

Condensed consolidated Financial Statements

For the 1st quarter ended March 31, 2014



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Consolidated balance sheet

(in € thousand)	Notes	March 31, 2014	December 31, 2013
Goodwill	3	99 959	99 489
Other intangible assets		96 420	88 985
Intangible assets		196 379	188 474
Investment property	4	62 465	60 231
Financial investments	5	3 770 490	3 675 876
Derivatives		14 658	13 801
Investments- insurance businesses		3 847 613	3 749 908
Investments accounted for by the equity method	6	196 558	193 853
Share of assignees and reinsurers in the technical reserves and financial liabilities	8	582 461	529 876
Operating property and other property, plant and equipment		132 741	138 339
Acquisition costs capitalised		68 847	58 501
Deferred tax assets		21 789	24 447
Inwards insurance and reinsurance receivables		632 254	563 542
Outwards reinsurance receivables		54 785	71 813
Corporation tax receivables		18 667	20 161
Other receivables		229 109	221 552
Other assets		1 158 192	1 098 355
Cash	7	338 492	302 190
TOTAL ASSETS		6 319 695	6 062 656
Capital stock		14 510	14 510
Additional paid-in capital		465 007	465 007
Reserves		1 936 482	1 650 801
Net income, group share		82 718	313 729
Revaluation reserve		70 766	63 566
Foreign exchange translation		(45 682)	(45 743)
Shareholders' equity, Group share		2 523 801	2 461 870
Non controlling interests		65 115	66 582
Total shareholders' equity		2 588 916	2 528 452
Provisions for risks and charges		322 437	310 374
Bank borrowings		262 913	261 384
Other borrowings		-	351
Borrowings		262 913	261 735
Non-life technical reserves	8	2 125 910	2 028 682
Liabilities related to contracts		2 125 910	2 028 682
Deferred tax liabilities		245 116	264 903
Inwards insurance and reinsurance liabilities		201 642	192 141
Outwards reinsurance liabilities		178 850	145 300
Corporation tax payables		53 953	46 284
Other payables		339 958	284 785
Other liabilities		1 019 519	933 413
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6 319 695	6 062 656

Consolidated income statement

(in € thousand excepted for the earnings per share)

March 31,

	Notes	2014	2013
Premiums written		638 732	629 707
Premiums refunded		(26 554)	(30 937)
Change in unearned premiums		(77 496)	(83 225)
Earned premiums		534 682	515 545
Service revenues		102 844	103 796
Turnover	9	637 526	619 341
Investment income		19 357	22 246
Investment management charges		(2 070)	(1 442)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		9 317	7 435
Change in fair value of investments recognised at fair value through profit or loss		19	(250)
Change in investment impairment provisions		(942)	-
Net change in foreign currency		(2 268)	4 888
Net investment income		23 413	32 877
Insurance services expenses		(257 648)	(275 351)
Outwards reinsurance income		126 966	140 148
Outwards reinsurance expenses		(156 490)	(171 776)
Net outwards reinsurance income or expenses	9	(29 524)	(31 628)
Contract acquisition expenses		(112 471)	(103 745)
Administration expenses		(49 864)	(52 487)
Other ordinary operating income		6 246	6 244
Other ordinary operating expenses		(100 344)	(97 737)
CURRENT OPERATING INCOME	9	117 334	97 514
Other non ordinary operating expenses		(1 240)	(6 774)
Other non ordinary operating income		172	36 596
OPERATING INCOME		116 266	127 336
Financing expenses		(1 411)	(2 817)
Share of Income from companies accounted by the equity method	6	4 604	2 830
Corporation tax		(36 211)	(40 492)
CONSOLIDATED NET INCOME		83 248	86 857
o/w		-	-
NET INCOME, GROUP SHARE		82 718	85 328
Non controlling interests		530	1 529
Earnings per share (in euros)	10	1,87	1,94
Diluted earnings per share (in euros)	10	1,87	1,94
Earnings per share of continuing activities (in euros)		1,87	1,94
Diluted earnings per share of continuing activities (in euros)		1,87	1,94

Consolidated statement of other comprehensive income

(in € thousand)

March 31,

	2014	2013
NET INCOME, GROUP SHARE	82 718	85 328
Net income, Non controlling interests	530	1 529
Actuarial gains and losses on defined benefit plans net of tax	(17 931)	(377)
Other comprehensive income - Items that may never be reclassified to profit and loss	(17 931)	(377)
Available-for-sale investments - reclassification to net income	(9 423)	(7 145)
Tax impact	2 945	2 143
Available-for-sale investments - changes arising during the period	19 145	(3 159)
Tax impact	(5 444)	881
Available-for-sale investments - miscellaneous	-	-
Foreign currency translation adjustments	61	(2 853)
Other comprehensive income - Items that may be reclassified to profit and loss in future periods	7 284	(10 133)
Other comprehensive income - non controlling interests share net of tax	6	(1)
Total comprehensive income	72 607	76 346
Total comprehensive income, Group share	72 071	74 818
Total comprehensive income, Non controlling interests	536	1 528

Consolidated statement of cash flows

March 31,

(in € thousand)	Notes	2014	2013
Net income, Group share		82 718	85 328
Corporation tax		36 211	40 492
Financing expense		1 411	2 817
Minority interests		530	1 529
Income (loss) of companies accounted for by the equity method	6	(4 604)	(2 830)
Operating income before tax		116 266	127 336
Allocation to and writebacks of depreciation, amortisation and reserves		2 516	-
Change in technical reserves		56 584	99 358
Change in deferred acquisition costs		(11 459)	(8 468)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		1 304	115
Realised capital gains/(losses) net of writebacks		(9 313)	(39 184)
Unrealised foreign exchange gain (loss) in company accounts		1 851	(6 112)
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		1 887	(2 223)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		43 370	43 486
Dividends received from companies accounted for by the equity method	6	5 379	-
Change in liabilities and receivables relating to insurance and reinsurance transactions		(18 717)	(47 395)
Change in operating receivables and liabilities		40 678	37 828
Change in other assets and liabilities		5 001	(3 132)
Corporation tax		(37 830)	(17 599)
Cash flow related to operating activities		(5 489)	(30 298)
CASH FLOW FROM OPERATING ACTIVITIES		154 147	140 527
Acquisitions of subsidiaries and joint ventures, net of acquired cash		(1 240)	-
Disposals of subsidiaries and joint ventures, net of ceded cash		-	33 834
Acquisitions of equity interests in companies accounted for by the equity method	6	-	(60 903)
Disposals of equity method investments		-	-
Merger		-	(10)
Cash flow linked to changes in the consolidation scope		(1 240)	(27 080)
Disposals of AFS securities		203 847	201 194
Matured HTM securities		-	-
Disposals of investment properties		-	409
Disposals of securities held for trading		1 285	1 114
Cash flow linked to disposals and redemptions of investments		205 132	202 717
Acquisitions of AFS securities		(278 421)	(257 388)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	4	(2 672)	(1 730)
Acquisitions of trading securities		(3 519)	(735)
Cash flow linked to acquisitions of investments		(284 612)	(259 853)
Disposals of other investments and intangible assets (1)		552 240	1 009 511
Acquisitions of other investments and intangible assets (1)		(575 767)	(1 027 560)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		(23 527)	(18 049)
CASH FLOW FROM INVESTING ACTIVITIES		(104 247)	(102 264)

