Euler Hermes

2013 Registration Document

Risk Management | Credit Insurance
Debt Collection | Bonding

EULER HERMES
Our knowledge serving your success

A company of Allianz

Summary

Profile

€2,486.2 million
Turnover

75.3%
Net combined ratio

€313.7 million
Net icome, Group share

13.1%
Return on equity

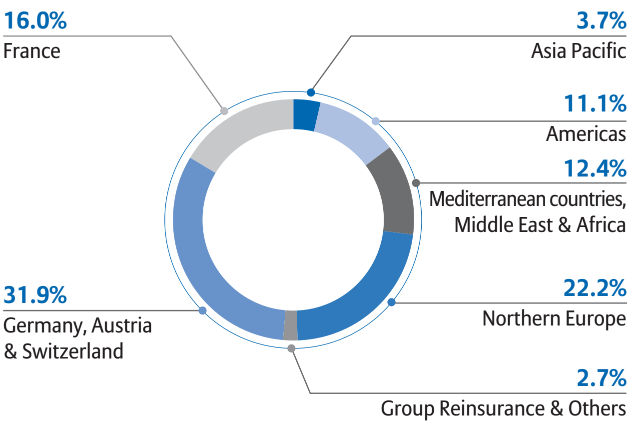
Supporting business growth for companies worldwide

Euler Hermes, 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.

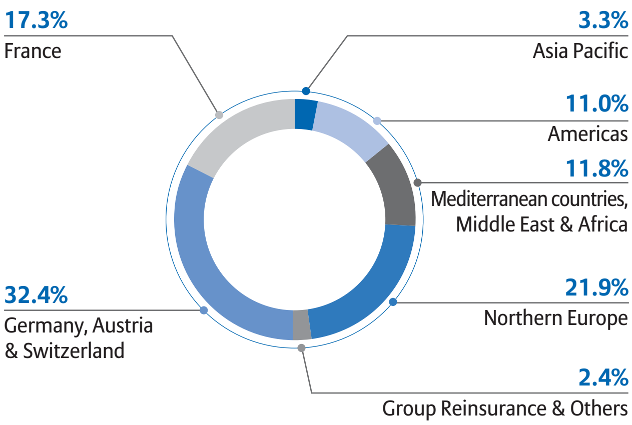
Key figures

BREAKDOWN OF TURNOVER BY REGION

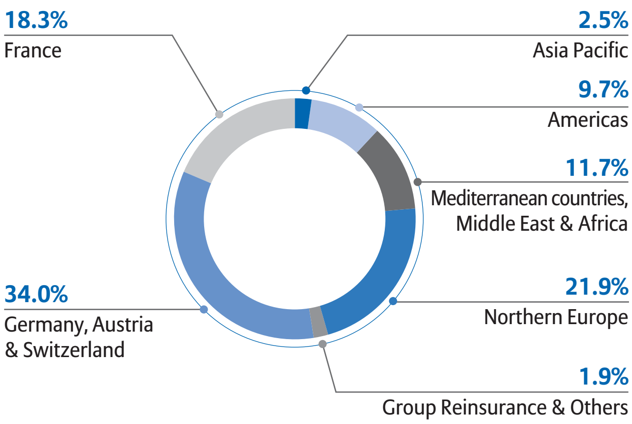
- **AS AT DECEMBER 31, 2013**



- **AS AT DECEMBER 31, 2012 ***



- **AS OF DECEMBER 31, 2011 ***

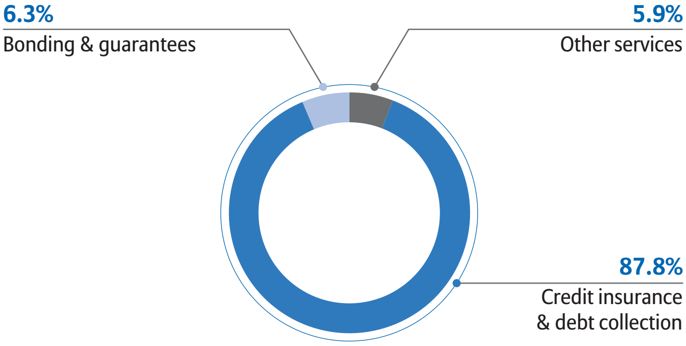


* *Proforma with Spanish and Argentinean activities transferred respectively from Mediterranean countries, Middle East and Africa and Americas to Group Reinsurance and Others.*

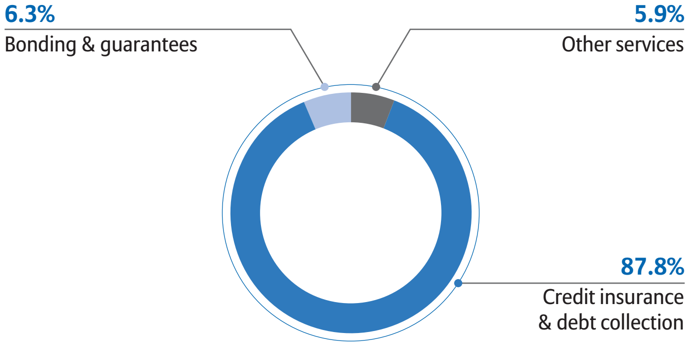
Key figures

BREAKDOWN OF TURNOVER BY LINE OF BUSINESS

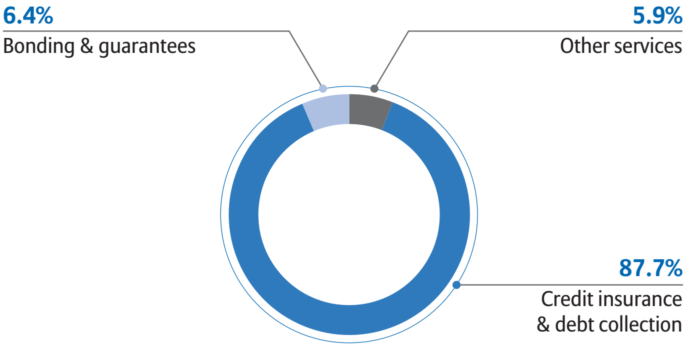
AS AT DECEMBER 31, 2013



AS AT DECEMBER 31, 2012



AS AT DECEMBER 31, 2011



Simplified statements over 5 years

(In € thousand)	2013	2012 IAS 19 proforma	2011 IAS 19 proforma	2010	2009
Consolidation income statement					
Turnover [1]	2,486,240	2,397,896	2,274,922	2,147,734	2,085,711
Technical result [2]	345,261	331,410	361,352	348,625	(64,783)
Ordinary operating income	431,411	440,451	474,403	471,873	83,627
Operating income	458 606	431,835	466,373	388,930	74,771
Net income, Group share	313,729	305,500	332,193	294,452	18,988
Minority interests	3,352	4,262	3,238	3,331	4,153
Consolidated statement of financial position					
Total assets	6,062,656	6,077,081	5,824,127	5,659,182	5,149,953
Shareholder's equity, Group share	2,461,870	2,345,241	2,218,349	2,130,421	1,795,779
Minority interest	66,582	68,261	18,002	18,015	20,698
Share information					
Earnings per share [3]	7.12	6.96	7.59	6.74	0.43
Diluted earnings per share [3]	7.11	6.96	7.58	6.73	0.43
Dividend per share	4.20	4.00	4.40	4.00	-
Total dividend paid / to be paid	190,437	180,851	198,702	180,411	-
Other data					
Conbined ratio after reinsurance	75.3%	74.6%	69.8%	68.7%	104.7%
Group employees	6,140	6,277	6,165	6,204	6,201

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

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

(3) Group share.

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the Autorité des Marchés Financiers on April 30, 2014 under filing number D. 14-0469 in accordance with Article 212-13 of its general regulations. It may be used in support of a financial transaction if it is supplemented by a transaction memorandum certified by the *Autorité des Marchés Financiers*. This document was drawn up by the issuer and establishes the liability of its signatories.

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

Letter from the Chairman of the Euler Hermes Board of Management

Wilfried Verstraete

A review of 2013 and an overview of the Company's 2014 strategic focus from the Chairman of the Euler Hermes Board of Management

Vigilance, agility, innovation and teamwork were our watchwords in the difficult environment of 2013.

On the global stage, 12 months of unpredictable global markets and political events were compounded by foreign exchange volatility and on/off predictions of the start of economic recovery in several markets. Corporate insolvencies remained at historically high levels as the prolonged global economic slowdown continued.

We observed two main insolvency trends: a renewed rise in insolvencies overall to +2% in 2013, and a wide disparity between regions.

- The continued rise of insolvencies in three main regions:
  - Latin America (+10%)
  - Western Europe (+9%)
  - Central and Eastern Europe (+6%)
- The continued decline in insolvencies in the North American (-11%) and Asia & Pacific (-4%) regions.

We held to a steady course of prudent risk underwriting, increasing our risk exposure by 4% in 2013 through a combination of sound risk management and a selective, disciplined technical approach to countries and sectors.

Against foreign exchange headwinds and competitive pricing pressures we generated record revenues of €2.5 billion and a robust 6.2% increase in operating income. All regions contributed to the strong operational performance. We also set a record for new business acquisition: €292 million, a commercial performance improvement of €19 million above the 2012 level. We sustained renewal rates at near-record levels. The net claims ratio declined 1.2 points to 50.5%, as sound risk management resulted in lower claims activity despite increasing business volumes and still-high European market insolvency levels. Our average ROE over the past 10 years stands at 13.8%.

While 2013 growth was driven by non-mature markets, new products and the multinational company segment targeted by our World Agency division, we also reinforced our global market leadership (*) with a series

* Source : *Euler Hermes estimates as at November 2013 based on 2012 market information available as at that date (sub-section 1.2.5 – Competitive positioning).*

of operational milestones. Each is clearly linked to one of our three strategic growth focus areas – geographies, distribution and products.

Geographically, we strengthened traditional market structures and invested further in our growth target markets of the Americas, Asia & Pacific and the Mediterranean, Middle East and Africa (MMEA). Our Blue Europe II initiative, linked to Solvency II regulations in Europe, progressed on-track in 2013. Our goal is to complete the merger of the French, German and Asian insurance companies into one risk carrier located in Brussels by 2014 year-end. When the three-year Excellence project concluded in December 2013, we had successfully expanded into non-mature growth markets while retaining our overall workforce size at its 2011 level. Our strong global footprint is supported by a proprietary intelligence network that tracks and analyzes daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP.

Significant new distribution opportunities were created in 2013. Our global partnership with HSBC established platforms in eight countries and five regions in its first year. The Solunion joint venture launched on time in Spain and Argentina, just eight months after its formal creation. It combines MAPFRE's deep Spanish and Latin American market knowledge and network with Euler Hermes' extensive risk database and operational excellence.

New product launches in 2013 were complemented by an increasingly harmonized product suite across mature and non-mature markets. This included successful rollouts of trade finance cover and excess of loss (XoL) solutions in Singapore and the U.S.

We continued investments that strengthen our reputation as a market and thought leader. Our experts increased their output of economic research publications, conference speeches and media interviews. The company was honored with industry awards spanning every continent in which we operate. Following best practice benchmarking, we established a global corporate responsibility policy that also reflects and aligns existing country activities.

2014 – Economic traction, uncertain acceleration

We anticipate 2014 will be a challenging year, but also that many economies will begin to gain more traction due to improved prospects for advanced economies. Global GDP is forecast to grow 3.1% in 2014, and marginally more in 2015, as global rebalancing increases the growth contribution of more mature players. Within that scenario, the European recovery is expected to be too modest for remedial effects to spread quickly; demand is key and many European companies still face important competitive and financing challenges. Oil exports will continue to benefit Middle East and African economies like the GCC. While the North American crisis seems truly past, uncertainty remains about the pace of recovery. Asia & Pacific countries, and market segments resilient to the global cycle up to 2013, may now face some of the greater challenges of 2014. In many industry sectors there may not be an accelerating recovery path; 90% of sector risks by country remain at 2013 levels. We therefore remain cautious in our outlook and risk management approach.

Early events of 2014 demonstrate the fragility of the recovery in established countries and of emerging markets' growth. Business and market sentiment remains volatile. After six years of uncertainty, there is a palpable desire for a return to optimism, an end to the recession in traditional markets and for developing markets to remain growth drivers. However, the fear of a repeated downturn and its impact remains very close to the surface. Sudden market or regional volatility can quickly erase the confidence markets and businesses gained in previous months. Trade credit insurance will continue to offer valuable reassurance to companies as they navigate domestic growth and export opportunities, or weather unexpected events and volatility.

Strengthening relationships, investing for growth

Our tripartite growth strategy – geographies, products and distribution - will continue to steer our actions in 2014.

Among our global offices in 50+ countries, a majority of our people are based in mature markets. However, the most significant growth in new employees is, and will continue to be, in non-mature economies that demonstrate domestic growth potential and export opportunities.

It is in our history to be where our clients trade or seek to grow sustainably. We accompany them in their strategy, offering in-depth local market expertise and data and product solutions. This investment in people, expertise and partnership underpins the market leadership position we have achieved in more countries than the main competition. Investing, for example, in terms that are meaningful to our Asian clients, we became in 2014 the first Europe-based insurance company to be rated by leading Chinese rating agency Dagong. Their AA- rating with a stable outlook also complements our renewed AA- rating with stable outlook from global rating agency S&P.

We will continue to broaden and harmonize our product offering across markets, including offering political risk, excess of loss and bonding in the markets our clients – particularly multinationals - are targeting for growth. Our focus on Asian entrepreneurs and their growth strategies remains strong. Further product and service differentiation is well underway. Two first-quarter 2014 launches strengthened our digital services:

- EH SmartView, an online solution to improve risk monitoring by clients, and
- a digital application (or "app") that enables clients, prospects and the media to access our most popular Economic Research country, sector and risk publications from mobile or tablet devices.

Similar acceleration is reflected in our 2014 distribution channel activity. The HSBC partnership platform was formalized in two new markets in the first quarter – Malaysia and the United States. We also look forward to the first year of full operations by Solunion, as it strengthens its Latin and South America relationships and optimizes the strengths inherited from founding parents Euler Hermes and MAPFRE.

The client-centric approach that took root globally during our three-year Excellence program will drive our next three-year program, EH 3.0. While the previous two transformational initiatives – One Euler Hermes and Excellence - were driven from the Group level in order to install shared systems, processes and client focus worldwide, EH 3.0 is being driven by the regions. Each region's clients have different service solution needs: Asian entrepreneurs, expanding GCC investors, export-focused Europeans, multinational goods and services providers, reindustrializing American companies. Listening to their feedback about how we can be easier and more efficient to do business with – then sharing internally the best practices developed - will drive EH 3.0 efforts through 2016.

The core of our business, our service and, ultimately, our success, is our employees. Their expertise, client engagement, agility around opportunities and resilience in the face of challenges is remarkable as the credit insurance landscape continues to evolve. I wish to thank them for their contribution to our record year in 2013 and recommit our Board of Management to supporting their continued efforts in the coming year.

Paris, February 13, 2014

Wilfried Verstraete

Chairman of the Board of Management

Board of Management members

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

Message from the Chairman of the Supervisory Board

Clement B. Booth

Euler Hermes delivered record results in 2013, an outstanding performance in a year of continued economic uncertainty and muted growth. We reinforced our market leadership by strengthening our product offering and distribution channels, and by remaining prudent in our risk underwriting approach. We maintained renewal rates at a high level in the context of the insurance industry, an indicator of how the customers we serve value Euler Hermes services and knowledge.

Based on the 2013 results we approved a proposed dividend of €4.20 per share, payable on June 5, 2014 subject to approval at the May 28, 2014 Shareholders Meeting. The proposed 5% increase in the dividend reflects the company's solid operational performance and its commitment to shareholder participation in that result.

Board activities and appointments

The Euler Hermes Supervisory Board provided its experience during strategic discussions with the Board of Management as global economic scenarios continued to evolve. We offered guidance on economic and political developments, America and Europe emerging from recession, and the slowing growth market trajectories. Shareholders and analysts provided us with valuable insights into their interests in a range of meetings and events.

At the May 24, 2013 Shareholder's Meeting, we warmly thanked Charles de Croisset for his years of Supervisory Board service, as his membership expired on reaching the age limit set out in the articles of association. We were pleased to welcome Umit Boyner to the Supervisory Board. Ms. Boyner brings a great deal of commercial and developing market experience, and she will contribute significantly to the Board's work.

Outlook

Our prognosis for the year ahead is cautiously optimistic. There are signs of fragile recovery or growth in countries and sectors that have experienced nearly six years of uncertainty and volatility. Equally however, in both recovering countries and recent growth drivers, clear risks remain that growth trends may plateau quickly or even tail off. The post-crisis economy is becoming easier to negotiate, but the danger is not yet over.

Euler Hermes will continue its prudent approach, and transformation of services and processes to meet the evolving needs of global commercial markets. Both recovery and risk scenarios create demand for trade credit insurance – it is a valuable enabler for the engines of global trade. Today the company's proprietary intelligence network tracks and analyzes daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP. The network and data are key to Euler Hermes' ability to navigate turbulent times well, and to offering long-term continuity to clients, shareholders and employees.

The Supervisory Board will continue to encourage the Board of Management's progress in creating the diverse employee base essential for any services company with a diverse customer and geographic base. The internal benefits of those efforts are also reflected in the annual employee engagement survey results. Recent results continue a positive trend and surpassed those of the overall Allianz Group. They are a key barometer by which the Supervisory Board measures management and employee motivation and commitment.

At the heart of the Euler Hermes' global network and record results is the knowledge, expertise and customer commitment of its 6000+ employees. On behalf of the Supervisory Board, I thank them for another year of very solid results under demanding circumstances. We believe the Company has the agility, expertise and management leadership to continue to successfully perform in the global market it serves, and leads.

Paris, February 13, 2014

For the Supervisory Board,

Clement B. Booth

Chairman

1 Presentation of the Group

1.1 History and development of the Group

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

Today's Euler Hermes 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: Münchner 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 Euler Hermes 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 Euler Hermes units under the single Brussels-based insurance carrier Euler Hermes Europe. A memorandum of understanding was signed with MAPFRE to create a Spain and Latin America strategic alliance: Euler Hermes to combine credit risk underwriting expertise with MAPFRE distribution and sales strength.

In 2012 Euler Hermes 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 Euler Hermes product range.

2013 saw the official launch of Solunion, the joint venture between Euler Hermes and MAPFRE. This year, Euler Hermes also increased its equity interest in ICIC, the Israeli credit insurance specialist, to 50%. Euler Hermes also forged an innovative global distribution partnership in credit insurance with HSBC. Euler Hermes' expertise was rewarded by industry awards around the world.

■ MILESTONES IN EULER HERMES' HISTORY

1883 - 1992

1883
ACI, U.S.A.
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 - 2003

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

Distribution: innovative global distribution partnership in credit insurance with HSBC

Distinctions: Euler Hermes earns nearly 20 industry awards globally

1.2 Overview of the Group's activities

Euler Hermes is the world leader in trade-related insurance solutions. As at December 31, 2013, the Group had operations in more than 50 countries that together account for over 90% 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 Euler Hermes has developed a comprehensive range of services for trade receivables management. The Group's insurance 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.

The basic concept behind credit insurance is that, through B2B credit, businesses are the leading source of financing for other businesses. 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. Euler Hermes' 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 collections capacity, so that its customers can securely expand in their markets.

1.2.1 Main activities

Credit insurance

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

Prevention 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.

Euler Hermes offers suppliers its expertise in managing the credit risk associated with a business transaction, 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 prevention services, Euler Hermes helps companies build their growth on solvent customers.

Euler Hermes tracks changes in corporate solvency in the world's largest economies. In over 50 countries representing over 90% of world GDP, the Group's 1,500 credit analysts and risk underwriters assess the financial health of companies on a daily basis. With its dense local coverage, Euler Hermes produces its own information, 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.

Euler Hermes launched Euler Hermes World Agency in 2008 with a view to offering special support to multinational companies. 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.

In 2011, the Group expanded its range of client services 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 recruited teams in New York and Singapore during 2012, after staffing the Paris and London offices in 2011.

In 2012, the Group further broadened its range by developing a new service for companies that have in-house credit analysts but want to outsource coverage of their largest credit risks. This product, called Excess of Loss, was also launched by Euler Hermes World Agency.

Collection of unpaid receivables

Euler Hermes has been offering international debt collection services as part of its credit insurance policies for decades. As a leader in the field of debt collection, Euler Hermes has its own specialist teams located throughout the world. This integrated network, together with the proprietary information produced by Euler Hermes 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 Euler Hermes 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 collections 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 Warsaw, 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 on its income statement, a supplier working on a 5% margin will have to generate €200,000 in extra sales, and in its haste, it may encounter a problem with additional unpaid receivables.

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

Bonds and guarantees

Next to trade credit insurance related products, Euler Hermes offers a broad range of bonds and guarantees for multiple purposes. The Group supports more than 9,500 customers in their domestic and international bonding needs enabling them to free up capacity in their banking lines. Euler Hermes' portfolio shows about €28 Billions of aggregated facilities, primarily for companies which operate in construction, engineering and in industrial equipment. Its subsidiary in Germany remains the biggest bond and guarantee provider of the Group, followed by the branches in UK and the Netherlands.

Some countries experienced ongoing economic challenges which affect in particular construction companies, such as in the Netherlands, Poland and Denmark. Nevertheless, the Group's revenues developed positively and despite some major claims the line of business produced positive results. The Group's operations in France, Belgium, the Netherlands and in the Nordic countries increased their premium volumes significantly.

Euler Hermes expects a sustainable demand of bonds and guarantees triggered in particular by continuing infrastructure projects. Consequently the Euler Hermes Board decided to launch bonding in new markets, like Italy, Singapore and Australia. The Group looks forward to opening operation in Turkey when authorities admit insurance bond providers to the market.

Euler Hermes' cooperation with Allianz Global Corporate & Specialty will further deliver business solution in engineering and bonding for the benefit of our clients. Besides, major banks show increasing interests in sharing risks due to rising capital issues. Euler Hermes strong rating is a key stone in these participation schemes.

Other services

Insurance against fraud

Insurance against fraud (commercial crime insurance for businesses and industry, fidelity insurance for financial institutions) covers companies against financial losses resulting from criminal acts committed by their employees or service providers, such as theft, embezzlement or fraud. This service is currently available throughout Europe.

Reinsurance

Through its dedicated subsidiary (Euler Hermes Reinsurance AG), the Group buys on insurance market protection against the risk of sudden claims frequency and the risk of occurrence of significant claims. This allows Euler Hermes to optimize the capital it must allocate to its business depending on the risks it covers and the available equity. Moreover, Euler Hermes Reinsurance AG offers certain optional covers to cover very specific risks.

The Group also offers inward reinsurance from certain subsidiaries in which it does not hold a majority interest, but whose underwriting policy it controls (Solunion in Spain, COSEC in Portugal, Prisma in Austria, ICIC in Israel).

Turnover by activity

	December 31, 2013			
(in € million)	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 € million)	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%*

(in € million)	December 31, 2011 All lines of business	Credit Insurance & Debt Collection	Bonding & Guarantees	Other Services
Gross Earned Premiums	1,896.1	1,676.1	138.7	81.4
Service revenues	378.8	318.3	6.9	53.5
Turnover	**2,274.9**	**1,994.4**	**145.6**	**134.9**
% of Group Turnover	*100.0%*	*87.7%*	*6.4%*	*5.9%*

Turnover by geographic region

(in € million)	December 31, 2013 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	236.4	71.1	115.4
Service revenues	407.2	176.1	71.7	86.8	60.5	38.5	20.6	(47.0)
Turnover	**2,486.2**	**793.2**	**397.9**	**551.3**	**308.8**	**274.9**	**91.7**	**68.4**
% of Group Turnover	*100.0%*	*31.9%*	*16.0%*	*22.2%*	*12.4%*	*11.1%*	*3.7%*	*2.7%*

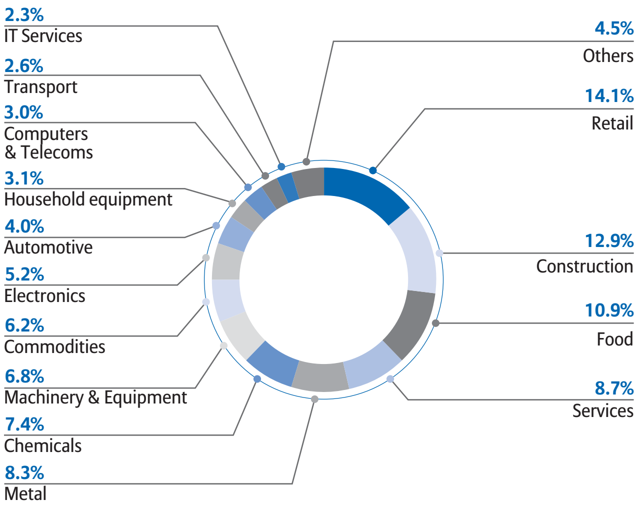
(in € million)	December 31, 2012 Group	Germany, Austria & Switzerland	France	Northern Europe	Mediterranean countries, Middle East & Africa	Americas	Asia Pacific	Group Reinsurance & Others
Gross Earned Premiums	1,995.1	602.4	340.1	449.9	226.8	227.5	63.8	84.6
Service revenues	402.8	174.6	74.7	74.7	55.0	36.2	15.9	(27.2)
Turnover	**2,397.9**	**777.0**	**413.7**	**524.6**	**281.8**	**263.7**	**79.7**	**57.4**
% of Group Turnover	*100.0%*	*32.4%*	*17.3%*	*21.9%*	*11.8%*	*11.0%*	*3.3%*	*2.4%*

Pro forma with Spanish and Argentinean activities transferred respectively from Mediterranean countries, Middle East & Africa and Americas to Group Reinsurance & Others.

(in € million)	December 31, 2011 Group	Germany, Austria & Switzerland	France	Northern Europe	Mediterranean countries, Middle East & Africa	Americas	Asia Pacific	Group Reinsurance & Others
Gross Earned Premiums	1,896.1	603.0	341.9	429.3	214.4	190.7	43.7	73.1
Service revenues	378.8	170.2	74.6	68.1	51.2	30.8	13.7	(29.8)
Turnover	**2,274.9**	**773.2**	**416.5**	**497.4**	**265.6**	**221.5**	**57.4**	**43.3**
% of Group Turnover	*100.0%*	*34.0%*	*18.3%*	*21.9%*	*11.7%*	*9.7%*	*2.5%*	*1.9%*

Pro forma with Spanish and Argentinean activities transferred respectively from Mediterranean countries, Middle East & Africa and Americas to Group Reinsurance & Others.

1.2.2 Exposure per sector in 2013



1.2.3 Real estate property

As at December 31, 2013, the total market value of the Group's real estate property was €306.25 million.

This total comprises:

- property belonging to the Group and used for the purposes of its operations: €120.89 million divided between:
  - Euler Hermes France: €3.49 million,
  - Euler Hermes Germany: €93.58 million,
  - Euler Hermes Italy: €20.80 million,
  - Euler Hermes USA: €2.44 million,
  - Euler Hermes Morocco: €0.58 million;
- property belonging to the Group and used by third parties: €185.36 million out of which €143.45 million representing the market value on the real estate fund (OPCI) Euler Hermes Real Estate.

In 2012, the creation of the company Euler Hermes South Express led to the acquisition of an investment property located in Brussels, for a market value of €35.77 million at the end of 2013.

1.2.4 Euler Hermes' strategy

After the global financial crisis, with the 'One Euler Hermes' initiative, we unified our company, strengthened our governance and steering. We then rolled out the 'Excellence' program, focused on streamlining our global processes and staying lean and flexible as we began to move our centre of gravity from traditional to emerging markets. In 2014, we formally launched our next three year initiative, EH 3.0, which is all about adding client value by making Euler Hermes easier to work with.

Across all these initiatives, our four-pillar strategy remains unchanged.

Since 2010, we have consistently concentrated on:

1. Strengthening the customer base in core European markets and achieving critical mass in non-mature markets, while diversifying on product offering
2. Steering risk according to policyholders' needs and the market environment
3. Continuing the business transformation to achieve cost competitiveness
4. Providing a high return to shareholders.

2013 marked the 10th anniversary of the Euler Hermes brand launch. This decade was one of solid growth and strong financial results, except for 2009, the year of the global financial crisis. Since then, the economic environment, at least in our traditional core European market, has been soft and very volatile. The Group has proven extremely agile in adapting to this new normality and has conforted its market leader position.

How do we intend to further strengthen our market edge?

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

As expected, several major economies and industry sectors continued to deteriorate in 2013, particularly in mature markets. This triggered even stronger demand for credit insurance cover and new business volume reached an all-time high. Retention was also solid, at 90% of the opening portfolio. Thus, our European portfolio grew and supported our overall global growth, together with still very dynamic emerging markets.

Our core European clients increasingly look to export markets and non-mature ones to develop their business and Euler Hermes is helping them trade and grow sustainably in these areas.

In just a few recent years, Euler Hermes has become the market leader in serving the multinational segment.

We aim to further develop our product suite to respond to growing and new client needs. We now offer transactional cover and excess of loss (XoL) products and support them with specialized teams in Europe and in the U.S. In parallel, we are expanding our bonding product beyond its traditional German and Northern European markets.

Not only do we want to better serve our existing customer base, our goal is also to reach out to new clients through a more extensive use of innovative distribution channels. In 2012, the Group signed a global distribution partnership agreement with HSBC. It gathered steam in 2013 and is now effective in over 10 countries. We are also tapping more effectively into the distribution potential offered by our parent company, Allianz: new business generated by selling across existing Allianz clients reached more than €20 million in 2013.

