5,991 thousand).

Note 33 Commitments given and received

(in € thousands)	December 31, 2014	December 31, 2013
Commitments received	**6,975**	**6,870**
Deposits, sureties and other guarantees	6,975	6,870
Commitments given	**35,228**	**51,737**
Deposits, sureties and other guarantees	35,228	51,737
Commitments to Citibank	*-*	*-*
Commitments to Société Générale	*-*	*36,286*
Commitments to invest in a logistics fund	*17,994*	*-*
Commitments to invest in Risk Mutual Fund	*6,149*	*6,620*
Independent guarantee CACIB	*3,125*	*3,125*
Commitments related to offices and cars lease contracts	*4,314*	*1,740*
Commitments to InvestionsBank Landes Brandeburg	*1,857*	*1,857*
Commitments associated with membership of an EIG	*33*	*42*

In 2013, a guarantee of € 36.3 million has been granted to the Romanian Bank of Development, BRD, which is a subsidiary of Société Générale Group, in relation to the issuance of bond policies by the Nederland Branch of Euler Hermes SA (NV). This commitment was terminated during the last quarter of 2014.

In 2014, Euler Hermes SA (NV) and Euler Hermes Reinsurance AG are committed to investing in a logistics fund. The commitment of each company accounts for €8,997 thousand.

Euler Hermes France is committed to investing directly or through co-investment in Risk Mutual Fund. The commitment totals €6,149 thousand in 2014 against €6,620 thousand in 2013.

A commitment amounting to €3,125 thousand has been given since 2012 in the form of autonomous first demand guarantee in favor of the CACIB Company as a security deposit for rental of First Tower in *La Défense*.

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 relating to the Spanish joint-venture Solunion, the Group and MAPFRE have a mutual liability guarantee commitment.

Note 34 Auditors' fees

	KPMG Audit FS II				ACE			
	Amount		%		Amount		%	
	2014	2013	2014	2013	2014	2013	2014	2013
Audit								
▪ Statutory audit and report on company and consolidated financial statements								
Issuer	354	354	10%	9%	189	189	43%	43%
Fully-consolidated subsidiaries	2,800	2,827	76%	76%	229	230	52%	52%
▪ Other services directly related to appointment as Statutory Auditor	0	0	0%	0%	0	0	0%	0%
Issuer	106	139	3%	4%	19	22	4%	5%
Fully-consolidated subsidiaries	121	311	3%	8%	0	0	0%	0%
Sub total	**3,382**	**3,631**	**91%**	**97%**	**437**	**441**	**100%**	**100%**
Other services provided to fully-consolidated subsidiaries								
▪ Legal, tax and social	143	32	4%	1%				
▪ IT	0	0	0%	0%				
▪ Strategy	150	5	4%	0%				
▪ Human resources	0	0	0%	0%				
▪ Other	26	66	1%	2%				
Sub total	**318**	**103**	**9%**	**3%**				
TOTAL	**3,700**	**3,734**	**100%**	**100%**	**437**	**441**	**100%**	**100%**

Note 35 Subsequent events

No subsequent events occurred since December 31, 2014 closing which would impact the assumptions of the annual closing.

Note 36 Risk Management

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

5.7 Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2014

To the Shareholders,

In compliance with the assignment entrusted to us by your annual Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the accompanying consolidated financial statements of Euler Hermes Group SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Group Board of Management. Our role is to express an opinion on these consolidated financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2 Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code ("*Code de commerce*"), we bring to your attention the following matters:

Accounting estimates

- Your Group set up technical reserves to cover its commitments. Paragraphs 2.8 and 2.25 of Note 2 "IFRS accounting and valuation rules" and Note 19 of the Notes to the consolidated financial statements specify the methodologies used. Based on the information available at the closing date, our assessment of technical reserves was based on the analysis of the calculation methodologies used by the different companies in the Group, as well as the assessment of assumptions made.

- Financial investments are recognized and valued using the methods described in paragraph 2.15 of Note 2 "IFRS accounting and valuation rules" and in Note 6 of the Notes to the consolidated financial statements. We checked that the valuation methods used had been correctly applied and then assessed, firstly the data and assumptions used to values them, and secondly, the classification methods selected on the basis of the documentation prepared by the Group.
- The Group performs each year-end, or when there is an indication of a loss in value, an impairment test of goodwill, as described in paragraphs 2.8 and 2.12 of Note 2 "IFRS accounting and valuation rules" and in Note 3 of the Notes to the consolidated financial statements. We examined the methods used to perform this impairment test as well as the cash flow forecasts and other assumptions made.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matter to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense and Paris, March 20, 2015

KPMG Audit FS II
French original signed by
Xavier Dupuy
Partner

ACE – Auditeurs et Conseils d'Entreprise
French original signed by
François Shoukry
Partner

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6.1 Balance sheet as at December 31, 2014

Assets

(in € thousands)	Notes	Gross	Amort & depr.	Net 12/31/2014	Net 12/31/2013
Intangible assets	3.1	8,949	8,949	0	1
Property, plant and equipment	3.1	299	269	29	29
Financial assets					
▪ Shares in associated enterprises	3.2	1,701,361	10,000	1,691,361	1,691,361
▪ Other financial assets	3.3	102,840	1,148	101,692	72,180
Fixed assets		**1,813,449**	**20,366**	**1,793,083**	**1,763,571**
Receivables	3.4	69,684		69,684	53,050
Cash and cash equivalents	3.5	65,844		65,844	84,448
Current assets		**135,528**		**135,528**	**137,498**
Translation difference		**0**		**0**	**0**
TOTAL ASSETS		**1,948,977**	**20,366**	**1,928,611**	**1,901,069**
Off-balance sheet commitments received				*0*	*0*

Liabilities

(in € thousands)	Note	12/31/2014	12/31/2013
Share Capital	3.6.1	14,509	14,509
Issue premiums		465,008	465,008
Reserves			
▪ legal reserve		1,451	1,447
▪ general reserve		77,474	77,474
▪ reserve for treasury shares		61,478	66,782
▪ other reserves		204,911	199,607
Retained earnings		283,176	273,667
Profit for the year		195,456	194,339
Regulated provisions		235	186
Shareholders' equity	3.6.2	**1,303,698**	**1,293,019**
Provisions	3.7	**909**	**335**
Loans and other borrowings	3.8	572,342	582,337
Trade payables and related accounts	3.9	3,049	4,563
Social security, tax and other liabilities	3.10	48,540	20,815
Liabilities		**623,931**	**607,715**
Translation difference		**73**	**0**
TOTAL LIABILITIES		**1,928,611**	**1,901,069**
Off-balance sheet commitments given	*5.3*	*106,014*	*74,523*

6.2 Income statement

(in € thousands)	Notes	2014	2013
Financial and operating income			
Revenues from shares in associated enterprises	4.1	241,130	246,268
Other financial income	4.2	1,149	353
Net income from sale of marketable securities		36	82
Various services	4.3	151	257
Total I		**242,466**	**246,960**
Financial and operating expenses			
External charges	4.4	37,989	36,844
Taxes, duties and similar payments	4.5	720	2,110
Payroll and social security contributions	4.5	7,435	6,991
Other ordinary management expenses	5.2	559	475
Depreciation and amortization of fixed assets	3.1.2	4	102
Provisions for impairment of treasury shares	3.3.2	1,148	0
Other financial expenses	4.6	8,925	25,396
Total II		**56,781**	**71,918**
Ordinary income (I - II)		**185,685**	**175,042**
Exceptional income			
Disposals of property, plant and equipment		0	16
Other exceptional income	4.7	253	2,344
Write backs of provisions	3.7	0	59
Total III		**253**	**2,419**
Exceptional expenses			
Carrying value of property, plant and equipment disposed of		0	20
Other exceptional expenses	4.7	601	269
Regulated provisions	3.6.2	49	49
Provisions	3.7	574	0
Total IV		**1,224**	**338**
Exceptional income (III - IV)		**(970)**	**2,081**
Income tax expense (surplus)	4.8	**10,741**	**17,216**
NET INCOME		**195,456**	**194,339**

6.3 Notes to the parent company financial statements

These notes should be read in conjunction with the statement of financial position before the allocation of net income for the financial year ended December 31, 2014, which shows total assets of €1,928,611 thousand and the income statement, which shows net income of €195,456 thousand.

The financial year covers the 12-month period from January 1 to December 31, 2014.

These notes comprise:

- the accounting policies and principles applied;
- significant events during the financial year;
- notes to the statement of financial position;
- notes to the income statement;
- additional information.

These notes and tables form an integral part of the annual financial statements as approved by the Group Management Board and reviewed by the Supervisory Board at its meeting of February 18, 2015.

1 Accounting principles, rules and methods

The 2014 parent company financial statements have been prepared in accordance with Articles L. 123-12 to L. 123-28 of the French Commercial Code (the decree of November 29, 1983 is now incorporated into Articles R. 123-172 to R. 123-208 in the regulatory section of the French Commercial Code), and regulation 2014-03 of the *Autorité des Normes Comptables* (ANC), which was approved by decree of September 8, 2014 relating to the French New General Chart of Accounts.

The historical cost method was used to evaluate the accounting items.

2 Significant events during the financial year

The following events occurred during 2014:

Creation of Euler Hermes AG

Euler Hermes Deutschland's Export Credit Activities were carved out into a new company (Euler Hermes AG) through a spin-off or *Abspaltung* early this year, allowing us to proceed with Euler Hermes Deutschland's merger into Euler Hermes Europe (renamed into Euler Hermes SA (NV) at year-end) *(see Note 3.2.1 shares in associated enterprises)*.

Company name change

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

Following the Extraordinary Shareholders' Meeting of November 4, 2014, the company name "Euler Hermes Europe SA (NV)" has been changed to "Euler Hermes SA (NV)".

Legal restructuring – Merger of German and French entities

The cross border mergers of Euler Hermes Deutschland AG and of Euler Hermes France SA into Euler Hermes SA (NV), have been authorized by the NBB, the ACPR and BaFin, the Belgian, French and German Regulators. The mergers were approved in the Extraordinary Shareholders' Meeting of November 4, 2014, with retroactive effect from January 1, 2014 *(see Note 3.2.1 shares in associated enterprises)*.

3 Notes to the statement of financial position

A – ASSETS

3.1 Intangible assets, property, plant and equipment, depreciation and amortization

3.1.1 Intangible assets, property, plant and equipment

Intangible assets and property, plant and equipment were as follows as at December 31, 2014:

(in € thousands)	Gross amount at start of year	Increases	Decreases	Gross amounts at year-end
Intangible assets (1)	**8,949**	**0**	**0**	**8,949**
Software – IRP	8,490	0	0	8,490
Software - Global Reporting	439	0	0	439
Software - Other	20	0	0	20
Property, plant and equipment (2)	**296**	**3**	**0**	**299**
TOTAL	**9,245**	**3**	**0**	**9,248**

(1) Intangible assets mainly consist of the IRP and Global Reporting software.
(2) Property, plant and equipment comprises IT equipment, which includes production and testing servers, and fixtures and fittings.

3.1.2 Depreciation, amortization and provisions of intangible assets and property, plant and equipment

The breakdown of depreciation, amortization and provisions as at December 31, 2014 was as follows:

(in € thousands)	Dep., amort. & prov. at start of year	Allocations	Write back	Dep., amort. & prov. at year-end
Intangible assets	**8,948**	**1**	**0**	**8,949**
Software - IRP (1)	8,490	0	0	8,490
Software - Global Reporting (2)	438	1	0	439
Software - Other (3)	20	0	0	20
Property, plant and equipment (4)	**267**	**3**	**0**	**270**
TOTAL	**9,215**	**4**	**0**	**9,219**

(1) The IRP software is amortized on a straight-line basis over a period of seven years corresponding to its estimated useful life. It was fully amortized as at December 31, 2014.
(2) The Global Reporting software is amortized on a straight-line basis over a period of five years corresponding to its estimated useful life. It was fully amortized as at December 31, 2014.
(3) Other software is amortized in full.
(4) IT equipment is depreciated on a straight-line basis over a period of three years. Fixtures and fittings exclusively comprising works of art are not depreciated.

3.2 Shares in associated enterprises and impairment of shares in associated enterprises

3.2.1 Shares in associated enterprises

Shares in associated enterprises are long-term investments that are deemed to contribute to Euler Hermes Group' business, particularly because they enable Euler Hermes Group to influence the management or assume control of the company concerned.

Shares in associated enterprises are recognized at historical cost (purchase cost or contribution value including any related purchase costs).

Changes in the gross carrying amount of shares in associated enterprises were as follows:

(in € thousands)	Gross amount at start of year	Increases	Decreases	Gross amounts at year-end
Shares				
Euler Hermes France (2)	170,240		170,240	0
Euler Hermes Services	38			38
Euler Hermes SA (2)	415,227	595,167		1,010,394
Euler Hermes North America Holding	143,541			143,541
Euler Hermes Deutschland AG (1) (2)	540,816		540,816	0
Euler Hermes Aktiengesellschaft (1)	0	115,889		115,889
Euler Hermes Reinsurance AG	387,274			387,274
Euler Hermes World Agency	4,340			4,340
Euler Hermes Magyar Követeléskezelö Kft	6,514			6,514
Euler Hermes Servicii Financiare SRL	993			993
Euler Hermes Servis sro	2,067			2,067
Euler Hermes Collections Sp. Z.o.o.	30,309			30,309
Euler Hermes Services Sp. z o.o.	2			2
TOTAL	**1,701,361**	**711,056**	**711,056**	**1,701,361**

(1) *In 2014 the service activity on behalf and for account of the Federal German Government of the subsidiary Euler Hermes Deutschland AG was transferred to a newly set-up German company Euler Hermes AG.*
The shares of the subsidiary Euler Hermes Deutschland AG were transferred to Euler Hermes AG for €115.9 million. In return Euler Hermes Group (ex Euler Hermes SA) received shares of the subsidiary Euler Hermes AG.
As at December 31, 2014, Euler Hermes Group (ex Euler Hermes SA) owns 445,714 shares of Euler Hermes AG, representing 100% of the capital (see Note 2 "Significant events during the financial year").

(2) *On November 4, 2014 Euler Hermes France and Euler Hermes Deutschland AG have been merged with Euler Hermes SA (ex Euler Hermes Europe SA). The shares of the subsidiaries Euler Hermes France and Euler Hermes Deutschland AG have been transferred to Euler Hermes SA (ex Euler Hermes Europe SA).*
In return Euler Hermes Group (ex Euler Hermes SA) received shares of the subsidiary Euler Hermes SA (ex Euler Hermes Europe SA).
As at December 31, 2014, Euler Hermes Group (ex Euler Hermes SA) owns 2,846,815 shares of Euler Hermes SA (ex Euler Hermes Europe SA), representing 97.32% of the capital (see Note 2 "Significant events during the financial year").

3.2.2 Impairment of shares in associated enterprises

At each year-end, shares in associated enterprises are re-measured on the basis of their value in use. When necessary, an impairment provision is recognized on an individual investment basis, taking into account both the value in use and the general prospects of the subsidiary concerned.

The €10,000,000 impairment recognized in relation to Euler Hermes Collections Sp. Z.o.o. was not adjusted in 2014.

3.3 Other financial assets

3.3.1 Other financial assets

Other financial assets break down as follows:

(in € thousands)	Gross amount at start of year	Increases	Decreases	Gross amounts at year-end
Other long-term investment securities	**2**	**0**	**0**	**2**
Treasury shares	**61,478**	**31,876**	**14,372**	**78,982**
General adjustment	61,478	0	597	60,881
Adjustment of share price	0	31,876	13,775	18,101
EH Collection Sp. Z.o.o. loan	**10,700**	**0**	**0**	**10,700**
Allianz Managed Operations & Services SE loan (1)	**0**	**10,600**	**0**	**10,600**
EH Collection North America loan (2)	**0**	**2,479**	**0**	**2,479**
Interest accrued on Allianz Managed Operations & Services SE loan	**0**	**36**	**0**	**36**
Interest accrued on EH Collection North America loan	**0**	**3**	**0**	**3**
Deposits paid	**0**	**38**	**0**	**38**
TOTAL	**72,180**	**45,032**	**14,372**	**102,840**

(1) Euler Hermes Group granted a euro-denominated loan to Allianz Managed Operations & Services SE in the amount of €10,600,000.
(2) Euler Hermes Group granted a euro-denominated loan to its US subsidiary, Euler Hermes Collection North America, in the amount of €2,479,000.

As detailed below, the Company held treasury shares representing 3% of the share capital at year-end, as authorized by the share buyback program granted by the Extraordinary Shareholder's Meeting of April 7, 2000:

	Gross amounts at start of year	Increases	Decreases	Gross amounts at year-end
Holding objectives				
Unrestricted use				
■ number of shares	1,161,362		11,275 (1)	1,150,087
■ average price	52.937			52.937
■ **total** (in € thousands)	**61,478**		**597**	**60,881**
% of share capital	*2.56%*			*2.54%*
Adjustment of share price (2)				
■ number of shares	0	356,269	146,219	210,050
■ average price	0			86.174
■ **total** (in € thousands)	**0**	**31,876**	**13,775**	**18,101**
% of share capital	*0.00%*			*0.46%*
TOTAL	**61,478**	**31,876**	**14,372**	**78,982**

(1) During 2014, 11,275 options related to share acquisition plans were exercised (see Note 5.5 "Share acquisition plans").
(2) Given the evolution of the Euler Hermes Group share price, treasury shares allocated to the liquidity contract were purchased in order to boost the share price.

3.3.2 Impairment of other financial assets

Treasury shares in the inventory were valued according to the average stock market share price in the final month of the year.

Impairment was fully allocated to the income statement in the amount of €1,148,000:

(in € thousands)	Provisions at start of year	Allocations	Write back	Provisions at year-end
Impairment of treasury shares: general adjustment	0	0	0	0
Impairment of treasury shares: share price adjustment	0	1,148	0	1,148
TOTAL	**0**	**1,148**	**0**	**1,148**

3.4 Receivables

This item mainly consists of €61,173,000 of receivables from associated enterprises, including the balances of transactions between subsidiaries fiscally integrated in the Group *(see Note 4.8.1 "Tax liability and tax grouping surplus")*.

All receivables are due within one year.

3.5 Cash and cash equivalents

Cash and cash equivalents are made up of demand deposits, money market funds and fixed-term deposits.

B - LIABILITIES

3.6 Shareholders' equity

3.6.1 Composition of the share capital

As at December 31, 2014 the share capital thus comprised 45,342,177 fully subscribed shares with a total value of €14,509,000.

3.6.2 Changes in shareholders' equity

Changes during the year were as follows:

(in € thousands)	12/31/2013	Appropriation of 2013 income	Dividends paid	Changes during the period	12/31/2014
Share capital	14,509				14,509
Issue premiums	465,008				465,008
Reserves					
▪ Legal reserve	1,447	4			1,451
▪ General reserve	77,474				77,474
▪ Reserve for treasury shares	66,782			(5,304)	61,478
▪ Other reserves	199,607			5,304	204,911
Retained earnings	273,667	194,335	(184,826)		283,176
Profit for the year	194,339	(194,339)		195,456	195,456
Regulated provisions	186			49	235
TOTAL	**1,293,019**	**0**	**(184,826)**	**195,505**	**1,303,698**

Reserve for treasury shares

The reserve for treasury shares was decreased by €5,304,000 to take into account, for 2013, the share purchases and sales under the liquidity agreement and sales related to the exercise of stock options. This amount was added to "Other reserves", pursuant to the Shareholders' Meeting resolution of May 28, 2014.

As at December 31, 2014, the reserve for treasury shares stood at €61,478,000.

Regulated provisions

Regulated provisions correspond to the amortization of purchase costs relating to shares in Euler Hermes Collections Sp. Z.o.o., totaling €247,000, over a five-year period.

As at December 31, 2014, total amortization was €235,000.

3.7 Provisions

Provisions were as follows:

(in € thousands)	Provisions at start of year	Allocations	Write back	Provisions at year-end
Other provisions	335	574	0	909
TOTAL	**335**	**574**	**0**	**909**

Other provisions in the amount of €909,000 correspond to the best risk estimate and commitments at year-end.