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

Consolidated statement of cash flows

March 31,

(in € thousand)	Notes	2014	2013
Increases and decreases in capital		-	1 059
Change in treasury stock		(10 901)	1 396
Dividends paid		-	-
Cash flow linked to transactions with the shareholders		(10 901)	2 455
Change in non voting shares		-	-
Changes in loans and subordinated securities		-	(157)
Interest paid		(222)	(269)
Cash flow from Group financing		(222)	(426)
CASH FLOW FROM FINANCING ACTIVITIES		(11 123)	2 029
Impact of foreign exchange differences on cash and cash equivalents		(1 053)	679
Reclassification		188	(106)
Other cash flows linked to restructuring operations		(1 261)	-
OTHER NET CHANGES IN CASH		(2 126)	573
Change in cash flows		36 651	40 865
Change in cash and cash equivalents		36 652	40 865
Cash and cash equivalents at beginning of period	7	301 840	308 030
Cash and cash equivalents at end of period	7	338 492	348 895

At the end of March 2014, the cash position increased by €36.7 thousand.

- Cash flow from operating activities increased from €140.5 million in March 2013 to €154.1 million in March 2014, mainly due to improvement of flows related to the operations of reinsurance.
- Investment activities contributed for €-104.2 million to the cash position at the end of March 2014, against €-102.3 million at the end of March 2013
- Cash outflows from the financing activities decreased from €2.0 million at the end of March 2013 to €11.1 million at the end of March 2014, mainly due to the operation of own share buyback which have taken place during the first quarter 2014.

Consolidated statement of changes in equity

For the 1st quarter 2014

(in € thousand)	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity, Group share	14 510	465 007	2 024 004	63 566	(45 743)	(59 474)	2 461 870	66 582	2 528 452
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	13 701	-	-	13 701	-	13 701
Impact of transferring realised gains and losses to income statement	-	-	-	(6 478)	-	-	(6 478)	-	(6 478)
Actuarial gain / (loss) on defined benefit plans	-	-	(17 931)	-	-	-	(17 931)	-	(17 931)
Impact of translation differences	-	-	-	-	61	-	61	6	67
Components of other comprehensive income net of tax	-	-	(17 931)	7 223	61	-	(10 647)	6	(10 641)
Net income for the year	-	-	82 718	-	-	-	82 718	530	83 248
Comprehensive income of the period	-	-	64 787	7 223	61	-	72 071	536	72 607
Capital movements	-	-	-	-	-	(10 881)	(10 881)	-	(10 881)
Dividend distributions	-	-	1	-	-	-	1	-	1
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	(20)	(20)	-	(20)
Transaction between shareholders	-	-	783	(20)	-	-	763	(2 003)	(1 240)
Other movements	-	-	-	(3)	-	-	(3)	-	(3)
Closing Shareholders' equity, Group share	14 510	465 007	2 089 575	70 766	(45 682)	(70 375)	2 523 801	65 115	2 588 916

For the 1st quarter 2013

(in € thousand)	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders' equity, Group share	14 468	456 883	1 864 869	92 777	(21 821)	(61 935)	2 345 241	68 261	2 413 502
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	(2 278)	-	-	(2 278)	(27)	(2 305)
Impact of transferring realised gains and losses to income statement	-	-	-	(5 002)	-	-	(5 002)	-	(5 002)
Actuarial gain / (loss) on defined benefit plans	-	-	(377)	-	-	-	(377)	-	(377)
Impact of translation differences	-	-	-	(50)	(2 803)	-	(2 853)	26	(2 827)
Components of other comprehensive income net of tax	-	-	(377)	(7 330)	(2 803)	-	(10 510)	(1)	(10 511)
Net income for the year	-	-	85 328	-	-	-	85 328	1 529	86 857
Comprehensive income of the period	-	-	84 951	(7 330)	(2 803)	-	74 818	1 528	76 346
Capital movements	6	1 070	-	-	-	1 308	2 384	-	2 384
Dividend distributions	-	-	(1)	-	-	-	(1)	-	(1)
Shareholders' equity component of share-based payment plans	-	-	-	-	-	-	-	-	-
Cancellation of gains/losses on treasury shares	-	-	-	-	-	88	88	-	88
Transaction between shareholders	-	-	-	-	-	-	-	-	-
Other movements	-	-	(688)	-	515	-	(173)	(1)	(174)
Closing Shareholders' equity, Group share	14 474	457 953	1 949 131	85 447	(24 109)	(60 539)	2 422 357	69 788	2 492 145

As at March 31, 2014, the share capital of Euler Hermes consisted of 45,342,177 fully paid-up shares. At the same date the Group holds 1,277,987 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 €7,223 thousand net of taxes.

The change in translation reserves up to €61 thousand during the exercise relates mainly to the British Pound for €1,005 thousand, the US Dollar for an impact of €-857 thousand, the Russian Ruble for €-675 thousand and the Brazilian Real for €486 thousand.

The variation of the non-controlling interests down to €1,467 thousand is mainly due to the buyback of non-controlling interests of Euler Hermes Hellas Credit Insurance for an impact of €-2,003 thousand and the net result for the period for €530 thousand.

Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the first quarter 2014:

Changes in the share capital and in share ownership

As at March 31st, 2014, the Allianz Group owned 30,744,048 shares out of a total of 45,342,177 shares, corresponding to 67.8% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into the Allianz consolidation scope.

As at March 31st, 2014, Euler Hermes' share capital was composed of 45,342,177 shares, including 1,277,987 shares held in treasury stock.

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

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

Launching of the Initiative EH 3.0

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

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

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

Creation of Euler Hermes Services Taiwan

On January 1st, 2014 Euler Hermes has created the company Euler Hermes Services Taiwan.