2013 also saw the operational launch of our joint venture, Solunion, with the Spanish credit insurer MAPFRE. We jointly merged our existing business entities in Argentina, Chile, Columbia, Mexico and Spain. Euler Hermes contributes its unique risk underwriting expertise and MAPFRE provides a broad distribution network in these countries.

Latin America, 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 networks.

In the U.S., our target is to grow outside the Northeast market where the Group has traditionally operated. California has been a first successful initiative, with plans for additional new hubs in other states.

In Asia, while China remains the most attractive market in terms of business potential and where Euler Hermes can rely on strong distribution partnerships to tap that potential, the Group has also begun operating in Southeast Asia (Indonesia, Malaysia and Thailand).

Among potential growth markets, Africa is certainly promising and widely untapped to date. Euler Hermes targets expansion in both French and English-speaking Africa.

Steering risk according to policyholders' needs and to the market environment

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

With this focused and balanced approach, Euler Hermes continued in 2012 and 2013 to grow its trade receivable coverage selectively while staying fully engaged with clients in the complex economic environment.

After falling to +2.3% in 2013, the slowest pace since 2009, world GDP growth should progressively gain traction in 2014 and is expected to reach +2.9%. It is a modest uptick and insolvencies are expected to remain at a high level. The Group will draw on its demonstrated ability to be both agile and robust in volatile environments, and continue to add value as a provider of oil to the engines of global trade. It will retain its dual focus on helping clients to trade safely while managing its own risks effectively.

Continuing the business transformation to achieve cost competitiveness

Cost competitiveness has always been and will remain a strategic focus for the Company. As a result of the 'Excellence' program, launched in 2010 to increase productivity and cost base flexibility, in 2013 the gross expense ratio before reinsurance impact reached a four-year low.

The decrease in the expense ratio should be further supported by our "Blue Europe" project: after merging 13 subsidiaries into one insurance company in 2011 - Euler Hermes Europe, located in Brussels - we have entered the second phase of the project. Euler Hermes France, Euler Hermes Germany and our Asian entities will also become branches of Euler Hermes Europe. Our objective is to have all insurance activities consolidated under Euler Hermes Europe by the end of 2014, either as a branch, or as a legal entity (US). This will help further streamline our operations and also improve the capital fungibility inside the Group.

In parallel, Euler Hermes continues to streamline its operations worldwide and deploys standardized IT solutions to remain at the leading edge of operational efficiency. Following earlier common platform launches in 2013, the Group launched Galileo (a policy administration platform which will be one of the last bricks towards harmonized systems) in Germany. Galileo will be rolled out across the Group over the next three years, bringing to a close the large IT standardization effort begun in 2007.

We also launched EH 3.0, a three-year program that focuses on creating value for clients by making it easier for them to do business with us, and for us to work with each other. Our goal is to give clients an extra reason to choose and recommend us.

Digitalization also enables faster, simpler, better and more efficient processes and enhances customer service. Euler Hermes' 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

Euler Hermes' business is partially linked to global economic cycles, consisting of uneven alternating periods of growth and contraction in activity.

The Group aims to auto-finance its development while maintaining a dividend pay-out ratio around 50%. This is to be achieved by a close monitoring of our risks combined with an effective reinsurance structure.

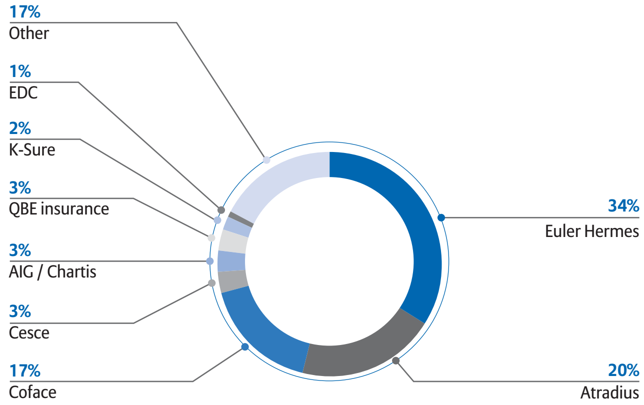
Euler Hermes' solvency is strong, based on Solvency I and future Solvency II requirements.

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

EULER HERMES MARKET SHARE IN 2012 (PREMIUMS CREDIT INSURANCE ONLY)

Source: Euler Hermes estimates as at November 2013 based on 2012 market information available as at that date.



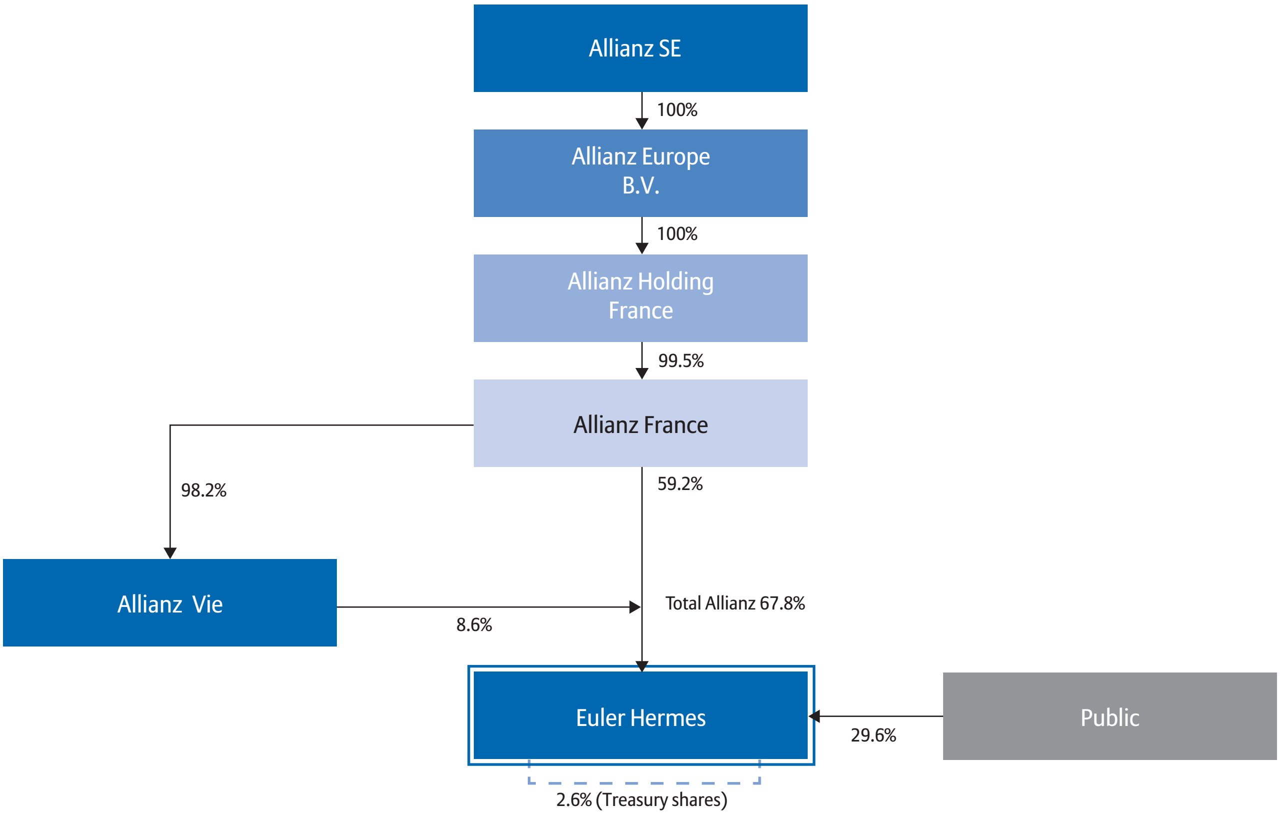
Euler Hermes remains an undisputed leader with a market share of 34%.

1.3 Shareholding structure as at December 31, 2013

During 2013, the number of Euler Hermes shares held by Allianz Vie and Allianz France was unchanged at 30,744,048. This represents a stake of 67.8% in Euler Hermes' share capital and 69.6% of voting rights as at December 31, 2013.

The free float covered 29.6% of Euler Hermes' share capital, and 30.4% of voting rights.

Euler Hermes holds 1,161,362 treasury shares representing 2.6% of its 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	60.8%
Total Allianz	**30,744,048**	**67.8%**	**30,744,048**	**69.6%**
Treasury shares	**1,161,362**	**2.6%**	**0**	**0.0%**
Public	**13,436,767**	**29.6%**	**13,436,767**	**30.4%**
TOTAL	**45,342,177**	**100.0%**	**44,180,815**	**100.0%**

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

1.4 Summary of Group structure

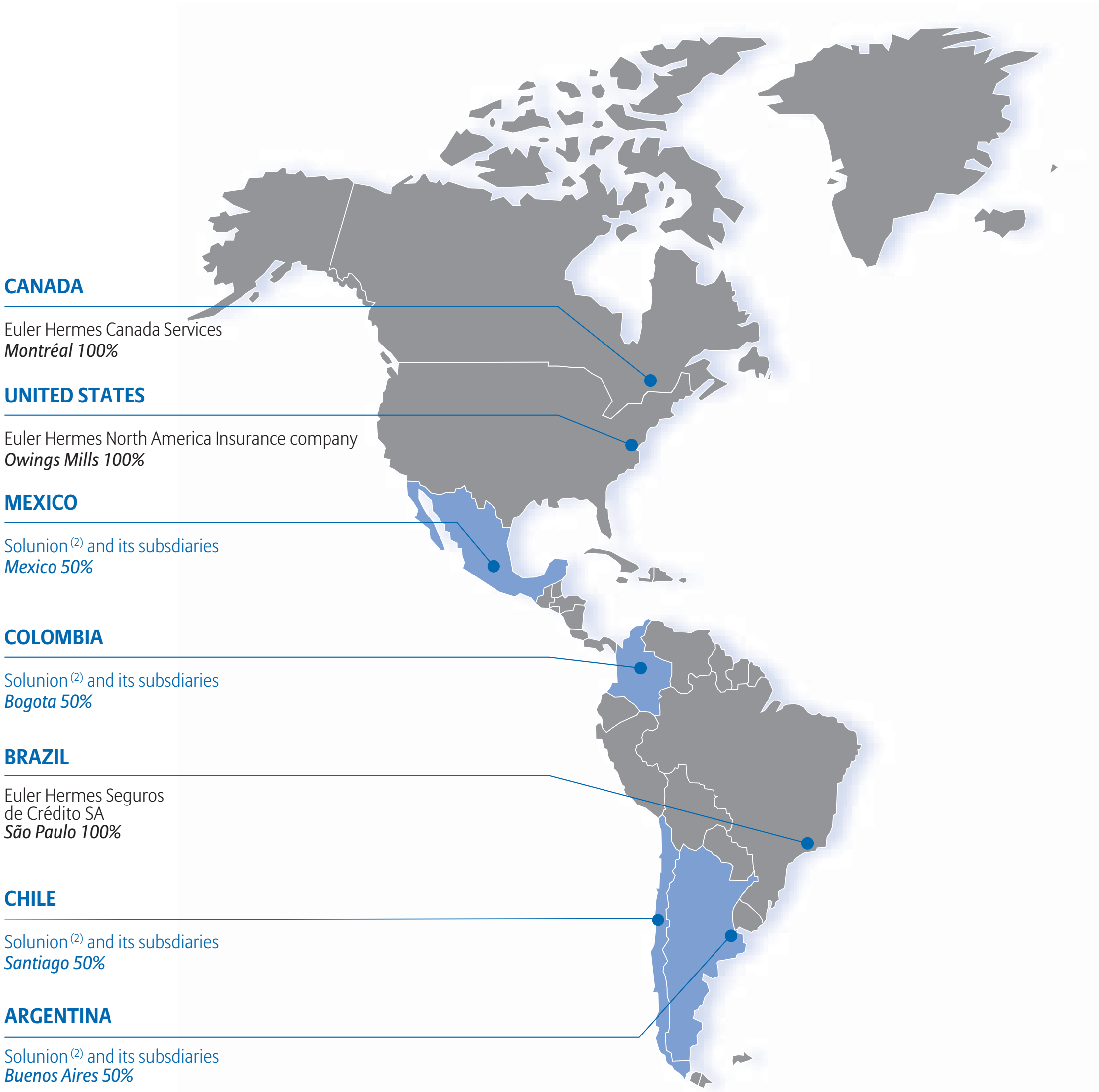
1.4.1 Relationships between the parent company and its subsidiaries

Euler Hermes SA is the Group parent holding 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%), the Austrian companies Prisma Kreditversicherungs-A.G, and OeKB EH Beteiligungs-u. Management (both 49% owned), Israël Credit Insurance Company Ltd (ICIC – 50%), the Portuguese company Companhia de Seguro de Credito SA (COSEC – 50%), and Solunion (50% owned), are governed by an agreement.

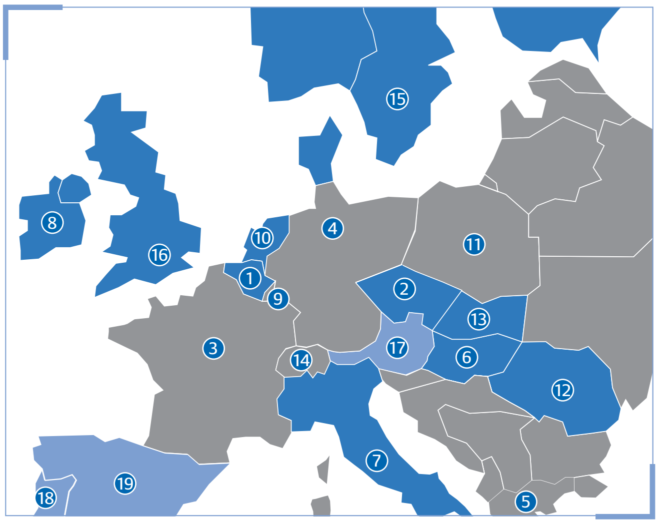


(1) Following the legal restructuring "Blue Europe" on December 31, 2011, the Group has combined, within a single legal entity, Euler Hermes Europe SA (NV), 12 insurance branches located in Czech Republic, Denmark, Finland, Hungary, Ireland, Italy, Netherlands, Norway, Romania, Slovakia, Sweden, United Kingdom.

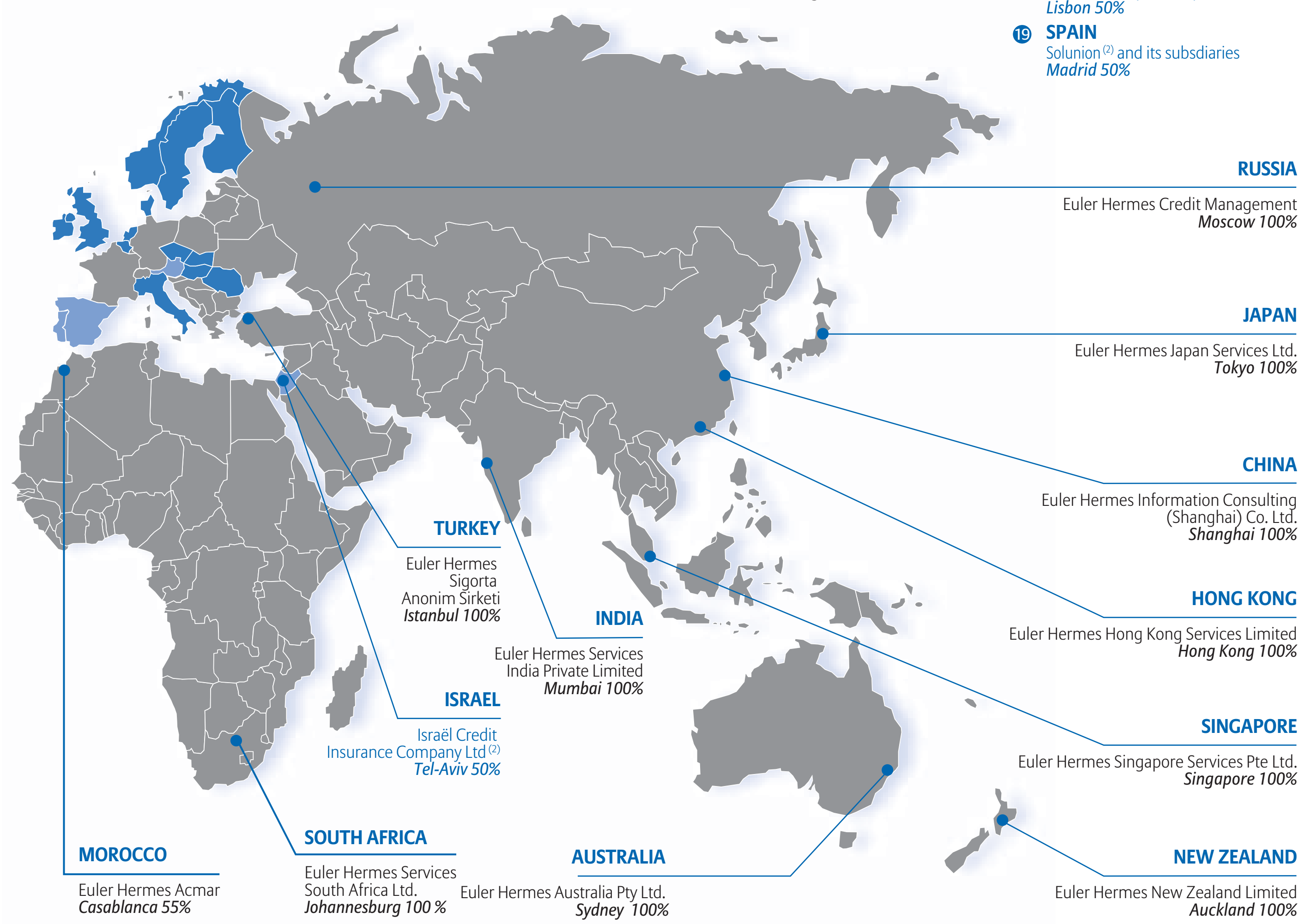
(2) Joint venture in which Euler Hermes has joint control.

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 2013, *see paragraph 3.4.1.1 of this Registration Document on page 77*). The Group is present throughout the world *via* insurance companies, service companies and/or branches.



1. **BELGIUM**
Euler Hermes Europe SA[1] (NV)
Brussels 100%
2. **CZECH REPUBLIC**
Euler Hermes Service Česká republica, SRO
Prague 100%
3. **FRANCE**
Euler Hermes SA *Parent Company*
Euler Hermes France SA *Paris 100%*
4. **GERMANY**
Euler Hermes Deutschland AG
Hamburg 100%
5. **GREECE**
Euler Hermes Hellas
Credit Insurance SA
Athens 100%
6. **HUNGARY**
Euler Hermes Magyar Követeléskezelő Kft.
Budapest 100%
7. **ITALY**
Euler Hermes Services Italia SRL
Rome 100%
8. **IRELAND**
Euler Hermes Service Ireland Ltd.
Dublin 100%
9. **LUXEMBOURG**
Euler Hermes Ré
Luxembourg 100%
10. **NETHERLANDS**
Euler Hermes Services BV
's-Hertogenbosch 100%
11. **POLAND**
Towarzystwo Ubezpieczen
Euler Hermes SA
Warsaw 100%
12. **ROMANIA**
Euler Hermes Services Romania SRL
Bucharest 100%
13. **SLOVAKIA**
Euler Hermes Services Slovensko, SRO
Bratislava 100%
14. **SWITZERLAND**
Euler Hermes Reinsurance AG
Zurich 100%
15. **SWEDEN**
Euler Hermes Service AB
Stockholm 100%
16. **UNITED KINGDOM**
Euler Hermes Services UK Ltd.
London 100%
17. **AUSTRIA**
OeKB EH Beteiligungs-u. Management[2]
Vienna 49%
18. **PORTUGAL**
Companhia de Seguro
de Credito SA (COSEC[2])
Lisbon 50%
19. **SPAIN**
Solunion[2] and its subsdiaries
Madrid 50%



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.

Euler Hermes wishes to be considered a socially responsible employer and partner, and has been implementing sustainable development initiatives for several years. The Group achieved another milestone in 2013, consolidating the initiatives taken by its entities worldwide around a single CSR policy based on four key areas of commitment:

Health & Well-being

Euler Hermes 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 company'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 within the company are key elements of 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 6,140 employees as at December 31, 2013, 96% of whom hold permanent contracts. The headcount has decreased by 2% since 2012 and the proportion of employees on permanent contracts is stable.

The workforce detailed below covers employees that have an employment contract with the subsidiary at the closing date, i.e. at December 31, 2013. 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.

	December 31, 2013	December 31, 2012
Germany and Switzerland	1,847	1,912
France	916	939
Northern Europe	1,365	1,329
Mediterranean Countries, Middle East & Africa	493	581
Americas	486	478
Asia-Pacific	254	218
Captive of reinsurance	12	11
Service Group	767	809
TOTAL EULER HERMES GROUP	**6,140**	**6,277**

The Group's active headcount was 5,809 at December 31, 2013. 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 AT DECEMBER 31, 2013

Age	Workforce
< 25 years old	226
25-34 years old	1,628
35-44 years old	1,751
45-54 years old	1,518
> 55 years old	686

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 of December 31, 2013		
	Total	Female	Male
Contracted active headcount	5,809	2,934	2,875
Total external recruitments	697	358	339
Total external departures	(700)	(333)	(367)

Women make up 51% of Euler Hermes' active workforce and accounted for 51% of total external recruitments in 2013. 52 trainees were also employed by the Group in 2013. No collective redundancies took place at Group level in 2013. The 116 local redundancies in 2013 were of an individual nature.

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

Compensation

Group payroll expenses for 2013 amounted to €401.21 million, excluding social security charges. Social security charges for 2013 totaled €114.02 million.

Compensation policies are determined for each individual country, based on the principles of internal fairness and external competitiveness as defined by Euler Hermes. 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 Euler Hermes' operational regions and business sector.

In 2013, the average increase in fixed compensation within the Group was 3.31%. On average, variable compensation makes up 15.8% of the total compensation of Euler Hermes staff worldwide.

Information relating to the compensation and other benefits paid to Euler Hermes' corporate officers (members of the Board of Management and Supervisory Board) are provided in sub-section 2.2 of this Registration Document.

Work organization

In each country where Euler Hermes 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%.

Specific action was taken in 2013 to facilitate telecommuting. An agreement was signed with staff representatives in this regard in France, and about 50 employees took part in home-working pilot operations. From 2014, home-working (one day a week) is offered as an option to all Euler Hermes employees on permanent contracts in France. A telecommuting development program has also been set up in Germany, also scheduled for roll-out in 2014. 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, Slovakia, Sweden and the United Kingdom).

Regarding absenteeism issues, around 43,216 sick leave days were registered in 2013. The absenteeism rate for sickness is 3.4%.

Employee relations

Euler Hermes is committed to holding regular, constructive dialogue with staff representatives. Several collective agreements were made in 2013: 15 in Germany (including 2 supplementary agreements), 8 in France (including 1 supplementary agreement), 5 in Belgium, 4 in Italy, 3 in the Netherlands and 1 in Sweden.

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

A 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 Euler Hermes operates, after the prior validation of local works councils.

In addition to this formal framework for consultation and collective bargaining, Euler Hermes also has direct contacts with its staff, giving them regular opportunities to voice their opinions and expectations. Since 2010, Euler Hermes has carried out a wide-ranging opinion survey among its employees, similar to those used by all Allianz group companies. This consultation 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 2013, 88% of Euler Hermes' employees took part in the survey, up from 83% in 2012. The 2013 results show a 70% personnel commitment rate, higher than in the previous three years.

Health and safety

The prevention of stress at work is one of the priorities of Euler Hermes' 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. A large-scale survey of psychological and social risks was deployed in France in 2013, and stress management training was formulated for all employees (training roll-out is scheduled for 2014). In Germany, a collective agreement was signed with staff representatives to carry out an overall assessment of risks associated with working conditions. Employees in Germany and the United States are also provided with free, anonymous assistance via telephone helplines (for financial problems, stress at work, etc.).

Many other initiatives have been adopted in the various countries where Euler Hermes operates, aimed at making workstations more ergonomic, promoting sporting activities, improving nutrition and improving employees' work-life balance. For example, three information events on cardiovascular risk, coordinated by doctors, were held by Euler Hermes Italy in 2013. A range of incentives are in place in Sweden 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 wellbeing (see the "Work organization" section above).

In 2013, the lost-time accident frequency rate in France (including personnel attached to the Group) and Germany was 3.84 (number of accidents per million hours worked) and the lost-time accident severity rate was 0.07 (number of days lost per thousand hours worked).

Training

Euler Hermes 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 it into a strong corporate culture to ensure consistency at the Group level and the same quality of service throughout the world. Training is a means of developing employees' skills.

All of the training courses available in the various Euler Hermes entities 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;
- change management courses are designed to support the major transformation initiatives that Euler Hermes, like every global company, is facing on a daily basis.

In 2013, the Academy received 853 applications for 26 different classroom-based programs, 1,101 users signed up to e-learning modules, and 773 courses were completed. The majority of the training programs delivered globally were for managers and project managers.

In 2013, a budget of €4.42 million was allocated to training.

Overall, 15,585 days of training [(1)] were provided within the Group and 63% of employees participated in at least one training session during the year.

Professional development and mobility

Euler Hermes has developed a fair, transparent and standardized methodology for assessing talent across regions and functions. The Board of Management and regional and local CEOs 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.

Euler Hermes 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 Euler Hermes 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.

Euler Hermes' 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 Euler Hermes' human resources policy. This commitment is one of the themes of the Allianz group's code of conduct. It also forms part of Euler Hermes' 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 Company.

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

At December 31, 2013, women occupied 30% of managerial positions. The proportion of female managers has been 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, Euler Hermes launched the "women's network" program in 2011, enabling women at all levels of the Company's hierarchy to communicate and help each other. The program makes it easier to organize events – such as dinners and conferences – at which women can discuss issues and get feedback from other women in executive roles. It also supports training efforts (how to develop personal networks, personal marketing, etc.) and has established a system for the mentoring of female employees by female executives at Euler Hermes. In 2013, new women's network programs were launched for Group personnel and in Italy. In France, an agreement signed with staff representatives led to the creation of a Professional Equality Committee, one of whose functions will be to analyze 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 by 2015.

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

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, which led to the recruitment of five disabled people, Euler Hermes Italy is now committed to recruiting another six disabled staff between 2013 and 2016. In France, various types of initiatives have been launched to encourage the recruitment and inclusion of people with disabilities, as part of an action plan covering the period 2011-2013. Managers have received training in how to welcome and manage disabled staff, and support is being provided to help people gain administrative recognition of their disabled status. In 2013, 80 workstations were also converted to make them more accessible for disabled people. Similar initiatives are taking place in Germany, where the legal obligations for employment of people with disabilities have been exceeded.

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 Euler Hermes 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.

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

The Allianz group code of conduct is provided to all Euler Hermes employees. It requires unconditional compliance with the ILO'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 Euler Hermes group has a very limited direct environmental impact. Euler Hermes 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

Euler Hermes 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. This department is responsible for validating and compiling the information collected for publication in this 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 Euler Hermes to measure and report the environmental information monitored by the Group.

A note on methodology at the end of the section 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 Euler Hermes 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 Euler Hermes' real estate standards and internal processes for the selection and layout of working premises.

These principles include the guidelines to be applied:

- in 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;
- in the layout 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.

These principles also require the implementation of videoconferencing systems for all Euler Hermes' regional and national head offices.

The application of these requirements is amply demonstrated by the following list of Euler Hermes' premises that have environmental certification: the total surface area of these premises represents about 30% of the total surface area rented by the Group as at end-2013 (and nearly 13% of the total occupied surface area).

City	Region	Certification	Surface area
Mexico City	Americas	Breeam	702 m²
Singapore	Asia-Pacific	Web Silver	542 m²
Zurich	Germany, Austria & Switzerland	Minergie Standard	1,222 m²
Paris – Tour First	France	HQE	21,000 m²
Lyon	France	HQE	678 m²

Raising employee awareness of environmental issues

To support the Group's environmental approach as it rolls out, a number of local initiatives have been implemented to raise employee awareness of environmental subjects and their personal responsibility.

Awareness initiatives therefore take place at regional and national offices through a range of in-house communication media (posters, flyers, email, and intranet) on various subjects, including waste recycling, choice of company cars, and day-to-day eco-living. The Green Vehicle Reward Program in the United States, the eco-living guides distributed to employees in France ("Tour First Practical Guide") and Germany, and an environmental newsletter in Italy, are just a few examples.

Pollution and waste management

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

Euler Hermes is committed to preventing and recycling the waste generated by its activity through the following initiatives:

- waste sorting across most of the Group's subsidiaries for ordinary waste such as paper, cans, bottles and plastic. Individual bins have also been eliminated at several Euler Hermes premises (Paris, Rome and Zurich) to encourage sorting. Some countries have set up specific waste management policies: separation of printed paper into color and black & white 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 spent ink cartridges takes place in each country in line with the local legislation in force. This waste is entrusted to service providers, which are responsible for processing them (recycling or disposal).

The total waste produced in 2013 by Euler Hermes Germany, Italy and UK is estimated at 284 tons [(1)], 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 governing premises selection recommend the presence of systems that control this consumption automatically.

The Group's water consumption reported in 2013 [(2)] was 40,997 m³. Water is used in small amounts, for sanitary purposes.

Paper consumption

In 2013, reported [(3)] office paper consumption amounted to 230 tons. Euler Hermes has been interested in the subject of reducing paper consumption for several years.

The Allianz group's printing policy is applied by Euler Hermes, with the implementation of the following measures to regulate the Group's printing equipment by default: printing in black & 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.