They include a provision for the Cardif defined benefit pension commitment (described in Note 17 "Employee benefits" in the notes to the consolidated financial statements).

3.8 Loans and other borrowings

The breakdown of "Loans and other borrowings" by maturity is as follows:

(in € thousands)	12/31/2014	12/31/2013	Change
Less than one year	522,342	232,337	290,005
One to five years [(1)]	50,000	350,000	(300,000)
TOTAL	**572,342**	**582,337**	**(9,995)**
Of which due to associated enterprises	*320,986*	*330,986*	*(10,000)*

(1) Repayable on maturity.

Interests totaled €8,873,000 as at December 31, 2014 *(see Note 4.6 "Other financial expenses")*.

On March 14, 2014, Euler Hermes Group partially repaid the loan to Euler Hermes Crédit France for a total amount of €10,060,000, including €60,000 of interest *(see Note 4.6 "Other financial expenses")*.

3.9 Trade payables and related accounts

Trade payables and related accounts consisted primarily of accruals for supplier invoices not yet received at year-end totaling €3,049,000.

The payables are due within one year.

3.10 Social security, tax and other liabilities

The "Other liabilities" item mainly consists of €11,562,000 of amounts payable to associated enterprises, including the balances of transactions between subsidiaries fiscally integrated in the Group and payables to the State of €23,848,000, including the corporation tax payable *(see Note 4.8.1 Tax liability and tax grouping surplus)*.

The maturity of liabilities is as follows:

- due in less than one year: €43,938,000;
- due in one to five years: €4,602,000.

4 Notes to the income statement

4.1 Revenues from shares in associated enterprises

This item comprises dividends received from associated enterprises, as follows:

(in € thousands)	2014	2013
Euler Hermes Deutschland AG	0	100,006
Euler Hermes France	0	67,748
Euler Hermes North America Holding	14,657	19,222
Euler Hermes Aktiengesellschaft	40,300	0
Euler Hermes Reinsurance AG	100,000	40,000
Euler Hermes SA [(1)]	83,568	17,890
Euler Hermes Magyar Követeléskezelö Kft.	1,007	0
Euler Hermes Servicii Financiare SRL	1,598	1,402
TOTAL	**241,130**	**246,268**

(1) Including €20,042,000 for Euler Hermes France and €36,691,000 for Euler Hermes Deutschland AG (see Note 2 "Significant events during the financial year").

4.2 Other financial income

This item mainly comprises income from investing cash on a short-term basis and interest on the loans granted to subsidiary Euler Hermes Collections Sp. Z.o.o, Euler Hermes Collections North America and Allianz Managed Operations & Services SE.

4.3 Various services

This item includes the reinvoicing of expenses to the subsidiaries of the Asia-Pacific region as part of the Group legal restructuring project.

4.4 External charges

This item includes:

- the external structural charges of Euler Hermes Group;
- the fees incurred as part of the various projects undertaken in 2014, and the Group's legal restructuring project *(see Note 2 "Significant events during the financial year")*.

4.5 Payroll and social security charges and taxes, duties and similar charges

This item includes compensation of the Board members and the associated tax and corporate expenses.

4.6 Other financial expenses

This item mainly comprises interest on loans from associated enterprises amounting to €4,089,000 *(Note 3.8 "Loans and other borrowings")*.

It also includes interest on loans contracted with banks, for €4,784,000 *(see Note 3.8 "Loans and other borrowings")*.

4.7 Other exceptional income and expenses

This item mainly includes the gains and losses from share buybacks, amounting to €57,000 and €594,000 respectively.

4.8 Income tax

The breakdown of the tax expense for the year is as follows:

(in € thousands)	2014	2013
Tax consolidation surplus	15,535	21,327
Additional contribution on dividends	(5,545)	(5,281)
Deferred tax	751	1,170
TOTAL	**10,741**	**17,216**

4.8.1 Tax liability and tax grouping surplus

Euler Hermes Group is the head of the tax group formed with its subsidiaries Euler Hermes France (the French branch of Euler Hermes SA), Euler Hermes Crédit France, Euler Hermes Recouvrement France, Euler Hermes Services, Euler Hermes Tech, Euler Hermes Asset Management France, Euler Hermes World Agency, and Financière Aldébaran. Each company pays the parent company the tax that it would have paid to the authorities if it had been taxed individually *(see Notes 3.4 "Receivables" and 3.10 "Social security, tax and other liabilities")*.

The 2014 budget adopted by the French Parliament on December 29, 2013 increased the corporation tax for companies with a turnover in excess of €250 million from 5% to 10.7% until accounting periods ending at December 30, 2015.

The amended budget for 2014, which was passed on July 23, 2014, extended this corporate tax increase to 10.7% until December 30, 2016.

The parent company tax group applied this increase to its current tax liability at the current rate and at the reduced rate.

The amended budget for 2012 established an additional tax contribution of 3% for companies on amounts distributed by French or foreign companies and entities liable for corporation tax. This contribution came to €5,545,000 for 2014.

To calculate the taxable income of Euler Hermes Group itself, dividends received from the subsidiaries were deducted in accordance with the parent company/subsidiary tax regime and the share of corresponding expenses and charges were added back. After all deductions and amounts were added back, taxable income was negative.

As the total of the individual tax liabilities of the members of the tax group was higher than the tax expense for the tax group, a tax grouping surplus of €15,535,000 was generated in favor of Euler Hermes Group.

4.8.2 Deferred tax

Deferred tax arises from timing differences between the year in which an income or expense item is recognized in the accounts and its inclusion in the taxable income or loss of a subsequent year. Deferred tax is calculated using the following preferential methods:

- application of the balance sheet liability method, under which unrealized differences are added to the timing differences;
- use of the full provision method, under which recurring differences and differences that will only reverse in the long term are included;
- application of the liability method, under which deferred tax recognized in prior years is adjusted for any changes in tax rates; the rate used for 2014 and subsequent years is 34.43% (ordinary rate of 33.33% plus the 3.3% social-security contribution).

As none of the significant deferred tax assets and liabilities has a set maturity, discounting has not been applied to any items.

Deferred tax assets and liabilities are offset only when they have the same nature and maturity.

5 Other information

5.1 Consolidation

Euler Hermes Group, whose shares are listed on the Paris Stock Exchange, is the parent company of the Euler Hermes Group subgroup and as such publishes consolidated financial statements.

The Company's financial statements are fully consolidated within the financial statements prepared by Allianz (Munich Trade and Companies Register n° 164,232).

5.2 Directors' fees

Directors' fees paid to members of the Supervisory Board amounted to €525,000, in accordance with the resolution passed by the Combined Shareholders' Meeting of May 28, 2014, which authorized the payment of a maximum amount of €600,000.

5.3 Off-balance sheet commitments

These commitments comprise:

- a commitment totaling €31,157,000 to GIE Euler Hermes SFAC Services, whose headquarters are at 1 place des Saisons, 92048 Paris La Défense Cedex. As a member of this economic interest group, Euler Hermes Group has a joint and several obligations for the total liabilities of this group, minus the latter's debts with other members (Article 4, paragraph 1 of Ordinance n° 67,821). Euler Hermes Group shares this commitment with the following subsidiaries and branches: Euler Hermes France (a branch of Euler Hermes SA), Euler Hermes Crédit France, Euler Hermes Recouvrement France, Euler Hermes Services, Euler Hermes Tech, Euler Hermes Asset Management France, Euler Hermes World Agency, and Euler Hermes SFAC Direct;
- a commitment of €73,000,000 made to Euler Hermes SA in the course of its bonding activity;
- a commitment of €1,857,000 given to InvestitionsBank des Landes Brandenburg, required to obtain a subsidy from the state of Brandenburg;
- a commitment given to Euler Hermes Reinsurance AG guaranteeing the payment of financial commitments given by the subsidiary to beneficiaries of a proportional or non-proportional reinsurance policy;
- a commitment given to Cardif relating to the risk of revaluation of a pension liquidated by a closed defined benefit pension fund.

5.4 Share acquisition option plan

The Extraordinary Shareholders' Meeting of May 22, 2006 approved a mixed share subscription and acquisition option plan for employees and corporate officers of subsidiaries more than 50%-owned by Euler Hermes Group and, potentially, corporate officers of the Group.

In accordance with the resolution passed by the Group Management Board meeting of September 18, 2006, 160,000 share acquisition options were allocated in September 2006.

By resolution of the Group Management Board meeting of June 20, 2008, 130,000 share acquisition options were allocated in June 2008.

The changes during the financial year were as follows *(see Note 3.3 "Other financial assets")*:

SHARE ACQUISITION PLAN

	05/22/2006	
Date of Shareholders' Meeting	**(1st allocation)**	**(2nd allocation)**
Date of Board of Management meeting	**09/18/2006**	**06/20/2008**
Options remaining to be exercised at start of year	116,537	47,456
Options exercised (1)	600	10,675
Options canceled	115,937	1,875
Options remaining to be exercised at year-end	**0**	**34,906**
Exercise price (2)	91.82	55.67

(1) See Note 3.3.1 "Other financial assets".
(2) Range of exercise prices of options circulating at year-end.

6.4 Table of subsidiaries and participating interests

Subsidiaries and participating interests		Share capital		Other shareholders' equity	Share of capital held (%)	Carrying value of securities held Gross (in €)	Net [(1)] (in €)
A. Detailed information on securities with a gross value of more than 1% of the share capital							
Euler Hermes SA 56, avenue des Arts 1000 Brussels BELGIUM	EUR	229,390,287	EUR	1,074,746,222 [(5)]	97.32%	1,010,394,330	1,010,394,330
Euler Hermes North America Holding 800 Red Brook Boulevard Owings Mills MD 21117 USA	USD	192,819,000	USD	(18,779,000)	100.00%	143,541,100	143,541,100
Euler Hermes Aktiengesellshaft Friedensallee 254, 22763 Hamburg GERMANY	EUR	10,000,000	EUR	80,876,000	100.00%	115,889,145	115,889,145
Euler Hermes Reinsurance AG Richti platz - Postfach CH-8304 Wallisellen SWITZERLAND	CHF	376,236,000	CHF	263,180,000	100.00%	387,274,149	387,274,149
Euler Hermes World Agency 1, place des Saisons 92048 Paris-La Défense Cedex	EUR	1,540,000	EUR	5,126,229	100.00%	4,340,440	4,340,440
Euler Hermes Magyar Követeléskezelö Kft Kiscelli u.104 H-1037 Budapest HUNGARY	HUF	30,000,000	HUF	511,794,000	100.00%	6,514,000	6,514,000
Euler Hermes Collection Sp. Z.o.o. ul.Domaniewska50B 02-672 Warsaw POLAND	PLN	4,446,000	PLN	1,234,000	100.00%	30,308,590	20,308,590
Euler Hermes Servicii Financiare SRL Str Petru Maior, 6 sector 1 011262 Bucharest ROMANIA	RON	2,962,000	RON	223,000	100.00%	992,800	992,800
Euler Hermes Servis sro Plynarenska 4659/1 82109 Bratislava SLOVAKIA	EUR	136,000	EUR	1,713,000	100.00%	2,067,000	2,067,000
B. General information on other securities with a gross value of no more than 1% of the share capital							
French subsidiaries	EUR	40,000	EUR	1,160,174		38,112	38,112
Foreign subsidiaries	PLN	5,000	PLN	19,961,000		1,640	1,640
General information on other securities with a gross value of no more than 1% of the share capital							
French subsidiaries							
■ Euler Hermes Services	EUR	40,000	EUR	1,160,174	100.00%	38,112	38,112
Foreign subsidiaries							
■ Euler Hermes Services Sp. Z.o.o. Poland	PLN	5,000	PLN	19,961,000	100.00%	1,640	1,640

(1) An impairment of the securities is recognised at year-end if the securities have a carrying amount of more than the value in use of the Company (see 3.2.2. Impairment of shares in associated enterprises).
(2) The share price used for companies outside the eurozone is as at December 31, 2014.
(3) Amounts corresponding to the Euler Hermes Collections sub-group, of which Euler Hermes Collections SpA is the holding company.
(4) Including €20,042 thousand for Euler Hermes France and €36,691 thousand for Euler Hermes Deutschland AG.
(5) Estimate - awaiting the final version of financial statements of Euler Hermes SA.

Outstanding loans and advances (in €)	Amount of sureties and guarantees given (in €)	Turnover ex. tax in the last financial year (2) (in €)	Net income in the last financial year (2) (in €)	Dividends received during the year (in €)
-	73,000,000	1,740,465,586	65,720,217	83,568,134 (4)
2,479,236	-	0	22,358,125	14,656,847
-	-	118,694,000	29,282,000	40,300,000
-	-	1,158,194,444	126,096,141	100,000,000
6,556,244	-	15,014,413	113,043	-
-	-	3,269,601	296,710	1,006,641
10,700,000	-	6,255,265 (3)	(38,379) (3)	-
-	-	3,007,941	1,265,281	1,598,458
-	-	1,520,000	362,000	-
-	-	152,598,729	1,999,068	-
-	-	3,704,718	1,808,949	-
-	-	152,598,729	1,999,068	-
-	-	3,704,718	1,808,949	-

6.5 Company results over the last five fiscal years

(in euros)	2010	2011	2012	2013	2014
Capital					
Share capital	14,432,874	14,451,033	14,468,073	14,509,497	14,509,497
Number of shares in issue	45,102,732	45,159,477	45,212,727	45,342,177	45,342,177
Maximum number of future shares to be created	263,528	201,583	143,050	0	0
Transactions and income for the fiscal year					
Income from ordinary operations [(1)]	193,935,031	169,851,596	231,599,521	246,268,339	241,130,081
Income before tax, depreciation, amortization and provisions	142,931,187	112,051,879	167,540,428	177,164,099	186,073,313
Income tax [(2)]	(12,962,875)	(23,504,201)	(13,158,647)	(17,215,521)	(10,741,091)
Income after tax, depreciation, amortization and provisions	166,830,268	109,230,335	196,189,693	194,339,482	195,456,334
Dividends paid [(3)]	180,410,928	198,701,699	180,850,908	190,437,143	199,505,579
Earnings per share					
Income after tax, but before depreciation, amortization and provisions	3.46	3.00	4.00	4.29	4.34
Income after tax, depreciation, amortization and provisions	3.70	2.42	4.34	4.29	4.31
Dividend per share	4.00	4.40	4.00	4.20	4.40
Employees					
Average number of employees [(4)]	1	1	1	0	0

(1) In accordance with the CNC notice dated March 27, 1985 and COB bulletin n° 181 of May 1985, in view of Euler Hermes Group' activity as a holding company, this item comprises ordinary revenues from equity investments instead of turnover.
(2) A negative amount is equal to a tax consolidation surplus and a positive amount is equal to a tax expense.
(3) Includes dividends on treasury shares, which will be credited to "Retained Earnings" upon payment.
(4) In 2014, as in 2013, none of corporate officers have an employment contract.

6.6 Other information

6.6.1 Breakdown of trade payables

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the breakdown of outstanding debt by maturity in respect of the Group's suppliers at the close of the last two years is provided below:

Suppliers (in €)	**December 31, 2013**		**December 31, 2014**	
Overdue invoices	Immediate settlement	11,627.86	Immediate settlement	0.00
	30-day settlement	31,087.57	30-day settlement	0.00
Invoices not received	-	4,520,507.04	-	3,049,078.10
Trade payables and related accounts	**-**	**4,563,222.47**	-	**3,049,078.10**

6.6.2 Dividends distributed

The table below shows the dividends distributed in the last five financial years. Pursuant to Article 158, 3-2° of the General Tax Code, these sums are eligible for the 40% tax rebate.

Financial year	**2014**	**2013**	**2012**	**2011**	**2010**
Distribution (in €)	199,505,579	190,437,143	180,850,908	198,701,699	180,410,928
Number of shares on December 31 (including treasury shares)	45,342,177	45,342,177	45,212,727	45,159,477	45,102,732
Dividend per share (in €)	4.40 (1)	4.20	4.00	4.40	4.00

(1) Proposal to the Shareholders' Meeting on May 27, 2015.

The Company's dividend policy in the future will depend on its results and financial position. The Board of Management proposed the dividend, which will be put to the vote of the Shareholders' Meeting on May 27, 2015, after the Supervisory Board's approval. Although the Board of Management intends to maintain this dividend policy over the long term, the dividend proposed for a given year will depend on different factors, in particular the Company's performance, market conditions and the general economic climate. Euler Hermes Group's dividend policy is based on prudent management of capital (to ensure an AA- rating level) and the attractiveness of the dividend for shareholders.

6.7 Statutory Auditors' report on the financial statements

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2014

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the accompanying financial statements of Euler Hermes Group SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Group Board of Management. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code ("*Code de commerce*"), we bring to your attention the following matter:

- Note 3.2.2 to the annual financial statements sets out the accounting policies on impairment of equity interests. As part of our assessment of the accounting policies adopted by your Company, we checked the appropriateness of accounting policies set out above and the information provided in the above-mentioned Note, and we verified their correct application.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

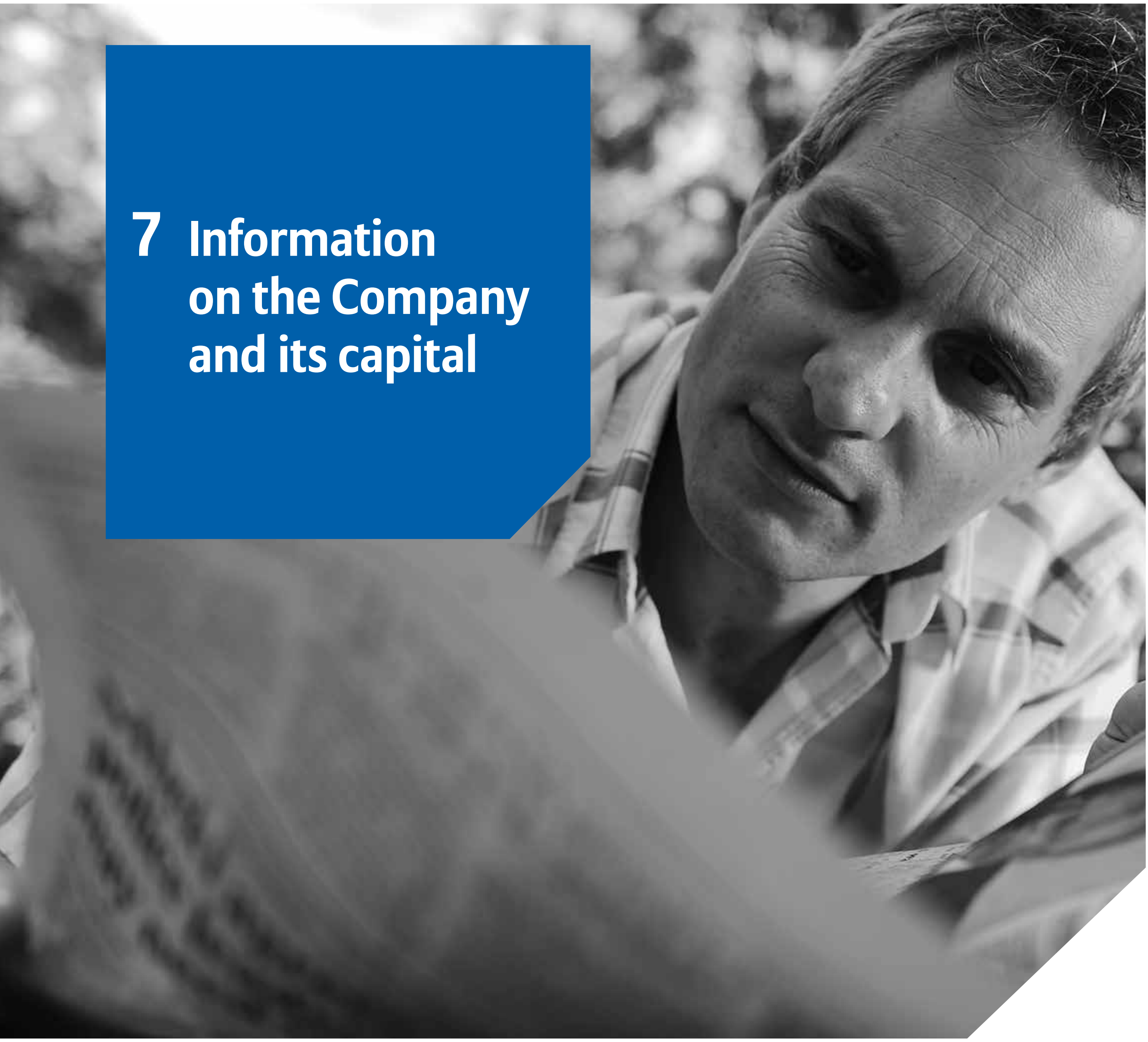
We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Group Board of Management, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code ("*Code de Commerce*") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris La Défense and Paris, March 20, 2015

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



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7.1 General information about the Company

7.1.1 Company name and registered office

Company name:

Euler Hermes Group

Registered office:

1, place des Saisons, 92048 Paris-La Défense Cedex, France

Tel.: +33 (0)1 84 11 50 50

Fax: +33 (0)1 84 11 50 17

7.1.2 Legal status, legislation

Euler Hermes Group is a limited company (*société anonyme*) with a Board of Management and a Supervisory Board.