Creation of Euler Hermes Services G.C.C Ltd

On January 1st, 2014 Euler Hermes has created the company Euler Hermes Services G.C.C Ltd, a company located in Dubai.

Creation of Euler Hermes Services Bulgaria

On January 1st, 2014 Euler Hermes has created the company Euler Hermes Services Bulgaria.

Notes to the consolidated financial statements

Note 2 IFRS accounting and valuation rules

Euler Hermes SA is a company domiciled in France. The Headquarters of Euler Hermes SA are located 1, Place des Saisons 92048 Paris – La Défense Cedex. The consolidated financial statements as at March 31st, 2014, include Euler Hermes SA 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 SA is registered in RCS with the reference number 552 040 594.

The financial statements of the Euler Hermes group as at March 31st, 2014 were approved by the Group Management Board of April 28, 2014 and presented to the Supervisory Board of April 30, 2014.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19th, 2002, the consolidated financial statements published as at March 31st, 2014 were prepared in accordance with IAS 34 as adopted by the European Union. International accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts. These interim financial statements should be read in conjunction with the consolidated financial statements of the group as at December 31st, 2013, prepared in accordance with IFRS standards as adopted by the European Union.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at March 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 Euler Hermes in 2014

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

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

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

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

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

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

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

Notes to the consolidated financial statements

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

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

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

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

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

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

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

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

IFRS 12 concerns the disclosure of interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. First-time application of this standard results in the provision of more detailed disclosures in the notes to the financial statements.

Impact of first-time application of IAS 28, revised

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

Early application of standards

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

2.3. Consolidation scope

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

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

Notes to the consolidated financial statements

2.4. Use of estimates

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

The 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 4	Fair value of real estate held for investments & for use	The fair value of buildings is estimated based on market prices, adjusted, where applicable, to take into account the nature, location or other specific features of the building concerned.
Note not published	Provisions for risks and charges	Provisions for risks and charges are measured in accordance with IAS 37 and are reviewed and adjusted at each balance sheet date to reflect the best estimate at this date.
Note 8	Earned but not recorded premiums reserves	This reserve is established based on the estimate of the amount of premiums expected on the period less the amount of premiums recorded on the period.
Note 8	Provisions for salvages & recoveries	This reserve represents the estimate of potential recoveries on settled claims by a statistical calculation based on the evolution of salvages & recoveries by year of attachment on previous exercises. They take into consideration a provision for administration charges determined in accordance with actual observed expenses.
Note 8	Bonus & profit commission reserve	This reserve is intended to cover the future cost corresponding to premium rebates to be granted to policyholders under the terms of policies giving policyholders a share in their technical positive results.
Note 8	Reserves for claims payable	This reserve corresponds to a statistical estimate of the cost of all outstanding claims, that is to say claims reported but not yet settled.
Note 8	IBNR reserve	IBNR reserves are established to recognize the estimated cost of losses that have occurred but where the Euler Hermes Group has not yet been notified. The Euler Hermes Group relies on its past experience, adjusted for current trends and any other relevant factors to estimate IBNR reserves. IBNR are estimates based on actuarial and statistical projections of the expected cost of ultimate settlement and administration of claims. The analyses are based on facts and circumstances known at the time, predictions of future events, and other economic factors. IBNR reserves are reviewed and revised periodically as additional information becomes available and actual claims are reported.
Note not published	Employee benefits	The related commitments are measured in accordance with IAS 19 Revised and are reviewed yearly by independent actuaries. The commitment is recognized in the balance sheet using the projected unit credit method, based on the group actuarial assumptions.
Note not published	Stock options plans	The fair value of the liabilities resulting from the Allianz and Euler Hermes SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price and Euler Hermes share price, until expiry of the obligation. The fair value from SAR and RSU is calculated using the Cox-Ross-Rubinstein binomial valuation model.

Notes to the consolidated financial statements

Note 3 Goodwill

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

(in € thousand)	March 31, 2014						December 31, 2013
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	59 921	30 770	8 242	6 533	111 695	120 274
Impairment losses	(409)	(8 676)	(3 121)	-	-	(12 206)	(15 927)
Carrying amount	5 820	51 245	27 649	8 242	6 533	99 489	104 347
Change during the year							
Opening carrying amount	5 820	51 245	27 649	8 242	6 533	99 489	104 347
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	(1 867)
Other changes	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	323	(6)	-	153	470	(2 991)
Impairment losses	-	-	-	-	-	-	-
Closing carrying amount	5 820	51 568	27 643	8 242	6 686	99 959	99 489
Closing Balance							
Gross value	6 229	60 298	30 764	8 242	6 686	112 219	111 695
Impairment losses	(409)	(8 729)	(3 121)	-	-	(12 259)	(12 206)
Carrying amount	5 820	51 568	27 643	8 242	6 686	99 959	99 489

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

Notes to the consolidated financial statements

Note 4 Investment and operating property

(in € thousand)	March 31, 2014		December 31, 2013	
	Investment property	Operating property	Investment property	Operating property
Balance at opening period				
Gross value	78 531	141 336	69 526	138 526
Depreciation	(18 300)	(44 855)	(15 863)	(39 476)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	60 231	89 684	53 663	92 253
Change during the year				
Opening carrying amount	60 231	89 684	53 663	92 253
Acquisitions	2 638	34	11 249	390
Change in consolidation scope	-	-	-	-
Disposals	(151)	-	(3 334)	-
Reclassifications	-	-	(9)	-
Changes in foreign currency translation adjustments	-	-	-	(116)
Net depreciation	(253)	(708)	(1 338)	(2 843)
Net provisions for impairment	-	-	-	-
Other changes	-	-	-	-
Closing carrying amount	62 465	89 010	60 231	89 684
Balance at the end of the period				
Gross value	84 026	138 379	78 531	141 336
Depreciation	(21 561)	(42 572)	(18 300)	(44 855)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	62 465	89 010	60 231	89 684
Fair value	187 610	120 838	185 360	120 886

Amounts recorded in the income statement	March 31,	
Investment property	2014	2013
Rental revenues from investment property	702	761
Direct operating expenses relating to property	(1)	(36)

The acquisitions consist of renovations costs of properties owned by Euler Hermes Real Estate. As at March 31, 2014, these costs amounted to €2.6 million compared to €11.2 million as at December 31, 2013.

Disposals in investment property mainly concern a partial scrapping of some components of the building located 1, rue Euler (Paris). As at March 31, 2014, these disposals represent a net value of €-0.15 million compared to €-3.3 million as at December 31, 2013.