The Group is also stepping up paperless communication with clients. Since 2003, Euler Hermes has been developing EOLIS (Euler Hermes OnLine Information Service), a secure extranet portal designed to help its clients and commercial partners manage their insurance contracts online. Today, EOLIS is available in 31 countries and in 17 languages and 97% of

(1) Rate of overage of 39 % (see note on methodology at sub-section 1.5.4).
(2) Rate of overage of 64 % (see note on methodology at sub-section 1.5.4).
(3) Rate of overage of 71 % (see note on methodology at sub-section 1.5.4).

credit limit requests are made online. In 2011, the French subsidiary launched an electronic safe for its clients and brokers. This paperless filing tool allows users to receive and keep in electronic format all documents related to credit insurance policies that used to be sent by mail, while retaining their probative value.

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 2013 (1) is presented in the table below.

2013 ENERGY CONSUMPTION

	2013 value	Unit
Electricity consumption	16,660,329	KWh
Gas consumption	13,994,518	KWh
Steam consumption	551,274	KWh
Fuel consumption	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).

Euler Hermes 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 Group 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.

Given the nature of its business, Euler Hermes is not concerned by environmental issues arising from land use.

Climate change

The CO_2 emissions arising from energy consumption and business travel by Euler Hermes 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	2013 emissions	Unit
	Direct emissions related to energy consumption (gas + fuel)	2,603	Metric tons of CO_2 equivalent
1	Direct emissions related to the business vehicle fleet	1,744	Metric tons of CO_2 equivalent
2	Indirect emissions related to consumption of electricity and steam	2,910	Metric tons of CO_2 equivalent
3	Indirect emissions related to business travel (plane, train, car)	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 Euler Hermes group to reduce CO_2 emissions related to business travel are as follows:

- the subsidiaries' business travel policies encourage travel by train and the use of videoconferencing;
- many subsidiaries favor 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, the Netherlands and France) and Euler Hermes Italy provides an electric vehicle for its employees;
- the Group directives encourage subsidiaries to choose working premises that can be accessed by public transport;

(1) *Rate of overage of 76 % for electricity, 70 % for gas, 60 % for fuel and 33 % for urban heating (see note on methodology at sub-section 1.5.4).*

- 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, including in Germany (100% of electricity used is hydraulic in origin) and the UK (wind power).

Biodiversity

Euler Hermes' activities do not have any material direct impact on biodiversity. At the Group level, efforts are made to promote biodiversity by favoring 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. Of the 113 participants registered on the program, 66 have completed their training, 20 are still on a training course and 27 are waiting for their course to start.

In the United Kingdom, initiatives such as the "My Finance Coach" and "Discover risks" programs 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 Euler Hermes 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

Financial support for charities

Several charities received financial donations from Euler Hermes' various subsidiaries in 2013. 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.

Euler Hermes' entities in Germany, for example, made financial contributions to around 50 initiatives during the year. In France, profits from the sale of office furniture when the transfer to a new head office took place were donated to four charities. Many donations to charities or institutions were also made in the Asia & Pacific region, Belgium, Brazil, Canada, the Czech Republic, the Gulf states (GCC: Gulf Cooperation Council), Italy, the Netherlands, Poland, Sweden, the United Kingdom and the United States.

Encouraging employees to get involved

Several Euler Hermes subsidiaries adopted systems for matching employees' charitable donations this year. In the UK, around 20 charities received funding in this way in 2013. In the US, Euler Hermes 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.

In the Asia & Pacific region, staff were able to vote on the charities their company would support financially. Joint employee-company contributions were made to a donation platform to support victims of Typhoon Haiyan in the Philippines.

Several dozen employees in France, Italy and the UK also took part in sporting events to collect funds for food aid and medical aid organizations. In the Czech Republic, employees were personally involved (bringing medicines and helping with cleaning and repairs) in repairing damage caused by flooding in the country.

Other initiatives enabled Euler Hermes staff to get involved directly with charitable projects. These included the "Habitat for Humanity" program in the US, where approximately 20 employees helped build homes for disadvantaged families. In Poland, at the instigation of Euler Hermes, the financial support provided to children's homes over several years was supplemented by the creation of a gift list (many of the gifts being essential items) by the children in these establishments. The subsidiary's local employees then chose the gifts that they wanted to support and gave them personally to the children. 135 children benefited from this initiative, which was 80% funded by staff. In France, a concierge service coordinated by an organization that helps disabled workers into employment, was provided to employees at the Euler Hermes group head office in Paris. Euler Hermes has been taking part in the Sopex (Social Opex) initiative within the Allianz group since 2010. This volunteer-based program aims to teach social enterprises about working and organizational methods based on the OPEX (operational excellence) methodology, helping them to work effectively and secure their long-term future. Three new Euler Hermes employees took part in this initiative in 2013.

Sub-contractors and suppliers

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.

Euler Hermes' responsible purchasing policy is realized through Group-level guidelines and local initiatives aiming to promote the use of environmentally and socially responsible products and services.

The Allianz group code of conduct explicitly states that environmental and social criteria must be taken into account in purchasing operations. Contracts with suppliers also include an ethical clause, supporting the Group's overall anti-corruption policy. In recent years, these basic aspects of the responsible purchasing 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 Euler Hermes, 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 subsidiary 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 Euler Hermes 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 impacts on the environment, human health, animal welfare or human rights.

Euler Hermes' compliance policy is overseen by a dedicated team. This team's main areas of work and projects are presented on page 65 of this Registration Document.

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

1.5.4 Note on methodology

Social reporting

General organization

Euler Hermes 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 Euler Hermes is present.

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

The qualitative social information presented in the CSR section in the Registration Document is collected annually by means of a questionnaire, sent out to the main countries in which the Group is present.

Scope and level of coverage

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

The level of coverage of the social indicators presented in the CSR section is 100%, except for frequency and severity of accidents at work, which are calculated solely for France and Germany (i.e. 57% of the workforce).

Further information on the indicators

- The active workforce, which corresponds to working employees appearing in the payroll system, is used as a reference to calculate the breakdown of personnel by age, gender, average age and average length of service.
- Recruitments and departures do not take into account internal movements inside the Allianz group.
- The rate of absenteeism shown only takes account of employee absence due to illness (excluding long-term illness).
- The reporting unit used for training is one day. A day of training comprises at least 5 hours of training. A training session of between 3 and 5 hours counts as a half-day of training, and training sessions of less than 3 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

Euler Hermes' 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 6 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. This department is responsible for verifying and compiling the information collected for publication in the Registration Document.

The reporting period under review runs from January 1 to December 31, 2013.

Scope and level of coverage

The scope of the environmental reporting process includes all the buildings occupied during the year by Euler Hermes personnel worldwide (premises rented or owned by Euler Hermes). The list of sites used by Euler Hermes 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.

For the 2013 reporting season, the quantitative data were collected from sites in Belgium, France, Germany, Holland, Hungary, Italy, Poland, Romania, Slovakia, the United Kingdom and the United States.

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 Euler Hermes. 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	Level of coverage/m²
Electricity consumption	76%
Gas consumption	70%
Urban heating consumption	33%
Fuel consumption	60%
Water consumption	64%
Paper consumption	71%
Business travel	78%
Waste generation	39%

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 Statutory Auditor'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 31 December 2013

To the Shareholders,

In our capacity as Statutory Auditor of Euler Hermes SA, appointed as Independent Third Party whose certification request has been approved by the COFRAC, 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 2013, 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 of Directors 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 Statutory Auditor

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 (Reasoned opinion on the fair presentation of the CSR Information).

Our work was performed by a team of four people between January and February 2014 and took around four 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 13 May 2013 determining the manner in which the independent third party should carry out his work, and with ISAE 3000 [(1)] concerning our Reasoned 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 social commitments 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) 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 two 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 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 and subsidiaries and controlled entities 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 accounted for 37% of the workforce and between 65% and 96% of the Group's 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.

French original signed by:
Paris La Défense, April 28, 2014

KPMG Audit
Division of KPMG SA.

Xavier Dupuy	Philippe Arnaud
Partner	*Partner*
	Climate Change & Sustainability Services

(1) *Social information: Quantitative information: Active workforce at the end of the period, Breakdown of active workforce by gender and by age, Breakdown of active workforce by type of contract, Total external recruitments, Total redundancies, Active part time workforce, Absenteeism rate for sickness, Number of training days; Qualitative information: Extension of telecommuting, Prevention of stress at work, Equal treatment.*
Environmental information: Quantitative information: Electricity consumption, Natural gas consumption, fuel consumption, Paper consumption; Qualitative information: Environmental requirements for buildings.

(2) *Social information: Euler Hermes France, Euler Hermes Crédit France, Euler Hermes Recouvrement France, Euler Hermes Deutschland AG (Germany), Euler Hermes Forderungsmanagement (Germany). Environmental information: Euler Hermes in France, Euler Hermes Hamburg buildings 1 and 2 (Germany).*

2 Corporate governance

Euler Hermes 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".

To the Company's knowledge, at the time of publishing this Registration Document:

- there are no family ties among the Company's' corporate officers;
- during the past five years, none of the corporate officers has been convicted of fraud, associated with a bankruptcy, subject to a receiving order or liquidation, subject to an official public sanction, or been barred by a court from acting as a member of an administrative, management or supervisory body or from participating in the management or control of the business of a listed company;
- no conflict of interest has been identified between the duties of each of the corporate officers with regard to the Company and their private interests or other duties;
- no arrangement or agreement has been 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 selected as a corporate officer;
- no restriction has been agreed by the corporate officers concerning the transfer of their interest in the Company's capital;
- there is no service agreement binding the corporate officers to the Company or any of its subsidiaries and providing for benefits to be granted upon termination of such agreements.

For the purposes of their corporate office, the members of the Board of Management and 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.

2.1.1 Composition of the Board of Management

As at the date of this Registration Document, the Board of Management was composed of five 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 Board of Management of Atradius from 2004 to 2006, before joining Allianz Global Corporate & Specialty as Chief Financial Officer and Board of Management member. Wilfried Verstraete was appointed Chairman of the Euler Hermes Board of Management on April 1, 2009.

- **Gerd-Uwe Baden, Board of Management member**

  Risk, Information and Disputes.

  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 1991 he was appointed to the Board of Management of Deutsche Versicherung, a subsidiary of the Allianz group, responsible for the Organization and Administration department, before becoming head of Private Clients. Gerd-Uwe Baden was appointed Chairman of the Board of Management of Allianz group Companies (Switzerland) in January 1998. He joined the Euler Hermes Board of Management on May 25, 2004. From 2004 to 2009 he was also Chairman of the Board of Management of Euler Hermes Kreditversicherungs-AG (Germany).

- **Frédéric Bizière, Board of Management member**

  Finance, Compliance, Legal and Tax, Corporate Secretariat, and Risk and Reinsurance

  Frédéric Bizière graduated from HEC (a 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 Euler Hermes 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 Board of Management on October 1, 2011.

- **Dirk Oevermann, Board of Management member**

  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 Head of international Business Unit Banking. In 2005 he was appointed general manager consulting of IDS Scheer Germany, where he was responsible for consulting business in Germany. From 2006 to 2010 he served as a member of the Executive Board of IDS Scheer AG, in charge of Europe, the Middle East and Africa, and he led the international consulting business. Dirk Oevermann joined the Euler Hermes Board of Management on February 1, 2010.

- **Paul Overeem, Board of Management member**

  Market Management, Commercial 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 Board of Management on January 1, 2013.

2.1.2 Operations of the Board of Management

The Board of Management's operations are covered in detail in the Chairman of the Supervisory Board's report on corporate governance and internal control and risk management procedures established by the Company, at sub-section 2.4 of this Registration Document.

2.1.3 Board of Management member offices

As at the date at this Registration Document, the number of offices held by members of the Board of Management complies with legal requirements and with the AFEP-MEDEF Code of Corporate Governance limiting concurrent terms of office.

Wilfried Verstraete

- *Euler Hermes, France (listed company).* Chairman of the Board of Management (since 04/01/2009 until 03/31/2016)
- *Euler Hermes France, France.* Chairman of the Supervisory Board (since 04/17/2009 until SM called to approve the accounts for the 2013 financial year)
- *Euler Hermes World Agency, France.* Non-voting Member (since 05/10/2011 until SM called to approve the accounts for the 2013 financial year)
- *Euler Hermes Europe, Belgium.* Executive Director and Chairman of the Management Committee (since 02/11/2014 until SM called to approve the accounts for the 2017 financial year)
- *Immobel, Belgium (listed company).* Independent Director (since 08/29/2007 until 2015)
- *Euler Hermes Deutschland AG, Germany.* Chairman of the Supervisory Board (since 04/27/2009 until SM called to approve the accounts for the 2017 financial year)
- *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, 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 SM called to approve the accounts for the 2013 financial year)
- *Euler Hermes Europe, Belgium.* Executive Director and Member of the Management Committee (since 02/11/2014 until SM called to approve the accounts for the 2017 financial year)
- *Euler Hermes Deutschland AG, Germany.* Member of the Supervisory Board (since 04/26/2010 until SM called to approve the accounts for the 2017 financial year)
- *Euler Hermes Reinsurance AG, Switzerland.* Chairman of the Board of Directors (since 06/28/2010 until SM called to approve the accounts for the 2013 financial year)
- *Euler Hermes North America Insurance Company, United States.* Director (since 11/19/2013)
- *Euler Hermes North America Holdings Inc, United States.* Director (since 11/19/2013)

Frédéric Bizière

- *Euler Hermes, France (listed company).* Member of the Board of Management (since 10/01/2011 until 03/31/2016)
- *Euler Hermes France, France.* Vice-Chairman of the Supervisory Board (since 01/08/2013 until SM called to approve the accounts for the 2013 financial year)
- *Euler Hermes World Agency, France.* Non-voting Member (since 01/19/2012 until SM called to approve the accounts for the 2013 financial year)
- *Euler Hermes Europe, Belgium.* Executive Director and Member of the Management Committee (since 02/11/2014 until SM called to approve the accounts for the 2017 financial year)
- *Euler Hermes Reinsurance AG, Switzerland.* Director (since 03/09/2012 until SM called to approve the accounts for the 2013 financial year)
- *Euler Hermes North America Insurance Company, United States.* Vice-Chairman of the Board of Directors (since 10/18/2011)
- *Euler Hermes North America Holdings Inc, United States.* Vice-Chairman of the Board of Directors (since 10/18/2011)

Dirk Oevermann

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

Paul Overeem

- *Euler Hermes, France (listed company).* Member of the Board of Management (since 01/01/2013 until 03/31/2016)
- *Euler Hermes World Agency, France.* Non-voting Member (since 03/28/2012 until SM called to approve the accounts for the 2013 financial year)
- *Euler Hermes Europe, Belgium.* Executive Director and Member of the Management Committee (since 02/11/2014 until SM called to approve the accounts for the 2017 financial year)
- *Euler Hermes North America Insurance Company, United States.* Director (since 11/19/2013)
- *Euler Hermes North America Holdings 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 grants the Board of Management any 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 had 11 members:

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

The Ordinary Shareholders' Meeting of May 24, 2013 decided to renew the offices of Brigitte Bovermann, Elizabeth Corley, Nicolas Dufourcq, Robert Hudry, Jean-Hervé Lorenzi, Thomas-Bernd Quaas, and Jacques Richier for a period of three years, expiring at the end of the Shareholders' Meeting to be held in 2016 to approve the financial statements for the past year, except for Robert Hudry, whose appointment was renewed for a period of two years.

Charles de Croisset's office expired at the Shareholders' Meeting of May 24, 2013 and was not renewed as he had reached the statutory age limit.

At an Ordinary Shareholders' Meeting on October 23, 2013, the shareholders appointed Ümit Boyner as a member of the Supervisory Board for a period of three years, until the Annual Shareholders' Meeting in 2016.

Information on the independence or gender balance of members of the Supervisory Board is set out 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 sub-section 2.4 of this Registration Document.

2.2.2 Operations of the Supervisory Board and its committees

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

2.2.3 Supervisory Board member offices

Based on the information provided by each member of the Supervisory Board, the number of offices exercised by members of the Supervisory Board complies with Article L. 225-77 of the French Commercial Code and the AFEP-MEDEF Code recommendations limiting concurrent offices.

Clement Booth, born in 1954, a British national, is a member of the Allianz SE Board of Management since 2006, where he has Board of Management responsibility for the global insurance lines (industrial, specialty, credit and reinsurance) and the regions UK, Ireland and Australia

MR. CLEMENT BOOTH, CHAIRMAN OF THE SUPERVISORY BOARD OF EULER HERMES
NOT INDEPENDANT MEMBER SINCE 09/18/2009 UNTIL SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2014 FINANCIAL YEAR

Offices within the Allianz group

- *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)
- *Allianz SE, Germany (listed company).* Board of Management member (since 01/01/2006)
- *Allianz Global Corporate & Specialty AG, Germany.* Chairman of the Supervisory Board (since 11/16/2005)
- *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, born in 1956, a German national, is responsible for Allianz's "Global Insurance Lines & Anglo Markets" division since January 2006

MRS. BRIGITTE BOVERMANN, VICE-CHAIRWOMAN OF THE SUPERVISORY BOARD OF EULER HERMES
NOT INDEPENDANT MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE AND OF THE AUDIT AND RISK COMMITTEE SINCE 05/21/2010 UNTIL SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2015 FINANCIAL YEAR

Offices within the Allianz group

- *Euler Hermes Europe, Belgium.* Chairwoman of the Board of Directors, Member of the Nomination and Remuneration Committee and of the Audit Committee (since 02/11/2014 until SM called to approve the accounts for the 2017 financial year)
- *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)
- *AWC – Allianz Worldwide Care Ltd, Ireland.* Chairwoman of the Board of Directors (since 07/19/2002 until 07/10/2013)
- *Allianz Worldwide Care Services Ltd., Ireland.* Director (since 04/03/2012 until 07/10/2013)
- *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 06/09/2006)
- *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 09/30/2011 until 10/29/2013)
- *AGF Insurance UK, United Kingdom.* Chairwoman of the Board (since 09/30/2011 until 10/29/2013)
- *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)

Ümit Boyner,
born in 1963, a Turkish national, is Executive Board member of Boyner Holding A.S since June 2001

MRS. ÜMIT BOYNER, INDEPENDANT MEMBER OF THE SUPERVISORY BOARD OF EULER HERMES SINCE 10/23/2013 UNTIL SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2015 FINANCIAL YEAR

Other offices

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

Philippe Carli,
born in 1960, a French national, is General Manager of Groupe Amaury since October 2010

MR. PHILIPPE CARLI INDEPENDANT MEMBER OF THE SUPERVISORY BOARD AND CHAIRMAN OF THE AUDIT AND RISK COMMITTEE OF EULER HERMES SINCE 05/15/2009 UNTIL SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2014 FINANCIAL YEAR

Other offices

- *Éditions Ph. Amaury, France.* CEO (since 10/01/2010)
- *Coopérative de Distribution des Quotidiens, France.* Chairman of the Board of Directors (since 06/2011 until 06/2014)
- *Mediakiosk, France.* Director (since 11/30/2011 until 11/30/2013)
- *Presstalis, France.* Director (since 12/2010 until 12/2014)
- *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)

Elizabeth Corley,
born in 1956, a British national, is Chief Executive Officer of Allianz Global Investors Europe since April 2005 and Chief Executive Officer of Allianz Global Investors since January 2012

MRS. ELIZABETH CORLEY NOT INDEPENDANT MEMBER OF THE SUPERVISORY BOARD OF EULER HERMES SINCE 05/21/2010 UNTIL SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2015 FINANCIAL YEAR

Offices within the Allianz group

- *Allianz Asset Management AG, Germany.* Board of Management member and its predecessors (since 10/01/2005)
- *Allianz Global Investors GmbH, Germany.* Chairwoman of the Board of Management (since 07/01/2005)
- *Allianz Global Investors Kapitalanlagegesellschaft GmbH, Germany.* Chairwoman of the Board of Directors (since 06/30/2008)
- *RiskLab GmbH, Germany.* Member of the Supervisory Board (since 05/16/2011)

Other offices

- *Forum of European Asset Managers (FEAM).* Member of the Management Committee (since 05/13/2005)
- *The City UK, United Kingdom.* Member of the Advisory Council (since 12/15/2009)
- *The City of London, United Kingdom.* Member of the City of London International Regulatory Strategy Group (since 12/15/2009)
- *Financial Reporting Council (FRC), United Kingdom.* Non Executive Director (since 03/03/2011)
- *IMA (Investment Management Association), United Kingdom.* Member of the Board (since 12/2009)

Nicolas Dufourcq,
born in 1963, a French national, is Chief Executive Officer of the Banque Publique d'Investissement since February 2013

MR. NICOLAS DUFOURCQ INDEPENDANT MEMBER OF THE SUPERVISORY BOARD OF EULER HERMES SINCE 05/21/2010 UNTIL RENEWAL AT THE SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2015 FINANCIAL YEAR

Other offices

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

Robert Hudry,
born in 1946, a French national, is a company director

MR. ROBERT HUDRY NOT INDEPENDANT MEMBER OF THE SUPERVISORY BOARD AND OF THE AUDIT AND RISK COMMITTEE OF EULER HERMES SINCE 04/07/2000 UNTIL SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2014 FINANCIAL YEAR

- *Euler Hermes, France (listed company).* Chairman of the Audit and Risk Committee (from 07/29/2010 to 02/13/2014)

Jean-Hervé Lorenzi,
born in 1947, a French national, is Advisor to the Board of Compagnie Edmond de Rothschild since December 2006

MR. JEAN-HERVÉ LORENZI INDEPENDANT MEMBER OF THE SUPERVISORY BOARD AND OF THE NOMINATION AND REMUNERATION COMMITTEE OF EULER HERMES SINCE 11/19/2004 UNTIL SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2015 FINANCIAL YEAR

Other offices

- *Edmond de Rothschild Private Equity Partners SAS, France.* Chairman of the Supervisory Board (since 12/12/2006 until SM called to approve the accounts for the 2013 financial year)
- *Edmond de Rothschild Capital Partners SAS, France.* Chairman of the Supervisory Board (since 12/12/2006 until SM called to approve the accounts for the 2013 financial year)
- *Edmond de Rothschild Investment Partners SAS, France.* Chairman of the Supervisory Board (since 12/12/2006 until SM called to approve the accounts for the 2013 financial year)
- *Newstone Courtage SA, France.* Non voting member (since 04/13/2007 until SM called to approve the accounts for the 2013 financial year)
- *SIACI SA, France.* Non voting member (since 04/13/2007 until SM called to approve the accounts for the 2013 financial year)
- *BNP Paribas Assurances SA, France.* Member of the Supervisory Board (since 05/14/2007 until SM called to approve the accounts for the 2013 financial year)
- *Crédit Foncier de France SA, France.* Director (since 10/15/2009)
- *Institut Louis Bacherlier, France.* Member of the Supervisory Board
- *Associés en Finance, France.* Non voting member

Yves Mansion,
born in 1951, a French national is a company Director

MR. YVES MANSION NOT INDEPENDANT MEMBER OF THE SUPERVISORY BOARD AND OF THE AUDIT AND RISK COMMITTEE OF EULER HERMES SINCE 01/01/1992 UNTIL SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2014 FINANCIAL YEAR

Other offices

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

Thomas-Bernd Quaas,
born in 1952, a German national, is Member of the Supervisory Board of Beiersdorf AG since April 2012

MR. THOMAS-BERND QUAAS INDEPENDANT MEMBER OF THE SUPERVISORY BOARD AND CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE OF EULER HERMES SINCE 05/21/2010 UNTIL SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2015 FINANCIAL YEAR

Other offices

- *Beiersdorf AG, Germany (listed company).* Member of the Supervisory Board (since 04/26/2012 until 2014)
- *fischerAppelt AG, Germany.* Member of the Supervisory Board (since 08/27/2012)
- *La Prairie Group AG, Switzerland.* Member of the Advisory Board (since 04/26/2012)

Jacques Richier, **born in 1955, a French national, is Chairman and Chief Executive Officer of Allianz France SA since January 2010**

MR. JACQUES RICHIER NOT INDEPENDANT MEMBER OF THE SUPERVISORY BOARD OF EULER HERMES SINCE 05/21/2010 UNTIL SM CALLED TO APPROVE THE ACCOUNTS FOR THE 2015 FINANCIAL YEAR

Offices within the Allianz group

- *Allianz France SA, France.* Chairman & Chief Executive Officer (since 01/01/2010)
- *Allianz Global Corporate & Specialty AG, Germany.* Member of the Supervisory Board (since 01/12/2009 until SM called to approve the accounts for the 2014 financial year)

Other offices

- *Paris Orléans, France (listed company).* Member of the Supervisory Board (since 09/01/2010 until 09/2014)

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 Authority 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, 2013.

The principles governing the compensation of Board of Management members for the fiscal year ended December 31, 2013 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 sub-section 2.4 of this Registration Document.

The elements of compensation due or granted for the financial year ended December 31, 2013 to the Board of Management members submitted to the opinion of the Shareholders at the Meeting of May 28, 2014, are set out in the report of the Board of Management to the Shareholders' Meeting, in sub-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 € thousand) – Table 1 AMF nomenclature

(in € thousand)	2013	2012
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)	2,052.40	2,185.00
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	**2,052.40**	**2,185.00**
Allianz SARs awarded (1) *(number)*	n/a	n/a
Allianz RSUs awarded *(number)*	2,720.00	3,621.00
Euler Hermes RSUs awarded *(number)*	4,592.50	6,290.00

(1) No SARs were awarded in 2012 and2013.

(in € thousand)	2013	2012
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)	1,257.50	1,349.10
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	**1,257.50**	**1,349.10**
Allianz SARs awarded (1) (number)	n/a	n/a
Allianz RSUs awarded *(number)*	1,474.00	1,951.00
Euler Hermes RSUs awarded *(number)*	2,489.50	3,389.00

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

(in € thousand)	2013	2012
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)	859.83	725.25
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	**859.83**	**725.25**
Allianz SARs awarded (1) (number)	n/a	n/a
Allianz RSUs awarded *(number)*	893.00	789.00
Euler Hermes RSUs awarded *(number)*	1,509.00	1,371.50

(1) No SARs were awarded in 2012 and2013.

(in € thousand)	2013	2012
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)	932.55	1,004.10
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	**932.55**	**1,004.10**
Allianz SARs awarded (1) (number)	n/a	n/a
Allianz RSUs awarded *(number)*	1,192.00	1,266.00
Euler Hermes RSUs awarded *(number)*	2,013.50	2,199.50

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

(in € thousand)	2013	2012
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)	888.61	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	**888.61**	**N/A**
Allianz SARs awarded(1) (number)	n/a	n/a
Allianz RSUs awarded *(number)*	927.00	n/a
Euler Hermes RSUs awarded *(number)*	1,566.00	n/a

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

The members of the Board of Management as at December 31, 2013 were awarded RSUs. No SARs were awarded in 2013.

SAR AND RSU AWARDS (NUMBER AVAILABLE AS AT DECEMBER 31, 2013)

	SAR					
(in numbers)	2008	2009	2010	2011	2012	2013
Wilfried Verstraete since April 1, 2009	n/a	n/a	7,069	0	0	0
Gerd-Uwe Baden since May 25, 2004	0 (1)	0 (1)	1,701	0	0	0
Frédéric Bizière since October 1, 2011	n/a	n/a	n/a	0	0	0
Dirk Oevermann since February 1, 2010	n/a	n/a	975	0	0	0
Paul Overeem since January 1, 2013	n/a	n/a	n/a	0	0	0
TOTAL	**0**	**0**	**9,745**	**0**	0	**0**

(1) 2008 SAR (2,047) and 2009 SAR (747) were exercised in 2013.

	RSU (1)								
				2011		2012		2013	
(in numbers)	2008	2009	2010	Allianz RSU	Euler Hermes RSU	Allianz RSU	Euler Hermes RSU	Allianz RSU	Euler Hermes 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
Gerd-Uwe Baden since May 25, 2004	993	367	844	1,736	2,611	1,951	3,389	1,474	2,489.5
Frédéric Bizière since October 1, 2011	n/a	n/a	n/a	570	857	789	1,371.5	893	1509
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
Paul Overeem since January 1, 2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	927	1,566
TOTAL	**993**	**367**	**4,837**	**6,232**	**9,371**	**7,627**	**13,250**	**7,206**	**12,170.5**

(1) The criteria for Euler Hermes RSU plans are set out in this Registration Document in Chapter 5 note 30 on page 191 onwards.

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

	FY 2013		FY 2012	
(in € thousand)	Amount due in respect of 2013	Amount paid in 2013	Amount due in respect of 2012	Amount paid in 2012
Wilfried Verstraete, Chairman of the Board of Management since April 1, 2009				
Fixed compensation	540.00	540.00	500.00	500.00
Variable compensation (annual bonus) (1)	410.30	18.00 (2)	468.00	514.80
Mid-term variable compensation (1)	410.30	1,466.10 (3)	468.00	0
Long-term variable compensation	410.30 (4)	329.02 (7)	468.00 (4)	0
Multi-annual variable compensation	n/a	n/a	n/a	n/a
Advance payment	n/a	n/a	n/a	450.00
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)	181.50	181.50	181.00	181.00
TOTAL	**2,052.40**	**2,634,62**	**2,185.00**	**1,745.80**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to page 234 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 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 2008 €329,019.60 (March 2013).