It is governed by French law.

7.1.3 Date of incorporation and term

The Company was incorporated on March 28, 1927 for a term of 99 years, which will expire on March 27, 2026.

7.1.4 Trade and Companies Register

RCS number: 552 040 594 RCS Nanterre – NAF number: 6420Z.

7.1.5 Financial year

Each financial year has a duration of 12 months. It begins on January 1 and ends on December 31.

7.2 Articles of Association

7.2.1 Corporate purpose

Under the terms of Article 3 of the Articles of Association, the purpose of the Company, directly or indirectly, in France and internationally, is financial services and insurance and especially any activities contributing to companies' management of their accounts receivable, and in this respect, activities regarding credit insurance, factoring and debt collection.

In addition to investments, the Company may take holdings in any companies whose activity relates to this purpose or participate in any operations likely to facilitate its expansion or development.

The Company may acquire any property or assets in any form.

At the Shareholders' Meeting to be held on May 27, 2015, it will be proposed to amend Article 3 of the Articles of Association in order to:

- modify the Company's corporate purpose to match to its activity as Group holding company; and
- extend, on an ancillary basis, the corporate purpose of the Company to include IT services operations further to internal Group restructuring.

7.2.2 Statutory provisions relating to the Board of Management and the Supervisory Board

The description below summarizes the principal provisions of the Articles of Association and of the Company's internal regulations with respect to the Supervisory Board, with a particular focus on its functions and powers.

It also summarizes provisions in the Articles of Association and the internal regulations relating to the Board of Management.

The Supervisory Board

Composition (extract from Article 11 of the Articles of Association)

The Supervisory Board is composed of at least three and no more than twelve members who are appointed by Ordinary Shareholders' Meetings.

No member of the Supervisory Board may be over 70 years of age. When a member of the Supervisory Board reaches this age, his/her resignation shall be automatic.

Each member of the Supervisory Board must own at least five shares during his/her term of office. However, this provision shall not apply to shareholders who are employees and who are appointed members of the Supervisory Board pursuant to Article L. 225-71 of the French Commercial Code.

Length of mandates (extract from Article 11 of the Articles of Association)

Unless otherwise provided for by special provisions for first appointments so as to comply with the regular replacement of its members, Supervisory Board members are elected for three-year mandates.

Supervisory Board members may always be re-elected.

The composition of the Supervisory Board is adjusted each year at the Ordinary Shareholders' Meeting, depending on the number of members in office, so that changes are made as regularly as possible and so that all members have changed by the end of each three-year period. In order to exclusively implement and maintain staggering of the Supervisory Board members' terms of office, the Ordinary Shareholders' Meeting may appoint one or more Supervisory Board members for a duration of one or two years.

In the event of a vacant position, following the death or resignation of one or more members of the Supervisory Board, a provisional replacement may be elected by the remaining members, with the appointment being subject to ratification by the next Ordinary Shareholders' Meeting.

Chairmanship of the Supervisory Board – Non-voting members (extract from Article 11 of the Articles of Association)

The Supervisory Board elects a Chairman and a Vice-Chairman, who must be individuals, from among its members. The Chairman, and in his/her absence the Vice-Chairman, is responsible for convening meetings of the Board and chairing its deliberations.

If the Supervisory Board considers it useful, it may, when so proposed by its Chairman, appoint non-voting members of the Board (censors), for a term that it chooses. These non-voting members may be individuals or legal entities and may or may not be shareholders. The Board determines their responsibilities and the terms and conditions of their remuneration. This remuneration is taken from the annual amount for Supervisory Board members' fees allocated to the Supervisory Board by the Ordinary Shareholders' Meeting.

These non-voting members may be called to and may participate in the deliberations of all Supervisory Board meetings in an advisory capacity only.

Supervisory Board deliberations (extract from Article 14 of the Articles of Association)

The Supervisory Board meets as often as required by the interests of the Company. Meetings are convened by the Chairman or, if this is not possible, the Vice-Chairman.

Meetings may be convened in any way, including verbally.

Any member of the Supervisory Board may appoint another member to represent him/her. Each member may hold only one proxy.

Decisions are taken under the quorum and majority conditions provided for by law. In the event of a tie, the Chairman of the meeting shall have the casting vote.

Members of the Supervisory Board attending the meeting by video conference or telephone, enabling them to be identified and ensuring their attendance, or any other similar means of communication allowed by law, shall be counted as present for the purpose of calculating quorum and majority.

However, the provisions in the foregoing paragraph do not apply to the approval of the decisions provided for in Article L. 225-68 paragraph 5 (review of the annual and consolidated financial statements) and in Article L. 225-61 (dismissal of members of the Board of Management) of the French Commercial Code.

Members of the Board of Management may attend Board meetings in an advisory capacity, on the Chairman's initiative.

An attendance register is kept and minutes of meetings are drawn up in accordance with the law.

Mission and powers of the Supervisory Board (extract from Article 12 of the Articles of Association)

The Supervisory Board exercises continuous supervision of the Company's management by the Board of Management and gives this Board the prior authorizations required by law or by these Articles of Association.

It appoints the members of the Board of Management, decides on their number, appoints the Chairman and, as the case may be, General Managers and sets their remuneration.

It may recommend that the Ordinary Shareholders' Meeting dismiss one or more members of the Board of Management.

Throughout the year, it carries out the checks and controls it considers appropriate and can arrange to receive any documents that it considers useful for the completion of its mission.

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

Within three months of the financial year-end, the Board of Management must present the annual financial statements to the Supervisory Board for verification and control and it must submit its recommendations for the allocation of distributable income for the year to the Supervisory Board for its prior approval. It presents its observations on the Board of Management's report and on the annual financial statements to the Shareholders' Meeting.

The Supervisory Board may convene Shareholders' Meetings and set their agendas.

The Supervisory Board may create internal committees and determine their composition and duties. The activity of these committees is exercised under the Board's responsibility, but the duties cannot be interpreted as a delegation to a committee of the powers attributed to the Supervisory Board by law or by the Articles of Association, nor may they have the effect of reducing or limiting the powers of the Board of Management.

In addition, the following decisions taken by the Board of Management are subject to prior authorization by the Supervisory Board:

- the sale of property, and the total or partial sale of shareholdings and the constitution of sureties on company assets;
- direct transactions or equity holdings that might significantly affect the Group's strategy and materially modify its financial structure or scope of activity;
- the issue of securities, of any kind, that may result in a change in the share capital;
- transactions aimed at granting or contracting any borrowings or loans, credits or advances, granting of sureties, guarantees, endorsements or deposits.

The Supervisory Board authorizes the Board of Management to carry out the above-cited transactions within the limits of an amount it shall determine for each such transaction. Where a transaction exceeds the specified amount, the approval of the Supervisory Board is required in each case.

The Board of Management

Composition (extract from Article 15 of the Articles of Association)

The Company is managed by the Board of Management, which is composed of at least two and no more than six members, who may but need not be shareholders, appointed by the Supervisory Board.

Members of the Board of Management must be individuals no more than 65 years old.

A member of the Supervisory Board may not be a member of the Board of Management.

Length of mandates (extract from Article 15 of the Articles of Association)

The Board of Management is appointed for a period of four years and its members may be re-appointed. Their mandates may be terminated by the Supervisory Board or by the Ordinary Shareholders' Meeting on the recommendation of the Supervisory Board.

The Supervisory Board sets the method and amount of remuneration for each of the members of the Board of Management on their appointment.

Chairmanship of the Board of Management (extract from Article 16 of the Articles of Association)

The Supervisory Board appoints one of the members of the Board of Management as Chairman.

The Chairman exercises his/her functions for the period of his/her office as a member of the Board of Management.

The Chairman represents the Company in its relations with third parties.

The Supervisory Board may grant the same power of representation to one or more other members of the Board of Management, who then carry the title of General Manager.

Agreements concerning the Company and any commitments undertaken in its name are signed by the Chairman of the Board of Management, or by any member of the Board of Management who has been appointed General Manager by the Supervisory Board or by any representative especially empowered for this purpose.

Mission and powers of the Board of Management (extract from Article 17 of the Articles of Association)

The Board of Management is vested with the broadest extensive powers to act in all circumstances in the name of the Company. It exercises these powers within the limits defined by the corporate purpose, subject to those expressly allocated to the Supervisory Board and Shareholders' Meetings by the law and the Articles of Association.

The Board of Management can vest one or more of its members or any other person with special assignments that it decides upon, which may be permanent or temporary, and can delegate to them the powers it considers appropriate for one or more particular purposes, with or without the power to sub-delegate.

The Board of Management may decide to set up committees, the composition and duties of which it determines, to carry out their activity under its responsibility; however, it may not delegate powers vested in it.

(Extract from Article 4 of the internal regulations of the Board of Management)

The Board of Management operates according to internal regulations which are designed to supplement the operating procedures stipulated in the Articles of Association, while respecting the collegial principle of the Board of Management and facilitating the work of the Supervisory Board.

These internal regulations stipulate the Board of Management's powers and the distribution of its tasks and, in accordance with Article 12 of the Articles of Association, the decisions which require prior authorization by the Supervisory Board, namely:

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

Board of Management deliberations (Article 18 of the Articles of Association)

The Board of Management meets as often as required by the interests of the Company. Meetings are convened by the Chairman or, if this is not possible, by at least two of its members.

Meetings take place either at the registered office or in any other location indicated in the convening notice.

Meetings may be convened in any way, including verbally.

Meetings of the Board of Management are chaired by the Chairman or, if this is not possible, by a member chosen by the Board of Management at the beginning of the meeting.

Any member of the Board of Management may appoint another member to represent him/her. Each member may hold only one proxy.

For its deliberations to be valid, the number of members of the Board of Management present must be at least equal to half the number of members in office.

Decisions are voted by a simple majority of the members present or represented.

In the event of a tie, the Chairman shall have the casting vote.

Board of Management deliberations are reported in minutes registered in a special register and signed by the Chairman of the meeting and at least one member of the Board of Management.

Copies or extracts from the minutes are certified by the Chairman of the Board of Management or by any of its members.

In addition, the internal regulations define the practical procedures for holding meetings and recording minutes.

7.2.3 Rules applicable to amendment of the Articles of Association

When the Company's Articles of Association need to be amended, they are amended in accordance with the law.

7.2.4 Rights, privileges and constraints attached to shares

Voting rights

The Company's capital is divided into ordinary shares, all of the same class.

There is no clause in the Articles of Association providing for double voting rights for the Company's shareholders.

Article 20, as amended during the Shareholders' Meeting held on 28 May 2014, expressly stipulates that fully paid-up shares for which there is proof of registration for at least two years in the name of the same shareholder do not carry a double voting right.

The right to vote belongs to the usufructuary in all of the Shareholders' Meetings (Article 20 of the Articles of Association).

Each share entitles the holder to a portion of the ownership of corporate assets and to a share in the profits equal to the proportion of the share capital that it represents (Article 9 of the Articles of Association).

Statutory restrictions on the exercise of voting rights and share transfers

The Company's Articles of Association do not contain any provision limiting share transfers.

The shares may be freely traded and may be sold under the legal and regulatory conditions in force.

Subject to the provisions of Article 8, final paragraph, of the Articles of Association relating to the surrender of voting rights in cases of non-compliance with obligations on threshold declarations, the Articles of Association do not contain restrictions on the exercise of voting rights. This suspension of voting rights concerning the shares exceeding the portion that should have been declared may be requested by one or more shareholders holding at least 2% of the share capital or voting rights.

Allocation of income (Article 21 of the Articles of Association)

At least 5% is deducted from profit for the financial year, less previous losses if applicable, to make up funds for the legal reserve, in accordance with the law. This deduction is no longer mandatory once the reserve reaches one tenth of the share capital. It comes back into effect if, for any reason, the legal reserve falls below one tenth of the share capital.

Distributable income is made up of profit for the financial year, less any potential previous losses, as well as sums to be carried over to the reserve in accordance with the law or the Articles of Association, in addition to retained profit carry-overs.

After the accounts are approved and distributable income is recorded, the Ordinary Shareholders' Meeting decides to register it in one or more reserve line items, of which it decides the allocation or the use, namely to carry it forward or to distribute it.

The Ordinary Shareholders' Meeting may decide to distribute sums from the reserves at its disposal, while specifically indicating the reserve line items on which the deductions are made. However, dividends are deducted as a priority from distributable profit for the financial year.

Excluding capital reductions, no distribution can be made to shareholders when shareholders' equity is, or will become following such distribution, less than the amount of the share capital plus reserves of which distribution is prohibited by the law or the Articles of Association. The revaluation variance is not distributable but it may be fully or partially incorporated into the share capital.

Procedures for payment of dividends voted by the Ordinary Shareholders' Meeting are set by the latter or, if necessary, by the Board of Management. The payment of dividends must, however, compulsorily take place within the legally established timeframe.

The Ordinary General Meeting is entitled to grant each shareholder, for some or all of the dividend or interim dividend(s) to be distributed, an option of payment of the dividend or interim dividend(s) in cash or in Company shares.

7.2.5 Modifications of shareholders' rights

Shareholder's rights, as described in the Company's Articles of Association, may only be modified by an Extraordinary Shareholders' Meeting of the Company.

7.2.6 Statutory threshold disclosure and obligation to register shares

Extract from Article 8 of the Articles of Association

Apart from the legal obligation to inform the Company when certain fractions of the share capital are held and to make any consequent declaration of intent, any individual or legal entity acting alone or in concert that comes to hold a number of shares and/or voting rights in the Company greater than or equal to:

1. 1% of the total number of shares and/or voting rights must, within 15 days of the date of crossing this threshold, inform the Company of the total number of shares and/or voting rights held. This disclosure should be sent by recorded letter with acknowledgement of receipt (or equivalent means in countries outside France), or by fax or telex. This declaration must be renewed each time a new 1% threshold is crossed upwards, to 50% inclusive, and each time a new 1% threshold is crossed downwards, to 1% inclusive;
2. 5% of the total number of shares and/or voting rights must, within 15 days of the date of crossing this threshold, apply to the Company to have all the shares held in registered form. This obligation for shares to be held in registered form is applicable to all shares already held and to those that have just been acquired taking the shareholder over the threshold. The request for shares to be registered shall be sent by letter, fax or telex to the Company within 15 days of crossing the threshold. The declaration due under the preceding point (1) on crossing the threshold stipulated in this paragraph shall equate to a request for shares to be registered.

In determining the thresholds stipulated in (1) and (2), shares and/or voting rights held indirectly and shares and/or voting rights equivalent to shares and/or voting rights owned as defined by the provisions of Articles L. 233-7 *et seq.* of the French Commercial Code shall be taken into account.

For each of the aforementioned disclosures, the declarer must certify that the disclosure made includes all the securities owned or held pursuant to the previous paragraph. The declarer must also specify the date(s) of acquisition.

Investment fund management companies are required to provide this information for all the voting rights attached to shares in the Company held by the funds they manage.

7.2.7 Shareholders' Meetings

Extract from Article 20 of the Articles of Association

Shareholders' Meetings are convened and take place under legally prescribed conditions.

The meetings are held either at the registered office or at some other location specified in the convening notice.

Ordinary Shareholders' Meetings and Extraordinary Shareholders' Meetings are open to all shareholders who hold, under the conditions set out below, at least one share. Special Shareholders' Meetings are open to all shareholders who hold, under the conditions set out below, at least one share of the share class concerned.

Shares that are not fully paid up do not count for admission to Shareholders' Meetings and are deducted for purposes of the quorum calculation.

Subject to the aforementioned provisions, every shareholder is entitled, on proof of identity, to participate in Shareholders' Meetings, either by attending in person, by returning a postal voting form, or by appointing a proxy (who may be his/her spouse or another shareholder or the partner with whom he or she is bound by a civil solidarity pact ("PACS") or any other person (individual or legal entity) of his/her choice, provided that the shares have been recorded in the accounts in the name of the shareholder or of the intermediary acting on his/her behalf:

- for registered shareholders, in the Company's register;
- for bearer shareholders, in the bearer share accounts held by the custodian.

These formalities must be completed by midnight (Paris time) on the third working day before the date of the Shareholders' Meeting.

Following the amendment of Article R. 225-85 of the French Commercial Code by Decree n° 2014-1466 of December 8, 2014, it will be proposed to the Shareholders' Meeting of May 27, 2015 that Article 20 of the Articles of Association be amended to stipulate a condition of registration in an account (rather than an accounting record) of securities in the name of the shareholder or the intermediary registered in the shareholder's name to participate to the Shareholders' Meeting, with these formalities having to be completed by midnight (Paris time) on the second (rather than the third) working day preceding the Shareholders' Meeting.

Meetings are chaired by the Chairman of the Supervisory Board or, in his/her absence, by the Vice-Chairman or a member of the Supervisory Board specially delegated by the Supervisory Board for this purpose. Failing this, the meeting appoints its own Chairman.

The duties of tellers are performed by the two members of the Shareholders' Meeting who have the greatest number of votes and who accept this role.

The officers of the Shareholders' Meeting appoint the secretary who may or may not be a shareholder.

Every member of the meeting is entitled to as many votes as the number of shares he/she owns or represents.

7.3 General information about the Company's share capital

7.3.1 Company share capital structure

As at December 31, 2014, the Company's share capital amounted to €14,509,497, divided into 45,342,177 shares of the same class, fully subscribed and paid up, with a par value of €0.32. This total number of outstanding shares includes 1,360,137 treasury shares.

The Company's share capital may be increased, reduced or amortized under the conditions provided for by law.

All the shares have been fully subscribed and paid up. The shares are in registered form until fully paid up. Shares must be fully paid up on subscription.

Shares are held in registered or bearer form at the choice of the shareholder, subject to the particular stipulations prescribed by law. Any shareholder holding 5% or more of the total number of shares and/or voting rights in the Company must request his/her shares to be registered with the Company.

The Company is authorized to apply the provisions of Article L. 228-2 I of the French Commercial Code and Article 7, paragraph 3, of the Articles of Association at any time to identify the holders of securities giving immediate or deferred voting rights at its Shareholders' Meetings.

The Company's securities and assets are not subject to any pledges.

7.3.2 Share capital authorized but not issued

In accordance with Article L. 225-100, paragraph 7, of the French Commercial Code, the summary table below sets out the delegations currently valid as at December 31, 2014 and granted by the Shareholders' Meeting to the Board of Management for capital increases by application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code.

Extraordinary Shareholders' Meeting of May 28, 2014

	Purpose	Duration	End	Ceiling (in €)	Used as at Dec. 31, 2014	Unused balance as at Dec. 31, 2014 (in €)
11th	Delegation of powers to increase capital by capitalizing reserves, profits or premiums or other sums which may be capitalized	26 months	July 28, 2016	5 million	no	5 million
12th	Delegation of powers to issue ordinary shares and/or other securities giving access to the capital and/or granting entitlement to the allocation of debt securities with preservation of preferential subscription rights	26 months	July 28, 2016	7 million	no	7 million
14th	Delegation of powers to increase capital by issuing shares with no preferential subscription rights reserved for savings plan members pursuant to Articles L. 3332-18 *et seq.* of the French Labor Code	26 months	July 28, 2016	132,000	no	132,000
15th	Authorization to freely allocate shares in the Company	38 months	July 28, 2017	5% of the share capital as at the date of the allocation decision (including 2% maximum of the share capital for members of the Board of Management)	no	5% of the share capital as at the date of the allocation decision (including 2% maximum of the share capital for members of the Board of Management)

7.3.3 Unrealized share capital

As at December 31, 2014, there is:

- no share subscription options plan that may be exercised by the Company's employees;
- no plan allocating free shares to the Company's employees; and
- no marketable securities giving access to the Company's share capital.