Notes to the consolidated financial statements

Note 5 Financial investments

Classification by accounting method

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

If there is 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

(in € thousand)	March 31, 2014						December 31, 2013					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets												
Bonds	191	-	191	191	191	-	191	-	191	191	191	-
Total held-to-maturity assets	191	-	191	191	191	-	191	-	191	191	191	0
Available-for-sale assets												
Equities	154 710	26 150	180 860	180 860	2 876 844	43 654	154 054	27 007	181 061	181 061	2 775 856	61 913
Bonds	2 665 110	74 528	2 739 638	2 739 638	-	-	2 596 674	60 033	2 656 707	2 656 707	-	-
Total Available-for-sale assets	2 819 820	100 678	2 920 498	2 920 498	2 876 844	43 654	2 750 728	87 040	2 837 768	2 837 768	2 775 856	61 913
Loans, deposits and other financial investments												
Loans, deposits and other financial investments	849 801	-	849 801	849 801	-	-	837 917	-	837 917	837 917	-	-
Total loans, deposits and other financial investments	849 801	-	849 801	849 801	-	-	837 917	-	837 917	837 917	-	-
Total Financial Investments (excluding investments in consolidated enterprise)	3 669 812	100 678	3 770 490	3 770 490	2 877 035	43 654	3 588 836	87 040	3 675 876	3 675 876	2 776 047	61 913

(in € thousand)	December 31, 2012					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets						
Bonds	491	-	491	491	-	491
Total held-to-maturity assets	491	-	491	491	0	491
Available-for-sale assets						
Equities	69 446	12 704	82 150	82 150	2 924 224	34 058
Bonds	2 758 684	117 448	2 876 132	2 876 132	-	-
Total available-for-sale assets	2 828 130	130 152	2 958 282	2 958 282	2 924 224	34 058
Trading assets						
Equities	-	-	-	-	-	-
Bonds	-	-	-	-	-	-
Total Trading assets	-	-	-	-	-	-
Loans, deposits and other financial investments						
Loans, deposits and other financial investments	808 741	-	808 741	808 741	-	-
Total loans, deposits and other financial investments	808 741	-	808 741	808 741	-	-
Total Financial Investments	3 637 362	130 152	3 767 514	3 767 514	2 924 224	34 548

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

(in € thousand)	March 31, 2014				December 31, 2013			
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
- Equities:	154 710	26 150	180 860	180 860	154 054	27 007	181 061	181 061
- Bonds:	2 665 301	74 528	2 739 829	2 739 829	2 596 865	60 033	2 656 898	2 656 898
- Loans and other investments	849 801	-	849 801	849 801	837 917	-	837 917	837 917
Total Financial Investments	3 669 812	100 678	3 770 490	3 770 490	3 588 836	87 040	3 675 876	3 675 876

Notes to the consolidated financial statements

(in € thousand)

December 31, 2012

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

There was no significant impact of impairment on Euler Hermes group portfolio as at March 31, 2014. Euler Hermes group does not hold any financial assets such as “dynamic treasury mutual funds” or “subprime investments”.

Fair value hierarchy

- Available-for-sale assets

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

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

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

(in € thousand)

March 31, 2014

	Level 1	Level 2	Level 3
Available-for-sale assets	2 880 891	-	39 607

(in € thousand)

December 31, 2013

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

(in € thousand)

December 31, 2012

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

- Other financial investments

The HTM bonds, loans and other investments are valued at amortised cost. Their hierarchical ranking is mainly level 3 except for the German mortgage bonds not quoted (Pfandbriefe) classified in level 2 for €514 million.

Movements in the periods

(in € thousand)

March 31, 2014

December 31, 2013

	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Opening carrying amount	191	2 837 768	837 917	3 675 876	3 767 514
Increase in gross value	-	278 421	563 190	841 611	3 971 280
Decrease in gross value	-	(194 379)	(551 507)	(745 886)	(3 932 849)
Change in consolidation scope	-	-	-	-	(27 729)
Revaluation	-	10 927	-	10 927	(44 398)
Impairment	-	(942)	-	(942)	(1 158)
Changes in foreign currency translation adjustments	-	300	200	500	(32 209)
Reclassifications	-	-	-	-	-
Other changes	-	(11 597)	1	(11 596)	(24 575)
Closing carrying amount	191	2 920 498	849 801	3 770 490	3 675 876

Notes to the consolidated financial statements

The other changes of available for sale investments are mainly explained by the amortisations of premiums and discount of bonds as well as by the impact of the deconsolidation of the investments held by Interpolis Kredietverzekeringen N.V. equity-accounted since the 1st of January 2014.

(in € thousand)

December 31, 2013

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

(in € thousand)

December 31, 2012

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

Exposure of the Group to the European sovereign debt

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

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

Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
2016	14 798	14 894	96
2017	10 143	10 253	110
2018	14 896	15 101	205
2019	10 030	10 227	197
	49 867	50 475	608

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

Notes to the consolidated financial statements

- Portugal

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

Country	Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
Portugal	2015	910	948	38
Portugal	2016	8 952	9 229	277
Portugal	2018	3 152	3 210	58
Spain	2018	2 950	2 963	13
Italy	2018	991	995	4
Total		16 955	17 345	390

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

- Spain

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

Country	Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
Spain	2014	3 098	3 042	-56
Spain	2015	549	550	1
Spain	2016	3 150	3 248	98
Spain	2018	3 022	3 160	138
Total		9 819	10 000	181

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

Note 6 Investments accounted for at equity method

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

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

Information on equity-accounted investments

(in € thousand)	March 31, 2014			
	Assets (1)	Shareholders' equity (2)	Turnover (3)	Net income
Credit Insurance contributors	886 360	374 628	82 477	9 670
Other than Credit insurance contributors	53 059	23 342	15 441	(713)
	939 419	397 971	97 918	8 957

(1) Assets based on IFRS statements as at December 31, 2013, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and Interpolis Kredietverzekeringen N.V. for which the asset are IFRS statements as at March 31, 2014.

(2) Equity is determined on the basis of IFRS statements as at December 31, 2013, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and Interpolis Kredietverzekeringen N.V. for which equity is determined on the basis of IFRS statements as at March 31, 2014.

(3) The turnover is ¼ of 2013, except for Solunion Seguros de Crédito, Compañía Internacional de Seguros y Reaseguros SA and Interpolis Kredietverzekeringen N.V. for which turnover is as at March 31, 2014.