(in € thousand)	FY 2013 Amount due in respect of 2013	FY 2013 Amount paid in 2013	FY 2012 Amount due in respect of 2012	FY 2012 Amount paid in 2012
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)	223.60	73.70 (2)	253.70	277.35
Mid-term variable compensation (1)	223.60	823.45 (3)	253.70	0.00
Long-term variable compensation	223.60 (4)	103.90 (5)	253.70 (4)	161.39 (6)
Multi-annual variable compensation	n/a	n/a	n/a	n/a
Advance payment	n/a	n/a	n/a	180.0
Attendance fees	n/a	n/a	n/a	n/a
Specific allowances (7)	42.00	42.00	42.00	42.00
Benefits in kind (8)	144.70	144.70	146.00	146.00
TOTAL	**1,257.50**	**1,587.75**	**1,349.10**	**1,206.74**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to page 235 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 shares and on fluctuations in their prices.
(5) This amount is due to the exercise of GEI/RSU AZ 2008 €103,917.45 (March 2013).
(6) This amount is due to the exercise of GEI/RSU AZ 2007.
(7) Specific allowances for housing and international mobility.
(8) Benefits in kind include a company car, unemployment insurance for Executive Managers (GSC), Allianz Health Insurance (AWC) and Allianz Pension.

(in € thousand)	FY 2013 Amount due in respect of 2013	FY 2013 Amount paid in 2013	FY 2012 Amount due in respect of 2012	FY 2012 Amount paid in 2012
Frédéric Bizière, Board of Management member since October 1, 2011				
Fixed compensation	294.00	294.00	250.00	250.00
Variable compensation (annual bonus) (1)	183.60	153.75	153.75	38.44
Mid-term variable compensation (1)	183.60	192.18 (2)	153.75	0.00
Long-term variable compensation	183.60 (3)	43.12 (4)	153.75 (3)	0.00
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)	15.03	15.03	14.00	14.00
TOTAL	**859.83**	**698.08**	**725.25**	**302.44**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to page 236 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 shares and on fluctuations in their prices.
(4) This amount is due to the exercise 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 € thousand)	FY 2013 Amount due in respect of 2013	FY 2013 Amount paid in 2013	FY 2012 Amount due in respect of 2012	FY 2012 Amount paid in 2012
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)	181.80	205.20	205.20	180.00
Mid-term variable compensation (1)	181.80	563.00 (2)	205.20	0.00
Long-term variable compensation	181.80 (3)	0.00	205.20 (3)	0.00
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	72.80	72.80
Benefits in kind (5)	21.75	21.75	21.70	21.70
TOTAL	**932.55**	**1,155.35**	**1,004.10**	**568.50**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to page 237 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 shares and on fluctuations in their prices.
(4) Specific allowances for housing(€42,000) and contributions to pension of choice (€29,400).
(5) Benefits in kind include a company car, unemployment insurance for Executive Managers (GSC).

(in € thousand)	FY 2013 Amount due in respect of 2013	FY 2013 Amount paid in 2013	FY 2012 Amount due in respect of 2012	FY 2012 Amount paid in 2012
Paul Overeem, Board of Management member since January 1, 2013				
Fixed compensation	294.00	294.00	n/a	n/a
Variable compensation (annual bonus) (1)	181.80	0.00	n/a	n/a
Mid-term variable compensation (1)	181.80	291.04	n/a	n/a
Long-term variable compensation	181.80 (2)	41.67 (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)	42.00	42.00	n/a	n/a
Benefits in kind (5)	7.21	7.21	n/a	n/a
TOTAL	**888.61**	**384.88**	**N/A**	**N/A**

(1) For details of the criteria applicable to the calculation of this compensation, please refer to page 238 of this Registration Document.
(2) This compensation is liable to vary according to the performance of the Allianz and Euler Hermes shares and on fluctuations in their prices.
(3) This amount is due to the exercise of GEI/RSU AZ 2008 €41,650.70 (March 2013).
(4) Specific allowances for housing.
(5) Benefits in kind include unemployment insurance for Executive Managers (GSC).

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				n/a			
Dirk Oevermann							
Paul Overeem							
TOTAL							

2.3.1.4 Stock options exercised during the 2013 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	POS NR EULER HERMES 06/27/2005 EUR 63.08	9,000	71.00
Frédéric Bizière	POA EULER HERMES 06/20/2008 EUR 55.67	2,011	73.1439
Frédéric Bizière	POS RF EULER HERMES 06/27/2005 EUR 63.08	2,000	68.00
Dirk Oevermann	n/a	n/a	n/a
Paul Overeem	POA USA EULER HERMES 06/20/2008 EUR 55.67	1,500	93.2576
TOTAL		**14,511**	

2.3.1.5 Transactions involving the Company's shares carried out by the corporate officers in 2013

Full name	Title	Description of financial instrument	Date of transaction	Description of financial instrument	Amount of transaction *(in euros)*
Frédéric Bizière	Board of Management member	Shares	04/30/2013	Exercise of stock options	111,952.37
Frédéric Bizière	Board of Management member	Shares	04/30/2013	Sale	147,092.38
Frédéric Bizière	Board of Management member	Shares	05/07/2013	Exercise of stock options	126,160.00
Frédéric Bizière	Board of Management member	Shares	05/07/2013	Sale	136,000.00
Gerd-Uwe Baden	Board of Management member	Shares	05/21/2013	Exercise of stock options	567,720.00
Gerd-Uwe Baden	Board of Management member	Shares	05/21/2013	Sale	639,000.00
Yves Mansion	Supervisory Board member	Shares	05/29/2013	Shares	58,353.09
Paul Overeem	Board of Management member	Shares	11/15/2013	Exercise of stock options	83,505.00
Paul Overeem	Board of Management member	Shares	11/15/2013	Sale	139,886.40

2.3.1.6 Performance shares allocated to each Board of Management member during the 2013 financial year – Table 6 AMF nomenclature

No performance shares were allocated to any members of the Board of Management in 2013.

Performance shares allocated by the Shareholders' Meeting during the financial year to each Board of Management member	Plan nº 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			n/a			
Dirk Oevermann						
Paul Overeem						
TOTAL						

2.3.1.7 Performance shares vested to each Board of Management member during the 2013 financial year – Table 7 AMF nomenclature

The members of the Board of Management, as it existed on December 31, 2013, did not receive any performance shares vested during the 2013 financial year.

Performance shares allocated vested during the financial year to each Board of Management member	Plan nº and date	Number of shares vested during the period	Acquisition conditions
Wilfried Verstraete			
Gerd-Uwe Baden			
Frédéric Bizière		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	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
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	0	73	38
of which, Board of Management members	*3*	*3*	*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
Dirk Oevermann (4)	n/a	n/a	n/a
Paul Overeem (5)	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, 2013	143,050	151,400	123,300
Options allocated in 2013	0	0	0
Options exercised in 2013	129,450	27,863	72,319
Options canceled in 2013	13,600	7,000	3,525
Options to be exercised as at Dec. 31, 2013	0	116,537	47,456

(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 February 1, 2010.
(5) Board of Management member since January 1, 2013 and formerly employed by Euler Hermes Europe (the Netherlands).

No adjustment mechanism was applied to these share subscription and purchase plans during 2013.

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 2013 – Table 9 AMF nomenclature

	Total number of options allocated/shares subscribed or purchased	Weighted average price	Plans
Options granted during the year, to the 10 Group employees allocated the largest number of options			
Options held and exercised during the year, by the 10 employees who purchased or subscribed the largest number of options	30,100	71.93	POS RF EULER HERMES 06/27/2005 EUR 63.08
	13,258	97.44	POA FR EULER HERMES 09/18/2006 EUR 91.82
	19,394	76.24	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 t he 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 2013					
Remaining performance shares on Dec. 31, 2013					

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		•	•			•	•			•
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

At December 31, 2013, 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 and Paul Overeem are eligible for a supplementary defined-contribution pension plan managed by AG2R/ARIAL Assurances. In 2013, a charge of €19,766 each was booked for this plan. For Paul Overeem an annual contribution of €29,400 is made into the US deferred pension plan.

Wilfried Verstraete and Gerd-Uwe Baden are eligible for the Allianz group supplementary defined-contribution retirement plan for executives. In 2013, charges booked for this plan amounted to €251,588 for Wilfried Verstraete and €276,541 for Gerd-Uwe Baden.

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. 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 subjet 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 25, 2012 fixed the total amount of attendance fees to be paid in respect of FY 2013 at €500,000. A proposal to increase the annual aggregate amount of attendance fees to €600,000 wil be made at the next shareholders' meeting on May 28,2014.

In accordance with the method of allocating attendance fees among the members of the Supervisory Board described on pages 56 and 57 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 2013 amounted to €473,750.

(in € thousand)	Amount paid in FY 2013	Amount paid in FY 2012
Clement Booth		
Attendance fees	75	75
Other compensation	-	-
Brigitte Bovermann		
Attendance fees	50	50
Other compensation	-	-
Ümit Boyner (Member since October 23, 2013)		
Attendance fees	8.75	n/a
Other compensation	-	-
Philippe Carli		
Attendance fees	42.5	35
Other compensation	-	-
Elizabeth Corley		
Attendance fees	25	25
Other compensation	-	-
Charles de Croisset (Member until May 24, 2013)		
Attendance fees	25	45
Other compensation	-	--
Nicolas Dufourcq		
Attendance fees	25	25
Other compensation	-	-
Robert Hudry		
Attendance fees	50	50
Other compensation	-	-
Jean-Hervé Lorenzi		
Attendance fees	45	45
Other compensation	-	-
Yves Mansion		
Attendance fees	50	50
Other compensation	-	-
Thomas-Bernd Quaas		
Attendance fees	42.5	35
Other compensation	-	-
Jacques Richier		
Attendance fees	35	30
Other compensation	-	-
TOTAL	**473.75**	**465.00**

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

In accordance with Article L. 225-102-1, paragraph 2 of the French Commercial Code, total compensation and benefits in kind received in 2013 by corporate officers of Allianz France and Allianz SE, which control Euler Hermes, amounted to the following:

Clement Booth	
Fixed annual gross compensation 2013	750.00
Gross variable compensation (annual bonus + MTB), paid in 2013 for performance in 2012	3,295.30
Long term variable compensation paid in 2013 (RSU/SAR) (1)	830.00
Benefits in kind (car, insurance, housing)	85.00
TOTAL (in € thousand)	**4,960.30**
RSU *(number) GEI 2008 RSU*	5,076
SAR *(number) GEI 2009 SAR*	5,010

(1) GEI 2009 SAR (amount: €298.80) GEI 2008 RSU (amount: €531.20).

Brigitte Bovermann	
Fixed annual gross compensation 2013	267.00
Gross variable compensation (annual bonus + MTB), paid in 2013 for performance in 2012	213.24
Long term variable compensation paid in 2013 (RSU/SAR) (1)	160.17
Benefits in kind (car, insurance, housing)	n/a
TOTAL (in € thousand)	**640.41**
RSU 2008 *(number) GEI 2008 RSU*	1,030
SAR 2009 *(number) GEI 2009 SAR*	887

(1) GEI 2009 SAR (amount: €52.38) GEI 2008 RSU (amount: €107.79).

Elizabeth Corley	
Fixed annual gross compensation 2013	521.62
Gross variable compensation (annual bonus + MTB), paid in 2013 for performance in 2012	1,331.30
Long term variable compensation paid in 2013 (RSU/SAR, LTIPA) (1)	1,322.18
Benefits in kind (car, insurance, housing) (2)	n/a
TOTAL (in € thousand)	**3,175.10**
RSU *(number) GEI 2008 RSU*	870
SAR *(number) GEI 2009 SAR*	3,319

(1) GEI 2009 SAR (amount: €220.61) GEI 2008 RSU (amount: €91.04) LTIPA 2010-2012 (amount €1,010.57).

Jacques Richier	
Fixed annual gross compensation 2013	700.00
Gross variable compensation (annual bonus + MTB), paid in 2013 for performance in 2012	502.12
Long term variable compensation paid in 2013 (RSU/SAR) (1)	326.04
Benefits in kind (car, insurance, housing)	n/a
TOTAL (in € thousand)	**1,528.16**
RSU *(number)*	0
SAR *(number) GEI 2009 SAR*	5,836

(1) GEI 2009 SAR (amount: €326.04).

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 13, 2014

To the Shareholders:

Pursuant to Article L. 225-68 of the French Commercial Code, the Chairman of the Euler Hermes 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 report on the composition of the Supervisory Board and the application of the principle of balanced representation of men and women on it, to describe 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 (Section 2.5 of this Registration Document).

This report was approved by the Supervisory Board on February 13, 2014.

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 Code can be viewed at the website *www.medef.com*.

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

Euler Hermes 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 members (§16.1 of the Code)	The composition of the Audit and Risk Committee was reviewed immediately after the Shareholders' Meeting of May 24, 2013. To preserve the relevance of the work of the Audit and Risk Committee, which depends on both the financial expertise of its members and on in-depth knowledge of the credit insurance business, the Supervisory Board favored the appointment of members with these skills, the independence criterion notwithstanding. Note that expertise in credit insurance is rare, as it is a very specific field.
2. The minimum time period of two days for examination of the financial statements by the Audit and Risk Comitee 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 usually 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 familiarize themselves with the documents in advance.
3. The obligation on the part of Board of Management members to conserve a significant number of registered shares (§ 23.2.1 of the Code)	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 share price, with a vesting period of four years (the remaining 50% are linked to changes in the Allianz share price). The Board of Management members are thus associated with Company performance throughout their terms of office. The 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 an Nomination and Remuneration Committee.

The Company has opted for an organization that ensures the separation and balance of powers. The leadership and management powers assumed by the Board of Management are clearly distinguished from the oversight powers exercised by the 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 comprised 11 members:

- Clement Booth, Chairman
- Brigitte Bovermann, Vice-Chairman
- 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

The Ordinary Annual Shareholders' Meeting of May 24, 2013 decided to renew the offices of Brigitte Bovermann, Elizabeth Corley, Nicolas Dufourcq, Robert Hudry, Jean-Hervé Lorenzi, Thomas-Bernd Quaas and Jacques Richier for three years. These offices will expire at the end of the Shareholders' Meeting of 2016 convened to vote on the financial statements for the previous year, except for the office of Robert Hudry, which was renewed for a period of two years, and which will expire at the end of the Shareholders' Meeting of 2015 convened to vote on the financial statements for the previous year.

Charles de Croisset's office expired at the Shareholders' Meeting of May 24, 2013 and was not renewed as he had reached the statutory age limit.

At an Ordinary Shareholders' Meeting on October 23, 2013, the shareholders appointed Ümit Boyner as a member of the Supervisory Board for a period of three years, until the Annual Shareholders' Meeting in 2016.

The following table sets out changes in the composition of the Board during 2013 and until the date of this report:

Name of Supervisory Board member	Nature of change	Effective date	Diversity in Board composition
Charles de Croisset	Non-reappointment (statutory age limit reached)	May 24, 2013	-
Brigitte Bovermann	Reappointment	May 24, 2013	Board diversity in terms of gender, nationality and international experience
Elizabeth Corley	Reappointment	May 24, 2013	Board diversity in terms of gender, nationality and international experience
Nicolas Dufourcq	Reappointment	May 24, 2013	-
Robert Hudry	Reappointment	May 24, 2013	-
Jean-Hervé Lorenzi	Reappointment	May 24, 2013	-
Thomas-Bernd Quaas	Reappointment	May 24, 2013	Board diversity in terms of nationality and international experience
Jacques Richier	Reappointment	May 24, 2013	-
Ümit Boyner	Appointment	October 23, 2013	Board diversity in terms of gender, nationality and international experience

1.1.2 Independence

The Supervisory Board, at its meeting of February 13, 2014, decided to qualify the following members as independent, in accordance with the criteria set out 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 since October 23, 2013;
- Philippe Carli, CEO of the Amaury Group since October 2010 and member of the Supervisory Board of Euler Hermes since May 2009;
- Nicolas Dufourcq, Chief Executive Officer of Banque Publique d'Investissement since February, 2013 and member of the Supervisory Board of Euler Hermes since May 2010;
- Jean-Hervé Lorenzi, advisor to the Board of Management of Compagnie Edmond de Rothschild since December 2006, member of the Supervisory Board of Euler Hermes since November 2004;
- Thomas-Bernd Quaas, member of the Supervisory Board of Beiersdorf AG since April 2012 and member of the Supervisory Board of Euler Hermes since May 2010.

Therefore, pursuant to the principles recommended by the AFEP-MEDEF Code, at least a third of the Supervisory Board were independant in 2013.

The Supervisory Board confirmed that no business relationships existed between its independent members and the Company.

The following table shows the situation of each Board member in respect of the independence criteria of the AFEP-MEDEF Code adopted 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
Is not and has not 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			•	•		•	•	•	•	•	
Is not a customer, supplier, investment or commercial banker of the Company or its Group, or a supplier or investment or Commercial banker for which the Company or its Group represents a significant part of its activity	•	•	•	•	•	•	•	•	•	•	•
Has no close family ties with a corporate officer	•	•	•	•	•	•	•	•	•	•	•
Has not been a Statutory Auditor of the Company in the past 5 years	•	•	•	•	•	•	•	•	•	•	•
Has not been a member of the Company's Board for more than 12 years	•	•	•	•	•	•		•		•	•
Is not 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

In addition, the members of the Supervisory Board comply with the legal rules and the AFEP-MEDEF recommendations on multiple directorships. This represents an important guarantee of their commitment and availability in respect of the Group.

1.1.4 Balanced representation of women and men on the Board

Of the Supervisory Board's 11 members, 3 are women. Pursuant to the legal rules and the AFEP-MEDEF Code's recommendations, the proportion of 20% female members within the Board has been met.

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 their 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 provide 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. They must inform the Supervisory Board immediately of any existing or potential conflict of interest, and may not participate in discussions or vote on related resolutions;
- 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 actions likely to harm the Company's interests.

The internal regulations were amended by the Supervisory Board at its meeting of November 5, 2013. The main amendments were designed to improve the organization and operation of the Board and its committees.

1.3 Organization of meetings of the Supervisory Board

Members of the Supervisory Board generally receive information and documentation related to the topics on the agenda of 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 Supervisory Board nevertheless prefers 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 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 liable to enable the Supervisory 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 environment, so as to inform the Board of Management members in the general management of a group whose business operations are closely linked to the business 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 actually 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 discussions and ensures that sufficient time is allocated to each item on the agenda. He ensures the transparency of the information provided by Board of Management members to the Supervisory Board. On May 24, 2013, the Supervisory Board renewed Brigitte Bovermann as vice-chairman. She chairs the meetings in the absence of the Chairman.

1.4 Activities of the Supervisory Board during financial year 2013

The Supervisory Board met six times in 2013.

	02/13/2013	03/14/2013	04/25/2013	05/24/2013	07/24/2013	11/05/2013	% of attendance
Clement Booth	•	•	•	•	•	•	100%
Brigitte Bovermann	•	•	•	•	•	•	100%
Ümit Boyner (since October 23, 2013)	n/a	n/a	n/a	n/a	n/a	•	100%
Philippe Carli	•	•	•	•	•	•	100%
Elizabeth Corley	absent	•	absent	•	•	•	66.66%
Charles de Croisset (until May 24, 2013)	•	•	•	n/a	n/a	n/a	100%
Nicolas Dufourcq	•	absent	•	absent	•	•	66.66%
Robert Hudry	•	•	•	•	•	•	100%
Thomas-Bernd Quaas	•	•	•	•	•	•	100%
Jean-Hervé Lorenzi	•	•	•	absent	•	•	83.33%
Yves Mansion	•	•	•	•	•	•	100%
Jacques Richier	•	•	•	•	•	•	100%

Meeting attendance by Supervisory Board members averaged 93%.

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 2013, the Supervisory Board addressed the following matters:

- discussion of the general political and economic environment (meetings of February 13, May 24, July 24 and November 5, 2013);
- review of the parent company and consolidated financial statements, the interim and quarterly and half-year consolidated financial statements, turnover, and the 2012 management report (meetings of February 13, May 24, July 24 and November 5, 2013);
- approval of press releases on financial results (meetings of February 13, May 24, July 24 and November 5, 2013);
- approval of Supervisory Board meeting minutes (meetings of February 13, May 24, July 24 and November 5, 2013);
- calling of the Annual Shareholders' Meeting and examination of the proposed resolutions (meeting of February 13, 2013);
- discussion of the Company's policy on professional and compensation equality in accordance with the provisions of Article L. 255-82-1 of the French Commercial Code (meeting of February 13, 2013);
- discussion of investment strategy (meeting of February 13, 2013);
- review of Supervisory Board composition (meeting of February 13, 2013), discussion of members' independence and assessment of candidacies for the Supervisory Board (meeting of April 25, 2013);
- guarantee authorization (meeting of March 14, 2013);
- discussion of bonding activity (meeting of April 25, 2013);
- discussion of governance rules for underwriting large limits and exposure (meeting of April 25, 2013);
- discussion of risks arising from liquidation of a bank (meeting of April 25, 2013);
- results of the Supervisory Board self-assessment (meeting of April 25, 2013);
- appointment of Supervisory Board Vice-Chairman and composition of committees (meeting of May 24, 2013);
- discussion of Company strategy (meeting of July 24, 2013);
- discussion of the appointement of Ümit Boyner to the Supervisory Board (meeting of July 24, 2013);
- appointment of Mr. Thomas-Bernd Quaas as Chairman of the Nomination and Remuneration Committee (meeting of July 24, 2013);
- discussion of the corporate governance rules – amendment of Supervisory Board's internal regulations (meeting of November 5, 2013);
- discussion of the preliminary budget for 2014 (meeting of November 5, 2013);

1.4.1 Principles governing the compensation of corporate officers

The principles governing the compensation of Board of Management members, the Chairman and Vice-Chairman 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 subsection 2.3 of the 2013 Registration Document.

Compensation of Supervisory Board members

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

The payment of an aggregate amount of €500,000 in attendance fees to the Supervisory Board was approved by the Shareholders' Meeting of May 25, 2012, until decided otherwise. Pursuant to the resolution by the Supervisory Board meeting of February 13, 2014, following a recommendation by the Nomination and Remuneration Committee of February 12, 2014, a proposal to increase the annual aggregate amount of attendance fees to €600,000 will be made at the next Shareholders' Meeting on May 28, 2014, in order to:

- take into account the increase attendance fees payable to the Chairman, resolved by the Supervisory Board meeting of February 13, 2014, following a recommendation by the Nomination and Remuneration Committee on February 12, 2014, which, after a benchmarking exercise, proposed an increase in the Chairman's compensation from €75,000 to €110,000 to align it with market practice; and
- to adequately cover the payment of attendance fees, assuming 100% attendance of Supervisory Board meetings in 2014.

In accordance with the recommendation of the Nomination and Remuneration Committee of February 12, 2014, the method of distributing attendance fees between the Supervisory Board members applied for 2014 will be the same as for 2013:

- each member receives €35,000 in respect of the financial year;
- the Chairman received €75,000 in 2013 and will receive €110,000 in 2014 (provided that the increase in the budget for attendance fees is approved by the Shareholders' Meeting of May 28, 2014);
- each member of the Audit and Risk Committee or Nomination and Remuneration Committee receives an additional €15,000.

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

- Supervisory Board meetings: €5,000 per absence;
- committee meetings: €3,000 per 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 AFEP-MEDEF recommendation, the variable portion of attendance fees (depending on actual participation in the Board and the Committees) makes up the majority of the total.

The amount of attendance fees received by members of the Supervisory Board appears on page 49 of this 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.

Board of Management member receive fixed and variable compensation.

Total compensation

Total compensation is determined using a fixed target ratio of 30% and a 70% variable.

Variable compensation

Target variable compensation (annual, mid-term and long-term bonuses) is 70% of the target 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 advises the Supervisory Board of its assessment of the Board of Management members' performance, and of 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.

Financial and personal targets are used to assess performance.

Financial targets, which represent 70% of variable compensation, are assessed on the basis of (i) three financial criteria for all Board members: the Group's consolidated revenues, the Group's operating income, and the Group's net income, 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, the combined ratio and the gross cost ratio. For the other members of the Board of Management, they are organic growth, expense management, the gross claims ratio and the results of restructuring.

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 more details on quantitative and qualitative, financial and personal criteria used for each of the Board members, please see the tables on pages 234 onwards of this Registration Document.

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

- annual bonus;
- mid-term bonus.

  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 according to the following criteria:

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

  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) and SARs (Stock Appreciation Rights), which were allocated between 2004 and 2009.

As from 2011, RSUs awarded to Board of Management members were broken down into two parts: 50% were based on the Allianz share price trend and 50% on the Euler Hermes 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 target variable compensation of the total compensation for 2013 was:

- 67% for Wilfried Verstraete (i.e. 207% of fixed salary);
- 62% for Gerd-Uwe Baden (i.e. 161% of fixed salary);
- 64% for Frédéric Bizière (i.e. 184% of fixed salary);
- 64% for Dirk Oevermann (i.e. 184% of fixed salary);
- 64% for Paul Overeem (i.e. 184% of fixed salary).

Details of the total amount of the variable and fixed portions for 2013 for each Board of Management member are also set out in detail in pages 41 to 43 of this 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

At December 31, 2013, no members of the Board of Management were party to an employment agreement.

Severance compensation for Board of Management members

At December 31, 2013, all Board of Management members were eligible for severance compensation upon termination of their office.

Furthermore, note that the Ordinary Annual Shareholders' Meeting of May 24, 2013, called to vote on the special report of the Statutory Auditors on regulated agreements and commitments, approved the commitment made by the Company to Paul Overeem, Board of Management member since January 1, 2013, for compensation likely to be payable due to the termination of his duties.

Payment of this compensation, pursuant to Article L. 225-90-1 of the French Commercial Code, is conditional on compliance with the performance criteria set out on page 48 of the 2013 Registration Document. No severance compensation shall exceed two years' fixed and variable compensation.

Non-compete clause

At December 31, 2013, no members of the Board of Management were subject to 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 page 48 of this 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 compensation in respect of 2013 to Board of Management members are set out in subsection 2.3.1 of this Registration Document pages 39 onwards and 234 onwards.

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 those 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 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 comprises the following four members:

- Philippe Carli, Chairman since February 13, 2014 and independent member;
- Brigitte Bovermann;
- Robert Hudry, Chairman until February 13, 2014;
- 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 the decision of the Supervisory Board on February 13, 2014. He graduated as an engineer from the École Supérieure d'Electricité (Supelec), and holds a master's degree in solid-state physics, joined the Siemens Group in 1986, where he has held several management posts 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 SA. He became CEO 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 École 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 composition of the Audit and Risk Committee was reviewed by the Supervisory Board immediately after the Shareholders' Meeting of May 24, 2013. The decision was made to retain Brigitte Bovermann, Robert Hudry and Yves Mansion as members of the Audit and Risk Committee, and to appoint Philippe Carli as an independent member in addition to these members. The Supervisory Board also decided to retain Robert Hudry as Chairman of the Committee for 2013 financial year. As of February 13, 2014, Philippe Carli succeeded Robert Hudry as Chairman of the Audit and Risk Committee.

This configuration is intended to maintain the relevance of the work of the Audit and Risk Committee, which relies on both the financial expertise of its members and in-depth knowledge of credit insurance. The Supervisory Board therefore favored the appointment of members with these skills, regardless of the independence criterion. The Audit and Risk Committee therefore currently has one in four independent 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 Management and Supervisory Boards.

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 to the Audit and Risk Committee.

To carry out its duties, the Audit and Risk Committee may, if it considers it 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 above mentioned 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 Supervisiory Board in ensuring the accuracy and fairness of the parent company and consolidated financial statements of Euler Hermes, 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 in particular through risk mapping of the main risks incurred by the Group.
- 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 liable to affect their independence; and
  - reviewing the Statutory Auditors' work program, findings and recommendations.

- in respect of 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 such 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 2013. The attendance of committee members averaged 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 adequacy 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 2013, the work of the Audit and Risk Committee focused on the following main matters:

- reviewing the 2012 financial statements, update on the progress of the Solvency II project and reviewing the Chairman's report on internal controls (meeting of February 12, 2013);
- reviewing the financial statements for the first quarter of 2013, an update on transfer pricing and the self-assessment of the operations of the Audit and Risk Committee by its members (meeting of April 24, 2013);
- reviewing the financial statements for the second quarter of 2013, an update on the progress of the Solvency II project, and reviewing major litigation (meeting of July 23, 2013);
- reviewing the financial statements for the nine months to end-September, the execution of the 2013 internal audit plan, presentation of the 2014 plan, the quarterly risk control report and an update on the harmonization of reserves (meeting of November 4, 2013);
- the Group's adjustment to Solvency II rules;
- reviewing and approving the internal audit plan;
- main litigation;
- examination and approval of financial press releases.

Assessment of the Audit and Risk Committee

The operation of the Audit and Risk Committee is judged to be satisfactory or very satisfactory by its members. The following areas for improvement requested in 2013 are the following: early availability of information, more information on reserves, risk and internal audit, and a change in the composition of the Audit and Risk Committee from three to four members.

Nomination and Remuneration Committee

Composition

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

- Thomas-Bernd Quaas, Chairman since July 24, 2013, independent member;
- Brigitte Bovermann, Chairwoman until July 24, 2013;
- Jean-Hervé Lorenzi, independent member.

Thomas-Bernd Quaas was appointed member of the Nomination and Remuneration Committee at the Supervisory Board meeting of May 24, 2013, which took place immediately after the Shareholders' Meeting.

In his capacity as an independent member, he assumed the Chairmanship of the Nomination and Remuneration Committee as of July 24, 2013, following 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 can be renewed when their term on the Supervisory Board is renewed.

The Nomination and Remuneration Committee comprised two-thirds independent members in 2013. It therefore complies with the AFEP-MEDEF Code, which requires a majority of independent members.

Organization of work

The Nomination and Remuneration Committee meets when convened by its Chairman, whenever the Chairman or the Supervisory Board deems it appropriate.

It met four times in 2013, with 100% attendance by members of the Committee.