7.4 Share capital and voting rights

As at December 31, 2014, the Company's share capital was made up of 45,342,177 shares, majority-owned by the Allianz group (67.8% of the share capital representing 69.9% of the voting rights). The total number of shares having real voting rights was 43,982,040.

At the end of 2014, 29.2% of the share capital, i.e. 30.1% of the voting rights, was held by the public and the Company owned 3% of the share capital.

The table below shows changes to the Company's share capital and voting rights in the past three years:

	December 31, 2014				December 31, 2013				December 31, 2012			
	Shares/Theoretical voting rights (1)		Actual voting rights (2)		Shares/Theoretical voting rights (1)		Actual voting rights (2)		Shares/Theoretical voting rights (1)		Actual voting rights (2)	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Allianz Vie	3,879,818	8.6%	3,879,818	8.8%	3,879,818	8.6%	3,879,818	8.8%	3,879,818	8.6%	3,879,818	8.8%
Allianz France (3)	26,864,230	59.2%	26,864,230	61.1%	26,864,230	59.2%	26,864,230	60.8%	26,864,230	59.4%	26,864,230	61.1%
Total Allianz	**30,744,048**	**67.8%**	**30,744,048**	**69.9%**	**30,744,048**	**67.8%**	**30,744,048**	**69.6%**	**30,744,048**	**68%**	**30,744,048**	**69.9%**
Treasury shares	**1,360,137**	**3.0%**	**0**	**0.0%**	**1,161,362**	**2.6%**	**0**	**0.0%**	**1,261,544**	**2.8%**	**0**	**0.0%**
Public	**13,237,992**	**29.2%**	**13,237,992**	**30.1%**	**13,436,767**	**29.6%**	**13,436,767**	**30.4%**	**13,207,135**	**29.2%**	**13,207,135**	**30.1%**
TOTAL	**45,342,177**	**100%**	**43,982,040**	**100%**	**45,342,177**	**100%**	**44,180,815**	**100%**	**45,212,727**	**100%**	**43,951,183**	**100%**
SHARE CAPITAL (in €)	**14,509,497**				**14,509,497**				**14,468,073**			

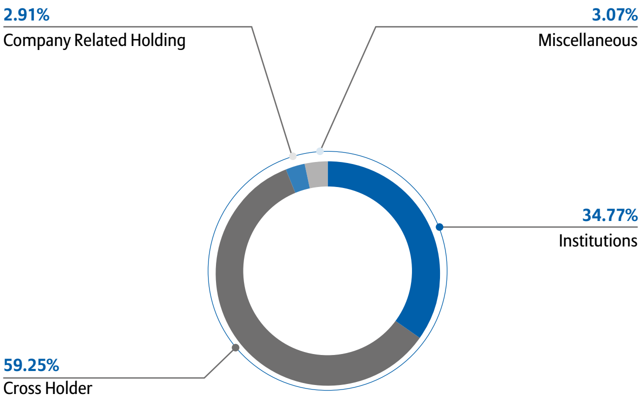
(1) Including treasury shares.
(2) After deduction of treasury shares.
(3) Allianz France is indirectly and ultimately owned at 100% by Allianz SE (of which all shares were, on December 31, 2014, held in free float, except approximately 0.6% of shares which were held in treasury).

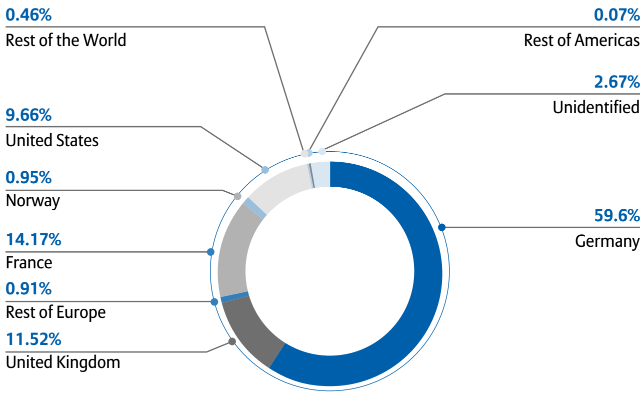
No double voting rights currently exist.

To the Company's knowledge, a shareholder (other than the Allianz group) holds 5% or more of the share capital and voting rights of the Company as at the time of publication of this Registration Document:

- Silchester International Investors LLP, acting on behalf of funds under its management, which holds 5.02% of the share capital and voting rights.

As per the TPI analysis realized on 25 April 2014, the share capital of the Company is allocated as follows:





7.4.1 Direct or indirect investments in the Company

Stake held by Allianz

As at December 31, 2014, companies in the Allianz group owned, directly and indirectly, a total of 67.8% of the share capital and 69.9% of the voting rights in the Company.

In line with the AFEP-MEDEF recommendations on corporate governance, to which Euler Hermes Group adheres, the existence of independent members on the Company's Supervisory Board is a voluntary decision by the majority shareholder to prevent any risk of abuse of position. The dual structure of the corporate bodies makes it possible to separate the management functions performed by members of the Board of Management from the control functions performed by members of the Supervisory Board.

Allianz is also one of the Group's reinsurance companies. The Company grants its shareholder the same treatment as the many other reinsurance companies with which Group companies are reinsured in the normal course of their business, both regarding the selection of reinsurers and in the negotiation of the terms of their contracts. Allianz's proportion of the Group's reinsurance therefore corresponds to its role in this market, and the reinsurance contracts cover ongoing operations and are signed under normal market conditions.

Crossing of ownership thresholds

The following threshold declarations were received by the Company and the AMF for the 2014 financial year and as at the date of this Registration Document:

- in a letter dated October 30, 2014, Silchester International Investors LLP, acting on behalf of funds under its management, declared that it had exceeded on October 29, 2014, the 5% threshold of the Company's share capital and voting rights and that it held, on behalf of these funds, 2,274,567 shares, representing 5.02% of the Company's share capital and voting rights. This threshold declaration resulted from a purchase of the Company's shares out of or on the market (AMF decision n° 214C2283);
- In a letter dated March 5, 2015, Franklin Resources, Inc., acting on its own behalf and on behalf of its affiliates, declared that it had fallen below the 5% threshold of the Company's share capital and voting rights on March 2, 2015, and that it held 2,251,731 shares, representing 4.97% of the Company's share capital and voting rights. This threshold declaration resulted from a sale of shares on the market (AMF decision n°215C0286).

The Company received the following statutory threshold declarations for the 2014 financial year and as at the date of this Registration Document:

- in a letter dated March 5, 2014, Franklin Resources, Inc declared that it had crossed downwards the 1% statutory threshold of the Company's share capital and voting rights and that it held 3,162,324 shares, representing 6.9744% of the share capital of Euler Hermes Group, as of that date. In a letter dated May 13, 2014, Franklin Resources, Inc declared that it had fallen below another 1% statutory threshold of the Company's share capital and voting rights and that it held 2,704,961 shares, representing 5.9657% of the Company's share capital, as of that date. In a letter dated September 22, 2014, Franklin Resources, Inc declared that it had exceeded the 1% statutory threshold of the Company's share capital and voting rights and that it held 2,786,971 shares, representing 6.1465% of the share capital of Euler Hermes Group, as of that date. In a letter dated October 16, 2014, it declared that it had fallen below the 1% statutory threshold of the share capital and voting rights, and that it held 2,716,169 shares, representing 5.9904% of the share capital of Euler Hermes Group, as of that date. In a letter dated March 5, 2015, it declared that it had fallen below the 1% statutory threshold of the share capital and voting rights, and that it held 2,251,731 shares, representing 4.97% of the Company's share capital and voting rights, as of that date;;
- in a letter dated June 17, 2014, Massachusetts Financial Services Company declared that it held, with its subsidiaries, a total of 972,446 shares, representing 2.0018% of the share capital of Euler Hermes Group as of June 16, 2014;
- in a letter dated February 19, 2014, sent by Citigroup Global Markets Ltd, Citigroup Inc declared that it held 448,337 shares, representing 0.9917% of the Company's share capital and 19,146 derivative instruments for settlement in cash, representing 0.0423% of the Company's share capital, as of February 18, 2014. In a letter dated February 28, 2014, it declared that it held 448,949 shares, representing 0.9930% of the Company's share capital and 463,459 derivative instruments for settlement in cash, representing 1.0251% of the Company's share capital, as of February 27, 2014. In a letter dated March 31, 2014, it declared that it held 449,584 shares, representing 0.9944% of the Company's share capital, as of March 28, 2014. In a letter dated May 22, 2014, it declared that it held 54,540 shares, representing 0.1206% of the Company's share capital, and 472,186 derivative instruments for settlement in cash, representing 1.0444% of the Company's share capital;
- in a letter dated June 5, 2014, Bank of America Corporation declared that it had exceeded the 1% statutory threshold of the Company's share capital and voting rights, and that it held 589,226 shares, representing 1.3% of the share capital and voting rights of Euler Hermes Group, as of May 30, 2014. In a letter dated June 11, 2014, it declared that it held less than 1% of the Company's share capital and voting rights as of June 5, 2014;
- in a letter dated May 7, 2014, Kiltern Partners declared that it had crossed the 1% statutory threshold of the Company's share capital and voting rights and that it held 453,862 shares, representing 1% of the voting rights of Euler Hermes Group, as of that date;
- in a letter dated January 28, 2014, sent by its subsidiary, Threadneedle Asset Management Holdings Ltd, Ameriprise Financial Inc declared that it held 451,843 shares, representing 0.997% of the Company's share capital, as of January 22, 2014. In a letter dated April 2, 2014, it declared that it held 484,318 shares, representing 1.068% of the share capital and voting rights of Euler Hermes Group, as of March 31, 2014.

In a letter dated September 5, 2014, it declared that it held 453,331 shares, representing 0.998% of the share capital and voting rights of the Company, as of September 3, 2014;

- in a letter dated October 15, 2014, Parvus Asset Management (UK) LLP declared that it had fallen below the 1% threshold of the Company's share capital and voting rights and that it held 426,969 shares, representing 0.94% of the share capital of Euler Hermes Group, as of that date;
- in a letter dated May 21, 2014, the five fundamental management companies of the Amundi group, namely Amundi, Société Générale Gestion, Etoile Gestion, CPR Asset Management and BFT Gestion, declared that they had combined their voting rights policy and jointly declared that they had exceeded the 1% statutory threshold of the Company's share capital and voting rights, and that they held 518,380 shares, representing 1.14% of the share capital and voting rights of Euler Hermes Group, as of that date. In a letter dated June 5, 2014, they declared that they had fallen below the 1% statutory threshold of the Company's share capital and voting rights and that they held 130,040 shares, representing 0.28% of the share capital and voting rights of Euler Hermes Group, as of that date;
- in a letter dated May 19, 2014, the Royal Bank of Scotland Plc declared that it held 534,000 shares, representing 1.18% of the Company's share capital and voting rights, as of May 16, 2014. In a letter dated May 23, 2014, it declared that it had fallen below the 1% statutory threshold of the share capital and voting rights, and that it held 401,600 shares, representing 0.89% of the Company's share capital and voting rights, as of 22 May 2014. In a letter dated June 4, 2014, the Royal Bank of Scotland Plc declared that it had exceeded the statutory threshold of 1% of the Company's share capital and voting rights, and that it held 801,502 shares, representing 1.77% of the share capital and voting rights of Euler Hermes Group, as of June 3, 2014. In a letter dated June 6, 2014, it declared that it no longer held any of the Company's shares, and therefore had 0% of the share capital of Euler Hermes Group, as of June 5, 2014.

The threshold declarations received by the Company for 2013 are set out on page 228 of the 2013 Registration Document, and those received for 2012 are set out on page 223 of the 2012 Registration Document.

Treasury shares

As at December 31, 2014, treasury shares represented a total of 3% of the Company's share capital, i.e. 1,360,137 shares. The overall par value amounts to €435,243.84.

Since 2007, the Company has retained Rothschild & Cie Banque to implement a liquidity contract complying with Amafi's ethics charter.

As part of this contract, in 2014 the Company bought and sold 356,269 and 146,219 treasury shares respectively. On 31 December 2014, 210,050 Euler Hermes Group shares were held through the liquidity contract, at a closing price of €85.64.

The only purchases and sales carried out during the financial year were made through the liquidity contract. The table below shows the change in the transaction price for treasury shares.

Commission on security transactions paid to Rothschild & Cie Banque under the liquidity contract amounted to €159,714 for 2014.

Month	Average weighted purchase price (in €)	Average sale price (in €)	Number of shares purchased	Number of shares sold
January 2014	96.3163	99.0565	90,559	30,559
February 2014	90.8887	94.6029	51,137	14,522
March 2014	89.7927	0	24,385	0
April 2014	88.0517	0	41,500	0
May 2014	89.2224	91.3200	18,900	1,400
June 2014	85.1265	0	8,025	0
July 2014	89.0865	90.9199	25,713	45,488
August 2014	86.5633	90.5500	33,272	22
September 2014	84.2068	85.6029	10,034	20,000
October 2014	81.5603	82.1864	40,788	26,747
November 2014	78.4117	80.2692	2,491	3,066
December 2014	79.7188	82.0500	9,465	4,415
TOTAL 2014	**89.4705**	**90.1740**	**356,269**	**146,219**

Between the opening date and the closing date of the last financial year, the Company realized the following purchases and sales of its own shares as part of its share buyback program:

- total amount of trading costs: €0 (there is no trading costs invoiced to the Company in relation to trading as part of the liquidity contract);
- number of shares registered at the end of the financial year: 210,050 shares;
- estimated value at acquisition cost (at average weighted cost for purchases): €18,399,455.78; and
- nominal value: €67,216.00

Treasury shares have not been reallocated for other purposes since the last authorization granted by the Shareholders' Meeting.

Employee shareholding

As at December 31, 2014, the Group's employees held 45,893 shares, i.e. 0.10% of the share capital, through a Company savings plan.

7.4.2 Agreements between shareholders which may entail restrictions on the transfer of shares and the exercise of voting rights

To the Company's knowledge, no shareholder agreements are currently in existence. However, there are a number of regulated agreements and commitments in place; for details see sub-section 8.3 of this Registration Document.

There are no provisions in the Euler Hermes Group's Articles of Association, nor in any of its charters or regulations, that may delay, defer or prevent a change of control.

7.4.3 Agreements that may lead to a change in the Company's control

To the Company's knowledge, at the time of publication of this Registration Document, there exists no agreement whose application could, at some date in the future, lead to a change in the control of the Company.

7.5 Factors likely to have an impact on a public tender offer

In accordance with Article L. 225-100-3 of the French Commercial Code, the following factors are likely to have an impact on a public tender offer:

- the structure of the share capital as well as the Company's known direct or indirect investments and any information on this subject are described in section 7.4 of this Registration Document;
- no statutory restriction exists regarding the exercise of voting rights, with the exception of the suspension of voting rights concerning shares exceeding the part that should have been declared. This may be requested by one or more shareholders holding at least 2% of the share capital or voting rights for failure to declare crossing the statutory threshold according to Article 8 of the Articles of Association;
- to the Company's knowledge, no agreements or other signed commitments between shareholders are currently in existence *(see section 7.4.2 above)*;
- no securities with special control rights are currently in existence;
- the voting rights attached to Euler Hermes Group shares held by employees through the Company mutual fund (FAC EH) are exercised by one or more representatives appointed by the fund's Supervisory Board to represent it at the Shareholders' Meeting;
- the regulations regarding the appointment and dismissal of Board of Management members are the legal and statutory rules described in section 7.2.2 of this Registration Document;
- regarding Board of Management powers, the authorizations currently in place are described in the table of authorizations to increase share capital shown in section 7.3.2 of this Registration Document;
- amendments to the Company's Articles of Association are made in accordance with legal and regulatory provisions;
- no agreement concluded by the Company is currently in existence that would be modified or terminated in the event of a change of the Company's control;
- compensation likely to be payable in the event of termination of the functions of members of the Board of Management is described on page 54 of this Registration Document;
- the existence of one or more minority shareholders holding more than 5% of the Company's share capital, as was the case during 2014, could impact the completion of a public tender offer.

7.6 Equity interests of the Company outside of the Group

The Company did not make any investments in or take control of any French companies outside of the Group during the year 2014.

7.7 Regulated agreements and commitments

7.7.1 Regulated agreements and commitments approved in prior years and still in force during the 2014 financial year

In accordance with Article L. 225-88-1 of the French Commercial Code, the Supervisory Board reviewed, during its meeting held on 18 February 2015, the commitments in favour of the Board of Management members for severance compensation in case of revocation due to a change of control or strategy ("golden parachutes"). More details on these commitments are given in section 8.3 of this Registration Document.

7.7.2 Agreements no longer qualified as regulated agreements

The Supervisory Board decided, at its meeting held on 18 February 2015, to not consider anymore the amendment to the Long Term Incentive Plan for the Board of Management members as a regulated agreement as the compensation arrangements agreed with the members of the Board of Management are not subject to the regulated agreement procedure under Article L. 225-86 of the French Commercial Code. More details on this Long Term Incentive Plan are provided in section 8.3 of this Registration Document.

The Supervisory Board also decided during this meeting to not review the following agreements entered into between Euler Hermes Group and its 100% subsidiaries, as approved in prior years and still in force during the 2014 financial year, in accordance with the option offered to the Supervisory Board by Article 38 of the French Ordinance n°2014-863 dated 31 July 2014:

- Guarantee agreement between Euler Hermes Group and Euler Hermes Reinsurance AG (Switzerland); and
- Letter of guarantee between Euler Hermes Group, Euler Hermes SA and Euler Hermes Services Belgium.

For more information on these two agreements, see the "Special report of the Statutory Auditors on regulated agreements and commitments" on pages 243 onwards of the 2013 Registration Document.

7.7.3 Agreements entered into between a Company's corporate officer or a shareholder holding more than 10% of the voting rights of the Company, and a subsidiary of the Company

During the 2014 financial year, no agreement for operations other than ongoing operations or operations at usual conditions, have been entered into, directly or indirectly, between a member of the Company's Board of Management or Supervisory Board or shareholder holding more than 10% of the Company's voting rights, and a company of which the Company holds, directly or indirectly, more than 50% of the share capital.

8 Shareholders' Meeting

8.1 Board of Management's report on the draft resolutions submitted to the Combined Shareholders' Meeting of May 27, 2015 244

8.2 Comments by the Supervisory Board meeting of February 18, 2015, on the Board of Management's report and on the 2014 financial statements 254

8.3 Special report of the Statutory Auditors on regulated agreements and commitments 255

8.4 Resolutions submitted to the vote of the Combined Shareholders' Meeting of May 27, 2015 258

8.5 Description of the share buyback program 263

8.1 Board of Management's report on the draft resolutions submitted to the Combined Shareholders' Meeting of May 27, 2015

To the Shareholders:

- We have convened this Shareholders' Meeting, in accordance with the law and provisions of our Articles of Association, in order to request that you approve the financial statements for the year ended December 31, 2014.
- Notice of this meeting has been given in accordance with the regulations.
- All documents required in accordance with the applicable regulations have been sent to you or have been made available on the Company's website (www.eulerhermes.com) within the allocated timeframe.

1 Approval of the parent company and consolidated financial statements for the financial year ended December 31, 2014 and approval of non-tax deductible expenses and charges (first and second resolutions)

You are asked to approve the parent company financial statements for the financial year ended December 31, 2014, which show net income of €195,456,334.15, and the consolidated financial statements for the financial year ended December 31, 2014, which show net income (Group share) of €302.06 million.

You are also asked to approve the total amount of expenses and charges referred to in Article 39, paragraph 4 of the French General Tax Code, i.e. the sum of €19,099.84 and the associated tax of €7,257.94.