Notes to the consolidated financial statements

(in € thousand)	December 31, 2013		March 31, 2013	
	Assets (4)	Shareholders' equity (5)	Turnover (6)	Net income
Credit Insurance contributors	816 769	369 924	74 711	5 003
Other than Credit insurance contributors	50 280	13 636	16 161	2 564
	867 049	383 560	90 872	7 567

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

Movements during the period

(in € thousand)	March 31, 2014	December 31, 2013
Opening carrying amount	193 853	115 500
Increases	-	91 982
Decreases	-	-
Reclassifications	-	-
Share of income for the period	4 604	6 424
Dividends paid	(5 379)	(19 127)
Impairment	-	-
Foreign exchange differences	(43)	(308)
Other changes	3 523	(618)
Closing carrying amount	196 558	193 853

Dividends paid correspond to dividends OeKB EH Beteiligungs - und Management A.G. for €5.4 million.

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

Contribution to shareholders' equity (without equity method income of 2014)

(in € thousand)	March 31, 2014	December 31, 2013
Credit Insurance contributors	185 535	183 680
Other than Credit insurance contributors	6 419	3 750
Share of shareholders' equity	191 954	187 430

Contribution to income

(in € thousand)	March 31, 2014	March 31, 2013
Credit Insurance contributors	4 800	2 125
Other than Credit insurance contributors	(196)	705
Share of total income	4 604	2 830

Notes to the consolidated financial statements

Note 7 Cash and cash equivalents

(in € thousand)	March 31, 2014	December 31, 2013
Cash in bank and at hand	283 003	264 936
Cash pooling	55 489	37 253
Total cash	338 492	302 190
Total cash in balance sheet	338 492	302 190
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	-	(350)
Total cash and cash equivalents	338 492	301 840

Note 8 Technical reserves

(in € thousand)	December 31, 2013	Allowance net of writebacks	Foreign exchange differences	Changes in consolidation scope	Other changes	March 31, 2014
Reserve for unearned premiums	344 975	74 707	348	(32)	(5)	419 993
Reserve for claims net of forecasts of recoveries	1 515 094	22 760	998	(352)	(66)	1 538 434
Reserve for no-claims bonuses and rebates	168 613	(4 270)	402	(62)	-	164 683
Gross technical reserves	2 028 682	93 197	1 748	(446)	(71)	2 123 110
Reserve for unearned premiums	61 390	32 887	57	-	1	94 336
Reserve for claims net of forecasts of recoveries	432 401	18 716	108	-	(65)	451 160
Reserve for no-claims bonuses and rebates	36 085	(478)	458	-	-	36 065
Reinsurers' share of technical reserves	529 876	51 125	623	-	(64)	581 561
Net technical reserves	1 498 806	42 072	1 125	(446)	(7)	1 541 549

Claims reserves

(in € thousand)	March 31, 2014			December 31, 2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	1 915 754	(593 514)	1 322 240	1 901 802	(586 472)	1 315 330
Current period	325 764	(86 940)	238 824	1 045 698	(300 545)	745 153
Prior periods	1 589 990	(506 574)	1 083 416	856 104	(285 927)	570 177
Recoveries to be received	(377 320)	142 354	(234 966)	(386 708)	154 071	(232 637)
Current period	(30 402)	6 213	(24 189)	(171 589)	42 057	(129 532)
Prior periods	(346 918)	136 141	(210 777)	(215 119)	112 014	(103 105)
Claims reserves	1 538 434	(451 160)	1 087 274	1 515 094	(432 401)	1 082 693

Breakdown by type of reserve

(in thousand)	March 31, 2014			December 31, 2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	419 993	(94 336)	325 657	344 975	(61 390)	283 585
Claims reserves	1 538 434	(451 160)	1 087 274	1 515 094	(432 401)	1 082 693
of which, reserves for known claims	1 125 867	(387 258)	738 609	1 169 313	(403 847)	765 466
of which, reserves for late claims	697 141	(194 540)	502 601	638 108	(170 406)	467 702
of which, reserves for claims handling expenses	92 514	(11 717)	80 797	94 211	(12 220)	81 991
of which, other technical reserves	233	-	233	170	1	171
of which, recoveries to be received	(377 321)	142 355	(234 966)	(386 708)	154 071	(232 637)
No-claims bonuses and rebates	164 683	(36 065)	128 618	168 613	(36 085)	132 528
Technical reserves	2 123 110	(581 561)	1 541 549	2 028 682	(529 876)	1 498 806

Notes to the consolidated financial statements

Note 9 Breakdown of operating income

(in € thousand)	March 31,					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	638 732	(195 873)	442 859	629 707	(204 058)	425 649
Premiums refunded	(26 554)	7 273	(19 281)	(30 937)	7 697	(23 240)
Gross premiums written - credit insurance	612 178	(188 600)	423 578	598 770	(196 361)	402 409
Change in unearned premiums	(77 496)	32 110	(45 386)	(83 225)	24 585	(58 640)
Earned premiums	534 682	(156 490)	378 192	515 545	(171 776)	343 769
Service revenues	102 844	-	102 844	103 796	-	103 796
Turnover	637 526	(156 490)	481 036	619 341	(171 776)	447 565
Net investment income	23 413	-	23 413	32 877	-	32 877
Claims paid	(211 083)	52 443	(158 640)	(199 333)	57 263	(142 070)
Claims reserves expenses	(24 471)	19 251	(5 220)	(57 516)	19 715	(37 801)
Claims handling expenses	(22 094)	371	(21 723)	(18 502)	124	(18 378)
Insurance services expenses	(257 648)	72 065	(185 583)	(275 351)	77 102	(198 249)
Brokerage commissions	(57 426)	-	(57 426)	(55 397)	-	(55 397)
Other acquisition costs	(64 077)	-	(64 077)	(61 192)	-	(61 192)
Change in acquisition costs capitalised	9 032	-	9 032	12 844	-	12 844
Contract acquisition expenses	(112 471)	-	(112 471)	(103 745)	-	(103 745)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expenses	(49 864)	-	(49 864)	(52 487)	-	(52 487)
Commissions received from reinsurers	-	54 901	54 901	-	63 046	63 046
Other ordinary operating income and expenses	(94 098)	-	(94 098)	(91 493)	-	(91 493)
Current operating income	146 858	(29 524)	117 334	129 142	(31 628)	97 514