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.

Meeting agendas are set by the Committee Chairman, in conjunction with the Supervisory Board when meetings are convened by that body.

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

In 2013, the work of the Nomination and Remuneration Committee focused primarily on:

- compensation of Board of Management members (meeting of February 12, 2013);
- an assessment of the independence of the members of the Supervisory Board under the AFEP-MEDEF Code (meeting of February 12, 2013);
- assessment of the achievement of financial key performance indicators for 2012 and individual performance indicators for Board of Management members (meeting of February 12, 2013);
- evaluation criteria for the mid-term bonus (meeting of April 24, 2013);
- analysis of the results of the Supervisory Board's self-assessment (meeting of April 24, 2013);
- review of the independence of Supervisory Board members (meeting of April 24, 2013);
- interviews with potential candidates for the Supervisory Board (meeting of April 24, 2013);
- examination of the candidacy of a new Supervisory Board member (meeting of July 23, 2013);
- review the Chairmanship of the Nomination and Remuneration Committee due to amendments to the AFEP-MEDEF Code (July 23, 2013);
- examination of the pension plan for Board of Management members (meeting of November 4, 2013);
- examination of amendments to the internal regulations of the Board of Management and Supervisory Board (meeting of November 4, 2013);
- examination of the succession plan for the Supervisory Board (meeting of November 4, 2013).

1.5 Assessment of the Supervisory Board

In accordance with AFEP-MEDEF recommendations, the Supervisory Board conducts an annual assessment of its composition, organization and operations.

The Supervisory Board assesses its work on the basis of a self-assessment questionnaire distributed to its members. The most recent of these questionnaires was given to Supervisory Board members in January 2014.

Following its self-assessment, the Supervisory Board, at its meeting of February 13, 2014, noted the improvements implemented in 2013 and those to be implemented in 2014, specifically:

- the Supervisory Board resolved to include on its agenda, at least once a year, a debate on strategy, which took place at the Supervisory Board meeting of July 24, 2013. The Supervisory Board deemed it necessary to devote a one-day seminar to Company strategy, to enable the Board members to carry out their supervisory mission effectively;

- keen to keep in close contact with operations, the Supervisory Board, expressed a wish to meet and hold discussions with the managers who report to the Board of Management. The Chairman of the Board of Management therefore proposed regularly inviting a service or regional manager to present a project in progress, and to discuss this with the Supervisory Board members;
- the Supervisory Board was pleased to appoint Ümit Boyner as a member on October 23, 2013, as part of its wish to diversify the Board's composition in terms of gender, nationality and international experience. The Supervisory Board resolved to pursue this aim in 2014, and tasked the Nomination and Remuneration Committee with finding potential candidates;
- the Chairman of the Supervisory Board undertook to meet individually with each Board member once a year;
- lastly, the Supervisory Board proposed the establishment of systematic monitoring of the implementation of their resolutions.

The next formal assessment of the Supervisory Board by an external consultant will take place in 2015.

2 Board of Management: composition, role and structure

2.1 Composition of the Board of Management

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

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

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 according 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, to carry out certain duties under its supervision. However, it cannot delegate those powers vested in it. The Board of Management determines the composition and powers of such committees.

The Board of Management meets as often as required in the interests of the Company. It met 24 times in 2013, an average of 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.

Finally Board of Management members are obliged to inform each other of:

- the most important decisions taken in their 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; and
- 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, Communications, the activities of other members of the Board of Management and shareholder relations.

The other four members of the Board of Management share supervision of the remaining cross-company functions, i.e. Risks, Information and Litigation; Group Marketing, Commercial Underwriting and Distribution; Group Finance, Compliance, Legal and Tax, Corporate Secretariate and Reinsurance Risks; and Operations, which includes supervision of the Information Technology function.

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 require prior authorization by the Supervisory Board, namely:

- 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 the purpose 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 liable 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 registered 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 sub-section 7.5 of the 2013 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 Euler Hermes 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 a 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 those issued by France's Prudential Supervision Authority (ACPR – Autorité de Contrôle Prudentiel et de Résolution) and the applicable accounting standards. The recommendations of reports relating to corporate governance should also be taken into account. All these rules and regulations have been taken into account in the Group's procedures.

1 Internal control

On January 22, 2007, the Autorité des Marchés Financiers (the French securities regulator) published its guidelines for internal control, defined as follows:

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 Euler Hermes 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 Euler Hermes group uses the internal control principles laid down by the COSO (Committee of Sponsoring Organizations), 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 CEO and the 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 Euler Hermes 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 Euler Hermes 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 a 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 Euler Hermes 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 Group's General Management launched a new organization with effect from January 1, 2010. The new organization 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 Euler Hermes group has applied the principles of corporate governance by organizing the structures of the holding company so as to supervise and control the subsidiaries that remained in existence in 2012. It has set up the following structures within its largest subsidiaries (Euler Hermes France, Euler Hermes US, Euler Hermes Europe, Euler Hermes Deutschland).

Governance structures:

- a Board of Directors or Supervisory Board, depending on the entity: It includes the representative(s) of the shareholder (the Group), and directors from outside the Group, and meets four times a year in the presence of the CEO. Its task is to define the strategic orientations and control the business activities of the subsidiary and of its CEO. It reviews the subsidiary's financial statements, main projects, legal risks and development. Its work is based on Group reports drawn up by the Group Financial Control department and specific indicators in the Sales and Marketing, Risk, and Litigation areas, in particular;
- an Audit and Risk Committee of the Supervisory Board: This consists of three or four members and generally meets, with the subsidiary's senior management, on the day before Supervisory Board meetings. It carries out a detailed review of the subsidiary's financial statements, internal controls and the activity of internal and external auditors. 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 Compensation Committee: It consists of the CEO, the shareholder's representative and a non-executive Chairman. The committee decides on the compensation of the members of the subsidiary's Management Committee on the basis of the CEO's proposals. The Group Compensation Committee is informed of its decisions;
- a Finance Committee whose role is defined in chapter 3 below, entitled "Accounting and financial internal control procedures".

Management structures:

- a Management Committee or Board of Management, 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 operations on the basis of reports drawn up by the Financial Control 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.

The former Hermes group companies have similar structures based on the Supervisory Board and the German "Vorstand" model of Board of Management.

As of December 31, 2011, Euler Hermes has simplified its legal structure in Europe by amalgamating 13 of its former subsidiaries into a single insurance company, Euler Hermes Europe, based in Brussels.

In addition to the Belgian entity, subsequent to the merger of these 13 entities into Euler Hermes Europe as of December 31, 2011, the Group combined 12 local insurance branches located in the following countries: Denmark, Finland, Hungary, Ireland, Italy, Norway, the Netherlands, the Czech Republic, Romania, the United Kingdom, Slovakia and Sweden.

The governance structure described above was implemented within Euler Hermes Europe as replacement for the governance structures in place at the subsidiaries, which were transformed into branches.

2.2 Actions in the area of compliance

The Compliance function of Euler Hermes is supported by a network of Regional Compliance Officers who report directly to the Group Compliance Officer. The Regional Compliance Officers have also each been assigned the shared responsibility for a dedicated task on which they work jointly with the Group Compliance Officer. This cross-company structure significantly accelerates the implementation of compliance standards within Euler Hermes.

The Group Compliance function designs and supervises the different compliance measures deployed throughout the Group. The Group Compliance Officer reports directly to the Chief Financial Officer and to 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, conflicts of interest, and monitoring regulatory compliance, (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 shares by Company directors.

In another major initiative, Euler Hermes strengthened its existing anti-fraud and anti-corruption controls. A fraud prevention program was set up in 2007 and numerous actions have been carried out to prevent all fraud within the organization. Following a review of the program in 2012, the Group Compliance Officer was appointed Group Fraud Prevention Coordinator and the Regional Compliance Officers now hold the same position at the regional level. In addition, the Group Risk Committee has formally adopted an amendment to the fraud prevention policy. This policy lays out the main principles of fraud prevention, such as an annual assessment of the risk of fraud to be conducted within the organization, close control over high-risk procedures, separation of duties, clearly defined levels of delegation, a transparent procedure to enable employees to report any breaches of this policy that they have identified, and regular fraud prevention training for employees.

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 was reviewed in 2012. It is based on an audit universe spanning all functional and operational areas. The audit universe comprises:

- 81 aggregate audit subjects, which are processes applied in all the main Group entities (important regions and subsidiaries);
- 4 additional business lines;

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

These risks are assessed for each sub-process and each main entity 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 Management department

The main duties of the Group Risk Management department are:

- to participate in the allocation of the Group's financial resources through identification, quantification and monitoring of 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 Euler Hermes group are: Solvency II for the legal entities within the European Union;

- for legal entities within the EU, 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.

Euler Hermes 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, Euler Hermes 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, Euler Hermes has initiated projects designed to achieve compliance with national and international risk governance standards.

The Group Management works with the Risk Control departments 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 § 3.3 of this report).

In carrying out its work, the Group Risk Control 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 the Risk Control Division is discussed every quarter, at a Risk Committee meeting with the Board of Management, and presented quarterly in the Audit and Risk Committee.

3.3 The Group actuarial function

The role of the Group actuarial function focuses on three areas:

1. it defines the actuarial methods and processes to be applied within the legal entities as the minimum required standard or best practice, controls the proper implementation of these standards by the legal entities and approves the overall level of Group reserves;
2. it controls the proper implementation by the legal entities of the supply risk calculation model and approves the overall level of capital relative to the supply risk at the Group level;
3. it actively participates in the implementation of Solvency II, as indicated in Article 48 of the Directive.

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

The actuarial assumptions and approved level of reserves is reviewed every quarter at a Reserve Committee meeting with the Board of Management. Any changes in method or process are also approved during this meeting.

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 senior management, control by the Insurance functions and control via audits.

Implementation of rules by senior management

Euler Hermes' 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 and 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 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 Board of Management member and oversees implementation of Group directives at the Group's 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 cross-company risk team, meets every two months;
- the Group Risk Underwriting Committee, whose meetings are attended by the regional Risk Officers. This committee, chaired by the Head of the Group Risk function, 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;
- local Risk Committees in the biggest subsidiaries 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. There is also a local audit structure in Germany to handle the specific requirements of the German financial authorities. Regional correspondents have been put in place. The team's budgeted headcount is 23 (FTE). The Head of Group Audit reports to the Euler Hermes 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 Euler Hermes Audit and Risk Committee in November for approval. 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 biggest risks. The following audits were conducted in 2013: 11 cross-company audits (1 of which is still under way), 2 vertical audits (1 of which is still under way), 3 sovereign audits (1 of which is still under way), 8 *ad hoc* audits (carried out at the request of General Management), 2 of which are still underway, and 6 Operations audits (3 of which are still under way).

The audit activity is circumscribed by an audit charter, which was updated in July 2011 and approved by the Audit and Risk Committee. It sets out in detail the assignments, organization and various levels of control within the Euler Hermes 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 Euler Hermes group has adopted. These documents were updated in 2011.

The Group audit structure also underwent a quality audit carried out by the Allianz group Audit function in 2011. 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 Euler Hermes group are carried out by 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 Euler Hermes 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 has responsibility for all security-related user aspects. He or she coordinates a network of correspondents in the business units.

Information 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 COO, the Group Head of Organization & Administration, the Group CIO, the Group Audit Director, the Group IT Security Officer and the Group Security Officer. The committee meets once per quarter. Every six months, the Euler Hermes 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 Euler Hermes Chief Information Officer, Group IT Divisions located in Belgium, in the Netherlands, Germany and in France are in charge of designing and developing Group Software 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 Euler Hermes group's IT systems are currently undergoing consolidation. Subsidiaries are interconnected by means of a long-distance 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: EH Singapore & EH US.

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, in 2011, Euler Hermes updated and tested the business continuity plans introduced throughout the Group in 2004.

The Group is pursuing the development of a policy of harmonization and integration of systems (infrastructure and applications): Risks (IRP), Sales/Marketing, Litigation and Debt Collection, Reporting (Rebus) and Financial. The rollout within the Group is progressive: the CRM application is fully deployed; the finance application SAP is implemented in most of the subsidiaries and the implementation of the Commercial System (Galileo) is starting, 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 reviews of IT projects or reviews of recently implemented applications.

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 Euler Hermes group, five entities – Euler Hermes France, Euler Hermes Deutschland, Euler Hermes UK, Euler Hermes North America Insurance Company and Euler Hermes Italy – which had previously implemented all the procedures related to ICOFR also maintained these requirements in 2012.

It should be noted that Euler Hermes UK and Euler Hermes Italy are operating as branches of Euler Hermes Europe, located in Belgium.

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 Financial Control 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 Financial Control 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

Euler Hermes is consolidated by the Allianz group, which has prepared its consolidated financial statements in accordance with IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) since 1998.

Euler Hermes has been presenting its consolidated accounts in accordance with IFRS since 2005.

All of the principles and rules applicable to the companies of the Euler Hermes group 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 2013 consolidated financial statements.

The Consolidation department includes four Consolidators reporting to the department Head.

Its role is to produce the reported consolidated financial statements of the Euler Hermes group and to provide the shareholders with the information needed for the integration of the accounts of Euler Hermes group 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 consolidated financial statements of Euler Hermes are drawn up on a quarterly basis. They are approved by the Board of Management of Euler Hermes and are presented to the Group Audit and Risk Committee, then to the 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 shareholders.

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 Financial Control department

Organized into three levels

Financial control is carried out jointly by the Financial Control department of each subsidiary, by the Regional Controllers, and by the Financial Control department of the Group Financial Division.

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

The Group Financial Control department reports to the Board of Management member 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 Financial Control department presents the results to the Board of Management on a monthly basis, and to the Audit and Risk Committee and the Supervisory Board on a quarterly basis. It may also prepare additional analyses on specific points, on the Board of Management's request.

Assignments of the Financial Control department

The main responsibilities of the Financial Control department are:

a) **budget:**

- draw up the budgets and budget forecasts 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;
- consolidate the monthly data reports sent by the subsidiaries;

c) **reporting:**

- draw up budgets and budget forecasts for the holding company and central entities;
- create comparisons between subsidiaries;
- draw up monthly reports for management and quarterly reports for shareholders, the main shareholder and minority shareholders.

Use of harmonized tools within the Group

Controls rely on harmonized reporting as defined by the Group Financial Control 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 Chief Financial Officer and approved by the Chief Executive Officer. These comments must highlight any material discrepancies from one month to another or in relation to the budget, the budget forecasts or the previous year.

One data analysis process covering all activity

Regardless of the activity in question (monthly closing, quarterly closing, forecasts 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 budget forecasting

Budgets are drawn up based on the following cycle:

- the Group Financial Control department sends out budget guidelines, which are approved by the 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 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 Financial Control department (mid-September);
- budget meetings are held for the Group, as represented by the Board of Management, the Group Financial Control department and the shareholder representative, and the regions, as represented by the CEO, the CFO and in some cases the Head of Financial Control;
- presentation of the budget to the core 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. This formally leads to the sending of budget guidelines and the return transmission of a budgetary 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 local 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 meetings issue 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 holds the decision-making power.

The Investment department organizes two Group Financial Committee meetings each year with the Chairman of the Supervisory Board and the Chairman of the Board of Management, as well as shareholder representatives and members of the Financial Division. At this meeting, the committee reports on past management performance and decides on future strategies.

Lastly, the Investment department manages the debt of the holding company 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 Supervisory Board.

Date: February 13, 2014

Clement Booth

Chairman of the Euler Hermes 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 of the company Euler Hermes SA

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 31 December 2013

To the shareholders,

In our capacity as Statutory Auditors of Euler Hermes 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 31 December 2013.

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*").

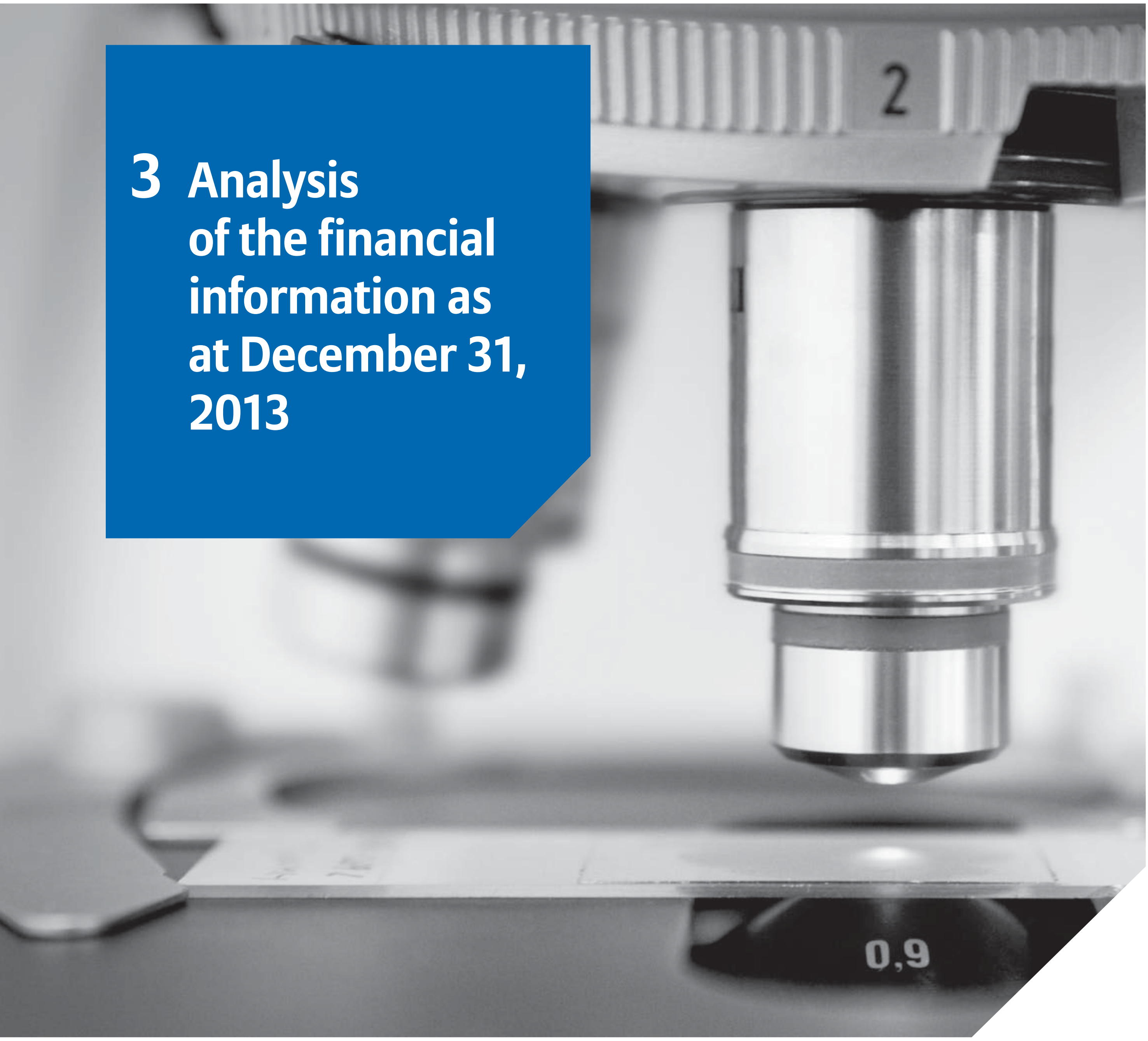
Other disclosures

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, on April 28, 2014

KPMG Audit FS II
French original signed by Xavier Dupuy
Partner

ACE – Auditeurs et Conseils d'Entreprise
French original signed by François Shoukry
Partner



3 Analysis of the financial information as at December 31, 2013

3.1 Business environment

Review of 2013: Third consecutive year of global growth deceleration

The world economic growth slowdown extended into 2013, albeit at a slower pace than in 2012. Indeed, in 2013 global growth lost 0.2 pps (to +2.3%), half the rate in the previous year. This was mainly due to a second consecutive year of recession in the Eurozone (-0.5%), a soft-patch in the United States (+1.8%) and moderate growth in the emerging markets (+4.1% compared with a +4.3% long-term average).

2013 was marked by several political events and policy decisions across the world. At the start of the year, the absence of a clear outcome of the Italian legislative elections and the Cypriot crisis triggered tensions in the financial markets and raised concerns over the pace and scope of the financial integration process taking place in the Eurozone. Therefore, negotiations on the banking union were held over the whole year and the first pillar, the Single Supervisory Body under the ECB surveillance was formally agreed in Q3,2013 and will be fully operational in H2,2014. Work is not yet completed and the other two pillars will provide challenging negotiations between the States, the European Commission and the European Parliament. With the first step in the European integration completed and the successful end of the adjustment programs in Ireland (sovereign and banks) and Spain (banks) sovereign tensions were reduced considerably. However, there are still uncertainties related to financial gaps in Greece and Portugal that will have to be solved in 2014. On the economic side, the Eurozone countries continued to suffer from the absence of credit growth and subdued outlook for inflation, putting upside pressure on real interest rates and on corporate profitability, in an already difficult environment of private and public deleveraging and weak global demand.

In Japan, a more aggressive expansionary monetary policy to try to kick-start growth, break out of the deflationary cycle and counter the effects of the announced fiscal measures was adopted in 2013. The favorable policy mix had positive effects on GDP that continued to grow at the same pace as in 2012 (+1.9%).

In China, the Third Plenum Meeting of the 18th Party Congress set out a comprehensive reform agenda, perhaps the most significant since the beginning of 1990s, that could strengthen growth prospects in the medium term. A range of major social reforms will be implemented, including an easing in the one-child family policy, simplification of the current procedure for the rural population to get residency permits in large cities and abolition of the “re-education through labour” camp system. The role of the private sector in the financial system will be enhanced as markets are expected to get “a decisive” role in resource allocation. Moreover, the financial sector will be further opened to include acceleration in interest rate liberalization and the convertibility of the RMB capital account. Some fiscal reforms have been proposed, including improvements in budget transparency and changes in the tax system.

On the other side of the Pacific, the absence of a compromise on the US budget triggered automatic spending cuts of about USD 85 billion in March, though its effect remained limited on the economy. Uncertainty was reduced in Q4,2013 when Congress approved the first budget in four years, averting a government shutdown, raising revenue and reducing automatic budget cuts, thereby providing a boost to GDP forecasts. However, the debt ceiling issue will arise again in February and some Republicans may use the opportunity to demand further spending cuts and debt reduction.

On the monetary side, central banks in advanced economies maintained a very accommodative policy stance to sustain the growth momentum. Nevertheless, as economies gain traction, managing a (soft) exit from easy money policies will be a key point to watch, notably in the United States where the Federal Reserve (Fed) announced tapering of its monetary stimulus program (QE) by EUR 10 billion per month from January. The Fed is expected to end its QE in Q3-Q4,2014, but to maintain 0% interest rates at least through 2015. Attention is particularly turned towards the emerging economies that face both cyclical and liquidity risks and could be directly impacted by market expectations and fears of liquidity withdrawal, as was the case in the summer of 2013.

Political risk has gained momentum, particularly in the Middle East and North Africa. The polarization into blocs (around the United States and Russia) in relation to the Syrian conflict foreshadows a possible escalation of the geo (political) risks at regional and global levels (including contagion from the armed conflict and increases in oil prices). The election of a new President in Iran, presented as more moderate, provides a glimpse of hope for a new era of international negotiations, although the new President’s inclinations remain uncertain. In Turkey, escalation of the Taksim Square protests gives rise to fears of more widespread outbursts. Furthermore, in 2013, political risk increased due to fragile political transitions in North Africa (Egypt, Libya and Tunisia) and Yemen, unresolved sectarian issues in Bahrain, high security alerts in Iraq and a continuing stand-off between Israel and the authorities in the Palestinian territories.

3.2 Selected financial information

As of January 1, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

(in € million)	2013	2012 IAS 19 pro forma	2012 published	2011 IAS 19 pro forma	2011 published
Consolidated turnover	2,486.2	2,397.9	2,397.9	2,274.9	2,274.9
Gross technical result [1]	456.8	384.0	376.8	571.7	569.1
Net technical result	345.3	331.4	324.2	361.4	358.7
Net investment income [2]	86.2	109.0	109.0	113.1	113.1
Current operating income	**431.4**	**440.5**	**433.3**	**474.4**	**471.7**
Other non ordinary operating expenses and income	27.2	(8.6)	(8.6)	(8.0)	(8.0)
Operating income	**458.6**	**431.8**	**424.7**	**466.4**	**463.7**
CONSOLIDATED NET INCOME [3]	**313.7**	**305.5**	**300.2**	**332.2**	**330.3**

(1) Excluding non technical expenses.
(2) Excluding financing expenses.
(3) Group share.

(in € million)	2013	2012 IAS 19 pro forma	2012 published	2011 IAS 19 pro forma	2011 published
Investment portfolio					
Balance sheet book value of investments [1]	4,038.3	4,129.6	4,129.6	3,909.7	3,909.7
Market value of investments [1]	4,163.4	4,234.7	4,234.7	3,918.0	3,918.0
Technical reserves					
Gross non-life technical reserves	2,028.7	1,930.6	1,930.6	1,899.3	1,899.3
Net non-life technical reserves	1,498.8	1,431.7	1,431.7	1,353.3	1,353.3
TOTAL ASSETS	**6,062.7**	**6,077.1**	**6,064.2**	**5,824.1**	**5,818.1**
SHAREHOLDERS' EQUITY [2]	**2,528.5**	**2,413.5**	**2,535.0**	**2,236.4**	**2,295.9**

(1) Including investment property and cash.
(2) Including non controlling interests.

3.3 Key events

3.3.1 Key events of 2013

The following significant events occurred in the year 2013:

Changes in the share capital and in share ownership

As at December 31, 2013, 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.

During the year 2013, 129,450 new shares have been created by the exercise of options. As at December 31, 2013, Euler Hermes' share capital was composed of 45,342,177 shares, including 1,161,362 shares held in treasury stock.

Solunion official launch

Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA was officially launched on January 28, 2013 with the signing of the shareholders' agreement and official nomination of the Board of Management members. Solunion, jointly created by Euler Hermes and MAPFRE began operations in Spain and Argentina in early 2013. Operations in Chile, Colombia and Mexico were contributed to Solunion on December 20, 2013.

Solunion offers comprehensive trade-related credit insurance solutions and services for companies of all sizes in a wide range of trade sectors.

Final phase of the "Excellence" Project

Euler Hermes initiated the Excellence Project in 2010, to increase business efficiency. At the end of December 2012, restructuring provision balance amounted to €30.1 million. The Excellence Project was concluded in 2013. The remaining provision for restructuring is €2 million at end of December 2013.

Euler Hermes increases shareholding in Israeli credit insurer ICIC to 50%

In the second quarter of 2013, Euler Hermes increased its participation in Israel's leading credit insurer ICIC from the original 33% acquired in 2007 to 50%. The remaining 50% of shares are held by Euler Hermes' local partner Harel Insurance Investment & Financial Services Ltd.

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

On June 14, 2013, Euler Hermes has increased from 60% to 80.31% its stake in its Greek subsidiary Euler Hermes Hellas Credit Insurance Company 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 South Africa

On January 1, 2013 Euler Hermes has created the company Euler Hermes Services South Africa, a company located in South Africa.

Cooperation agreement between Euler Hermes and Allianz General Insurance Company (Malaysia) Berhad

On May 6, 2013, Malaysian businesses which are active in domestic and export markets can now access Euler Hermes trade credit insurance products and services more easily, following a cooperation agreement signed between Euler Hermes and Allianz General Insurance Company Berhad (Malaysia), who will act as a distributor throughout the country.

3.3.2 Subsequent events

No subsequent events occurred since December 31, 2013 closing which would impact the assumptions of the annual closing.

3.4 Activity report

3.4.1 Activity of Euler Hermes

Euler Hermes SA is the parent company of the Euler Hermes group. It generates the bulk of its revenues from shareholdings.

3.4.1.1 Acquisition of subsidiaries and participating interests

Euler Hermes subscribed to the share capital increase of its subsidiary Euler Hermes Collection Sp. Z.o.o, by acquiring 36,722 shares for €4.3 million. As at December 31, 2013, Euler Hermes holds 37,882 shares of Euler Hermes Collection Sp. Z.o.o., representing 100% of the capital.

The shares of the subsidiary Euler Hermes ACI Inc were totally transferred to Euler Hermes North America Holding, at their book value, for €143,541 thousand. In return Euler Hermes received shares of the subsidiary Euler Hermes North America Holding. As at December 31, 2013 Euler Hermes owns 5,000 shares of Euler Hermes North America Holding, representing 100% of the capital.

3.4.1.2 Comments on the results

Net income for the year stands at €194.3 million compared with €196.2 million in 2012. The table below shows the main components of the Company's income:

(in € thousand)	2013	2012	Variation
Income from participating interests [(1)]	246,268	231,600	6.3%
Other net financial expenses [(2)]	(24,961)	(16,311)	53.0%
Net operating expenses [(3)]	(46,265)	(47,989)	-3.6%
Provision for (-) or write back of (+) depreciation of treasury stock [(4)]	0	15,592	-100.0%
Ordinary Income	**175,042**	**182,892**	**-4.3%**
Exceptional items [(5)]	2,081	139	n/a
Corporation tax [(6)]	17,216	13,159	30.8%
NET INCOME	**194,339**	**196,190**	**-0.9%**

(1) Income from participating interests increased by €14.7 million between 2012 and 2013. These are dividends received from operating entities. The increase came from Euler Hermes Europe SA and Euler Hermes Reinsurance AG, partially offset by the decrease of the dividend paid by Euler Hermes Deutschland AG.