You are reminded that the financial statements are set out in detail in the 2014 Registration Document, which includes the management report and Statutory Auditors' reports, and the main items are included in the notice convening the Shareholders' Meeting of May 27, 2015.

2 Allocation of income for the financial year and declaration of the dividend (third resolution)

The proposed allocation of the Company's income complies with the law and the Company's Articles of Association.

It is proposed that income for the 2014 financial year be allocated as follows:

Source

- Profit for the year €195,456,334.15
- Retained earnings €283,176,486.55

Allocation

- Legal reserve €0
- Other reserves €0
- Dividends €199,505,578.80
- Retained earnings €279,127,241.90

The gross dividend per share would therefore be €4.40. The amount distributed would be eligible for the 40% tax abatement applicable to individuals who are fiscally domiciled in France, as provided for in Article 158-3, paragraph 2, of the French General Tax Code.

The ex-dividend date would be Tuesday, June 2, 2015. The dividend would be paid out on Thursday, June 4, 2015.

In the event that the number of shares conferring entitlement to a dividend differs from the 45,342,177 shares comprising the share capital as at February 18, 2015, the total amount of the dividends would be adjusted accordingly and the amount allocated to the retained earnings account would be calculated on the basis of the dividends actually paid out.

In accordance with Article 243 bis of the French General Tax Code, we note that, for the last three financial years, the following dividends were distributed:

In respect of financial year	Income eligible for the allowance		Income not eligible for the allowance
	Dividends	Other income distributed	
2011	€198,701,698.80* i.e. €4.40 per share	-	-
2012	€180,850,908* i.e. €4 per share	-	-
2013	€190,437,143.40* i.e. €4.20 per share	-	-

* *Including the dividend amount not paid out in respect of treasury shares and allocated to the retained earnings account.*

3 Adjustment of the reserve for treasury shares (fourth resolution)

The Board of Management proposes that the Shareholders' Meeting adjusts the reserve for treasury shares by an allocation of €17,504,186.69 to take account of the share purchases and sales under the liquidity agreement managed by Rothschild et Cie Banque during the 2014 financial year and sales of shares in connection with the exercise of stock options.

The reserve for treasury shares, which amounted to €61,478,634.52 as at December 31, 2014, would be adjusted to €78,982,821.21.

4 Recognition of the absence of regulated agreements (fifth resolution)

The Board of Management requests that, after having reviewed the Statutory Auditors' special report, which mentions the absence of any new agreements of the kind described in Articles L. 225-86 *et seq.* of the French Commercial Code, you purely and simply acknowledge this fact.

We remind you that only new agreements entered into during the last financial year and at the beginning of the current financial year, or renewed by tacit consent during this period, are supposed to be submitted to this Shareholders' Meeting.

The Statutory Auditors' special report that relates to regulated agreements is provided in section 8.3 of the 2014 Registration Document and will be presented to you at the Shareholders' Meeting.

5 Renewals and appointments of members of the Supervisory Board (sixth, seventh, eighth and ninth resolutions)

You are asked to reappoint Clement Booth and Philippe Carli as members of the Supervisory Board.

It is also proposed to appoint Axel Theis in replacement of Yves Mansion, and Maria Garaña in replacement of Robert Hudry.

These renewals and appointments will be granted for a period of three years. The terms of office of reappointed or newly appointed members will thus expire at the close of the Shareholders' Meeting held in 2018 called to approve the financial statements for the previous year.

6 Opinion on the elements of compensation due or allocated for the financial year ended December 31, 2014 to Wilfried Verstraete, Chairman of the Board of Management, and to Gerd-Uwe Baden, Frédéric Bizière, Clarisse Kopff, Dirk Oevermann and Paul Overeem, members of the Board of Management (tenth and eleventh resolutions)

Pursuant to the recommendations of Article 24.3 of the AFEP-MEDEF Code of Corporate Governance, as revised in June 2013, to which the Company refers, we are submitting for your opinion the elements of compensation due or allocated for the financial year ended December 31, 2014 to:

Wilfried VERSTRAETE, Chairman of the Board of Management

	Amounts or accounting valuation put to the vote	Presentation
Elements of compensation due or allocated for the financial year ended December 31, 2014		
Fixed compensation	€540,000 (amount paid)	Fixed compensation for 2013 was €540,000 and remains therefore unchanged.
Annual variable compensation	€403,661 (amount paid)	Annual variable compensation represents 24.33% of total compensation. 70% of the variable amount is calculated on the basis of financial targets, which are assessed using the six criteria below: Group operating income, Group net income, Group turnover, payment of dividends, Group cost management and Group net loss ratio. 30% of the variable amount is calculated on the basis of personal targets subject to specific qualitative or quantitative criteria, such as: agreed results on restructuring. Annual variable compensation for 2014 was paid in March 2015.
Deferred variable compensation	Mid-term bonus: €403,661 (amount due)	A mid-term bonus (MTB), established to build loyalty among executives and assess performance over several years. As such, in addition to the target-based performance assessment set for variable compensation described above, an additional assessment on a three-year basis has been carried out using the following criteria: ■ revenue growth, ■ increase in profitability, ■ comparison with the competition, ■ risk capital (solvency), ■ other criteria (satisfaction surveys, etc.). The MTB (2013-2015) will be paid in 2016.
	Long-term bonus: €403,661 (amount due)	The amount used to calculate the number of Restricted Stock Units (RSUs) to be allocated is subject to the same assessment criteria as the annual variable compensation (70% financial targets, 30% personal targets). 50% of the RSUs allocated are linked to the average Allianz share price and the remaining 50% are linked to the average Euler Hermes Group share price. Both of these prices are established during the 10 trading days following the publication of the financial results of Allianz and Euler Hermes Group, with a vesting period of four years as of the allocation date to compensate performance in year N-1. Payment for RSUs allocated for 2014 will take place in 2019.
Multi-year variable compensation	n/a	No allocation
Extraordinary compensation	Euler Hermes Group RSU: 3,112 Allianz RSU: 2,029	In relation to his establishment in France, the Supervisory Board agreed on July 30, 2014 to allocate to Wilfried Verstraete a one-off allowance of Restricted Stock Units (RSU) to compensate for the loss of his expatriation allowance from 2015. This grant will be allocated in 2015.
Share options, performance shares, or any other elements of long-term compensation	Options: n/a Shares: n/a Other elements: n/a	No allocation
Attendance fees	n/a	Members of the Board of Management do not receive attendance fees as executive corporate officers.
Valuation of any benefits in kind	€292,787 (amount paid)	Housing, allowances for international mobility, company car, unemployment insurance for Executive Managers (GSC), AWC (Allianz Worldwide Care medical insurance) and Allianz pension plan.
Elements of compensation due or allocated for the financial year ended December 31, 2014 which are or have been put to the vote of the Shareholders' Meeting in the context of the regulated agreements and commitments procedure		
Severance compensation	€0	The Supervisory Board decided at its meeting of February 16, 2012 to establish severance compensation for Wilfried Verstraete, Chairman of the Board of Management, under the following terms: The severance compensation would be granted notably in case of revocation due to a change of control or strategy. The payment of this indemnity would be subject to the following performance conditions: ■ 75% of annual targets as assessed over at least two of the last three years prior to termination. For corporate officers who have been in office for less than three years, the calculation of the 75% target is based on the last year or the last two years if the officer has been present for two years; ■ an average combined ratio of 95% or less for the three years preceding the termination. If both of these conditions are met, the severance payment is due in full. If only one of the above conditions is met, 50% of the severance payment is due. The amount of any severance compensation may not exceed two years' compensation (fixed and variable). This payment was approved by the Shareholders' Meeting of May 25, 2012 (fifth resolution).
Non-compete compensation	n/a	No non-compete clause
Supplementary pension plan	€0	No defined-benefit pension plan
		Contribution paid by the Company under the supplementary pension plan of the Allianz group: €192,097. The increase in the pension plan contribution reflects increased life expectancy.

Gerd Uwe BADEN, member of the Board of Management

	Amounts or accounting valuation put to the vote	Presentation
Elements of compensation due or allocated for the financial year ended December 31, 2014		
Fixed compensation	€400,000 (amount paid)	Fixed compensation for 2013 was €400,000 and remains therefore unchanged.
Annual variable compensation	€203,945 (amount paid)	Annual variable compensation represents 19.5% of total compensation. 70% of the variable amount is calculated on the basis of financial targets, which are assessed using the six criteria below: Group operating income, Group net income, Group turnover, dividend payment, Group cost management and net loss ratio. 30% of the variable amount is calculated on the basis of personal targets subject to specific qualitative or quantitative criteria, such as: representing the Company in joint ventures and build-up of partnerships. Annual variable compensation for 2014 was paid in March 2015.
Deferred variable compensation	Mid-term bonus: €203,945 (amount due)	A mid-term bonus (MTB), established to build loyalty among executives and assess performance over several years. As such, in addition to the target-based performance assessment set for variable compensation described above, an additional assessment on a three-year basis has been carried out using the following criteria: ▪ revenue growth, ▪ increase in profitability, ▪ comparison with the competition, ▪ risk capital (solvency), ▪ other criteria (satisfaction surveys, etc.). The MTB (2013-2015) will be paid in 2016.
	Long-term bonus: €203,945 (amount due)	The amount used to calculate the number of Restricted Stock Units (RSUs) to be allocated is subject to the same assessment criteria as the annual variable compensation (70% financial targets, 30% personal targets). 50% of the RSUs allocated are linked to the average Allianz share price and the remaining 50% are linked to the average Euler Hermes Group share price. Both of these prices are established during the 10 trading days following the publication of the financial results of Allianz and Euler Hermes Group, with a vesting period of four years as of the allocation date to compensate performance in year N-1. Payment for RSUs allocated for 2014 will take place in 2019.
Multi-year variable compensation	n/a	No allocation
Extraordinary compensation	n/a	No extraordinary compensation
Share options, performance shares, or any other elements of long-term compensation	Options: n/a Shares: n/a Other elements: n/a	No allocation
Attendance fees	n/a	Members of the Board of Management do not receive attendance fees as executive corporate officers.
Valuation of any benefits in kind	€183,200 (amount paid)	Housing, allowances for international mobility, company car, unemployment insurance for Executive Managers (GSC), AWC (Allianz Worldwide Care medical insurance) and Allianz pension plan.
Elements of compensation due or allocated for the financial year ended December 31, 2014 which are or have been put to the vote of the Shareholders' Meeting in the context of the regulated agreements and commitments procedure		
Severance compensation	€0	The Supervisory Board decided at its meeting of February 16, 2012 to establish severance compensation for Gerd-Uwe Baden, member of the Board of Management under the following terms: The severance compensation would be granted notably in case of revocation due to a change of control or strategy. The payment of this indemnity would be subject to the following performance conditions: ▪ 75% of annual targets as assessed over at least two of the last three years prior to termination. For corporate officers who have been in office for less than three years, the calculation of the 75% target is based on the last year or the last two years if the officer has been present for two years; ▪ an average combined ratio of 95% or less for the three years preceding the termination. If both these conditions are met, the severance payment is due in full. If only one of the above conditions is met, 50% of the severance payment is due The amount of any severance compensation may not exceed two years' compensation (fixed and variable). This payment was approved by the Shareholders' Meeting of May 25, 2012 (sixth resolution).
Non-compete compensation	n/a	No non-compete clause
Supplementary pension plan	€0	No defined-benefit pension plan
		Contribution paid by the Company under the supplementary pension plan of the Allianz group: €468,318. The increase in contribution is due to an extraordinary one-off expense based on the cost reimbursement with respect to German Pension Regulations.

Frédéric BIZIÈRE, member of the Board of Management

	Amounts or accounting valuation put to the vote	Presentation
Elements of compensation due or allocated for the financial year ended December 31, 2014		
Fixed compensation	€294,000 (amount paid)	Fixed compensation for 2013 was €294,000 and remains therefore unchanged.
Annual variable compensation	€176,145 (amount paid)	Annual variable compensation represents 21.12% of total compensation. 70% of the variable amount is calculated on the basis of financial targets, which are assessed using the six criteria below: Group operating income, Group net income, Group turnover, new business development, Group cost management and the net loss ratio. 30% of the variable amount is calculated on the basis of personal targets subject to specific qualitative or quantitative criteria, such as: steering of the *RiskUnderWriter* (RUW) strategy. Annual variable compensation for 2014 was paid in March 2015.
Deferred variable compensation	Mid-term bonus: €176,145 (amount due)	A mid-term bonus (MTB), established to build loyalty among executives and assess performance over several years. As such, in addition to the target-based performance assessment set for variable compensation described above, an additional assessment on a three-year basis has been carried out using the following criteria: ▪ revenue growth, ▪ increase in profitability, ▪ comparison with the competition, ▪ risk capital (solvency), ▪ other criteria (satisfaction surveys, etc.). The MTB (2013-2015) will be paid in 2016.
	Long-term bonus: €176,145 (amount due)	The amount used to calculate the number of Restricted Stock Units (RSUs) to be allocated is subject to the same assessment criteria as the annual variable compensation (70% financial targets, 30% personal targets). 50% of the RSUs allocated are linked to the average Allianz share price and the remaining 50% are linked to the average Euler Hermes Group share price. Both of these prices are established during the 10 trading days following the publication of the financial results of Allianz and Euler Hermes Group, with a vesting period of four years as of the allocation date to compensate performance in year N-1. Payment for RSUs allocated for 2014 will take place in 2019.
Multi-year variable compensation	n/a	No allocation
Extraordinary compensation	n/a	No extraordinary compensation
Share options, performance shares, or any other elements of long-term compensation	Options: n/a	No allocation
	Shares: n/a Other elements: n/a	
Attendance fees	n/a	Members of the Board of Management do not receive attendance fees as executive corporate officers.
Valuation of any benefits in kind	€21,210 (amount paid)	Company car and unemployment insurance for executive managers (GSC).
Elements of compensation due or allocated for the financial year ended December 31, 2014 which are or have been put to the vote of the Shareholders' Meeting in the context of the regulated agreements and commitments procedure		
Severance compensation	€0	The Supervisory Board decided at its meeting of February 16, 2012 to establish severance compensation for Frédéric Bizière, member of the Board of Management under the following terms: The severance compensation would be granted notably in case of revocation due to a change of control or strategy. The payment of this indemnity would be subject to the following performance conditions: ▪ 75% of annual targets as assessed over at least two of the last three years prior to termination. For corporate officers who have been in office for less than three years, the calculation of the 75% target is based on the last year or the last two years if the officer has been present for two years; ▪ an average combined ratio of 95% or less for the three years preceding the termination. If both the above conditions are met, the severance payment is due in full. If only one of the above conditions is met, 50% of the severance payment is due. The amount of any severance compensation may not exceed two years' compensation (fixed and variable). This payment was approved by the Shareholders' Meeting of May 25, 2012 (seventh resolution).
Non-compete compensation	n/a	No non-compete clause
Supplementary pension plan	€0	No defined-benefit pension plan
		Contribution paid by the Company under the supplementary pension plan managed by AG2R: €18,023.

Clarisse KOPFF, member of the Board of Management

	Amounts or accounting valuation put to the vote	Presentation
Elements of compensation due or allocated for the financial year ended December 31, 2014 *		
Fixed compensation	€166,666 (amount paid)	Clarisse Kopff has been a member of the Board of Management since May 1, 2014.
Annual variable compensation	€85,052 (amount paid)	Annual variable compensation represents 20.4% of total compensation. 70% of the variable amount is calculated on the basis of financial targets, which are assessed using the six criteria below: Group operating income, Group net income, Group turnover, development of new business, Group cost management and Group net loss ratio. 30% of the variable amount is calculated on the basis of personal targets subject to specific qualitative or quantitative criteria, such as: Solvency II. Annual variable compensation for 2014 was paid in March 2015.
Deferred variable compensation	Mid-term bonus: €85,052 (amount due)	A mid-term bonus (MTB), established to build loyalty among executives and assess performance over several years. As such, in addition to the target-based performance assessment set for variable compensation described above, an additional assessment on a three-year basis has been carried out using the following criteria: ■ revenue growth, ■ increase in profitability, ■ comparison with the competition, ■ risk capital (solvency), ■ other criteria (satisfaction surveys, etc.). The MTB (2013-2015) will be paid in 2016.
	Long-term bonus: €85,052 (amount due)	The amount used to calculate the number of Restricted Stock Units (RSUs) to be allocated is subject to the same assessment criteria as the annual variable compensation (70% financial targets, 30% personal targets). 50% of the RSUs allocated are linked to the average Allianz share price and the remaining 50% are linked to the average Euler Hermes Group share price. Both of these prices are established during the 10 trading days following the publication of the financial results of Allianz and Euler Hermes Group, with a vesting period of four years as of the allocation date to compensate performance in year N-1. Payment for RSUs allocated for 2014 will take place in 2019.
Multi-year variable compensation	n/a	No allocation
Extraordinary compensation	n/a	No extraordinary compensation
Share options, performance shares, or any other elements of long-term compensation	Options: n/a	No allocation
	Shares: n/a Other elements: n/a	
Attendance fees	n/a	Members of the Board of Management do not receive attendance fees as executive corporate officers.
Valuation of any benefits in kind	€8,760 (amount paid)	Company car and unemployment insurance for executive managers (GSC).
Elements of compensation due or allocated for the financial year ended December 31, 2014 which are or have been put to the vote of the Shareholders' Meeting in the context of the regulated agreements and commitments procedure		
Severance compensation	€0	The Supervisory Board decided at its meeting of February 13, 2014 to establish severance compensation for Clarisse Kopff, member of the Board of Management, under the following terms: The severance compensation would be granted notably in case of revocation due to a change of control or strategy. The payment of this indemnity would be subject to the following performance conditions: ■ 75% of annual targets as assessed over at least two of the last three years prior to termination. For corporate officers who have been in office for less than three years, the calculation of the 75% target is based on the last year or the last two years if the officer has been present for two years; ■ an average combined ratio of 95% or less for the three years preceding the termination. If both of these conditions are met, the severance payment is due in full. If only one of the above conditions is met, 50% of the severance payment is due. The amount of any severance compensation may not exceed two years' compensation (fixed and variable). This payment was approved by the Shareholders' Meeting of May 28, 2014 (nineteenth resolution).
Non-compete compensation	n/a	No non-compete clause
Supplementary pension plan	€0	No defined-benefit pension plan
		Contribution paid by the Company under the supplementary pension plan managed by AG2R: €10,667.