Cost of claims

(in € thousand)	1st quarter ended March 31,					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	343 160	(89 209)	253 951	324 388	(87 807)	236 581
of which, claims paid	7 575	(1 807)	5 768	9 582	(688)	8 894
of which, claims reserves	311 867	(86 271)	225 596	294 177	(86 516)	207 661
of which, claims handling expenses	23 718	(1 131)	22 587	20 629	(603)	20 026
Recoveries for the current period	(30 514)	6 264	(24 250)	(30 066)	6 377	(23 689)
Recoveries received	(102)	51	(51)	461	(141)	320
Change in reserves for recoveries	(30 412)	6 213	(24 198)	(30 527)	6 518	(24 009)
Cost of claims from prior periods	(51 933)	10 546	(41 387)	(18 260)	4 401	(13 859)
of which, claims paid	246 409	(68 593)	177 816	223 642	(68 318)	155 324
of which, claims reserves	(296 718)	78 379	(218 339)	(239 775)	72 240	(167 535)
of which, claims handling expenses	(1 624)	760	(864)	(2 127)	479	(1 648)
Recoveries from prior periods	(3 066)	334	(2 732)	(711)	(73)	(784)
Recoveries received	(42 799)	17 906	(24 892)	(34 352)	11 884	(22 468)
Change in reserves for recoveries	39 733	(17 572)	22 161	33 641	(11 957)	21 684
Cost of claims	257 648	(72 065)	185 583	275 351	(77 102)	198 249

Notes to the consolidated financial statements

Note 10 Earnings per share and dividend per share

Earnings per share

	March,31	
	2014	2013
Distributable net income (in thousand of euros)	82 718	85 328
Weighted average number of ordinary shares before dilution	44 116 323	43 936 726
Earnings per share (in euros)	1,87	1,94
Distributable net income (in thousand of euros)	82 718	85 328
Weighted average number of ordinary shares after dilution	44 132 488	43 991 407
Diluted earnings per share (in euros)	1,87	1,94

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 16,165 in 2014 (54,681 in March 2013).

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

Note 11 Segment data

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

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

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

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

Notes to the consolidated financial statements

Profit & loss by segment – end March 2014

(in € thousand)

Three months ended March 31, 2014

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	199 774	95 867	147 604	74 275	65 366	22 637	459 731	-	(426 522)	638 732
Premiums refunded	(11 418)	(7 618)	(3 620)	(664)	(1 030)	(325)	(18 178)	-	16 299	(26 554)
Change in unearned premiums	(37 097)	(3 396)	(24 605)	(9 489)	(8 239)	(1 550)	(84 356)	-	91 236	(77 496)
Earned premiums - non-Group	151 259	84 853	119 379	64 122	56 097	20 762	357 197	-	(318 987)	534 682
Services revenues - non-Group	44 911	17 627	21 691	15 063	6 893	4 847	-	33 693	(41 981)	102 844
Turnover - intra-sectoral	196 170	102 480	141 070	79 185	63 090	25 609	357 197	33 693	(360 968)	637 526
Investment income	4 642	9 517	1 696	-	1 596	(695)	5 463	877	(1 349)	23 413
<i>Of which, dividends</i>	-	-	-	-	-	-	-	(523)	523	-
Total ordinary income	200 812	111 997	142 766	80 851	64 686	24 914	362 660	34 570	(362 317)	660 939
Insurance services expenses	(85 018)	(24 787)	(62 121)	(25 964)	(24 231)	(9 663)	(149 334)	(833)	124 323	(257 648)
Outwards reinsurance income	78 756	36 551	69 606	30 748	31 414	7 386	100 074	-	(227 569)	126 966
Outwards reinsurance expenses	(93 907)	(57 131)	(84 146)	(46 091)	(40 650)	(14 661)	(138 897)	-	318 993	(156 490)
Other income and expenses	(77 499)	(39 080)	(56 089)	(30 129)	(25 270)	(14 126)	(118 094)	(41 375)	145 229	(256 433)
Total other income and expenses	(177 668)	(84 447)	(132 750)	(71 456)	(58 737)	(31 064)	(306 251)	(42 208)	360 976	(543 605)
CURRENT OPERATING INCOME	23 144	27 550	10 016	9 395	5 949	(6 150)	56 409	(7 638)	(1 341)	117 334
Other non ordinary operating expenses and income	(65)	-	(317)	-	-	-	-	(698)	-	(1 068)
OPERATING INCOME	23 089	27 550	9 699	9 395	5 949	(6 150)	56 409	(8 334)	(1 341)	116 266
Financing expenses	(43)	(95)	133	(39)	(1)	-	(126)	(2 066)	826	(1 411)
Share of income from companies accounted by the equity method	1 480	2 448	7	-	-	-	-	669	-	4 604
Corporation tax	(8 502)	(10 337)	(1 964)	(3 160)	(2 366)	(913)	(10 003)	1 034	-	(36 211)
CONSOLIDATED NET INCOME	16 024	19 566	7 875	6 196	3 582	(7 063)	46 280	(8 697)	(515)	83 248
NET INCOME, GROUP SHARE	15 582	19 704	7 875	5 970	3 582	(7 063)	46 280	(8 697)	(515)	82 718
Non controlling interests	442	(138)	-	226	-	-	-	-	-	530

Profit & loss by segment - end March 2013 Pro Forma

(in € thousand)