(2) This heading mainly comprises €7.3 million interest expenses on financial debt taken out with associates, €4.8 million interest charges on bank loans and €12.9 million of penalty for the loan early reimbursement. This penalty offset the decrease of interest charges on bank loans following the renegotiation of interest rates in June 2012.

(3) Net operating expenses decreased by €1.7 million compared to last year, mainly driven by less consulting fees and travel expenses.

(4) In 2012, this heading corresponded to the release of the provision for depreciation of treasury stock for €15.6 million.

(5) This caption includes the gains and losses on repurchases of treasury stock for €1.3 million and 2013 tax regularization on previous years for €0.9 million.

(6) Euler Hermes SA heads the tax group for French companies that are more than 95%-owned.

3.4.1.3 Dividends

As proposed by the Board of Management, the Supervisory Board recommends to the Shareholders' Meeting that dividend should be paid in cash for €190.4 million, which corresponds to a dividend per share of €4.20.

Proposed allocation of income	2013
Source	
Retained earnings from previous year	273,667
Net income for the year	194,339
	468,006
Allocation	
Allocation to reserves	4
Total proposed dividend*	190,437
Retained earnings	277,565
	468,006

* *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.*

3.4.2 Performance of the Group's main geographic regions

Euler Hermes organization is based on six geographical regions: Germany/Switzerland/Austria, France, Northern Europe, Mediterranean countries, Middle East and Africa, Americas and Asia/Pacific.

Figures presented hereunder are after intra-region eliminations but before inter-region eliminations.

3.4.2.1 Germany/Switzerland/Austria

This region includes the direct insurance and assumed business carried out by the German companies in Germany, Austria and Switzerland.

(in € thousand)	2013	2012 IAS 19 pro forma	2012 published	Variation vs pro forma
Earned premiums	617,125	602,324	602,324	2.5%
Service revenues	176,095	174,627	174,627	0.8%
Turnover	**793,220**	**776,951**	**776,951**	**2.1%**
Investment income	30,657	36,355	36,355	-15.7%
Total ordinary income	**823,877**	**813,306**	**813,306**	**1.3%**
Insurance service expenses	(291,215)	(387,447)	(387,447)	-24.8%
Net outwards reinsurance income or expenses	(85,060)	13,118	13,118	-748.4%
Other income and expenses	(309,247)	(302,752)	(306,549)	2.1%
Total other income and expenses	**(685,522)**	**(677,081)**	**(680,878)**	**1.2%**
CURRENT OPERATING INCOME	**138,355**	**136,225**	**132,428**	**1.6%**
Net combined ratio	*49.0%*	*52.9%*	*54.7%*	

Area contribution: after intra-region eliminations & before inter-region eliminations.

Turnover grew by 2.1% in 2013, driven by earned premiums. The high level of retention (92%) reflects the good commercial performance, especially on the multinational segment and the bonding business, coupled with a slight rebound in insured turnover (+1%). This compensated for negative rates variation and flat service revenues.

The investment income stood at €30.7 million, lower than last year by €5.7 million. This is attributable to lower revenues on the equity portfolio and a decrease of realized gains on bonds.

Insurance service expenses dropped by 24.8% between 2012 and 2013 to reach €291.2 million at the end of 2013. In 2012, the region was affected by three major claims which accounted for €133 million.

Net outward reinsurance expenses amounted to €-85.1 million, compared to an income of €+13.1 million last year. This is linked to the increase of premiums and decrease of claims. Last year, the net contribution from reinsurers was positive since the three major cases mentioned above were ceded to a large extent to reinsurers. Consequently, ceded claims together with reinsurance commission exceeded ceded premiums.

Other income and expenses remained under control, with a 2.1% growth compared to last year, in line with topline growth.

The net combined ratio significantly improved in 2013, from 52.9% in 2012 to 49% in 2013.

The current operating income stood at €138.4 million at the end of the year, a 1.6% rise compared to 2012.

3.4.2.2 France

(in € thousand)	2013	2012 IAS 19 pro forma	2012 published	Variation vs pro forma
Earned premiums	326,157	340,071	340,071	-4.1%
Service revenues	71,718	73,608	73,608	-2.6%
Turnover	**397,875**	**413,679**	**413,679**	**-3.8%**
Investment income	27,520	27,211	27,211	1.1%
Total ordinary income	**425,395**	**440,890**	**440,890**	**-3.5%**
Insurance service expenses	(153,371)	(158,085)	(158,085)	-3.0%
Net outwards reinsurance income or expenses	(38,467)	(29,018)	(29,018)	32.6%
Other income and expenses	(154,431)	(162,433)	(162,790)	-4.9%
Total other income and expenses	**(346,269)**	**(349,536)**	**(349,893)**	**-0.9%**
CURRENT OPERATING INCOME	**79,126**	**91,354**	**90,997**	**-13.4%**
Net combined ratio	*51.8%*	*44.4%*	*44.8%*	

Area contribution: after intra-region eliminations & before inter-region eliminations.

Turnover decreased by 3.8% between 2012 and 2013, with both lower premiums and service revenues. Despite a record retention level (96%), premiums suffered from the negative contribution of insured turnover volumes, consequence of the depressed economic environment in France.

The investment income was stable at €27.5 million.

Insurance service expenses stood at €153.4 million, lower than last year by 3%, following the trend in topline. At 47.0% the gross claims ratio all attachment years was similar to the level of last year, thanks to sound risk management that resulted in low claims activity despite the sluggish economic environment and the high level of insolvencies.

The reinsurance was lower by €9.5 million, last year run-off releases from previous year claims still carried a high retention.

Other income and expenses decreased by 4.9%, mainly triggered by less brokerage linked to the decrease of premiums.

As a result, the current operating income stood at €79.1 million.

3.4.2.3 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 and Russia).

(in € thousand)	2013	2012 IAS 19 pro forma	2012 published	Variation vs pro forma
Earned premiums	464,503	449,920	449,920	3.2%
Service revenues	86,813	74,646	74,646	16.3%
Turnover	**551,316**	**524,566**	**524,566**	**5.1%**
Investment income	15,124	11,368	11,368	33.0%
Total ordinary income	**566,440**	**535,934**	**535,934**	**5.7%**
Insurance service expenses	(297,503)	(241,647)	(241,647)	23.1%
Net outwards reinsurance income or expenses	(18,474)	(45,909)	(45,909)	-59.8%
Other income and expenses	(220,162)	(205,612)	(208,642)	7.1%
Total other income and expenses	**(536,139)**	**(493,168)**	**(496,198)**	**8.7%**
CURRENT OPERATING INCOME	**30,301**	**42,766**	**39,736**	**-29.1%**
Net combined ratio	*88.8%*	*76.3%*	*78.6%*	

Area contribution: after intra-region eliminations & before inter-region eliminations.

At €551.3 million, turnover grew by 5.1% between 2012 and 2013 (7% at constant exchange rate), sustained by both premiums and service revenues. Despite adverse foreign currency effects, premiums grew by +3.2% (5.2% at constant exchange rate) thanks to dynamic net new production especially in Eastern European countries, and positive rate variation overall in the region. Service revenues grew by 16.3%, mainly driven by the increase in information fees by €12.3 million.

Investment income was €3.8 million above last year, driven by higher realized gains on bonds.

Insurance service expenses reached €297.5 million, up 23.1% compared to last year. The region suffered from mid-size cases in the Nordics, the UK and Poland, both in credit insurance and bonding activities. Besides, positive run-offs on previous attachment years were lower than last year, and gross claims ratio all attachment years ended up at 64.0% end of December.

At €-18.5 million, the reinsurance result improved as contribution from reinsurers was high on the mid-size cases, and because lower positive run-offs on previous attachment years mechanically resulted in lower retrocession to the reinsurers.

Other income and expenses rose by 7.1% compared to last year, where one-off positive impact relating to pension plans was booked.

As a result of the increase of both claims activity and expenses, the net combined ratio ended up higher than last year at 88.8%.

The current operating income stood at €30.3 million in 2013, against €42.8 million last year.

3.4.2.4 Mediterranean countries, Middle East & Africa

This region includes the direct insurance and assumed business in Italy, Greece, Morocco, Turkey, the Gulf Countries and South Africa. From 2013 onwards, the region does not include the activity of Spain anymore as the entity was ceded to Solunion, the joint venture with MAPFRE. For comparison purpose, 2012 figures have been restated without Spain.

(in € thousand)	2013	2012 pro forma	2012 published	Variation vs pro forma
Earned premiums	248,316	226,836	257,981	9.5%
Service revenues	60,494	54,980	63,015	10.0%
Turnover	**308,810**	**281,816**	**320,996**	**9.6%**
Investment income	7,614	5,757	6,042	32.3%
Total ordinary income	**316,424**	**287,573**	**327,038**	**10.0%**
Insurance service expenses	(164,538)	(114,772)	(136,597)	43.4%
Net outwards reinsurance income or expenses	(13,452)	(34,934)	(36,402)	-61.5%
Other income and expenses	(119,075)	(114,251)	(127,347)	4.2%
Total other income and expenses	**(297,065)**	**(263,957)**	**(300,346)**	**12.5%**
CURRENT OPERATING INCOME	**19,359**	**23,616**	**26,692**	**-18.0%**
Net combined ratio	*83.1%*	*73.1%*	*70.1%*	

Area contribution: after intra-region eliminations & before inter-region eliminations.

At €308.8 million, turnover showed a continuous and solid performance. Earned premiums rose by 9.5% compared to 2012 pro forma, linked to the strong development of business in the Gulf Countries and Turkey. Service revenues also increased by 10% over the year, thanks to price increases and higher volume on limit and monitoring activities and higher collection fees.

Investment income increased by €1.9 million, thanks to positive foreign exchange result and higher revenues on the financial portfolio.

Insurance service expenses reached €164.5 million in 2013, an increase of €49.8 million compared to 2012 pro forma. The region suffered from high claims frequency during the first three quarters, especially in Italy and Greece, but risk actions plans successfully brought back the covered amounts at lower level by year end. In addition, positive run-offs on previous attachment years were lower than last year.

The reinsurance result improved, essentially due to the mechanic effect of lower run-offs on previous attachment years resulting in less boni retroceded to the reinsurers.

Other expenses increased by 4.2%, considerably less than turnover thanks to close monitoring on costs.

Consequently, the current operating income stood at €19.4 million in 2013.

3.4.2.5 Americas

This region includes all the direct insurance and reinsurance activities carried out in the United States, Mexico, Brazil, Colombia, Chile and Canada, as well as related collection revenues. From January 1, 2013 onwards, the region does not include the activity of Argentina anymore as the entity was ceded to Solunion, the joint venture with MAPFRE. The remaining Latin American entities (Mexico, Columbia and Chile) were ceded to Solunion on December 20, 2013 but are fully included in the Americas figures hereunder. For comparison purpose, 2012 figures have been restated without Argentina.

(in € thousand)	2013	2012 pro forma	2012 published	Variation vs pro forma
Earned premiums	236,438	227,481	229,477	3.9%
Service revenues	38,494	36,187	36,514	6.4%
Turnover	**274,932**	**263,668**	**265,991**	**4.3%**
Investment income	8,478	10,709	10,709	-20.8%
Total ordinary income	**283,410**	**274,378**	**276,700**	**3.3%**
Insurance service expenses	(87,413)	(62,082)	(61,860)	40.8%
Net outwards reinsurance income or expenses	(62,399)	(59,656)	(59,656)	4.6%
Other income and expenses	(117,000)	(106,896)	(107,241)	9.5%
Total other income and expenses	**(266,812)**	**(228,634)**	**(228,757)**	**16.7%**
CURRENT OPERATING INCOME	**16,598**	**45,744**	**47,943**	**-63.7%**
Net combined ratio	*86.9%*	*41.9%*	*40.2%*	

Area contribution: after intra-region eliminations & before inter-region eliminations.

Turnover grew by 4.3% between 2012 pro forma and 2013, to reach €274.9 million as at December 31, 2013. At constant exchange rate, the increase was even stronger, with a 8.6% growth of turnover, coming from both premiums (+8.2%) and service revenues (+11.2%) and mainly due to the strong performance in Brazil, California, the multinational segment and new products.

Investment income amounted to €8.5 million, to be compared to €10.7 million in 2012 pro forma. Revenues from bonds decreased by €1.2 million and the 2013 foreign exchange result was €0.8 million, compared to €1.8 million in 2012.

The gross claims ratio all attachment years remained at very low level (37%), even if deteriorating compared to last year due to lower run-offs releases on previous attachment years.

The net outward reinsurance expenses remained overall stable.

Other income and expenses increased by 9.5% between 2012 pro forma and 2013. Expenses grew at a higher pace than revenues because of investments in new distribution channels and new products, whose profitability should be considered on a two to three year-period.

Consequently, the current operating income dropped by 63.7% to €16.6 million, compared to €45.7 million in 2012 pro forma.

3.4.2.6 Asia-Pacific

This region includes all the direct insurance and reinsurance activities carried out by branches based in Asia (India, Japan, China, Hong Kong and Singapore) and Oceania (Australia and New-Zealand).

(in € thousand)	2013	2012 IAS 19 pro forma	2012 published	Variation vs pro forma
Earned premiums	71,184	63,816	63,816	11.5%
Service revenues	20,565	15,889	15,889	29.4%
Turnover	**91,749**	**79,705**	**79,705**	**15.1%**
Investment income	(4,609)	(680)	(680)	577.8%
Total ordinary income	**87,140**	**79,025**	**79,025**	**10.3%**
Insurance service expenses	(37,453)	(44,823)	(44,823)	-16.4%
Net outwards reinsurance income or expenses	(7,931)	5,249	5,249	-251.1%
Other income and expenses	(52,536)	(44,553)	(44,553)	17.9%
Total other income and expenses	**(97,920)**	**(84,127)**	**(84,127)**	**16.4%**
CURRENT OPERATING INCOME	**(10,780)**	**(5,102)**	**(5,102)**	**111.3%**
Net combined ratio	*128.6%*	*125.4%*	*125.4%*	

Area contribution: after intra-region eliminations & before inter-region eliminations.

Turnover rose by 15.1% in 2013, and 23.9% at constant exchange rate, benefiting from strong performance in key strategic markets, namely China and the multinational segment. Service revenues went up 29.4%, thanks to higher limit and monitoring volumes.

Investment income was 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 €-5 million, to be compared to €-1.1 million last year.

At 52.6%, the gross claims ratio improved compared to 2012. As a reminder last year was impacted by additional reserves following non-payment notifications in the solar industry.

Net outward reinsurance expenses amounted to €-7.9 million, to be compared to a profit of €5.2 million in 2012. The deterioration is due to both increase of premiums ceded, and the release of positive run-off. The reinsurance result was positive last year as contribution from reinsurers was high on some specific cases in the solar industry.

Other income and expenses increased by 17.9% between 2012 and 2013, slightly higher than the growth in turnover, due to higher brokerage costs and some one-off expenses related to the regional reorganization.

In spite of top line growth and claims ratio improvement, the current operating income was a loss of €-10.8 million, due to negative outward reinsurance result and negative impact from currency change.

3.4.2.7 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 reinsurance related to the non-consolidated companies COSEC (Portugal), ICIC (Israel), Prisma (Austria), OeKB (Austria), and Solunion (Spain and Latin America) since 2013.

(in € thousand)	2013	2012 IAS 19 pro forma	2012 published	Variation vs pro forma
Earned premiums	1,357,457	1,272,199	1,272,199	6.7%
Service revenues	0	0	0	0.0%
Turnover	**1,357,457**	**1,272,199**	**1,272,199**	**6.7%**
Investment income	25,431	24,201	24,201	5.1%
Total ordinary income	**1,382,888**	**1,296,400**	**1,296,400**	**6.7%**
Insurance service expenses	(639,137)	(655,526)	(655,526)	-2.5%
Net outwards reinsurance income or expenses	(94,591)	(61,490)	(61,490)	53.8%
Other income and expenses	(438,996)	(428,854)	(428,854)	2.4%
Total other income and expenses	**(1,172,724)**	**(1,145,870)**	**(1,145,870)**	**2.3%**
CURRENT OPERATING INCOME	**210,164**	**150,530**	**150,530**	**39.6%**
Net combined ratio	*77.7%*	*82.8%*	*82.8%*	

Area contribution: after intra-region eliminations & before inter-region eliminations.

Earned premiums grew by 6.7% compared to 2012, slightly higher than the topline growth observed at Group level (+4.2%). 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 24.8% to €122.2 million in 2013, driven by Solunion.

There is no “premium-related revenues” as these are not subject to internal or external reinsurance.

The investment income stood at €25.4 million and increased by 5.1% compared to 2012, driven by the positive contribution of the foreign exchange result (€+1.6 million, versus a negative contribution of €-2.7 million in 2012), partly compensated by lower realized gains on bonds.

Thus the total of revenues from ordinary activities increased by 6.7% over the year and stood at €1,382.9 million as at December 31, 2013.

The insurance service expenses decreased by 2.5% compared to 2012, as the contribution from some operational entities decreased, namely Germany which suffered in 2012 from some large claims.

The profit ceded to the external reinsurers captured in the “net outward reinsurance income or expenses” line increased from €-61.5 million in 2012 to €-94.6 million in 2013. Last year was positively impacted by high retrocession to reinsurers on the large claims that hit the Group, and the liquidation of most remaining positive run-offs on reinsurance commission linked to previous attachment years.

The other income and expenses increased by 2.4% between 2012 and 2013. 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 €210.2 million, the net current operating income grew by 39.6% compared to 2012 and the net combined ratio improved by 5.1 points over the year to stand at 77.7%.

3.4.3 Performance of the Group's business

Consolidated turnover consists of premium income, comprising earned premiums generated by direct insurance and assumed business, and service revenues, premium-related or not.

Premiums

Credit insurance policies are designed to cover the risk of non-payment by the policyholder's customers.

The premiums are based mainly on our policyholders' sales or their outstanding customer risk, which also depends on their sales.

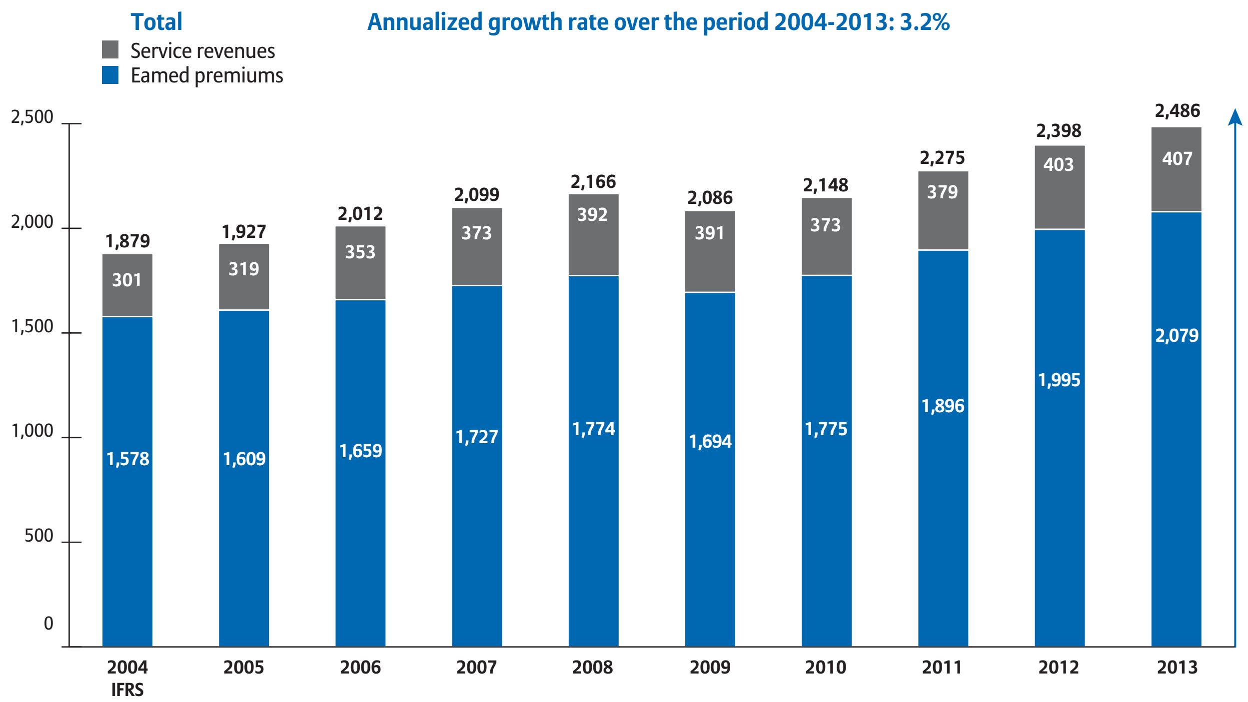
Service revenues

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 our policyholders with the required credit insurance cover, and of amounts billed for monitoring the solvency of their customers. All these revenues are directly related to our credit insurance business and Euler Hermes does not sell services offering access to business solvency information to third parties that are not policyholders;
- *Collection fees:* these correspond to the amounts billed for debt collection services provided to policyholders and to companies that are not policyholders.

3.4.3.1 Consolidated turnover

- **CONSOLIDATED TURNOVER *(in € million)***



This year again, turnover increased to reach a new historical hight at €2,486 million, up by 3.7%, and by 5.0% at constant exchange rate.

3.4.3.2 Consolidated turnover per region

Turnover (in € million)	**2013**	**2012 (published)**	**Variation**	**2012 [1]**	**Variation [1]**
Germany, Austria, Switzerland	793.2	777.0	2.1%	775.9	2.2%
France	397.9	413.7	-3.8%	413.7	-3.8%
Northern Europe	551.3	524.6	5.1%	515.1	7.0%
Mediterranean Countries, Middle East & Africa	308.8	321.0	-3.8%	280.8	10.0%
Americas	274.9	266.0	3.4%	253.1	8.6%
Asia-Pacific	91.7	79.7	15.1%	74.0	23.9%
Non consolidated OE's and other [2]	68.3	16.0	n/a	54.3	n/a
EULER HERMES GROUP	**2,486.2**	**2,397.9**	**3.7%**	**2,367.0**	**5.0%**

Area contribution: After intra-region eliminations & before inter-region eliminations.
(1) At constant exchange rates and pro forma (Spain and Argentina in 2012 in EH Reinsurance).
(2) Corporate entities + inter-region eliminations.

In 2013, Euler Hermes' turnover rose by 3.7%, to reach €2,486.2 million. At constant rate, the turnover increased by 5.0%, in spite of the depressed economic environment.

New production reached a new record level of €292 million, 7% ahead of last year, mainly driven by growth markets, namely Asia and the Middle East, the multinational segment and the pick-up in demand for new products. However growth in Europe started to rebound, fuelled not only by Solunion, the joint venture with MAPFRE, but also by Germany, Italy and Eastern European countries. The retention rate stood at 90% at the end of the year, slightly below the level of last year (92%) but still a second high level comparing to the last four years. Prices were overall flat for the Group in 2013: they have increased in Northern and Southern Europe but have been under pressure in growing markets and segments. After a flat 2012, the contribution from our policyholders' insured turnover was negative compared to last year, due to recession in most countries in Europe.

As a result, the growth of the topline was only supported by our commercial performance.

3.4.3.3 Breakdown of turnover between premium income and related revenues

(in € thousand)	**2013**	**2012**	**Variation in amount**	**Variation in %**
Earned premiums	2,079,020	1,995,074	83,946	4.2%
Service revenues	407,220	402,822	4,398	1.1%
TOTAL TURNOVER	**2,486,240**	**2,397,896**	**88,344**	**3.7%**

Euler Hermes group's premiums amounted to €2,079 million in 2013, setting a new historical level. They rose by 4.2% compared to last year, and by 5.4% at constant exchange rate.

Service revenues increased by 1.1% in 2013. Information fees went up 2.7%. They were in line with the topline growth. This increase was partially offset by the decline of collection fees of 2.1% against last year, which is due to a lower number of claims than last year.

3.5 Consolidated results

The claims ratio is defined as the cost of claims relative to earned premiums after deduction of rebates granted to policyholders.

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).

3.5.1 Earned premiums

(in € thousand)	2013	2012	Variation
Gross earned premiums	2,079,020	1,995,074	4.2%
Ceded premiums	(643,462)	(650,744)	-1.1%
NET EARNED PREMIUMS	**1,435,558**	**1,344,330**	**6.8%**
Cession rate	31.0%	32.6%	

While gross earned premiums increased by 4.2% compared to last year, net earned premiums rose by 6.8%, reflecting the decrease in premiums ceded to reinsurers on the quota-share treaties.

3.5.2 Cost of claims

(in € thousand)	2013	2012	Variation
Gross claims costs	(1,046,530)	(1,049,787)	-0.3%
Ceded claims costs	321,547	354,250	-9.2%
NET CLAIM COSTS	**(724,983)**	**(695,537)**	**4.2%**
Gross Claims ratio	**50.3%**	**52.6%**	-2.3 pts
Net Claims ratio	**50.5%**	**51.7%**	-1.2 pts

Gross claims costs all attachment years were at €1,046.5 million, slightly lower than last year.

The gross claims ratio stood at 50.3%, decreasing by 2.3 points between 2012 and 2013.

The net claims ratio decreased by 1.2 points between 2012 and 2013, mainly attributable to the 2012 cases mentioned in the analysis by geographic regions, which represented 2.6 points in net terms.

3.5.2.1 Cost of claims on current attachment year

(in € thousand)	2013	2012	Variation
Gross claims costs current attachment year	(1,228,858)	(1,322,829)	-7.1%
Ceded claims costs current attachment year	352,723	418,465	-15.7%
NET CLAIM COSTS CURRENT ATTACHMENT YEAR	**(876,135)**	**(904,364)**	**-3.1%**
Gross loss ratio current attachment year	**-59.1%**	**-66.3%**	-7.2 pts
Net loss ratio current attachment year	**-61.0%**	**-67.3%**	-6.2 pts

Gross claims costs current year were at €1,228.9 million, a decrease of 7.1% compared to last year. The 2012 gross claims costs were inflated by the large claims mentioned above for €135 million. Putting aside this effect, gross claims costs remained under control, a good performance in the current subdued economy. Hence the gross loss ratio settled at 59%.

Net claims are decreasing at a slightly slower pace than gross claims because of the smaller size of the claims which are not ceded to the excess reinsurance.

Overall in Europe, the claims ratios on current attachment year remained stable, though at a higher level than in other regions, reflecting the current economic backdrop.

3.5.2.2 Net run off

(in € thousand)	2013	2012	Variation
Gross claims costs previous attachment years	182,329	273,042	-33.2%
Ceded claims costs previous attachment years	(31,176)	(64,215)	-51.4%
NET CLAIMS COSTS PREVIOUS ATTACHMENT YEARS	**151,152**	**208,827**	**-27.6%**
Gross loss ratio previous attachment years	**8.8%**	**13.7%**	-4.9 pts
Net loss ratio previous attachment years	**10.5%**	**15.5%**	-5.0 pts

Gross run-offs were positive and amounted to €182.3 million, lower by 33.2% compared to last year. They were negatively impacted by additional reserves on previous attachment years cases, namely one large suspected fraud case. However, again this year, all regions posted positive run-offs.

Net run-offs stood at €151.2 million in 2013, compared to €208.8 million at the end of 2012, lower by 27.6% against 33.2% in gross terms, due mostly to the additional reserves mentioned above.

3.5.3 Operating expenses

The gross technical operating expenses that are included in the technical expense ratio (please refer to §3.5 for definition) include the following costs:

(in € thousand)	2013	2012 pro forma	Variation amount	Variation %
HR expenses	462,291	452,243	10,048	2%
Brokerage	257,518	246,919	10,599	4%
IT & Communications	22,677	30,160	(7,483)	-25%
Facilities & Occupancy	51,670	51,212	458	1%
Audit, Tax & related fees performed	5,964	4,951	1,013	20%
Legal & consulting fees	49,294	57,073	(7,780)	-14%
Agency, Marketing & Advertising	16,855	16,411	444	3%
Representation & Other Travel Expenses	20,327	22,981	(2,654)	-12%
External information & collection expenses	63,158	56,832	6,326	11%
Other Operating Expenses	33,198	25,375	7,824	31%
GROSS TECHNICAL EXPENSES	**982,952**	**964,157**	**18,795**	**2%**
Service revenues	(407,220)	(402,822)	(4,398)	1%
EXPENSES NET OF SERVICE REVENUES	**575,732**	**561,335**	**14,397**	**3%**
Reinsurance commission	(219,611)	(253,502)	33,891	-13%
Net technical expenses	**356,121**	**307,833**	**48,288**	**16%**
Gross technical expense ratio	**27.7%**	**28.1%**	**-0.4 pt**	
Net technical expense ratio	**24.8%**	**22.9%**	**1.9 pts**	

Pro forma 2012:
- Pro forma Solunion: All costs by nature in Spain & Argentina (€8.6 million) are reclassified in inward commission (brokerage & other acquisition costs).
- IAS 19 pro forma.

The gross technical expense ratio was 27.7%, the lowest level in four years, and decreased by 0.4 point versus last year.

HR expenses were impacted by a positive one-off linked to a pension curtailment in the UK in 2012 (€7.7 million) and additional pension costs in Germany. Otherwise conventional salary increases were compensated by a lower level of FTEs [1] (-75 FTEs).

Brokerage costs increased in line with premiums.

Higher information expenses linked to purchases to Solunion, which were accounted for as intercompany transactions last year, were matched in revenues.

Otherwise higher operating expenses, linked to additional taxes, are matched by lower consulting fees (namely on Solvency II) and lower travel expenses.

However, the net technical ratio stood at 24.8% for 2013 compared to 22.9% last year when most of the remaining run-offs on reinsurance commissions linked to previous attachment years were booked.