* *The fixed and variable compensation of Clarisse Kopff for the 2014 financial year is calculated pro rata temporis since May 1, 2014, when she became a member of the Board of Management.*

Dirk OEVERMANN, member of the Board of Management

	Amounts or accounting valuation put to the vote	Presentation
Elements of compensation due or allocated for the financial year ended December 31, 2014		
Fixed compensation	€294,000 (amount paid)	Fixed compensation for 2013 was €294,000 and remains therefore unchanged.
Annual variable compensation	€141,309 (amount paid)	Annual variable compensation represents 16.94% of total compensation. 70% of the variable amount is calculated on the basis of financial targets, which are assessed using the five criteria below: Group operating income, Group net income, Group turnover, Group cost management and the IT budget. 30% of the variable amount is calculated on the basis of personal targets subject to specific qualitative or quantitative criteria, such as: IT systems development. Annual variable compensation for 2014 was paid in March 2015.
Deferred variable compensation	Mid-term bonus: €141,309 (amount due)	A mid-term bonus (MTB), established to build loyalty among executives and assess performance over several years. As such, in addition to the target-based performance assessment set for variable compensation described above, an additional assessment on a three-year basis has been carried out using the following criteria: ▪ revenue growth, ▪ increase in profitability, ▪ comparison with the competition, ▪ risk capital (solvency), ▪ other criteria (satisfaction surveys, etc.). The MTB (2013-2015) will be paid in 2016.
	Long-term bonus: €141,309 (amount due)	The amount used to calculate the number of Restricted Stock Units (RSUs) to be allocated is subject to the same assessment criteria as the annual variable compensation (70% financial targets, 30% personal targets). 50% of the RSUs allocated are linked to the average Allianz share price and the remaining 50% are linked to the average Euler Hermes Group share price. Both of these prices are established during the 10 trading days following the publication of the financial results of Allianz and Euler Hermes Group, with a vesting period of four years as of the allocation date to compensate performance in year N-1. Payment for RSUs allocated for 2014 will take place in 2019.
Multi-year variable compensation	n/a	No allocation
Extraordinary compensation	n/a	No extraordinary compensation
Share options, performance shares, or any other elements of long-term compensation	Options: n/a Shares: n/a Other elements: n/a	No allocation
Attendance fees	n/a	Members of the Board of Management do not receive attendance fees as executive corporate officers.
Valuation of any benefits in kind	€105,460 (amount paid)	Housing, allocation to a pension plan of choice, company car, unemployment insurance for Executive Managers (GSC), AWC (Allianz Worldwide Care medical insurance).
Elements of compensation due or allocated for the financial year ended December 31, 2014 which are or have been put to the vote of the Shareholders' Meeting in the context of the regulated agreements and commitments procedure		
Severance compensation	€0	The Supervisory Board decided at its meeting of February 16, 2012 to establish severance compensation for Dirk Oevermann, member of the Board of Management under the following terms: The severance compensation would be granted notably in case of revocation due to a change of control or strategy. The payment of this indemnity would be subject to the following performance conditions: ▪ 75% of annual targets as assessed over at least two of the last three years prior to termination. For corporate officers who have been in office for less than three years, the calculation of the 75% target is based on the last year or the last two years if the officer has been present for two years; ▪ an average combined ratio of 95% or less for the three years preceding the termination. If both the above conditions are met, the severance payment is due in full. If only one of the above conditions is met, 50% of the severance payment is due. The amount of any severance compensation may not exceed two years' compensation (fixed and variable). This payment was approved by the Shareholders' Meeting of May 25, 2012 (ninth resolution).
Non-compete compensation	n/a	No non-compete clause
Supplementary pension plan	€0	No defined-benefit pension plan
		Contribution paid by the Company for the supplementary pension plan managed by AG2R, as well as allocation to a pension plan of choice: €47,423.

Paul OVEREEM, member of the Board of Management

	Amounts or accounting valuation put to the vote	Presentation
Elements of compensation due or allocated for the financial year ended December 31, 2014		
Fixed compensation	€294,000 (amount paid)	Fixed compensation for 2013 was €294,000 and remains therefore unchanged.
Annual variable compensation	€145,784 (amount paid)	Annual variable compensation represents 17.48% of total compensation. 70% of the variable amount is calculated on the basis of financial targets, which are assessed using the five criteria below: Group consolidated revenues, Group operating income, Group net income, development of new activities, and cost management. 30% of the variable amount is calculated on the basis of personal targets subject to specific qualitative or quantitative criteria, such as: distribution strategy and business development. Annual variable compensation for 2014 was paid in March 2015.
Deferred variable compensation	Mid-term bonus: €145,784 (amount due)	A mid-term bonus (MTB), established to build loyalty among executives and assess performance over several years. As such, in addition to the target-based performance assessment set for variable compensation described above, an additional assessment on a three-year basis has been carried out using the following criteria: ■ revenue growth, ■ increase in profitability, ■ comparison with the competition, ■ risk capital (solvency), ■ other criteria (satisfaction surveys, etc.). The MTB (2013-2015) will be paid in 2016.
	Long-term bonus: €145,784 (amount due)	The amount used to calculate the number of Restricted Stock Units (RSUs) to be allocated is subject to the same assessment criteria as the annual variable compensation (70% financial targets, 30% personal targets). 50% of the RSUs allocated are linked to the average Allianz share price and the remaining 50% are linked to the average Euler Hermes Group share price. Both of these prices are established during the 10 trading days following the publication of the financial results of Allianz and Euler Hermes Group, with a vesting period of four years as of the allocation date to compensate performance in year N-1. Payment for RSUs allocated for 2014 will take place in 2019.
Multi-year variable compensation	n/a	No allocation
Extraordinary compensation	n/a	No extraordinary compensation
Share options, performance shares, or any other elements of long-term compensation	Options: n/a Shares: n/a Other elements: n/a	No allocation
Attendance fees	n/a	Members of the Board of Management do not receive attendance fees as executive corporate officers.
Valuation of any benefits in kind	€144,290 (amount paid)	Housing, unemployment insurance for executive managers (GSC) and AWC (Allianz Worldwide Care medical insurance).
Elements of compensation due or allocated for the financial year ended December 31, 2014 which are or have been put to the vote of the Shareholders' Meeting in the context of the regulated agreements and commitments procedure		
Severance compensation	€0	The Supervisory Board decided at its meeting of December 4, 2012 to establish severance compensation for Paul Overeem, member of the Board of Management under the following terms: The severance compensation would be granted notably in case of revocation due to a change of control or strategy. The payment of this indemnity would be subject to the following performance conditions: ■ 75% of annual targets as assessed over at least two of the last three years prior to termination. For corporate officers who have been in office for less than three years, the calculation of the 75% target is based on the last year or the last two years if the officer has been present for two years; ■ an average combined ratio of 95% or less for the three years preceding the termination. If both the above conditions are met, the severance payment is due in full. If only one of the above conditions is met, 50% of the severance payment is due. The amount of any severance compensation may not exceed two years' compensation (fixed and variable). This payment was approved by the Shareholders' Meeting of May 24, 2013 (sixth resolution).
Non-compete compensation	n/a	No non-compete clause
Supplementary pension plan	€0	No defined-benefit pension plan
		Contribution paid by the Company to the supplementary pension plan managed by AG2R, as well as allocation to the deferred pension plan in the United States: €47,423.

For more information, see chapter 2 of the 2014 Registration Document.

7 Authorization to establish a new share buyback program (Article L. 225-209 of the French Commercial Code) (twelfth resolution)

We ask that you to grant to the Board of Management, for a period of eighteen months, the necessary powers to purchase, on one or more occasions at such times as it deems appropriate, Company shares up to a maximum of 10% of the number of shares comprising the share capital, adjusted where applicable to take into account any capital increases or reductions applied during the program.

This authorization replaces the authorization granted to the Board of Management under the ninth ordinary resolution of the Shareholders' Meeting held on May 28, 2014.

Purchases may be made in order to:

- stimulate the secondary market or the liquidity of Euler Hermes Group's stock through the use of an investment services provider acting within the framework of a liquidity agreement that complies with the code of conduct of the *Association Française des Marchés Financiers* (AMAFI), recognized by the *Autorité des Marchés Financiers* (AMF);
- hold the purchased shares in reserve for later use as payment or in a share swap as part of any acquisition transaction, it being specified that the shares acquired for this purpose may not exceed 5% of the Company's share capital;
- cover share purchase plans and/or bonus share plans (or similar plans) for the benefit of employees and/or corporate officers of the Group, and any allocation of shares in respect of a Company or Group savings plan (or similar plan), in respect of employee profit-sharing and/or any other form of share allocation to the employees and/or corporate officers of the Group;
- cover securities granting entitlement to the allocation of Company shares pursuant to applicable regulations;
- potentially cancel purchased shares, subject to the authorization granted by the tenth extraordinary resolution of the Shareholders' Meeting of May 28, 2014.

These transactions may not be carried out during a public offer.

The Company does not plan to use option-based arrangements or derivative products.

You are asked to fix the maximum purchase price at €150 per share and, consequently, the maximum amount of this transaction at €544,106,040.

8 Amendment of Article 3 of the Articles of Association (thirteenth resolution)

The Board of Management proposes to the Shareholders' Meeting to amend the corporate purpose of the Company in order to:

- to modify the Company's corporate purpose to match to its activity as holding company of the Euler Hermes Group, and
- to extend, on an ancillary basis, the corporate purpose of the Company to include IT services operations further to internal Group restructuring.

In consequence, the Board of Management proposes to amend Article 3 of the Articles of Association as follows:

"The purpose of the Company, in France and/or abroad, is:

- ***to acquire and manage stakes in all French or foreign companies or enterprises, irrespective of their legal form, having an activity consisting in particular in insurance, reinsurance, credit insurance, factoring, debt collection and bonding, and to dispose of said stakes if need be, as well as all operations of any nature which are in direct or indirect relation with the above purpose, or which contribute towards the achievement thereof,***
- ***to acquire, manage and dispose of all listed or unlisted shares or securities, as well as all moveable or immovable property or all listed or unlisted rights, shares, or securities in relation with said property, and***
- ***more generally, to carry out all industrial, commercial and financial operations, as well as all operations involving moveable or immovable property, which are in direct or indirect relation with one of the purposes set out above or with all similar or related purposes, or which contribute towards the achievement of said purposes.***

On an ancillary basis, the Company can also, either alone or in conjunction with other persons, either for itself or for the companies of the Euler Hermes group:

- ***implement means of telecommunications, provide all IT services of any nature, and hold all equipment and computer software required for purposes of its missions, and***
- ***use any patent or trademark, in particular under a license arrangement, and lease all equipment of whatever nature."***

9 Harmonization of the Articles of Association (fourteenth resolution)

The Board of Management proposes that the Shareholders' Meeting approves the harmonization of the Articles of Association as follows, in order to comply with the legislative and regulatory measures that have recently come into force:

Article 13 of the Articles of Association ("Agreements")

- To harmonize the last paragraph of Article 13 of the Articles of Association, concerning the procedure applicable to current agreements, with the provisions of Article L. 225-87 of the French Commercial Code, as amended by Ordinance n° 2014-863 of July 31, 2014, which excluded certain inter-company agreements (i.e. agreements entered into by a company with a wholly owned subsidiary) from the regulated agreements procedure;
- to insert a new paragraph after paragraph 3 of Article 13 of the Articles of Association, in order to harmonize this article with Article L. 225-86 of the French Commercial Code as amended by Ordinance No. 2014-863 of July 31, 2014, which now stipulates that grounds have to be provided for the authorization of the agreement; and
- to insert a new paragraph at the end of Article 13 of the Articles of Association to provide for an annual review of the agreements concluded and authorized in prior years by the Supervisory Board, pursuant to the new provisions of Article L. 225-88-1 of the French Commercial Code, from Ordinance n° 2014-863 of July 31, 2014.

Article 20 of the Articles of Association ("General Meetings")

- To harmonize paragraphs 6-9 of Article 20 of the Articles of Association with the provisions of Article R. 225-85 of the French Commercial Code, as amended by Decree n° 2014-1466 of December 8, 2014, which changed the "record date" from the third business day preceding the Shareholders' Meeting at midnight, Paris time, to the second business day preceding the Shareholders' Meeting at midnight, Paris time, on the basis of settled positions.

10 Powers for formalities (fifteenth resolution)

Lastly, we propose that you grant all powers to the bearer of an original, copy or excerpt of the minutes of the Shareholders' Meeting for the purposes of carrying out all the filing and registration formalities required by law.

Your Board of Management asks you to approve, with your vote, the text of the proposed resolutions.

THE BOARD OF MANAGEMENT

8.2 Comments by the Supervisory Board meeting of February 18, 2015, on the Board of Management's report and on the 2014 financial statements

Pursuant to Article L. 225-68 of the French Commercial Code, your Supervisory Board is required to present to the shareholders its comments on the Board of Management report and on the financial statements.

At its meeting of February 18, 2015, the Supervisory Board reviewed the consolidated financial statements, prepared in compliance with IFRS standards, and Euler Hermes Group's financial statements, prepared in compliance with French standards, for financial year 2014.

The Supervisory Board studied the main balance sheet and income statement items.

It took due note of the findings of the Audit and Risk Committee and heard the Statutory Auditors.

The Board also took due note of the Board of Management report on the 2014 financial statements.

Having made the necessary verifications, the Supervisory Board hereby informs the shareholders that it has no particular comment to make on the Group's management report, the consolidated financial statements, nor on the Company's separate financial statements.

Furthermore, the activity of the Supervisory Board during the 2014 financial year is detailed in the Chairman of the Supervisory Board's report prepared pursuant to Article L. 225-68 of the French Commercial Code.

This document is annexed to the management report and presented in section 2.4 of the 2014 Registration Document..

The Supervisory Board invites the shareholders to pass the resolutions presented to them by the Board of Management. In particular, the Board invites the shareholders to approve the reappointment of Clement Booth and Philippe Carli as members of the Supervisory Board, as well as the replacement of Yves Mansion and Robert Hudry by Axel Theis and Maria Garaña, respectively, as members of the Supervisory Board.

The Board also notes that, in accordance with the recommendation of the AFEP-MEDEF Code as revised in June 2013 (Article 24.3), to which the Company refers, the elements of compensation due or allocated to members of the Board of Management for the year just ended are presented to shareholders for their opinion.

The Supervisory Board invites the Shareholders' Meeting to vote in favor of these elements of compensation as set out in sections 2.3 and 8.1 of the 2014 Registration Document.

THE SUPERVISORY BOARD

8.3 Special report of the Statutory Auditors on regulated agreements and commitments

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

Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014

To the Shareholders:

In our capacity as Statutory Auditors of your Company, we hereby submit our report on regulated agreements and commitments.

It is our responsibility to inform you, based on the information provided to us, of the main features and the terms and conditions of the agreements and commitments of which we have been informed, or which we discovered during our audit. We are not responsible for assessing their utility or merits or for establishing the existence of other agreements and commitments. It is your responsibility, according to the terms of Article R. 225-58 of the French Commercial Code, to assess the potential benefit of such agreements and commitments in order to approve them.

If necessary, we must also provide you with the information stipulated in Article R. 225-58 of the French Commercial Code regarding the performance during the past financial year of agreements and commitments already approved by the Shareholders' Meeting.

We performed such reviews as we regarded as necessary for this assignment under the relevant rules of the National Statutory Auditors' Association. These reviews involved checking that the information we were given was consistent with the basic documents it was taken from.

Agreements and commitments submitted to the Shareholders' Meeting for approval

Agreements and commitments authorized during the past financial year

We were not informed of any agreement or commitment authorized during the past financial year and to be submitted to the approval of the Shareholders' Meeting pursuant to Article L. 225-86 of the French Commercial Code.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments approved in prior years

a) Agreements and commitments approved in prior years and performed during the past financial year

Pursuant to Article R. 225-57 of the French Commercial Code, we were informed that the following agreements and commitments which the Shareholders' Meeting had already approved in earlier financial years, continued to be performed during the past financial year.

Amendment to the Long Term Incentive Plan

Persons concerned: Allianz, in its capacity as shareholder, Mr. Wilfried Verstraete, Chairman of the Board of Management, Mr. Gerd-Uwe Baden, Mr. Frédéric Bizière, Mrs Clarisse Kopff, Mr. Dirk Oevermann, Mr. Paul Overeem, members of the Board of Management

The Supervisory Board meeting of November 4, 2010, resolved to change the compensation methods for the members of the Board of Management from the 2011 financial year, so that the portion corresponding to the long-term bonus plan is comprised of 50% of RSUs the value of which is indexed to fluctuations in Allianz's share price and 50% of RSUs the value of which is indexed to fluctuations in Euler Hermes Group's share price, with a four-year vesting period for the rights from the allotment date. This compensation remunerates performance for the preceding year.

Each Allianz group company must bear the cost of this plan for the portion relating to the company in question.

The Nomination and Remuneration Committee, at its meeting of February 17, 2015, validated the allocation of the Long Term Incentive Plan (50% in Allianz RSUs and 50% in Euler Hermes Group RSUs) for a total amount of €1,155,821 for 2014.

The Allianz Long Term Incentive Plan is subject to a hedging contract with Allianz, the cost of which (€594,521.74) was recognized by Euler Hermes Group.

b) Agreements and commitments approved in earlier years and not performed during the past financial year

In addition, we were informed of the continuation of the following agreements and commitments which the Shareholders' Meeting had already approved in earlier financial years, but which had not been performed during the past financial year.

Commitment in favor of Wilfried Verstraete

Person concerned: Wilfried Verstraete

The Supervisory Board decided at its meeting of February 16, 2012 to grant severance compensation to Wilfried Verstraete, Chairman of the Board of Management, under the following terms:

The severance compensation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

- achievement of at least 75% of the annual objectives following the appraisal over at least two of the last three years preceding the revocation;
- the combined ratio is equal to or less than 95% on average for the last three years preceding the revocation.

If both of the two performance conditions are met, the full indemnity will be paid. 50% of the indemnity will be paid if either condition (1) or (2) is met.

The amount of the severance compensation shall not exceed two years of remuneration (fixed and variable).

Commitment in favor of Gerd-Uwe Baden

Person concerned: Gerd-Uwe Baden

The Supervisory Board decided at its meeting of February 16, 2012 to grant severance compensation to Gerd-Uwe Baden, Board of Management member, under the following terms:

The severance compensation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

- achievement of at least 75% of the annual objectives following the appraisal over at least two of the last three years preceding the revocation;
- the combined ratio is equal to or less than 95% on average for the last three years preceding revocation.

If both of the two performance conditions are met, the full indemnity will be paid. 50% of the indemnity will be paid if either condition (1) or (2) is met.

The amount of the severance compensation shall not exceed two years of remuneration (fixed and variable).

Commitment in favor of Frédéric Bizière

Person concerned: Frédéric Bizière

The Supervisory Board decided at its meeting of February 16, 2012 to grant severance compensation in favor of Frédéric Bizière, Board of Management member, under the following terms:

The severance compensation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

- achievement of at least 75% of the annual objectives following the appraisal over at least two of the last three years preceding the revocation;
- the combined ratio is equal to or less than 95% on average for the last three years preceding revocation.

If both of the two performance conditions are met, the full indemnity will be paid. 50% of the indemnity will be paid if either condition (1) or (2) is met.

The amount of the severance compensation shall not exceed two years of remuneration (fixed and variable).

Commitment in favor of Dirk Oevermann

Person concerned: Dirk Oevermann

The Supervisory Board decided at its meeting of February 16, 2012 to grant severance compensation in favor of Dirk Oevermann, Board of Management member, under the following terms:

The severance compensation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

- achievement of at least 75% of the annual objectives following the appraisal over at least two of the last three years preceding the revocation;

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

If both of the two performance conditions are met, the full indemnity will be paid. 50% of the indemnity will be paid if either condition (1) or (2) is met.

The amount of the severance compensation shall not exceed two years of remuneration (fixed and variable).

Commitment in favor of Paul Overeem

Person concerned: Paul Overeem

The Supervisory Board decided at its meeting of December 4, 2012 to establish severance compensation for Paul Overeem, Board of Management member, under the following terms:

The severance compensation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

- achievement of at least 75% of the annual objectives following the appraisal over at least two of the last three years preceding the revocation;
- the combined ratio is equal to or less than 95% on average for the last three years preceding revocation.

If both of the two performance conditions are met, the full indemnity will be paid. 50% of the indemnity will be paid if either condition (1) or (2) is met.

The amount of the severance compensation shall not exceed two years of remuneration (fixed and variable).

Agreements and commitments approved during the past financial year

In addition, we were informed that the following agreements and commitments, which the Shareholders' Meeting had already approved on May 28, 2014, on the basis of the special report of the Statutory Auditors dated April 28, 2014 and the supplementary special report of the Statutory Auditors dated May 6, 2014, continued to be performed during the past financial year.

Authorization of the guarantee agreement between Euler Hermes Group SA and Euler Hermes Deutschland AG (Germany)

Persons concerned: Wilfried Verstraete, Chairman of the Board of Management, Gerd-Uwe Baden, Frédéric Bizière, Dirk Oevermann and Paul Overeem, members of the Board of Management

At its meeting of January 15, 2014, the Supervisory Board formally approved the award of a guarantee by Euler Hermes Group SA to Euler Hermes Deutschland AG, under which Euler Hermes Group SA undertook to settle Euler Hermes Deutschland AG's commitments, should it default, in favour of the German federal government pursuant to the 1967 framework agreement.

Pursuant to the terms and conditions of this guarantee agreement, the guarantee automatically terminated on November 4, 2014, when the merger of EH Deutschland AG within the Belgian company, Euler Hermes SA (formerly Euler Hermes Europe SA), was completed.

Commitment in favor of Clarisse Kopff

Person concerned: Clarisse Kopff

The Supervisory Board decided at its meeting of April 30, 2014, to establish severance compensation for Clarisse Kopff, Board of Management member, under the following terms:

The severance compensation would be granted notably in case of revocation due to a change of control or strategy.