Three months ended March 31, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	211 377	95 212	138 030	71 034	69 752	18 510	390 048	-	(364 256)	629 707
Premiums refunded	(15 476)	(7 619)	(5 231)	6	(977)	(781)	(19 664)	-	18 805	(30 937)
Change in unearned premiums	(38 891)	(2 532)	(18 299)	(10 599)	(11 440)	(76)	(46 049)	-	44 661	(83 225)
Earned premiums - non-Group	157 010	85 061	114 500	60 441	57 335	17 653	324 335	-	(300 790)	515 545
Services revenues - non-Group	46 229	18 786	22 638	14 624	9 227	5 347	-	53 881	(66 936)	103 796
Turnover - intra-sectoral	203 239	103 847	137 138	75 065	66 562	23 000	324 335	53 881	(367 726)	619 341
Investment income	5 816	11 256	8 461	1 029	1 200	1 310	5 816	(528)	(1 482)	32 878
<i>Of which, dividends</i>	-	-	-	-	-	-	-	-	-	-
Total ordinary income	209 055	115 103	145 599	76 094	67 762	24 310	330 151	53 353	(369 208)	652 219
Insurance services expenses	(75 312)	(35 137)	(69 785)	(25 590)	(19 705)	(6 449)	(185 370)	(928)	143 285	(275 351)
Outwards reinsurance income	86 829	44 540	76 808	27 526	25 876	8 215	107 253	-	(236 899)	140 148
Outwards reinsurance expenses	(102 609)	(57 292)	(82 110)	(43 071)	(41 781)	(13 168)	(132 534)	-	300 789	(171 776)
Other income and expenses	(79 541)	(39 737)	(56 575)	(29 604)	(28 231)	(12 718)	(102 583)	(59 240)	160 504	(247 725)
Total other income and expenses	(170 633)	(87 626)	(131 662)	(71 099)	(63 841)	(24 120)	(313 234)	(60 168)	367 679	(554 704)
CURRENT OPERATING INCOME	38 422	27 477	13 936	4 995	3 921	190	16 917	(6 815)	(1 529)	97 514
Other non ordinary operating expenses and income	1 406	24 803	(98)	(105)	4 825	-	-	(1 009)	-	29 822
OPERATING INCOME	39 828	52 280	13 838	4 890	8 746	190	16 917	(7 824)	(1 529)	127 336
Financing expenses	(37)	(38)	(654)	(37)	(2)	-	(120)	(3 408)	1 679	(2 817)
Share of income from companies accounted by the equity method	1 946	922	-	-	-	-	-	(38)	-	2 830
Corporation tax	(11 540)	(18 393)	(3 024)	(1 692)	(3 379)	(863)	(2 290)	683	-	(40 492)
CONSOLIDATED NET INCOME	30 197	34 771	9 960	3 161	5 371	(673)	14 507	(10 587)	149	86 857
NET INCOME, GROUP SHARE	29 257	34 424	9 961	2 919	5 371	(673)	14 507	(10 587)	149	85 328
Non controlling interests	940	347	-	242	-	-	-	-	-	1 529

Profit & loss by segment - end March 2013 Published

(in € thousand)

Three months ended March 31, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	211 377	95 212	138 030	71 034	69 752	18 510	390 048	-	(364 256)	629 707
Premiums refunded	(15 476)	(7 619)	(5 231)	6	(977)	(781)	(19 664)	-	18 805	(30 937)
Change in unearned premiums	(38 891)	(2 532)	(18 299)	(10 599)	(11 440)	(76)	(46 049)	-	44 661	(83 225)
Earned premiums - non-Group	157 010	85 061	114 500	60 441	57 335	17 653	324 335	-	(300 790)	515 545
Services revenues - non-Group	46 229	18 786	22 638	14 624	11 005	5 347	-	52 103	(66 936)	103 796
Turnover - intra-sectoral	203 239	103 847	137 138	75 065	68 340	23 000	324 335	52 103	(367 726)	619 341
Investment income	5 816	11 256	8 461	1 029	1 200	1 310	5 816	(528)	(1 482)	32 878
<i>Of which, dividends</i>	-	-	-	-	-	-	-	-	-	-
Total ordinary income	209 055	115 103	145 599	76 094	69 540	24 310	330 151	51 575	(369 208)	652 219
Insurance services expenses	(75 312)	(35 137)	(69 785)	(25 590)	(19 705)	(6 449)	(185 370)	(928)	143 285	(275 351)
Outwards reinsurance income	86 829	44 540	76 808	27 526	25 876	8 215	107 253	-	(236 899)	140 148
Outwards reinsurance expenses	(102 609)	(57 292)	(82 110)	(43 071)	(41 781)	(13 168)	(132 534)	-	300 789	(171 776)
Other income and expenses	(79 541)	(39 737)	(56 575)	(29 604)	(28 054)	(12 718)	(102 583)	(57 417)	160 504	(247 725)
Total other income and expenses	(170 633)	(87 626)	(131 662)	(71 099)	(65 664)	(24 120)	(313 234)	(58 345)	367 679	(554 704)
CURRENT OPERATING INCOME	38 422	27 477	13 936	4 995	3 876	190	16 917	(6 770)	(1 529)	97 514
Other non ordinary operating expenses and income	1 406	24 803	(98)	(105)	4 825	-	-	(1 009)	-	29 822
OPERATING INCOME	39 828	52 280	13 838	4 890	8 701	190	16 917	(7 779)	(1 529)	127 336
Financing expenses	(37)	(38)	(654)	(37)	(3)	-	(120)	(3 407)	1 679	(2 817)
Share of income from companies accounted by the equity method	1 946	884	-	-	(8)	-	153	-	(145)	2 830
Corporation tax	(11 540)	(18 393)	(3 024)	(1 692)	(3 359)	(863)	(2 290)	671	-	(40 492)
CONSOLIDATED NET INCOME	30 197	34 731	9 960	3 161	5 331	(673)	14 660	(10 515)	4	86 857
NET INCOME, GROUP SHARE	29 257	34 384	9 961	2 919	5 331	(673)	14 660	(10 515)	4	85 328
Non controlling interests	940	347	-	242	-	-	-	-	-	1 529

Notes to the consolidated financial statements

Depreciation, amortisation and provisions by segment

(in € thousand)		Three months ended March 31, 2014									
	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	(111)	(977)	(292)	(59)	(27)	(12)	(8)	309	-	(1 177)	

(in € thousand)		Three months ended March 31, 2013									
	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	(18)	(77)	(243)	(8)	(6)	-	-	(209)	-	(561)	

Notes to the consolidated financial statements

Balance sheet by segment - end March 2014

(in € thousand)

March 31, 2014

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	63 083	5 936	24 527	3 299	-	3 114	-	99 959
Other intangible assets	49 230	18 613	11 555	8 302	755	2 787	498	6 706	(2 026)	96 420
Investments - insurance businesses	594 697	779 265	198 655	47 829	97 667	30 845	863 032	1 663 528	(427 905)	3 847 613
Investments accounted for by the equity method	69 361	51 188	4 730	-	-	-	-	71 279	-	196 558
Share of assignees and reinsurers in the technical reserves and financial liabilities	302 996	120 221	271 018	219 513	89 252	59 369	330 634	110	(810 652)	582 461
Insurance and reinsurance receivables	62 271	77 400	197 261	69 208	79 550	29 478	420 617	(47)	(248 699)	687 039
Other assets	333 801	120 916	246 379	254 759	63 113	(20 428)	73 964	155 703	(418 562)	809 645
Total assets	1 412 356	1 167 603	992 681	605 547	354 864	105 350	1 688 745	1 900 393	(1 907 844)	6 319 695
Technical reserves	580 075	239 652	515 167	321 282	234 043	107 618	949 608	48	(821 583)	2 125 910
Liabilities related to inward insurance and reinsurance transactions	24 174	69 567	50 055	37 281	6 812	9 108	75 910	1 240	(72 505)	201 642
Liabilities related to outward reinsurance transactions	84 612	10 424	50 471	44 212	24 469	12 306	145 745	43	(193 432)	178 850
Other liabilities	447 273	258 385	275 025	164 352	34 165	19 158	61 573	689 985	(725 539)	1 224 377
Total liabilities	1 136 134	578 028	890 718	567 127	299 489	148 190	1 232 836	691 316	(1 813 059)	3 730 779