(1) *FTE: Full-Time Equivalent, average at December 31, 2013. They include interim staff and special cases (staff constantly integrated in and required for Euler Hermes business processes but not employed by Euler Hermes group).*

3.5.4 Net technical result

At €345.3 million, net technical result was €13.9 million above last year, thanks to dynamic topline, sound risk management and close monitoring on costs.

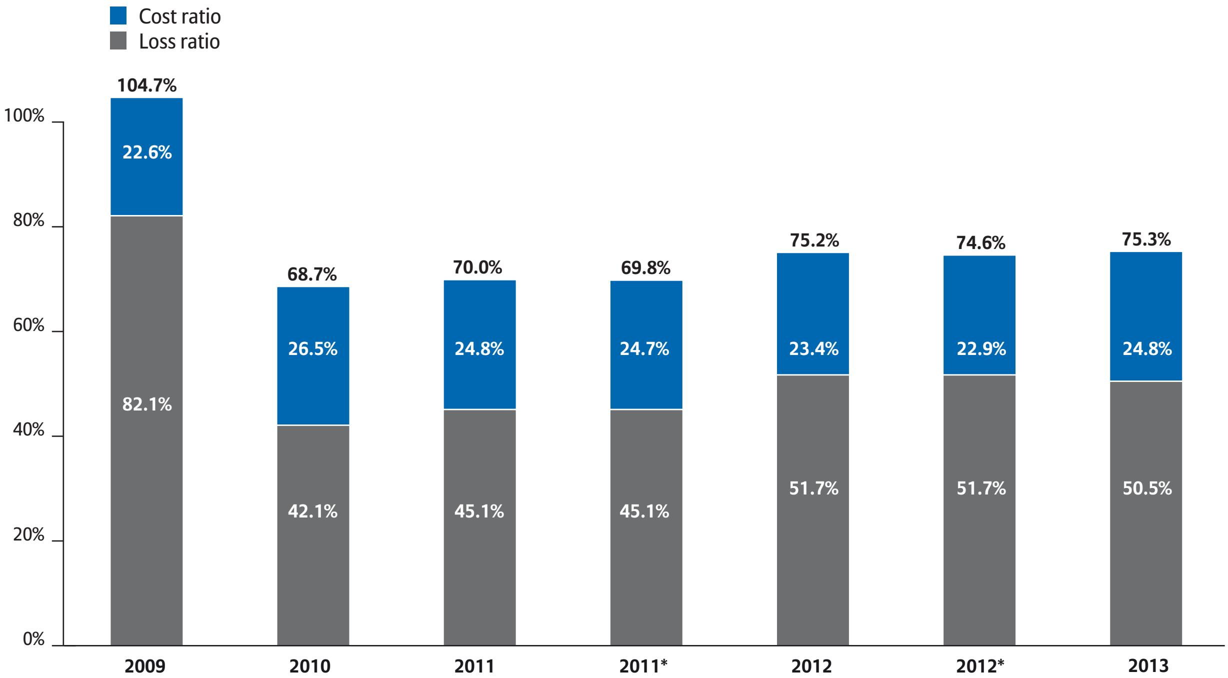
(in € thousand)	2013	2012 IAS 19 pro forma	2012 published	Variation vs pro forma
Net earned premiums	1,435,558	1,344,330	1,344,330	6.8%
Net claims costs	(724,983)	(695,537)	(695,537)	4.2%
Net technical expenses	(356,121)	(307,833)	(314,997)	15.7%
Other non technical charges	(9,194)	(9,559)	(9,559)	-3.8%
NET TECHNICAL RESULT (1)	**345,261**	**331,410**	**324,234**	**4.2%**
Net combined ratio	**75.3%**	**74.6%**	**75.2%**	

(1) Net technical result = Current operating income before net investment income.

3.5.5 Net combined ratio

The net combined ratio after reinsurance equalled to 75.3% for 2013, higher than last year by 0.7%, when most of the remaining run-offs on reinsurance commissions linked to previous attachment years were booked.

■ **NET COMBINED RATIO AFTER REINSURANCE (IN % OF NET EARNED PREMIUMS)**



* *IAS 19 proforma.*

3.5.6 Net investment income

The net investment income (before financing expenses) amounted to €86.2 million as at December 31, 2013, compared to €109.0 million in 2012. The 2013 net investment income was impacted by a €13 million penalty paid on the early reimbursement of loan to Allianz following other early reimbursement made last year with Euler Hermes banking pool. Putting aside this one-off effect, the net investment income amounted to €99 million, a decrease of 9.2% compared to last year.

(in € thousand)	2013	2012	Variation
Revenues from investment property	*2,714*	*902*	*201.0%*
Revenues from equity and debt securities	*63,766*	*73,404*	*-13.1%*
Other financial income	*21,892*	*24,445*	*-10.4%*
Investment income	88,372	98,751	-10.5%
Investment expenses	(8,390)	(11,786)	-28.8%
Net change in foreign currency	(540)	(831)	-35.0%
Net gains and losses on sales of investments less impairment and amortization	6,708	22,907	-70.7%
NET INVESTMENT INCOME (EXCLUDING FINANCING EXPENSES)	**86,150**	**109,041**	**-21.0%**

Investment income dropped by 10.5% between 2012 and 2013, due to lower yields on bonds, partially offset by higher revenues on investment property.

On the other hand, investment expenses also went down 28.8%, to €-8.4 million, slightly compensating the decrease in revenues.

Net realized gains and losses were at €6.7 million, to be compared to €22.9 million at the end of 2012. This decrease included the €13 million penalty paid to Allianz on the early reimbursement of a loan.

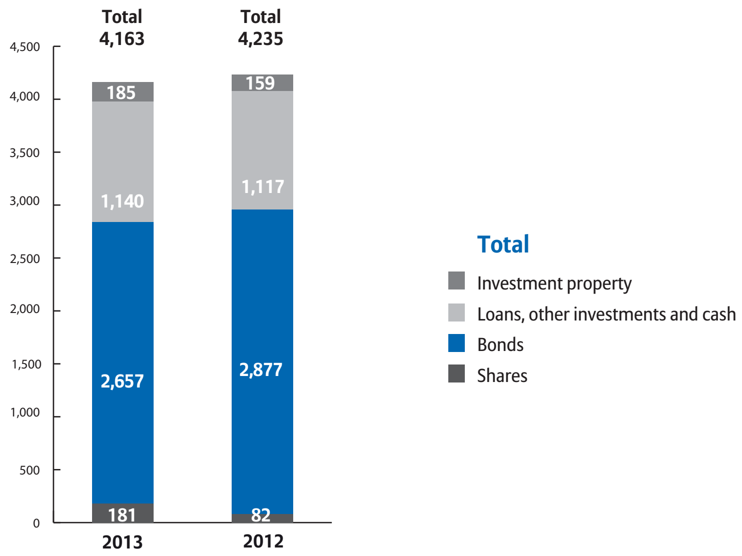
The one-shot gain of €36.9 million on the legal contribution to Solunion is presented in "Other non-ordinary income and expense" (cf. 3.5.8 Consolidated net income).

At €4,163 million, the market value of the Group's investment portfolio decreased by €71 million.

	12/31/2013					12/31/2012				
(in € million)	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	154.1	27.0	181.1	181.1	-	69.4	12.7	82.2	82.2	-
▪ Bonds	2,596.9	60.0	2,656.9	2,656.9	-	2,759.2	117.4	2,876.6	2,876.6	-
▪ Loans and other investments	837.9	-	837.9	837.9	-	808.7	-	808.7	808.7	-
Total financial investments	**3,588.8**	**87.0**	**3,675.9**	**3,675.9**	**-**	**3,637.4**	**130.2**	**3,767.5**	**3,767.5**	**-**
Buildings third party use		**-**	**60.2**	**185.4**	**125.1**		**-**	**53.7**	**158.8**	**105.2**
Cash	**-**	**-**	**302.2**	**302.2**	**-**	**-**	**-**	**308.4**	**308.4**	**-**
TOTAL	**-**	**-**	**4,038.3**	**4,163.4**	**125.1**	**-**	**-**	**4,129.6**	**4,234.7**	**105.2**

To be noted the increase in market value for buildings third party use linked to the refurbishment of the former Head Office 1, rue Euler (Paris).

■ **INVESTMENT PORTFOLIO *(€ million Market value as at 12/31/2013)***



3.5.7 Ordinary operating income

The ordinary operating income decreased by 2.1% between 2012 and 2013, mainly driven by the lower net investment income, which offset the good performance of the technical result.

(in € thousand)	2013	2012 IAS 19 pro forma	2012 published	Variation vs pro forma
Technical result	345,261	331,410	324,234	4.2%
Net investment income (excluding financing expenses)	86,150	109,041	109,041	-21.0%
ORDINARY OPERATING INCOME	**431,411**	**440,451**	**433,275**	**-2.1%**

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 €313.7 million, compared to €305.5 million at end of December 2012 pro forma.

(in € thousand)	2013	2012 IAS 19 pro forma	2012 published	Variation vs pro forma
Ordinary operating income	**431,411**	**440,451**	**433,275**	**-2.1%**
Other non-ordinary income and expenses	27,195	(8,616)	(8,616)	-415.6%
Financing expenses	(10,953)	(13,598)	(13,598)	-19.5%
Share of Income from companies accounted by the equity method	6,424	14,038	14,038	-54.2%
Corporation tax	(136,996)	(122,513)	(120,592)	11.8%
Non controlling interests	(3,352)	(4,262)	(4,262)	-21.4%
CONSOLIDATED NET INCOME, GROUP SHARE	**313,729**	**305,500**	**300,245**	**2.7%**
Tax rate	**30.2%**	**28.3%**	**28.4%**	

Other non-ordinary income and expenses include a one-shot gain of €36.9 million on the legal contribution of Spanish, Argentinean, Mexican, Columbian and Chilean entities to the Solunion joint venture with MAPFRE.

Financing expenses decreased by 19.5%, thanks to the renegotiation of the interest rates with banks in June 2012.

Income from companies at equity amounted €6.4 million.

Corporation tax was €137 million over 2013, to be compared to €123 million in 2012, with a higher average tax rate in some countries.

3.6 Cash and capital

The information contained in this section is a complement to the sub-section 5.4 "Consolidated statement of cash flows" and to the Note 12 "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 decreased by €6.2 million compared to the end of 2012 and amounted to €301.8 million as at December 31, 2013. Main variations impacting the Group's cash between 2012 and 2013 are the following:

- cash flow from operating activities increased to reach €389.3 million in 2013, compared to €308.2 million in 2012. This results mainly from an increased turnover and better loss ratio in 2013;
- investment activities contributed for €-86.9 million to the cash position at the end of 2013, against €-140 million at the end of 2012, mainly due to smaller investments in short term deposits mitigated by investments in the joint ventures Solunion Seguros de Crédito and Israeli Credit Insurance Company;
- cash flow from financing activities deteriorated compared to last year, from €-204.3 million in 2012 to €-304.6 million in 2013. This is mainly due to the €180.9 million dividends paid.

At end of December 2013, liquidities are principally held in euros, as the Company's main area of business is the euro zone.

3.7 Financing

The information contained in this section is a complement to Note 17 "Borrowings" of the notes to the consolidated financial statements in sub-section 5.6 of this document.

The ten-year loan of €135 million from Allianz Belgium, whose maturity was initially June 24, 2020, has been reimbursed by anticipation on November 14, 2013.

Loans held by Euler Hermes SA as at December 31, 2013 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 SA 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 also reaches maturity 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 Euler Hermes 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

3.8 Consolidated shareholders' equity and adjusted capital

3.8.1 Consolidated shareholders' equity

As at December 31, 2013, consolidated shareholders' equity amounts to €2,528 million compared to €2.414 million at the end of 2012. The table below describes the main changes in shareholders' equity during the year.

					Other				
(in € thousand)	**Capital Stock (1)**	**Additional paid-in capital (1)**	**Consolidation reserve and Retained earnings (2)**	**Revaluation Reserve (3)**	**Translation reserve (4)**	**Treasury shares**	**Shareholders' equity, Group share**	**Non controlling interests**	**Total shareholders' equity**
Shareholders' equity as at December 31, 2012 - IFRS IAS 19 pro forma	**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)
Other changes	-	-	-	-	-	-	-	-	-
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)
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**

(1) As at December 31, 2013, Euler Hermes' share capital is composed of 45,342,177 fully paid in shares, including 1,161,362 treasury shares. 129,450 new shares were created as the result of exercise of stock options in 2013. The share premium of Euler Hermes SA increased by €8.1 million.

(2) Over 2013, retained earnings varied by the net income of the year €313.7 million (excluding minority interests) and the actuarial gain on defined benefit plans for €17.3 million, minus the dividend paid by Euler Hermes SA to its shareholders for €176 million (excluding minority interests).

(3) In accordance with IAS 39, available for sale securities were restated at fair value through the revaluation reserve without any impact on the income statement. The increase in the revaluation reserve for the period 2013 was €(29.2) million net of tax and is related to the increase of interest rates which had an impact on the value of the bonds' portfolio.

(4) The change in translation differences for the year (€(23.9) million) relates mainly to the US dollar, for an impact of €(9.4) million, the British pound for €(4.3) million, the Swedish Krona for €(2.8) million and the Brazilian Real for €(2.3) million.

3.8.2 Adjusted capital

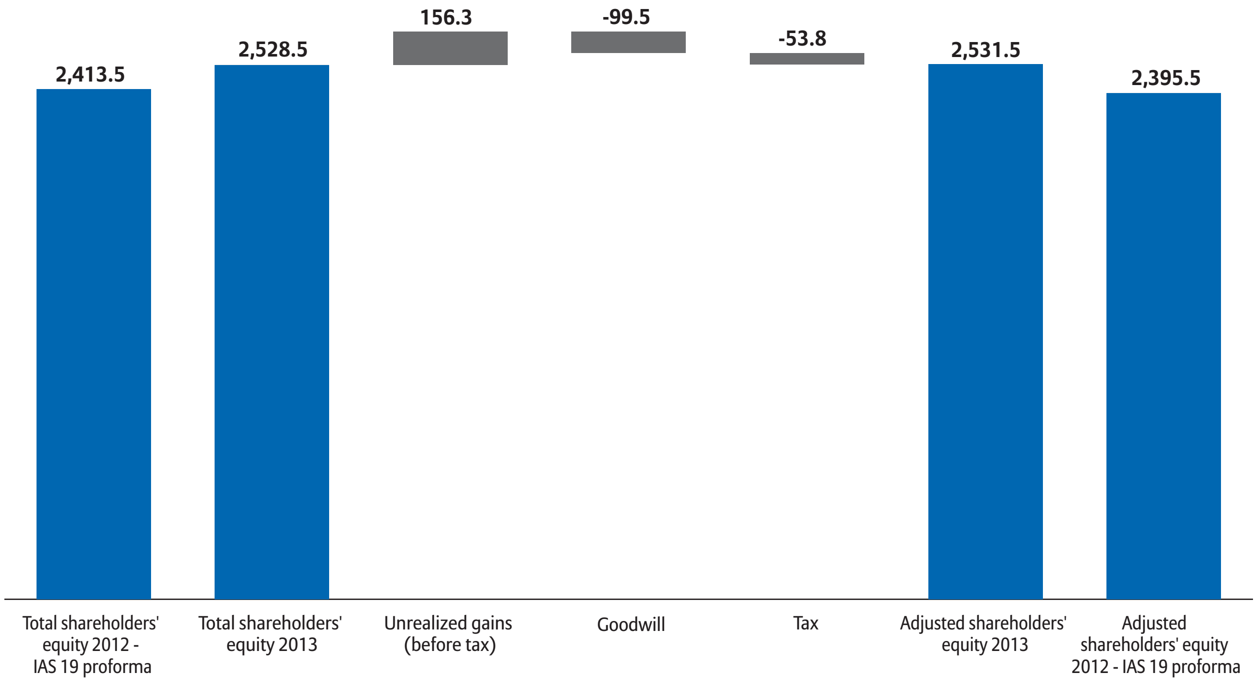
The Group's adjusted capital after tax corresponds to its consolidated shareholders' equity after adjusting for the following:

- unrealized gains on assets not recognized at fair value (mainly investment property and property used in the Group's operations);
- goodwill;
- tax effect on unrealized capital gains.

Adjusted capital after tax amounted to €2,531.5 million at end-December 2013 versus €2,395.5 million at end-2012 pro forma, corresponding to an increase of 5.7%. This is the result of:

- the evolution of the shareholder's equity mentioned in paragraph 3.8.1;
- an increase in unrealized gains before taxes on the investment and operating properties for €24.7 million.

- **ADJUSTED SHAREHOLDERS' EQUITY AFTER TAX – DECEMBER 31, 2013 *(in € million)***

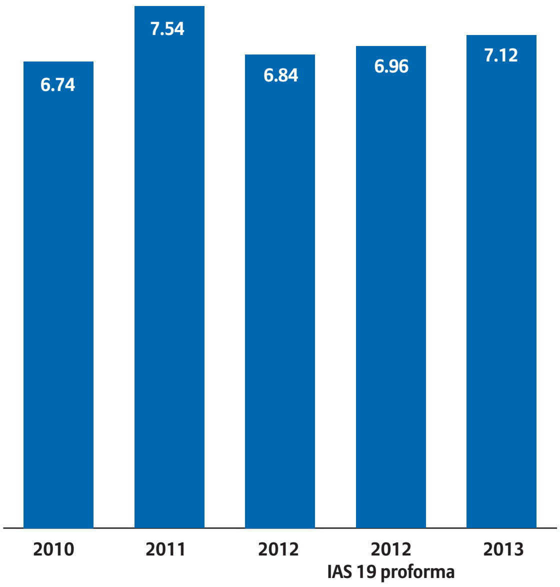


3.9 Creation of value for the shareholder

3.9.1 Earnings per share

Earnings per share is €7.12 in 2013, versus €6.96 in 2012.

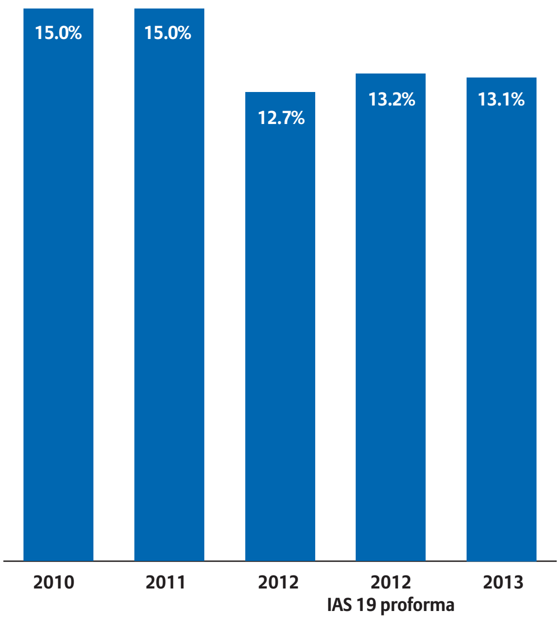
▪ **NET RESULT PER EULER HERMES SHARE *(in €)***



3.9.2 Return on equity

The return on equity in accounting terms [(1)] equals to 13.1%, 0.1 point below last year restated IAS 19.

▪ **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 2012 and end-December 2013.

3.10 Outlook

3.10.1 Economic outlook

Outlook for 2014-2015: Towards a worldwide recovery, world GDP to grow by +3.1% in 2014 and by +3.3% in 2015

After falling to +2.3% in 2013 – the slowest pace since 2009 – world GDP growth is finally gaining traction; we forecast global activity will grow modestly, by +3.1% in 2014 and +3.3% in 2015. Although emerging economies will remain the biggest contributors to global growth, economic activity is set to be more evenly distributed as a result of improved prospects for advanced economies (+2.2% in 2014 and +2.3% in 2015), while growth momentum in emerging markets is expected to remain relatively moderate (+4.6% in 2014 and +4.8% in 2015). Global trade is forecast to benefit from improving global prospects; +4.8% in 2014 and +5.5% in 2015 (compared with +2.5% in 2012 and 2013). Asia will remain the main trade hub but the upswing in North America and in the Eurozone is ongoing.

Economic prospects are improving in the advanced economies, which are set to provide a larger contribution to global growth; about 45% in 2014 and 2015 compared with only one-third in 2013. However, downside risks to the recovery remain as the Eurozone will continue to face headwinds from deleveraging while a prolonged period of low inflation could make the process painful. In the United States, the pace of the Fed tapering will be key. In Japan, domestic demand recovery is still to emerge while the implementation of structural reforms will be mandatory for investor confidence, given the excessive stock of debt.

In the United States, GDP growth is set to rise from +1.8% in 2013 to +3.0% in 2014 and +3.2% in 2015. Recent strong improvements in business confidence, coupled with an easing in fiscal consolidation and an expected pick up in investment and consumer spending should boost real GDP growth.

The Eurozone will finally return to (modest) growth! After two years of recession, improved sentiment is expected in 2014 on the back of a first round of rebalancing with better prospects for exports and domestic demand. However, economic activity is far from buoyant. We forecast GDP growth at +0.9% in 2014 and +1.3% in 2015, mainly driven by stronger activity in Germany (+1.6% in 2014 and +1.7% in 2015). Italy and Spain are expected to pull out of recession in 2014 and to recover progressively in 2015 while activity in France will grow at a very moderate pace (+0.6% in 2014 and +1.2% in 2015). Difficulties will remain significant and include continued high unemployment, subdued credit growth and large private and public debt.

Economic growth in Japan will remain relatively sound although it is set to slow slightly in the coming years (+1.6% in 2014 and +1.0% in 2015) mainly held back by weak wage growth and slow progress in relation to the structural reform agenda (excessive debt issues are still to be addressed). Economic activity in emerging markets is expected to grow at a moderate pace. 2013 highlighted their vulnerabilities, which need to be monitored further in 2014, especially concerning their high external imbalances that, for some economies, are significantly challenging to finance. However, we think that most of the emerging economies have the ability to handle external shocks. The key lies to a large extent in the policy toolbox now available, including relatively stronger finances, more reactive central banks and more fiscal room to manoeuvre. Major elections will also have to be monitored in 2014 for potential new policy directions, notably in Brazil, India, Turkey, South Africa and Indonesia.

In Emerging Asia, real GDP growth will stabilise at a decent pace, +6.1% in 2014 and +6.2% in 2015, reflecting robust domestic demand and better export prospects for the region. The growth engine is set to rebalance in favor of regional heavyweights other than China, including India and Malaysia. Real GDP growth in China is expected to slow only slightly, to +7.5% and +7.3% in 2014 and 2015, respectively, as the economic drivers are projected to change smoothly and become more consumption-based and be less reliant on investment. We think that a sustainable and better-balanced growth model is in sight, with robust intra-regional trade acting as a cushion.

Activity is set to accelerate in Emerging Europe, with GDP expected to expand by +2.7% in 2014 and +2.9% in 2015, taking advantage of the improved external economic environment (especially in the Eurozone) and at the same time underpinned by stronger domestic demand. Russia is not expected to recover to its pre-crisis trend as real wage growth has moderated and benefits from the commodity-based growth model are stagnating. In Turkey, future activity will also have to be monitored, given the country's weak external financial conditions and potential for political turmoil.

In Latin America, real GDP growth will gain some momentum but at a very moderate pace, +3.1% in 2014 and +3.5% in 2015, mostly driven by strengthening in North America's economy and robust domestic demand. However, the positive trend also masks deep vulnerabilities, notably in

Brazil, Argentina and Venezuela. Brazil will continue to face challenges related to relatively high inflation and tightened monetary policy, even if the economy is set to benefit from the World Cup in 2014. Argentina and Venezuela will have to deal with deep macroeconomic weaknesses.

After several years of political turmoil and economic crisis, Africa and the Middle East are expected to gain momentum, but slowly and, above all, with significant uncertainties (+4.9% in 2014 and +5.1% in 2015 for Africa and +3.7% and +4.3%, respectively, for the Middle East).

Trends in corporate insolvencies

As expected, corporate insolvencies increased in 2013 (+2%) due to the slowdown in the global economy. This increase, following three consecutive years of decline, nevertheless masks two significant but opposite trends: on the one hand, the continued decline in insolvencies in North America (-11%) and Asia (-4%); and, on the other hand, a rise in insolvencies in Latin America (+10%) – albeit from a low level – and, particularly, in Central and Eastern Europe (+6%) and Western Europe (+9%). In the latter, the number of insolvencies continued to rise in manufacturing (+3%) and construction (+1%), with the exception of Germany and the UK. Countries experiencing a decline in insolvencies will form a majority in our sample but our Global Insolvencies Index will only show a slight overall decline (-1%) and nearly 7 out of 10 countries show a higher level of insolvencies in 2014 than before the 2008 crisis.

Overall, the trends seen in 2013 reflected the differences seen in insolvency levels; compared with the average insolvency rate observed before the crisis (2002-2007), the position is particularly favorable for Asia-Pacific and Latin America and close to the average for North America, but at a very high level in Central and Eastern Europe and a new record level in Western Europe. Unsurprisingly, it is in this latter region that most countries in our large sample are located (25 out of a total of 42) which at end-2013 show a level of corporate insolvencies above the average seen in 2008-09.

In 2014, only a moderate decline in our Global Insolvencies Index reflects the persistent difficulties experienced by companies and the high level of insolvencies, particularly in Europe. The de facto outlook remains more or less unchanged for North America, where the firmer growth outlook, despite budgetary consolidation, should help to extend the downturn in insolvencies (-5%). The Asia-Pacific region is also expected to show a decline in insolvencies, but the pace may be attenuated (-1%) given the stabilization of growth and the low level of insolvencies reported in 2013. For the other regions, other than Africa and the Middle East, the remaining vulnerabilities in Latin America are expected to hold back growth and prevent any clear improvement in terms of insolvencies (+0%) and Central and Eastern Europe (+3%) will continue to suffer from the slow pace of recovery in Western Europe, where insolvency levels are struggling to stabilize (+1%) due to the continuing difficult conditions in several countries (including Italy, Spain, the Netherlands and Belgium).

3.10.2 Outlook for Euler Hermes group

Although 2013 saw the lowest level of global growth for the last four years, growth is expected to improve in 2014. It will once again be driven by Asia (although the region is currently in a slower phase), but will now be supported by the upturn in the United States and the eurozone.

In 2014, as in previous years, Euler Hermes is basing its expansion in the emerging countries, because although we expect to see a slowdown in growth in these regions, credit insurance penetration in these markets is still low, leaving a substantial margin for development. Our high growth potential in these areas, combined with the benefits of the recovery that has begun in the developed economies - and is expected to continue during the year to come - should allow us to deliver another increase in turnover, in the order of 3-5%.

This growth will be underpinned by a number of factors. Euler Hermes will continue to root its position in its current markets, whilst exploring new markets with strong growth potential, particularly in Africa and South-east Asia. Alongside its traditional credit insurance business, Euler Hermes will also continue to expand and promote its bonding activities in 2014, as well as its new products, such as “Excess of Loss” and “Trade Finance Cover”, which were recently successfully launched. Lastly, as part of our aim of extending our visibility and reaching as many potential customers as possible, we will continue to work on our banking partnership agreements, which are promising but have not yet achieved their full potential.

The economic climate according to our forecasts for 2014 will prompt us to adopt an underwriting policy in line with our quality appraisals, not only of the policyholder, but also the policyholder’s political, geographical and sectorial surroundings.

In a dismal economic context, Euler Hermes has demonstrated the resilience of its proactive risk management model over several years. With the most difficult years in terms of corporate bankruptcies behind us, Euler Hermes is aiming confidently for a combined ratio of between 80% and 85%.

Despite the recent decrease in returns, Euler Hermes’ financial portfolio is still a major contributor to its results. We plan to diversify our asset portfolio in 2014, particularly in real estate. This diversification, teamed with the recent rise in bond rates and optimized management of our debt, should enable us to safeguard our portfolio returns.

In 2014, Euler Hermes will complete the second phase of Blue Europe, aiming to consolidate its credit insurance business under the Euler Hermes Europe banner by creating French and German branches, having done the same with most of its other European entities in 2011. Euler Hermes is thus continuing to rationalize its structures and organization. It is also continuing to work on its tools: a new insurance policy management tool has been rolled out in the larger entities, with the same, ongoing aim of improving productivity. This is extending the impetus created by the Excellence project, which ended in 2013.

The legal restructuring process will also help us to optimize management of our internal capital. Our capital level remains sound, allowing us to pursue growth with confidence, absorb any unexpected adverse effects, continue to offer our customers high-quality services, and provide our shareholders with the strong financial performance that they have been used to for several years.

4 Major risk factors and their management within the Group

4.1 Risk factors

Euler Hermes draws readers' attention to the risks described below. These risks are liable to have a material impact on the Group's operations, consolidated net income, financial position, share price, solvency margin or ability to achieve expected 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 our 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, Euler Hermes 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 sub-section 4.2 of this Registration Document. In cases where the risks described in sub-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 to the Euler Hermes group. While senior management devotes significant resources to risk management on an ongoing basis, as described in sub-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 sub-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, Euler Hermes' 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 revenues – used as the basis for calculating the insurance premium – or a loss of policies (termination of unprofitable policies by Euler Hermes, 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 a possible increase in the severity of claims.

To address this risk, Euler Hermes acts in three 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 Euler Hermes;
- diversification of sector and geographical risks;
- product diversification through the introduction of services showing less correlation with movements in economic activity.

Ongoing difficult economic conditions may have a negative impact on Euler Hermes' net income, financial strength, solvency margin, share price and, potentially, reputation.

Given the eurozone situation, the large proportion of Euler Hermes' business generated in Europe could increase this risk. However, Euler Hermes has taken measures to reduce its exposure to the eurozone situation. In particular, Euler Hermes' portfolio no longer directly includes any bonds issued by southern European governments.