The payment of this indemnity would be subject to the following performance conditions:

- achievement of at least 75% of the annual objectives following the appraisal over at least two of the last three years preceding the revocation;
- the combined ratio is equal to or less than 95% on average for the last three years preceding revocation.

If both of the two performance conditions are met, the full indemnity will be paid. 50% of the indemnity will be paid if either condition (1) or (2) is met.

The amount of the severance compensation shall not exceed two years of remuneration (fixed and variable)

Paris-La Défense and Paris, March 20, 2015

KPMG Audit FS II	ACE – Auditeurs et Conseils d'Entreprise
Xavier Dupuy	François Shoukry
Partner	*Partner*

8.4 Resolutions submitted to the vote of the Combined Shareholders' Meeting of May 27, 2015

Draft agenda

Ordinary items

1. Approval of the annual financial statements for the financial year ended December 31, 2014, approval of non-tax deductible expenses and charges,
2. Approval of the consolidated financial statements for the financial year ended December 31, 2014,
3. Allocation of income for the financial year and declaration of the dividend,
4. Adjustment of the reserve for treasury shares,
5. Statutory Auditors' special report on regulated agreements and commitments and recognition of the absence of new agreements,
6. Reappointment of Clement Booth as a member of the Supervisory Board,
7. Reappointment of Philippe Carli as a member of the Supervisory Board,
8. Appointment of Maria Garaña to replace Robert Hudry as a member of the Supervisory Board,
9. Appointment of Axel Theis to replace Yves Mansion as a member of the Supervisory Board,
10. Opinion on the elements of the compensation due or allocated for the financial year ended December 31, 2014 to Wilfried Verstraete, Chairman of the Board of Management,
11. Opinion on the elements of the compensation due or allocated for the financial year ended December 31, 2014 to Gerd-Uwe Baden, Frédéric Bizière, Clarisse Kopff, Dirk Oevermann and Paul Overeem, members of the Board of Management,
12. Authorization to be granted to the Board of Management to have the Company buy back its own shares pursuant to Article L. 225-209 of the French Commercial Code.

Extraordinary items

13. Amendment of Article 3 of the Articles of Association,
14. Harmonization of the Company's Articles of Association,
15. Powers for formalities.

Draft resolutions

Ordinary resolutions

First resolution

Approval of the annual financial statements for the financial year ended December 31, 2014, approval of non-tax deductible expenses and charges

The Shareholders' Meeting, having reviewed the reports of the Board of Management and the observations of the Supervisory Board, the Chairman of the Supervisory Board and the Statutory Auditors on the financial statements for the year ended December 31, 2014, approves the annual financial statements drawn up on that date, as presented, showing a profit of €195,456,334.15.

The Shareholders' Meeting particularly approves the overall amount, totaling €19,099.84, of expenses and charges covered by Article 39, paragraph 4 of the French General Tax Code, along with the corresponding tax.

Second resolution

Approval of the consolidated financial statements for the financial year ended December 31, 2014

The Shareholders' Meeting, having reviewed the reports of the Board of Management, the Chairman of the Supervisory Board and the Statutory Auditors on the consolidated financial statements as at December 31, 2014, approves these financial statements, as presented, showing a profit (Group share) of €302.06 million.

Third resolution

Allocation of income for the financial year and declaration of the dividend

At the proposal of the Board of Management, the Shareholders' Meeting resolves to allocate the income for the financial year ended December 31, 2014 as follows:

Source

- Profit for the year €195,456,334.15
- Retained earnings €283,176,486.55

Allocation

- Legal reserve €0
- Other reserves €0
- Dividends €199,505,578.80
- Retained earnings €279,127,241.90

The Shareholders' Meeting acknowledges that the total gross dividend per share is set at €4.40. The entire amount distributed is eligible for the 40% tax abatement referred to in Article 158-3, paragraph 2, of the French General Tax Code.

The ex-dividend date will be Tuesday, June 2, 2015.

The dividends will be paid out on Thursday, June 4, 2015.

In the event that the number of shares conferring entitlement to a dividend differs from the 45,342,177 shares comprising the share capital as at February 18, 2015, the total amount of the dividends shall be adjusted accordingly and the amount allocated to the retained earnings account shall be calculated on the basis of the dividends paid out.

In accordance with Article 243 bis of the French General Tax Code, the Shareholders' Meeting acknowledges that it was reminded that, for the last three financial years, the following dividends and income were distributed:

	Income eligible for the allowance		
In respect of financial year	**Dividends**	**Other income distributed**	**Income not eligible for the allowance**
2011	€198,701,698.80* *i.e.* €4.40 per share	-	-
2012	€180,850,908* *i.e.* €4 per share	-	-
2013	€190,437,143.40* *i.e.* €4.20 per share	-	-

* *Including the dividend amount not paid out in respect of treasury shares and allocated to the retained earnings account.*

Fourth resolution

Adjustment of the reserve for treasury shares

The Shareholders' Meeting, noting the Company's purchases and sales of its own shares in the financial year ended December 31, 2014 under the share buyback program as authorized by the Combined Shareholders' Meetings of May 28, 2014, including the arrangements for the Company to buy its own shares in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, resolves, in accordance with Article L. 225-210, paragraph 3, of the French Commercial Code, to adjust the reserve for treasury shares with an allowance of €17,504,186.69 to take account of share purchases and sales under the liquidity agreement managed by Rothschild et Cie Banque during the prior financial year and in addition, sales related to the exercise of stock options.

Accordingly, the Shareholders' Meeting notes that the reserve for treasury shares, which was €61,478,634.52 as at December 31, 2014, will be adjusted to €78,982,821.21.

Fifth resolution

Statutory Auditors' special report on regulated agreements and commitments and recognition of the absence of new agreements

The Shareholders' Meeting, having reviewed the Statutory Auditors' special report, which mentions the absence of any new agreements and commitments the kind described in Articles L. 225-86 *et seq.* of the French Commercial Code, purely and simply acknowledges this fact.

Sixth resolution

Reappointment of Clement Booth as a member of the Supervisory Board

The Shareholders' Meeting resolves to reappoint Clement Booth as a member of the Supervisory Board, for a period of three years, expiring at the close of the Shareholders' Meeting held in 2018 to approve the financial statements for the preceding financial year.

Seventh resolution

Reappointment of Philippe Carli as a member of the Supervisory Board

The Shareholders' Meeting resolves to reappoint Philippe Carli as a member of the Supervisory Board, for a period of three years, expiring at the close of the Shareholders' Meeting held in 2018 to approve the financial statements for the preceding financial year.

Eighth resolution

Appointment of Maria Garaña to replace Robert Hudry as a member of the Supervisory Board

The Shareholders' Meeting resolves to appoint Maria Garaña to replace Robert Hudry as a member of the Supervisory Board, for a period of three years, expiring at the close of the Shareholders' Meeting held in 2018 to approve the financial statements for the preceding financial year.

Ninth resolution

Appointment of Axel Theis to replace Yves Mansion as a member of the Supervisory Board

The Shareholders' Meeting resolves to appoint Axel Theis to replace Yves Mansion as a member of the Supervisory Board, for a period of three years, expiring at the close of the Shareholders' Meeting held in 2018 to approve the financial statements for the preceding financial year.

Tenth resolution

Opinion on the elements of the compensation due or allocated for the financial year ended December 31, 2014 to Wilfried Verstraete, Chairman of the Board of Management

The Shareholders' Meeting, consulted pursuant to recommendation 24.3 of the AFEP-MEDEF Corporate Governance Code of June 2013, which is the Company's reference code for the implementation of Article L. 225-68 of the French Commercial Code, issues a favorable opinion on the elements of the compensation due or allocated for the financial year ended December 31, 2014 to Wilfried Verstraete, Chairman of the Board of Management, as shown in the Board of Management's report to the Shareholders' Meeting in section 8.1 of the 2014 Registration Document.

Eleventh resolution

Opinion on the elements of the compensation due or allocated for the financial year ended December 31, 2014 to Gerd-Uwe Baden, Frédéric Bizière, Clarisse Kopff, Dirk Oevermann and Paul Overeem, members of the Board of Management

The Shareholders' Meeting, consulted pursuant to recommendation 24.3 of the AFEP-MEDEF Corporate Governance Code of June 2013, which is the Company's reference code for the implementation of Article L. 225-68 of the French Commercial Code, issues a favorable opinion on the elements of the compensation due or allocated for the financial year ended December 31, 2014 to Gerd-Uwe Baden, Frédéric Bizière, Clarisse Kopff, Dirk Oevermann and Paul Overeem, members of the Board of Management, as shown in the Board of Management's report to the Shareholders' Meeting in section 8.1 of the 2014 Registration Document.

Twelfth resolution

Authorization to be granted to the Board of Management to enable the Company to buy back its own shares pursuant to Article L. 225-209 of the French Commercial Code

The Shareholders' Meeting, having reviewed the Board of Management's report, authorizes the Board of Management, for a period of eighteen months, pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, to purchase, on one or more occasions at such times as it deems appropriate, Company shares up to a maximum of 10% of the number of shares comprising the share capital, adjusted where applicable to take into account any capital increases or reductions applied during the program.

This authorization replaces the authorization granted to the Board of Management under the ninth ordinary resolution of the Shareholders' Meeting held on May 28, 2014.

Purchases may be made in order to:

- stimulate the secondary market or the liquidity of Euler Hermes Group stock through the use of an investment services provider acting within the framework of a liquidity agreement that complies with the code of conduct of the *Association Française des Marchés Financiers* (AMAFI), recognized by the *Autorité des Marchés Financiers* (AMF);
- hold the purchased shares in reserve for later use as payment or in a share swap as part of any acquisition transaction, it being specified that the shares acquired for this purpose may not exceed 5% of the Company's share capital;

- cover share purchase plans and/or bonus share plans (or similar plans) for the benefit of employees and/or corporate officers of the Group, and any allocation of shares in respect of a Company or Group savings plan (or similar plan), in respect of employee profit-sharing and/or any other form of share allocation (or similar plans) to the employees and/or corporate officers of the Group;
- cover securities granting entitlement to the allocation of Company shares pursuant to applicable regulations;
- potentially cancel purchased shares, pursuant to the authorization granted by the tenth extraordinary resolution of the Shareholders' Meeting of May 28, 2014.

Such share purchases may be made by any means, including via the acquisition of blocks of securities, and at the times deemed necessary by the Board of Management.

However, these transactions may not be carried out during a public offer.

The Company does not plan to use option-based arrangements or derivative products.

The maximum purchase price is set at €150 per share. In the event of a capital transaction, particularly a stock split, reverse split or allocation of free shares, the amount indicated above will be adjusted in the same proportions (by applying a multiplier equal to the ratio of the number of shares comprising the share capital before the operation to the number of shares after the operation).

The maximum amount of the transaction is thus set at €544,106,040.

The Shareholders' Meeting confers full powers on the Board of Management to carry out these transactions, set the terms and conditions, enter into any agreements and perform all formalities.

Extraordinary resolutions

Thirteenth resolution

Amendment of Article 3 of the Articles of Association

The Shareholders' Meeting, having reviewed the Board of Management's report, decides:

- to modify the Company's corporate purpose to match to its activity as Group holding company, and
- to extend, on an ancillary basis, the corporate purpose of the Company to include IT services operations further to internal Group restructuring, and
- as a consequence, to amend Article 3 of the Articles of Association as follows:

"Article 3 – Corporate purpose

The purpose of the Company, in France and/or abroad, is:

- ***to acquire and manage stakes in all French or foreign companies or enterprises, irrespective of their legal form, having an activity consisting in particular in insurance, reinsurance, credit insurance, factoring, debt collection and bonding, and to dispose of said stakes if need be, as well as all operations of any nature which are in direct or indirect relation with the above purpose, or which contribute towards the achievement thereof,***
- ***to acquire, manage and dispose of all listed or unlisted shares or securities, as well as all moveable or immovable property or all listed or unlisted rights, shares, or securities in relation with said property, and***
- ***more generally, to carry out all industrial, commercial and financial operations, as well as all operations involving moveable or immovable property, which are in direct or indirect relation with one of the purposes set out above or with all similar or related purposes, or which contribute towards the achievement of said purposes.***

On an ancillary basis, the Company can also, either alone or in conjunction with other persons, either for itself or for the companies of the Euler Hermes group:

- ***implement means of telecommunications, provide all IT services of any nature, and hold all equipment and computer software required for purposes of its missions, and***
- ***use any patent or trademark, in particular under a license arrangement, and lease all equipment of whatever nature."***

Fourteenth resolution

Harmonization of the Articles of Association

The Shareholders' Meeting, having reviewed the Board of Management's report, resolves:

- to harmonize the last paragraph of Article 13 of the Articles of Association ("Agreements"), with the provisions of Article L. 225-87 of the French Commercial Code, as amended by Ordinance n° 2014-863 of July 31, 2014, which excluded certain inter-company agreements from the regulated agreements procedure;
- to insert a new paragraph after paragraph 3 of Article 13 of the Articles of Association, in order to harmonize this article with Article L. 225-86 of the French Commercial Code as amended by Ordinance n° 2014-863 of July 31, 2014, which now stipulates that grounds have to be provided for the authorization of the agreement;

- to insert a new paragraph at the end of Article 13 of the Articles of Association to provide for an annual review of the agreements concluded and authorized in prior years by the Supervisory Board, pursuant to the new provisions of Article L. 225-88-1 of the French Commercial Code, from Ordinance n° 2014-863 of July 31, 2014;

and, consequently, to amend Article 13 as follows:

"Agreements entered into directly or through an intermediary between the Company and one of the members of the Supervisory Board or the Management Board, a shareholder with a fraction of voting rights exceeding 10% or, if it is another company that is a shareholder, the company controlling it within the meaning of Article L. 233-3 of the Commercial Code, must be subject to the prior approval of the Supervisory Board.

This shall also be the case for agreements in which one of the individuals or entities referred to in the foregoing paragraph is indirectly involved.

Agreements between the Company and another company, if one of the members of the Company's Management Board or Supervisory Board is the owner, partner with unlimited liability, manager, director, member of the supervisory board or, generally, an executive within this other company, shall also be subject to prior approval.

The prior authorization granted by the Supervisory Board must be justified by the interest of the agreement for the Company, particularly, by specifying the financial conditions attached thereto.

Pursuant to Article L. 225-87 of the French Commercial Code, *agreements on day-to-day matters and entered into under arm's length conditions****, as well as agreements between two companies of which one holds, directly or indirectly, the entire capital of the other, less the minimum number of shares required to satisfy the requirements of Article 1832 of the French Civil Code or Articles L. 225-1 and L. 226-1 of the French Commercial Code, if applicable,*** *are not subject to the legal authorization and approval procedure.*

Agreements concluded and authorized in prior years that were executed in the last year are reviewed annually by the Supervisory Board and communicated to the Statutory Auditors for the purposes of preparing the Statutory Auditors' special report on regulated agreements."

- to harmonize paragraphs 6-9 of Article 20 of the Articles of Association ("General Meetings") with the provisions of Article R. 225-85 of the French Commercial Code, as amended by Decree n° 2014-1466 of December 8, 2014, which changed the "record date" from the third business day preceding the Shareholders' Meeting at midnight, Paris time, to the second business day preceding the Shareholders' Meeting at midnight, Paris time, on the basis of settled positions;
- and, consequently, to amend them as follows, leaving the remainder of Article 20 unchanged:

"Subject to the aforementioned provisions, each shareholder is entitled, on proof of identity, to participate in General Meetings, either by attending in person, by returning a postal voting form, or by appointing a proxy (who may be his spouse or another shareholder, the partner with whom he has entered into a contract of civil partnership or any other individual or legal entity of his choice), provided that the shares have been ***recorded in the accounts*** *in the name of the shareholder or of the intermediary acting on his behalf:*

- *for the holders of registered shares: in the registered share accounts held by the Company;*
- *for the holders of bearer shares: in the bearer share accounts held through a custodian.*

These formalities must be completed by 0.00 a.m. (Paris time) ***on the second business day*** *before the date of the General Meeting."*

Fifteenth resolution

Powers for formalities

The Shareholders' Meeting grants all powers to the bearer of an original, copy or excerpt of these minutes for the purposes of carrying out all the filing and registration formalities required by law.

8.5 Description of the share buyback program

Euler Hermes Group, a company listed on Euronext Paris (compartment A), wishes to retain a share buyback program. With this objective in mind, the twelfth resolution to be submitted to the Combined Shareholders' Meeting on May 27, 2015 will seek authorization to implement a new share buyback program, in accordance with Article L. 225-209 of the French Commercial Code, regulation n° 2273/2003 of the European Commission of December 22, 2003 taken in application of Directive 2003/6/EC of January 28, 2003 and Articles 241-1 to 241-6 of the general regulations of the *Autorité des Marchés Financiers* (AMF).

This program will replace the existing program set up by the Combined Shareholders' Meeting of May 28, 2014, which authorized the Board of Management of Euler Hermes Group to use all means to buy back the Company's own shares.

Date of the Shareholders' Meeting called to authorize the new share buyback program

The new share buyback program will be submitted for approval to the Combined Shareholders' Meeting to be held on May 27, 2015.

Number of shares and proportion of share capital held directly or indirectly by the Company

The total number of shares held directly by Euler Hermes Group as at February 27, 2015 amounts to 1,139,887 (2,51% of the share capital).

Euler Hermes Group holds no shares indirectly.

Nature of share capital held

The share capital can be placed within three categories as at February 27, 2015:

- 40,000 treasury shares to be granted to employees and management of the Company and its subsidiaries as a reward for their participation in the expansion of the Company or as part of a share purchase plan, the free granting of existing shares or a company savings scheme;
- 1,099,837 shares to be used in swap operations within the framework of external growth operations or in the event of share issues giving access to the Company's capital;
- 500 shares used as part of a liquidity contract concluded with Rothschild & Cie Banque.

The aims of the new share buyback program

The share buybacks will be authorized with a view to:

- stimulating the secondary market or the liquidity of Euler Hermes Group's stock through the use of an independent investment professional via a liquidity contract that is in accordance with the ethics charter of the AMAFI, as recognized by the AMF;
- holding the purchased shares in reserve for later use as payment or in a share swap as part of any acquisition transaction, it being specified that the shares acquired for this purpose may not exceed 5% of the Company's share capital;

- covering share purchase plans and/or bonus share plans (or similar plans) for the benefit of employees and/or corporate officers of the Group, and any allocation of shares in respect of a Company or Group savings plan (or similar plan), in respect of employee profit-sharing and/or any other form of share allocation to the employees and/or corporate officers of the Group;
- covering securities granting entitlement to the allocation of Company shares pursuant to applicable regulations;
- potentially canceling purchased shares, pursuant to the authorization granted by the tenth extraordinary resolution of the Combined Shareholders' Meeting of May 28, 2014.

These share purchases may be carried out by any means, including via the acquisition of blocks of securities and at the times that the Board of Management deems appropriate, it being specified that the share of the program that may be carried out by negotiating blocks of shares is unlimited.

These transactions may be carried out during a public offer in accordance with the regulations in force.

Maximum proportion of share capital to be acquired and the maximum number of shares that can be purchased, the nature of shares that can be bought back and maximum purchase price

1 Maximum proportion of share capital to be acquired by Euler Hermes Group

Under the terms of this new program, the Board of Management is authorized to buy back Company shares within the limit of 10% of the number of shares making up the Company's share capital, adjusted, where necessary, to account for any capital increase or reduction that may occur during the program. The number of shares taken into account to calculate this limit corresponds to the number of shares purchased less the number of shares resold during the program as part of the purpose of liquidity.

In accordance with the law, Euler Hermes Group undertakes not to buy back, either directly or indirectly, more than 10% of its capital (consisting of 45,342,177 shares as at February 27, 2015).

In accordance with Article L. 225-210 of the French Commercial Code, the number of shares that Euler Hermes Group will hold at any given time must not exceed 10% of the total shares making up the Company's share capital on that date.

Based on the number of shares already held, i.e. 1,139,887 shares as at February 27, 2015 (2,51% of the share capital), and dependent on eventual adjustments to the Company's share capital following the Combined Shareholders' Meeting of May 27, 2015, the buybacks may not exceed 3,394,331 shares (7.49% of the share capital), unless to sell or cancel shares already held.