Balance sheet by segment - end March 2013 Pro Forma

(in € thousand)

March 31, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	62 163	5 936	26 294	3 426	-	3 376	(3)	101 192
Other intangible assets	39 000	16 120	7 994	5 478	1 215	1 071	798	7 862	(2 026)	77 512
Investments - insurance businesses	688 696	878 211	187 125	43 089	97 447	42 648	728 670	1 670 120	(450 503)	3 885 503
Investments accounted for by the equity method	77 947	40 909	-	-	-	-	-	61 175	-	180 031
Share of assignees and reinsurers in the technical reserves and financial liabilities	275 113	130 130	264 091	171 909	100 708	64 260	274 292	110	(756 915)	523 698
Insurance and reinsurance receivables	87 579	71 569	240 189	58 443	93 533	31 094	329 978	(40)	(258 157)	654 188
Other assets	322 355	161 423	244 758	260 156	100 245	(35 535)	76 520	156 278	(438 944)	847 256
Total assets	1 490 690	1 298 362	1 006 320	545 010	419 442	106 965	1 410 258	1 898 881	(1 906 548)	6 269 380
Technical reserves	569 727	265 358	494 998	291 507	257 657	92 594	825 156	48	(765 484)	2 031 561
Liabilities related to inward insurance and reinsurance transactions	19 234	67 440	46 647	23 654	10 028	14 035	73 979	1 497	(63 017)	193 497
Liabilities related to outward reinsurance transactions	68 291	9 459	88 176	44 278	35 078	825	110 601	43	(199 057)	157 694
Other liabilities	496 925	286 025	274 601	156 414	46 622	13 206	33 923	693 639	(606 872)	1 394 483
Total liabilities	1 154 177	628 282	904 422	515 853	349 385	120 660	1 043 659	695 227	(1 634 430)	3 777 235

Balance sheet by segment - end March 2013 Published

(in € thousand)

March 31, 2013

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	11 749	62 163	5 936	30 802	3 426	-	(12 883)	(1)	101 192
Other intangible assets	39 000	16 120	7 994	5 478	1 215	1 071	798	7 862	(2 026)	77 512
Investments - insurance businesses	688 696	878 211	187 125	43 089	97 447	42 648	728 670	1 670 120	(450 503)	3 885 503
Investments accounted for by the equity method	77 947	84 956	-	-	4 244	-	17 564	12 883	(17 563)	180 031
Share of assignees and reinsurers in the technical reserves and financial liabilities	275 113	130 130	264 091	171 909	100 708	64 260	274 292	110	(756 915)	523 698
Insurance and reinsurance receivables	87 579	71 569	240 189	58 443	93 533	31 094	329 978	(40)	(258 157)	654 188
Other assets	322 355	161 423	244 758	260 156	94 286	(35 535)	76 520	162 237	(438 944)	847 256
Total assets	1 490 690	1 354 158	1 006 320	545 010	422 235	106 965	1 427 822	1 840 289	(1 924 109)	6 269 380
Technical reserves	569 727	265 358	494 998	291 507	257 657	92 594	825 156	48	(765 484)	2 031 561
Liabilities related to inward insurance and reinsurance transactions	19 234	67 440	46 647	23 654	10 028	14 035	73 979	1 497	(63 017)	193 497
Liabilities related to outward reinsurance transactions	68 291	9 459	88 176	44 278	35 078	825	110 601	43	(199 057)	157 694
Other liabilities	496 925	286 025	274 601	156 414	48 641	13 206	33 923	691 620	(606 872)	1 394 483
Total liabilities	1 154 177	628 282	904 422	515 853	351 404	120 660	1 043 659	693 208	(1 634 430)	3 777 235

Notes to the consolidated financial statements

Note 12 Related parties

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

	Number of shares	%
Allianz France SA	26 864 230	59,25%
Allianz Vie	3 879 818	8,56%
Treasury shares	1 277 987	2,82%
Sub-total	32 022 035	70,62%
Public (bearer securities)	13 320 142	29,38%
Total	45 342 177	100,00%

Transactions

(in € thousand)

	March 31,				March 31,			
	2014		2013		2014		2013	
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating income	14 001	-	-	29 960	13 960	-	-	12 520
Insurance services expenses	(17 811)	-	-	(11 359)	(13 742)	-	-	(52 101)
Net income or expense on reinsurance	(16 754)	-	-	(1 467)	(8 470)	-	-	40
Financing expenses	-	-	-	-	-	(1 364)	-	-
Other financial net incomes	(5 727)	-	-	(11 970)	(5 256)	-	-	(631)

Receivables and liabilities

(in € thousand)

	March 31, 2014				December 31, 2013			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Financial Investments (Allianz SE bond)	-	-	-	-	-	-	-	-
Current accounts (accrued interests included)	55 362	-	-	-	37 125	-	-	4
Net operating receivables	6 434	-	-	7 641	2 672	-	-	857
Borrowings (accrued interests included)	-	-	-	-	-	-	-	-
Operating liabilities	(5 325)	-	-	2 091	(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.

Notes to the consolidated financial statements

Note 13 Commitments given and received

(in € thousand)	March 31, 2014	March 31, 2013
Commitments received	3 652	8 825
Deposits, sureties and other guarantees	3 652	8 825
Commitments given	50 019	102 810
Deposits, sureties and other guarantees	50 019	102 810
<i>o/w</i>		
- Commitments to Citibank	-	50 000
- Commitments to Société Générale	36 286	37 925
- Commitments to InvestitionsBank Landes Brandenburg	1 857	1 857
- Commitments associated with membership of an EIG	162	180
- Securities buyback agreement	-	-

The given commitment of € 50 million, that was aimed to cover Citibank's customers having signed a credit insurance policy with a Euler Hermes subsidiary in the event that the latter fails to meet its credit insurance policy obligations, was terminated during the third quarter 2013.

The € 36.3 million commitment is a guarantee to the Romanian Bank of Development, BRD, which is a subsidiary of Société Générale Group, in relation to the issuance of bond policies by Euler Hermes Europe S.A. Nederland.

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

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

Note 14 Subsequent events as at March 31st, 2014

No subsequent events occurred since March 31, 2014 closing which would impact the assumptions of the annual closing.