2 Characteristics of the shares concerned

- Nature of the bought-back stock: ordinary shares.
- Code: ELE.
- ISIN code: FR 0004254035.

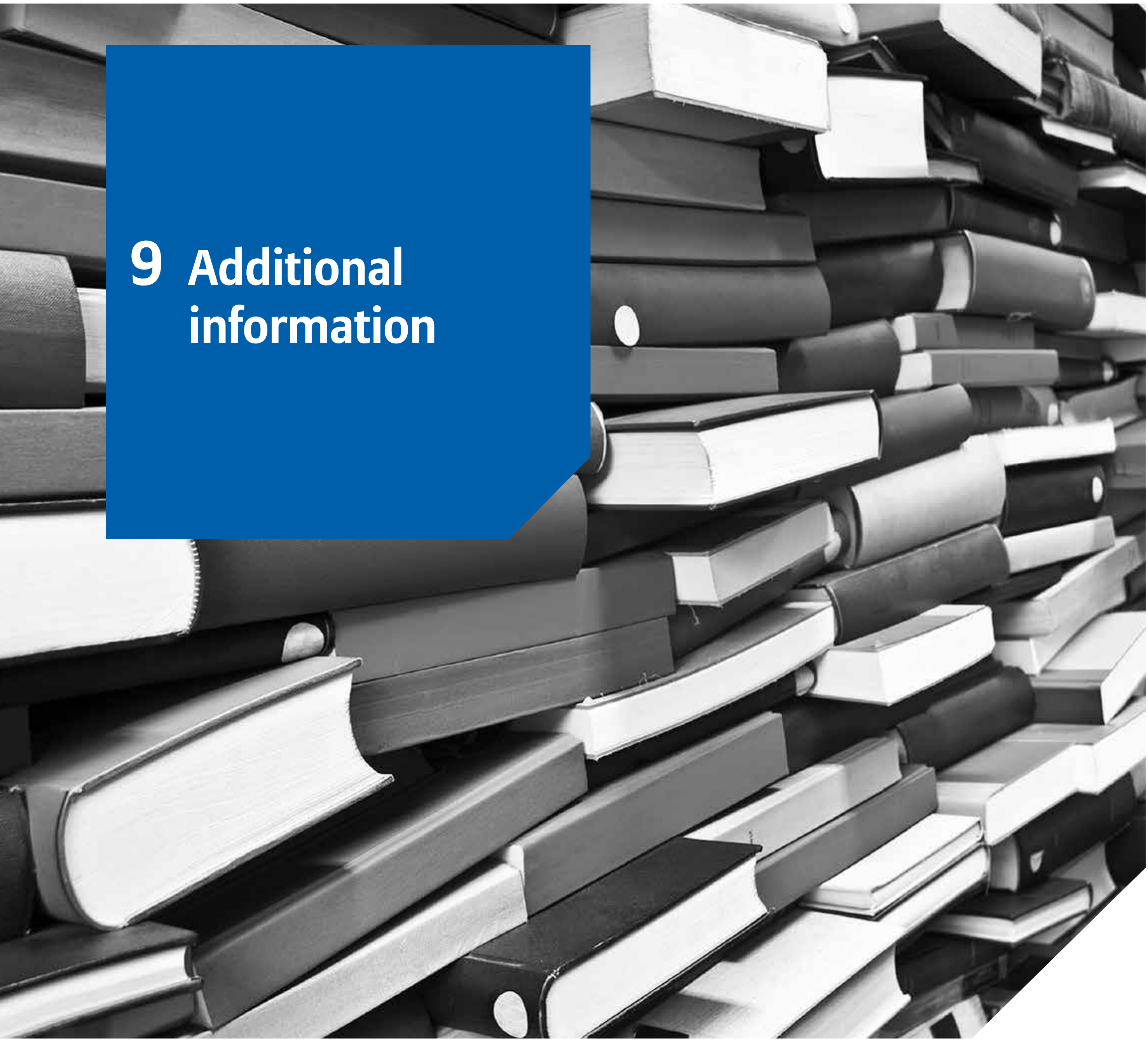
3 Maximum purchase price

In accordance with the twelfth resolution proposed at the Combined Shareholders' Meeting of May 27, 2015, the maximum purchase price (excluding expenses) for the new share buyback program is set at €150 per share.

Note also that the maximum sum that Euler Hermes Group may commit to this program will be €544,106,040 in accordance with the twelfth resolution to be submitted to the Combined Shareholders' Meeting of May 27, 2015.

Duration of the program

In accordance with the twelfth resolution submitted to the Combined Shareholders' Meeting on May 27, 2015, the program will last no longer than eighteen months from the date of the above-mentioned meeting and must therefore terminate no later than November 26, 2016 or a new date determined by an Ordinary Shareholders' Meeting held before that date.



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9.1 Person responsible for the Registration Document

Wilfried Verstraete, Chairman of the Board of Management.

9.2 Declaration of person responsible

I declare, having taken all reasonable measures to this effect and to the best of my knowledge, that the information contained in this Registration Document is correct and true and that there are no omissions that might alter the scope of the document.

I declare, to the best of my knowledge, that the accounts have been compiled in accordance with applicable accounting standards and that they provide an accurate reflection of the assets, the financial position and the earnings of the Company and all the companies in the consolidation group, and that the management report, the different sections of which are mentioned in section 9.6.1 of this Registration Document, presents an accurate picture of the business trends, the results and the financial position of the Company and all the companies in the consolidation group and a description of the main risks and uncertainties that these companies are confronted with.

I have received from the Statutory Auditors a letter of completion attesting that they have verified all information related to the financial position and accounts provided in this Registration Document and that they have read the entire document.

The consolidated historical financial information for the financial year ended December 31, 2013, presented in the 2013 Registration Document, is the subject of report by the independent auditors which contains an observation presented on page 198.

Paris, March 26, 2015

Wilfried Verstraete

Chairman of the Board of Management

9.3 Independent auditors

9.3.1 Statutory Auditors

ACE Auditeurs et Conseils d'Entreprise SA

5 avenue Franklin-Roosevelt
75008 Paris, France

Represented by François Shoukry.

ACE Audit is registered with the Paris Regional Auditors Office (*Compagnie régionale des Commissaires aux comptes de Paris*).

The Shareholders' Meeting of May 20, 2011 renewed the mandate of ACE, Auditeurs et Conseils d'Entreprise, as the Statutory Auditor for a period of six years, ending at the Shareholders' Meeting approving the financial statements for the year ended December 31, 2016. Since 2009, ACE, Auditeurs et Conseils d'Entreprise, has been represented by François Shoukry.

KPMG AUDIT FS II

Immeuble Le Palatin
3 cours du Triangle
92939 Paris-la-Défense Cedex, France

Represented by Xavier Dupuy.

KPMG AUDIT FS II is registered with the Versailles Regional Auditors Office (*Compagnie régionale des Commissaires aux comptes de Versailles*).

The Shareholders' Meeting of May 20, 2011, as a replacement for KPMG SA, appointed KPMG AUDIT FS II as the Statutory Auditor for a period of six years, ending at the Shareholders' Meeting approving the financial statements for the year ended December 31, 2016. Since September 2012, KPMG AUDIT FS II has been represented by Xavier Dupuy.

9.3.2 Deputy Statutory Auditors

Emmanuel Charrier

5 avenue Franklin-Roosevelt
75008 Paris

Deputy Statutory Auditor for ACE, Auditeurs et Conseils d'Entreprise, Emmanuel Charrier is registered with the Paris Regional Auditors Office.

The Shareholders' Meeting of May 20, 2011 renewed the mandate of Emmanuel Charrier as Deputy Statutory Auditor for ACE Auditeurs et Conseils d'Entreprise, for a period of six years, ending at the Shareholders' Meeting approving the financial statements for the year ended December 31, 2016.

KPMG AUDIT FS I

Immeuble Le Palatin
3 cours du Triangle
92939 Paris-la-Défense Cedex

Deputy Statutory Auditor for KPMG AUDIT FS II, KPMG AUDIT FS I is registered with the Versailles Regional Auditors Office.

The Shareholders' Meeting of May 20, 2011, as a replacement for SCP Jean-Claude André et Autres, appointed KPMG AUDIT FS I as Deputy Statutory Auditor for KPMG AUDIT FS II for a period of six years, ending at the Shareholders' Meeting approving the financial statements for the year ended December 31, 2016.

9.3.3 Independent auditors' fees

In accordance with Article 222-8 of the general regulations of the AMF, please refer to Note 34 ("Auditors' fees") of the consolidated financial statements in sub-section 5.6 of this Registration Document, which contains a table outlining the total fees paid by Euler Hermes Group to each of the Group's independent auditors, and which distinguishes between the fees related to the auditors' legal duties and the due diligence related to these duties, and the fees paid for other services.

9.4 Documents available to the public

The following documents can be consulted at Euler Hermes Group's registered office (Legal department) which address is mentioned in sub-section 7.1.1 up until the publication of the next Registration Document:

- the Articles of Association;
- reports and other documents drawn up by experts at the Company's request, extracts from which are included or referred to in this Registration Document;
- the parent company and consolidated financial statements of the Company for each of the two financial years preceding the publication of the current Registration Document.

9.5 Glossary

Acquisition cost: the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition.

Amortized cost: the amortized cost of a financial asset or financial liability is the amount at which the financial instrument is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

Available-for-sale (AFS) investments: available-for-sale investments are securities which are neither held to maturity nor have been acquired for sale in the near term; available-for-sale investments are carried at fair value in the balance sheet.

Business combination: a business combination is a transaction or event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method.

Bond: a bond is a negotiable debt security representing a fraction of a loan issued by a company, public sector entity or state. Bondholders are repaid before shareholders if the issuing company goes bankrupt. However, bondholders are not entitled to any of the rights attached to shares (rights to earnings and the right to manage the company via voting rights).

Broker: an independent intermediary who canvasses companies in order to offer them a credit insurance policy. Brokers advise policyholders during the implementation of the policy or agreement and in its day-to-day administration.

Capital increase: when a company needs funds, it may make a capital increase. It offers the opportunity, notably to existing shareholders, to subscribe to new shares at a given price.

Cash flow statement: statement showing movements of cash and cash equivalents during a reporting period, classified by three types of activity; operating activities, investing activities and financing activities.

Cash pooling: centralized cash management method which consists in combining a group's bank accounts in a single cash position. The goal is to optimize cash requirements and surpluses; it may be domestic or international, notional or involve the actual transfer of funds.

CET: time-saving plan (*compte épargne temps*) used by employees to set aside accrued leave.

Claim: situation in which a risk is realized. This entitles the policyholder to compensation and triggers the compensation mechanism provided for in the credit insurance policy.

Collection: extra-judicial and/or judicial procedure conducted by the Group to secure payment of a receivable by the debtor.

Combined ratio: sum of the expense ratio and the loss ratio.

Contingent liabilities: financial obligations not shown as liabilities on the balance sheet because the probability of a liability actually being incurred is low. Example: guarantee obligations.

Cox Ross Rubinstein model (CRR): simplified binomial model used for valuation of option plans.

Credit insurance: a technique whereby a company protects itself against the risks of non-payment of its trade receivables.

Credit risk: the risk of a loss incurring due to a counterpart's deterioration of credit quality or its default.

Deferred acquisition costs: expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies. They include commissions paid, underwriting expenses and policy issuance costs.

Deferred tax assets/liabilities: the calculation of deferred taxes is based on tax loss carry forwards, tax credit carry forwards and temporary differences between the carrying amounts of assets or liabilities in the published balance sheet and their tax base, and on differences arising from applying uniform valuation policies for consolidation purposes. The tax rates used for the calculation are the local rates applicable in the countries of the entities included in the consolidation; changes to tax rates already adopted on the balance sheet date are taken into account.

Defined benefit plans: for defined benefit plans, the participant is granted a defined benefit by the employer or via an external entity. In contrast to defined contribution arrangements, the future cost of a defined benefit to the employer plan is not known with certainty in advance. To determine the expense over the period, accounting regulations require that actuarial calculations are carried out according to a fixed set of rules.

Defined contribution plans: defined contribution plans are funded through independent pension funds or similar organizations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions and does not participate in the investment success of the contributions.

Dilutive effect: effect that decreases earnings per share (for example by increasing the number of shares).

Dividend: the portion of a company's earnings attributable to the shareholder. A distinction is made between the net dividend, i.e. the amount actually paid by the company to the shareholder, and the gross dividend, which also includes the tax credit.

Earnings per share (basic/diluted): ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding. For calculating diluted earnings per share the number of shares and the net income for the year attributable to shareholders are adjusted by the dilutive effects of any rights to subscribe for shares which have been or can still be exercised. Subscription rights arise in connection with participation certificates and share based compensation plans.

Equity method: the equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets.

Expense ratio: contract acquisition expenses, administration expenses and service margin as a proportion of earned premiums. The service margin corresponds to service revenues less other ordinary operating income and expenses. It can be in "gross terms" i.e. before reinsurance, or "net terms" which includes the reinsurance commission.

Fair value: the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FTE: Full-Time Equivalent.

Functional currency: the functional currency is the prevailing currency in the primary economic environment where the subsidiary conducts its ordinary activities.

Hedging: the use of special financial contracts, especially derivative financial instruments, to reduce losses which may arise as a result of unfavourable movements in rates or prices.

Held for sale: a non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use. On the date a non-current asset meets the criteria as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell.

Held-to-maturity (HTM) investments: held to maturity investments comprises debt securities held with the intent and ability that they will be held-to-maturity. They are values at amortized cost.

IAS: International Accounting Standards.

IFRS: International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board (IASB). Already approved standards will continue to be cited as International Accounting standards (IAS).

Indemnification: reimbursement by the Group of losses sustained by a policyholder as the result of the insolvency of one or more of its customers provided they are covered by an existing policy.

Index: instrument used to measure and compare the performance of shares or bonds.

Insolvency: legally recognized incapacity of the debtor to meet his or her commitments and, as such, to pay his or her debt.

Loss ratio: claims costs from all attachment years as a proportion of earned premiums. It can be in "gross terms" i.e. before reinsurance, or "net terms" which includes the part ceded to the reinsurers.

Margin to be constituted: regulatory amount to be constituted, in addition to technical reserves, to ensure that commitments towards the Group's clients are met.

Market capitalization: a company's stock market value. It is calculated by multiplying the share price by the number of shares comprising share capital.

Market value: the amount obtainable from the sale of an investment in an active market.

Merger premium: premium equal to the difference between the capital increase of the acquiring company and the contribution of the acquired company.

Net book value: a company's net assets or total assets less total debts. In some respects, it represents a company's value. It can be calculated for the parent company (net book value) or for an entire group of companies (consolidated net book value).

Non-controlling interests: those parts of the equity of affiliates which are not owned by companies in the Group.

Pension and similar obligations: reserves for current and future post-employment benefits formed for the defined benefit plans of active and former employees. These also include reserves for health care benefits.

PER: price-earnings ratio, ratio of the share price to earnings per share. It is also referred to as the capitalization multiple.

Permanent difference: difference between accounting and tax rules that has no impact on the subsequent years' taxable profit.

Policy: credit insurance contract between the Group and the policyholder.

Premium: amount paid by the policyholder to the insurance company in exchange for risk coverage. A distinction is made between:

- written premiums: the amount billed during the period to cover the risks under the contract;
- earned premiums: the portion of the premium written during the period or earlier corresponding to the coverage of risks during the period concerned; and
- unearned premiums: premium written attributable to income of future years. The amount is calculated separately for each policy and for every day that the premium still has to cover.

Prevention: process by which the policyholder may, based on information provided by the Group on the solvency of its customers, select its customers and reduce its own losses.

Proprietary information: information prepared by Group companies and owned exclusively by the Group. It is a guarantee of the service quality offered to its clients.

Receivables management: suite of services offered to companies aimed at ensuring the collection of receivables after invoicing to the debtor and up to the litigation phase, where applicable.

Reinsurance: transaction whereby an insurance company self-insures with a third party (the reinsurer) against some of the risks that it has guaranteed, in exchange for the payment of a premium.

Reinsurance commission: the commission paid by the reinsurer to the ceding company on reinsurance agreements as compensation to place the business with the reinsurer and to cover the ceding company's acquisition expenses.

Retained earnings: in addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group enterprises and amounts transferred from consolidated net income.

Risk: object of the insurance, probability of a claim occurring.

Risk appetite: the level of risk that an organization is prepared to accept, before action is deemed necessary to reduce it. Risk appetite is therefore clearly and comprehensively defined by using target and minimum risk indicators, (quantitative) limit systems, or adequate policies, standards and guidelines to determine the "boundaries" of the Group's business operations.

RSU (Restricted Stock Units): compensation offered by an employer to an employee in the form of company stock. The stock awarded becomes transferrable to the employee upon the satisfaction of certain conditions, such as continued employment for a period of time or/and the achievement of financial targets.

SAR (Stock Appreciation Rights): a right, usually granted to an employee, to receive a bonus equal to the appreciation in the company's stock over a specified period. The employee receives the amount of the increase in cash or stock.

Service revenues:

- information services: researches and analysis carried out to provide our policyholders with the required credit insurance cover, and monitoring of the solvency of their customers.
- collection services: extra-judicial and/or judicial procedure conducted by the Group to secure payment of a receivable from the debtor.

Share premium: as part of a capital increase, the premium is the difference between the subscription amount (valuation of the Company) and the nominal value of share capital. The share premium forms part of a company's shareholders' equity.

Shares in associated enterprises: long-term investments that are deemed to contribute to the Company's business, particularly because they enable the Company to influence the management or assume control of the enterprise concerned.

Solvency margin: ratio between the items constituting the margin and the margin to be constituted.

Stock option: options to purchase or subscribe stock at a fixed price, usually distributed to executives of a company to give them a vested interest in increasing the Company's value.

Sums recovered: all collections after indemnification, when the insurance company takes over the policyholder's rights to receivables that are insured and have been indemnified.

Surplus claims reserve before reinsurance: the difference between the estimated final cost of claims at the end of the first year and the actual estimate for a given year of occurrence. The difference is calculated before reinsurance.

Sustainable development: launched in 1987 by the Brundtland Commission of the United Nations, this concept is based on the precept that we should "meet the needs of the present without compromising the ability of future generations to meet their own needs." When applied to a company, a sustainable-development policy assumes the simultaneous pursuit of three objectives: "economic growth, preservation of the environment and social well-being."

Tax proof: reconciliation of the total tax expense, as shown in the consolidated income statement, with the theoretical tax expense.

Technical reserves: amount of an insurer's commitments to its clients. They appear as liabilities in the balance sheet.

Technical result: sum of the turnover, the claims costs, the operating expenses (acquisition costs, administrative expenses and service expenses) and the reinsurance result.

Temporary differences: differences between the accounting and tax rules that has an impact on the subsequent years' taxable profit.

Turnover: sum of gross earned premiums and service revenues.

9.6 Cross-reference tables

9.6.1 Management report of the Board of Management – Cross-reference table

This Registration Document contains all the elements of the management report of the Euler Hermes Group Board of Management required by Articles L. 225-100 and L. 225-100-2 of the French Commercial Code.

Please find hereafter references to the extracts from the Registration Document corresponding to the different parts of the management report as approved by the Company's Board of Management.

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9.6.2 European regulation of April 29, 2004 – Cross-reference table

Please find hereafter references to the extracts from the Registration Document corresponding to main information required by appendix 1 of the European regulation n°809/2004 dated 29 April 2004.

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9.6.4 Annual financial report – Cross-reference table

This Registration Document integrates all elements of the annual financial report mentioned in section I of Article L. 451-1-2 of the Monetary and Financial Code and in Article 222-3 of the general regulations of the AMF.

Please find below references to the extracts from the Registration Document corresponding to the different sections in the annual financial report.

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2015 FINANCIAL CALENDAR

2015 FIRST QUARTER FINANCIAL RESULTS
04/28/2015

SHAREHOLDERS' MEETING
05/27/2015

2015 FIRST HALF YEAR FINANCIAL RESULTS
07/28/2015

2015 THIRD QUARTER FINANCIAL RESULTS
10/29/2015

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