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, Euler Hermes cannot rule out the possibility that such events could affect its net income in the future.

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 our 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 be (i) economic, demographic, social, legislative, regulatory, financial, or (ii) linked to the conduct of the policyholder or its customer.

The use of these numerous assumptions and their revision requires a high degree of assessment by the Group's management bodies. The assumptions may influence the level of reserves determined and can have a negative impact on the net income, financial position, solvency margin and assessment of the valuation of Euler Hermes.

Default of reinsurers, higher reinsurance costs or reduced capacity of reinsurers in the credit-insurance market

The theoretical exposure granted by Euler Hermes 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 Euler Hermes to reinsurance companies does not release it from its obligation to indemnify its policyholders.

In concrete terms, Euler Hermes is subject to the following risks:

(i) the insolvency of one of its reinsurers;

(ii) inability to place its reinsurance contracts at acceptable prices.

Euler Hermes has put management rules in place so it can 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 commitments, leading to a rise in Euler Hermes' own losses.

In addition, reinsurance capacity and the pricing of reinsurance agreements depend on prevailing economic conditions, and can vary substantially. As such, Euler Hermes may have difficulty 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 the financial markets, the soundness of the 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 share price.

I Interest rate risk

As its portfolio is invested primarily in bonds (national, supranational and, to a lesser extent, corporate), Euler Hermes 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.

Euler Hermes 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), Euler Hermes is exposed to a decline – whether short- or long-term – in the equity markets. This could result in Euler Hermes having to record unrealized losses or asset impairments.

Euler Hermes has implemented an asset management policy aimed at selecting high-quality issuers and diversifying risk in this asset class.

III Real-estate risk

Euler Hermes is exposed to real-estate risk via the buildings housing the Group's operations, as well as its investment properties.

The risk is that market values may fall, thereby reducing the unrealized capital gains on these buildings or requiring the Group to observe unrealized losses.

IV Counterparty risk

Default by financial institutions and third parties, including potential defaults on or the restructuring of sovereign debt, 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.

Euler Hermes has implemented management rules to diversify risk (geographical as well as sector) 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 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). Moreover, on January 20, 2014, Dagong Europ has assigned to Euler Hermes the rating AA- outlook stable.

A ratings downgrade – actual or potential – and, more importantly, a fall in the rating below A, could have adverse effects on the Company, 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, turnover and financial position of the Euler Hermes group.

Exchange rate fluctuations

Euler Hermes 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 the US dollar, pound sterling and Swiss franc;
- a subsidiary granting limits in a currency that is not the subsidiary's accounting currency.

At December 31, 2013, 31.5% of its revenues was generated outside the eurozone.

To reduce its exposure to exchange rate fluctuations, Euler Hermes applies the principle of congruence (matching assets and liabilities denominated in a different currency from the currency used for its accounting).

Moreover, Euler Hermes does not invest in foreign currencies for speculative purposes.

At the end of 2013, the Euler Hermes 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 (sub-section 5.6).

Changes in the business and the market may affect the value of goodwill recognized in the consolidated balance sheet, the amortization of deferred acquisition costs (DAC) and the value of business in force (VBI), and the valuation of deferred tax assets.

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 Euler Hermes group

The reliance of Euler Hermes SA on its subsidiaries to cover its expenses and dividend payments

As a holding company, Euler Hermes SA does not have its own activity. All insurance and service activities are carried out by its subsidiaries. As such, Euler Hermes SA 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 SA 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.

Euler Hermes group's subsidiaries and the Group are subject to a certain number of legal and regulatory constraints which restrict the use of capital and, in particular, dividend payments.

In particular, each of the legal 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.

At December 31, 2013 and subject to validation by local regulators, all the Group companies will 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 on changes in risk or investment policies, changes of 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, SST in Switzerland and 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 accounting and valuation rules" in the notes to the consolidated financial statements), make decisions on the recognition of an appropriate 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, Euler Hermes 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, the capital markets and changes in economic conditions.

Euler Hermes 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, such as debt recovery for third parties.

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 Euler Hermes' business.

The diversity of the countries in which Euler Hermes operates

Euler Hermes markets its products and services in Europe, North and South America, Asia, Oceania, Turkey, Russia 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

Euler Hermes 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 32 of the Group's consolidated financial statements relating to commitments given and received.

Operational failures or inadequacies

Euler Hermes' activity is based very heavily on its processes and information systems.

As such, Euler Hermes makes considerable efforts to maintain and modernize its information systems and the efficiency of its processes. In particular, Euler Hermes ensures that its processes and information systems are consistent with industry, regulatory and technological standards and with the preferences of its policyholders.

However, Euler Hermes is exposed to operational risks that are inherent to the Group's 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 intrusion into information systems.

While Euler Hermes 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

Euler Hermes 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, Euler Hermes 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 Euler Hermes' range of insurance products.

Implementation of the Solvency II directive and the solvency regime in Switzerland

To implement the Solvency II directive, Euler Hermes has developed a project structure under the authority of the Group's Chief Financial Officer and Chief Risk Officer.

As part of this project, Euler Hermes 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, Euler Hermes 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 Euler Hermes' solvency margin below the level consistent with its risk profile, thereby requiring the Group 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, Euler Hermes 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 regulatory sanctions if Euler Hermes 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 Euler Hermes 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 Euler Hermes' net income and financial position.

Potential changes to international accounting standards

Euler Hermes' 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 accounting and valuation 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 liable to affect Euler Hermes' net income and financial position.

The variety of legal systems in the countries in which the Group operates

In recent years, Euler Hermes has accelerated its international expansion in countries in which judicial and dispute resolution systems involve sometimes different timeframes from those that exist in Europe or the United States. As such, Euler Hermes 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 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: turnover, 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 defense" 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 limits, claims management and financial resources 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' 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 the Risk Management function,
   - 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 Reinsurance Committee,
   - the Sales 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 and Ethics function and the Legal and Tax Division of the Actuarial department in order to establish a coordinated second line of defense;

3. the internal audit function:
   - independently and objectively verifies that all processes implemented as part of Risk Management are properly defined and implemented, and suggests improvements.

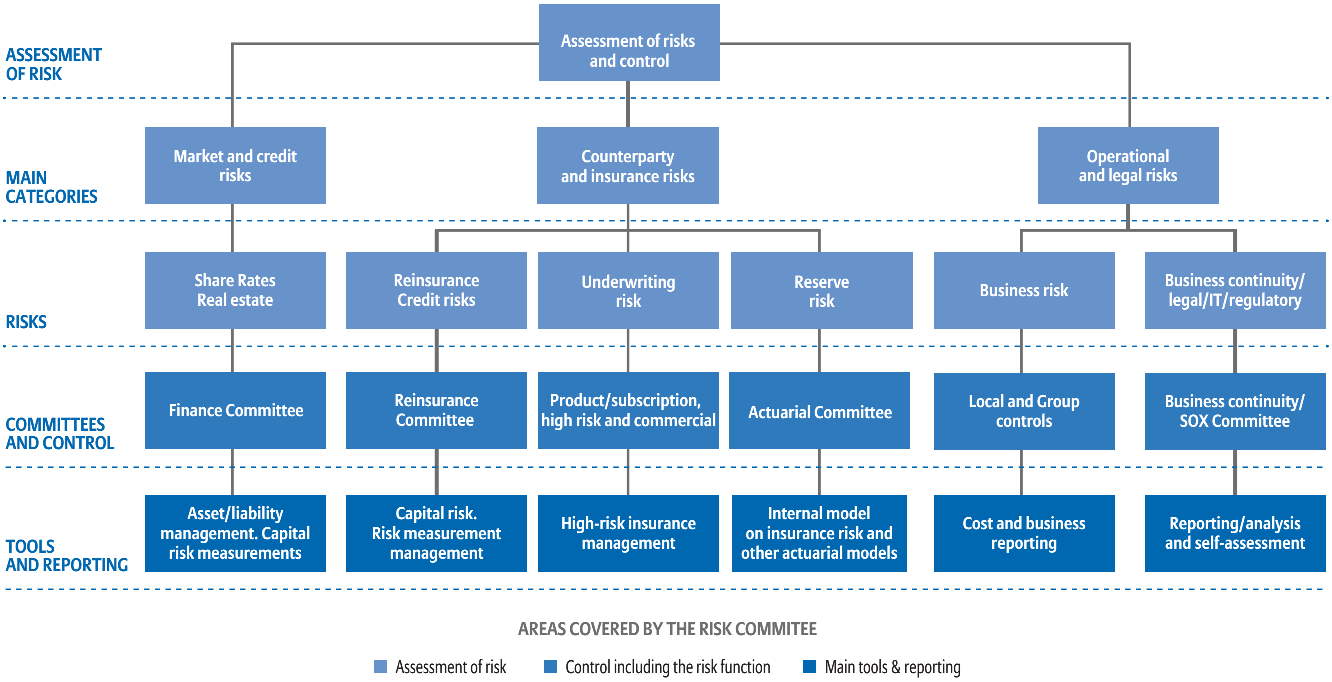
Risk Management at the local level

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 Control 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, Euler Hermes is particularly well prepared to monitor adverse developments and take appropriate action.

4.2.2 Insurance risk

Product approval

Euler Hermes has set up a Group-level Product Committee 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:

a) Signature of the insurance contract

The credit insurance contract contains all management rules and parameters of the relationship between Euler Hermes 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, Euler Hermes and the policyholder are in regular contact, including managing customer limits as necessary. The principle of global coverage of the policyholder's revenues is one of the key elements for diversifying risk and avoiding anti-selection phenomena.

b) Management of limits granted to policyholders

Euler Hermes 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 our 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 Euler Hermes 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) Euler Hermes covers the risk that an invoice issued by a policyholder to its customer is not paid. As such, the relevant focus of analysis is not the policyholder but the policyholders customer..

1. THE COUNTRY IN WHICH THE DEBTOR IS LOCATED

(in € million)	2013	%	2012 published [1]	%	Change
Total Europe	**620,419**	**78.6%**	**622,217**	**80.8%**	**-0.3%**
of which:					
France	*190,365*	*24.1%*	*191,214*	*24.8%*	*-0.4%*
United Kingdom	*57,362*	*7.3%*	*54,889*	*7.1%*	*4.5%*
Germany	*150,544*	*19.1%*	*145,807*	*18.9%*	*3.2%*
Italy	*67,766*	*8.6%*	*70,515*	*9.2%*	*-3.9%*
Belgium and Luxembourg	*15,663*	*2.0%*	*15,756*	*2.0%*	*-0.6%*
Netherlands	*20,609*	*2.6%*	*20,971*	*2.7%*	*-1.7%*
Spain	*13,719*	*1.7%*	*21,176*	*2.8%*	*-35.2%*
Eastern Europe	*43,443*	*5.5%*	*42,011*	*5.5%*	*3.4%*
Scandinavia	*25,895*	*3.3%*	*25,839*	*3.4%*	*0.2%*
Other Europe	*35,053*	*4.4%*	*34,039*	*4.4%*	*3.0%*
Total Americas	**96,075**	**12.2%**	**86,622**	**11.2%**	**10.9%**
of which:					
United States	*60,167*	*7.6%*	*54,481*	*7.1%*	*10.4%*
Canada	*9,665*	*1.2%*	*9,435*	*1.2%*	*2.4%*
Other Americas	*26,242*	*3.3%*	*22,706*	*2.9%*	*15.6%*
Asia-Pacific	**50,842**	**6.4%**	**42,431**	**5.5%**	**19.8%**
Middle East	**14,925**	**1.9%**	**12,094**	**1.6%**	**23.4%**
Africa	**7,130**	**0.9%**	**6,618**	**0.9%**	**7.7%**
TOTAL	**789,391**	**100.0%**	**769,982**	**100.0%**	**2.5%**

(1) 2012 is published data and therefore not same scope than 2013 since Spain and Argentina were deconsolidated in 2013 following the contribution to Solunion. Total exposure 2012 proforma is €758 billion.

2. THE ECONOMIC SECTOR OF THE POLICYHOLDER'S CUSTOMER

(in € million)	2013	%	2012 published [1]	%	Change
Automotive	31,655	4.0%	28,995	3.8%	9.2%
Chemicals	58,506	7.4%	55,612	7.2%	5.2%
Commodities	49,153	6.2%	46,520	6.0%	5.7%
Computers & Telecoms	24,056	3.0%	21,511	2.8%	11.8%
Construction	102,112	12.9%	104,581	13.6%	-2.4%
Electronics	40,938	5.2%	37,538	4.9%	9.1%
Food	86,246	10.9%	82,680	10.7%	4.3%
Household Equipment	24,791	3.1%	25,659	3.3%	-3.4%
IT Services	17,815	2.3%	16,563	2.2%	7.6%
Machinery & Equipment	53,446	6.8%	52,699	6.8%	1.4%
Metal	65,186	8.3%	68,863	8.9%	-5.3%
Wood & Paper	15,720	2.0%	15,750	2.0%	-0.2%
Retail	110,950	14.1%	107,900	14.0%	2.8%
Services	68,460	8.7%	65,361	8.5%	4.7%
Textiles	17,530	2.2%	17,523	2.3%	0.0%
Transport	20,807	2.6%	20,313	2.6%	2.4%
Unknown	2,020	0.3%	1,914	0.2%	5.5%
TOTAL	**789,391**	**100.0%**	**769,982**	**100.0%**	**2.5%**

(1) 2012 is published data and therefore not same scope than 2013 since Spain and Argentina were deconsolidated in 2013 following the contribution to Solunion. Total exposure 2012 proforma is €758 billion.

Reinsurance

The purchase of reinsurance is an important part of the way in which the Group manages its insurance activity and controls risks.

Euler Hermes has entrusted the purchase of reinsurance 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 Board of Management, Group Chief Financial Officer, Euler Hermes Reinsurance AG 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 Euler Hermes, in terms of both frequency and severity, especially in the event of changes in the economic conditions in which Euler Hermes 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 proper functioning of this process, Euler Hermes has developed 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 Euler Hermes.

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.

Euler Hermes has implemented a process of defining IBNR reserves covering un-notified claims relating to the current fiscal year. 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 year;
- 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 loss ratios.

On the basis of this range calculated by actuaries, their recommendations and other analysis (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 movements in claims is provided in sub-section 3.5.2 of this document.

CLAIMS/PREMIUMS RATIO

	2009	2010	2011	2012	2013
Claims/Premiums Ratio	82.1%	42.1%	45,1%	51.7%	50.5%

COST OF CLAIMS FOR THE EULER HERMES GROUP

	2013			2012		
(in € thousand)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	**1,411,931**	**(396,626)**	**1,015,305**	**1,647,053**	**(649,186)**	**997,867**
of which, claims paid	308,498	(91,778)	216,720	588,539	(328,577)	259,962
of which, claims reserves	1,013,708	(300,135)	713,573	964,523	(316,180)	648,343
of which, claims handling expenses	89,725	(4,713)	85,012	93,991	(4,429)	89,562
Recoveries for the current period	**(183,073)**	**43,903**	**(139,170)**	**(324,224)**	**230,721**	**(93,503)**
Recoveries received	(11,244)	1,862	(9,381)	(109,393)	103,724	(5,669)
Change in reserves for recoveries	(171,829)	42,041	(129,788)	(214,831)	126,997	(87,834)
Cost of claims from prior periods	**(194,114)**	**41,450**	**(152,664)**	**(212,311)**	**44,158**	**(168,153)**
of which, claims paid	636,715	(224,317)	412,398	635,116	(221,696)	413,420
of which, claims reserves	(836,088)	263,903	(572,185)	(836,693)	264,630	(572,063)
of which, claims handling expenses	5,259	1,864	7,123	(10,734)	1,224	(9,510)
Recoveries from prior periods	**11,785**	**(10,274)**	**1,512**	**(60,731)**	**20,057**	**(40,674)**
Recoveries received	(125,421)	45,362	(80,059)	(126,004)	31,649	(94,355)
Change in reserves for recoveries	137,206	(55,636)	81,571	65,273	(11,592)	53,681
COST OF CLAIMS	**1,046,530**	**(321,547)**	**724,983**	**1,049,787**	**(354,250)**	**695,537**

TECHNICAL RESERVES FOR THE EULER HERMES GROUP

	December 31, 2013			December 31, 2012		
(in € thousand)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	**1,901,802**	**(586,472)**	**1,315,330**	**1,757,031**	**(560,522)**	**1,196,509**
Current period	1,045,698	(300,545)	745,153	1,016,286	(319,301)	696,985
Prior periods	856,104	(285,927)	570,177	740,745	(241,221)	499,524
Recoveries to be received	**(386,708)**	**154,071**	**(232,637)**	**(353,838)**	**167,303**	**(186,535)**
Current period	(171,589)	42,057	(129,532)	(214,763)	128,147	(86,616)
Prior periods	(215,119)	112,014	(103,105)	(139,075)	39,156	(99,919)
Claims reserves	**1,515,094**	**(432,401)**	**1,082,693**	**1,403,193**	**(393,219)**	**1,009,974**

	December 31, 2013			December 31, 2012		
(in € thousand)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	**344,975**	**(61,390)**	**283,585**	**356,495**	**(69,569)**	**286,926**
Claims reserves	**1,515,094**	**(432,401)**	**1,082,693**	**1,403,193**	**(393,219)**	**1,009,974**
of which, reserves for known claims	1,169,313	(403,847)	765,466	1,125,604	(386,961)	738,643
of which, reserves for late claims	638,108	(170,406)	467,702	536,732	(161,720)	375,012
of which, reserves for claims handling expenses	94,211	(12,220)	81,991	94,902	(11,840)	83,062
of which, other technical reserves	170	1	171	(207)	(1)	(208)
of which, recoveries to be received	(386,708)	154,071	(232,637)	(353,838)	167,303	(186,535)
No-claims bonuses and rebates	**168,613**	**(36,085)**	**132,528**	**170,958**	**(36,162)**	**134,796**
TECHNICAL RESERVES	**2,028,682**	**(529,876)**	**1,498,806**	**1,930,646**	**(498,950)**	**1,431,696**

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

ESTIMATE OF THE FINAL COST OF CLAIMS FOR MOST OF GROUP ENTITIES (BEFORE REINSURANCE) (1)

Accident/development (in € thousand)	1	2	3	4	5	6	7	8	9	10	Difference (2)	% Diff
2004	846,044	709,253	665,567	654,966	648,485	642,613	645,684	651,755	639,802	633,877	212,167	25.1%
2005	867,171	791,826	754,351	750,776	741,692	746,305	735,303	726,608	723,993		143,178	16.5%
2006	838,268	788,496	741,220	727,697	737,715	733,945	736,182	732,853			105,414	12.6%
2007	851,763	841,712	826,520	833,719	838,299	824,835	815,336				36,426	4.3%
2008	1,334,260	1,412,898	1,464,825	1,461,185	1,438,638	1,421,615					(87,354)	- 6.5%
2009	1,196,099	993,145	954,684	923,768	898,815						297,284	24.9%
2010	942,544	713,963	680,098	657,975							284,569	30.2%
2011	1,071,251	935,054	884,448								186,803	17.4%
2012	1,314,733	1,290,688									24,045	1.8%
2013	1,234,965											

(1) All figures Current & Previous years and when necessary have been converted based on the End of year 2013 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 RECOURSE FOR MOST OF GROUP ENTITIES (BEFORE REINSURANCE) (1)

Accident/development (in € thousand)	1	2	3	4	5	6	7	8	9	10
2004	227,678	555,109	611,005	621,398	623,036	621,414	627,874	629,801	631,026	630,991
2005	265,274	649,204	696,713	711,309	711,605	714,147	717,057	714,777	715,469	
2006	276,541	653,730	695,695	696,890	716,736	716,915	718,676	723,560		
2007	265,943	691,824	759,959	784,888	796,059	800,131	799,548			
2008	370,566	1,105,977	1,281,756	1,328,767	1,343,159	1,345,293				
2009	411,978	789,765	844,420	851,250	858,770					
2010	219,051	526,468	573,353	596,315						
2011	269,564	729,803	802,738							
2012	520,268	1,004,978								
2013	344,068									

(1) All figures Current & Previous years and when necessary have been converted based on the End of year 2013 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 IN FAIR VALUE BY MATURITY

	2013		2012	
	(in € million)	(%)	(in € million)	(%)
0 to 1 year	420	15.8%	376	13.1%
1 to 3 years	813	30.6%	876	30.4%
3 to 5 years	766	28.9%	719	25.0%
5 to 7 years	407	15.3%	468	16.3%
7 to 10 years	234	8.8%	418	14.5%
Beyond 10 years	17	0.6%	20	0.7%
TOTAL OF BOND PORTFOLIO IN FAIR VALUE	**2,657**	**100 %**	**2,877**	**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 on the balance sheet.

Euler Hermes 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, Euler Hermes does not hold any currency hedging instruments.

At December 31, 2013, the portion of the financial portfolio carried by the Euler Hermes group in currencies other than the euro amounted to 19.1% of the market value of the portfolio.

FINANCIAL PORTFOLIO OF THE GROUP BY CURRENCY

	2013		2012	
	(in € million)	(%)	(in € million)	(%)
EUR	3,122	80.9%	3,051	77.7%
GBP	179	4.6%	241	6.1%
USD	275	7.1%	313	8.0%
Other currencies	285	7.4%	322	8.2%
TOTAL	**3,861**	**100%**	**3,927**	**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 Company's balance sheet has allowed the Group to avoid having to hedge residual exchange rate risk.

EXCHANGE RATE RISK

	2013			2012		
Amounts in € thousand	United States	United Kingdom	Group	United States	United Kingdom	Group
Net income attributable to owners of the Company in € thousand at 12/31	26,426	9,398	313,729	27,999	11,572	305,500
Exchange rate at year end	0.7257	1.2019		0,7585	1,2329	
Net income attributable to owners of the Company in local currency	**36,413**	**7,819**		**36,914**	**9,386**	
Effect of a 100-basis point change in the exchange rate on income/loss	0.7157	1.1919		0,7485	1,2229	
Net income in € thousand after exchange rate variation	26,062	9,320	313,295	27,630	11,478	305,037
% change relative to initial income/loss	**-1.38%**	**-0.83%**	**-1.38%**	**- 1,32 %**	**- 0,81 %**	**- 0,15 %**

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.

Just over 4% of Euler Hermes' investment portfolio was in equities at end-2013. This percentage is consistent with the strategic allocation of the investment portfolio, as well as its tactical allocation, as defined by the Investment Committee.

At December 31, 2013, the maximum proportion of equities allowed in the strategic allocation of the investment portfolio was 10% (including Private Equity and non-listed equity).

Investments in convertible bonds are classified under 'Bonds' in the table below.

	2013		2012	
	(in € million)	(%)	(in € million)	(%)
Bonds	2,657	63.8%	2,877	67.9%
Equities	181	4.3%	82	1.9%
Real-estate investments	185	4.5%	159	3.8%
Loans, deposits and other financial investments	838	20.1%	809	19.1%
Total	**3,861**	**92.7%**	**3,927**	**92.7%**
Cash	**302**	**7.3%**	**308**	**7.3%**
TOTAL FINANCIAL INVESTMENTS + CASH	**4,163**	**100 %**	**4,235**	**100 %**

Liquidity risk

Liquidity risk is the risk of Euler Hermes' financial resources not being sufficient 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 Euler Hermes' 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 Euler Hermes (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 projections and stress tests applied to these projections (liabilities as well as assets), Euler Hermes considers its liquidity risk to be low.

At December 31, 2013, some of the Euler Hermes 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 and equipment" in the notes to the consolidated financial statements), as well as real estate leased to third 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 7% 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 of December 31, 2013.

Sensitivity tests

In addition to calculating the capital required to cover the risk taken, Euler Hermes 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 AT DECEMBER 31, 2013

Amounts in € million	Market value at December 31, 2013	Impact of a 100bp increase in interest rates**	Impact of a 10% fall in equity markets	Market value at December 31, 2012	Impact of a 100bp increase in interest rates*	Impact of a 10% fall in equity markets
Bonds	2,657	(82)	–	2,877	(101)	–
Equities	181	–	(17)	82	–	(7)
TOTAL	**2,838**			**2,958**		

* *Average sensitivity 3%, calculated on the main subsidiaries representing over 99% of the bond portfolio at the end of 2012.*
** *Average sensitivity 3%, calculated on the main subsidiaries representing over 99% of the bond portfolio at the end of 2013.*

PORTFOLIO EQUITY RISK AT DECEMBER 31, 2013

Amounts in € million	Market value at 12/31/2013/ scenario impact	Revaluation reserves/ shareholders' equity impact	Amortized cost/economic account impact
TOTAL	**181**	**27**	**154**
Impact of 10% fall in equity markets	(17)	(17)	0
Impact of 30% fall in equity markets	(51)	(27)	(24)

Impact on shareholders' equity does not take account of deferred taxes. Income impact is before tax.

Amounts in € million	Net income 2013	10% fall in premiums	10% rise in cost of claims in 2013	10% increase in management costs	Net income 2012	10% fall in premiums	10% rise in cost of claims in 2012	10% increase in management costs
Change in net income	314	(50)	(58)	(61)	306	(51)	(63)	(62)

FINANCIAL PORTFOLIO AT DECEMBER 31, 2013

	Assets (a)	Liabilities (b)	Foreign-currency commitments (c)	Net position before hedging (d) = (a) – (b) +/- (c)	Hedging instruments (e)	Net position after hedging (f) = (d) – (e)
EUR	3,122	262	0	2,860	0	2,860
GBP	179	0	0	179	0	179
USD	275	0	0	275	0	275
Other currencies	285	0	0	285	0	285
TOTAL	**3,861**	**262**	**0**	**3,599**	**0**	**3,599**

(a) Financial assets.
(b) Financing debts.

December 31, 2013 (in € thousand)	Impact on operating income		Impact on equity before tax	
	100bp increase	100bp decrease	100bp increase	100bp decrease
GBP	109	(109)	80	(80)
USD	461	(461)	684	(684)
TOTAL (GROUP)	**570**	**(570)**	**764**	**(764)**

4.2.4 Counterparty risk

Counterparty risk is the loss Euler Hermes 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-execution by a policyholder of its commitments.

Euler Hermes has implemented various mechanisms to anticipate and limit the consequences of one of its counterparties failing.

Reinsurer default

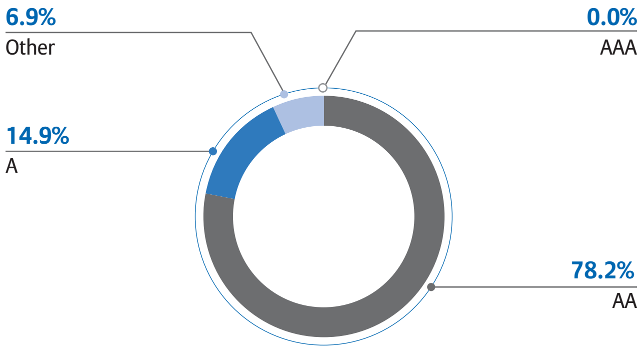
Mechanisms for detecting and limiting counterparty risk:

- selection of reinsurers on the basis of their counterparties (rated A or higher or subject to the special prior approval of the Euler Hermes 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 Company 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 Euler Hermes.

In this case, the assets carried by Euler Hermes in connection with this counterparty are impaired.

DISTRIBUTION OF TECHNICAL RESERVES CEDED BY REINSURERS' RATINGS (THE SCOPE COVERED REPRESENTS 99.6% OF TOTAL GROUP RESERVES AT DECEMBER 31, 2013)



AAA	-	0.0%
AA	403,196	78.2%
A	76,923	14.9%
Other	35,585	6.9%
TOTAL	**515,704**	**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 companies deal.

In the event of banking counterparty default, all the Company'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

	2013		2012	
	(in € million)	(%)	(in € million)	(%)
AAA	1,470	55.4%	1,626	56.5%
From AA+ to AA-	689	25.9%	625	21.7%
From A+ to A-	258	9.7%	304	10.6%
Other	240	9.0%	322	11.2%
TOTAL	**2,657**	**100 %**	**2,877**	**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, 2013				
(in € thousand)	< 3 months	3 months to 1 year	1 to 5 years	> 5 years	Total
Total credit insurance receivables	**625,515**	**9,840**	–	–	**635,355**

Trade receivables are subject to strict monitoring procedures. 98.5% of trade receivables have a maturity of less than three months. Any outstanding receivable more than six months past due is fully reserved.

4.2.5 Operational, legal, regulatory and tax risks

Euler Hermes, jointly with its main shareholder, has implemented an analysis framework to identify and quantify operational risk that could stem from a global failure of the organization and our 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.

Euler Hermes' 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 Euler Hermes group company, 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.

Euler Hermes has implemented 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 EU 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 Euler Hermes' business, financial position, consolidated net income, reputation or image. Euler Hermes 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 Euler Hermes' 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 securities is suspended.

Reputational risk

Euler Hermes has implemented measures necessary to protect its image and actively communicate with its shareholders, customers, employees and, more broadly, the financial community on 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 Euler Hermes is how to retain employees and how to attract the best talent in the future.

Environmental issues affect Euler Hermes to a fairly limited extent, due to the generally non-polluting nature of its business.

5 Consolidated Financial Statements

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, 2012 (established in accordance with IFRS including comparative data for fiscal 2011 under the same standards) and for the year ending December 31, 2011 (established in accordance with IFRS including comparative data for fiscal 2010 under the same standards) and the related report of the Statutory Auditors are included by reference in this Registration Document. They appear 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 n° D 13-0446 and on pages 113 to 189 of the Registration Document of the Company for financial year 2011, as registered by the AMF on April 13, 2012 under n° D 12-0341.

5.1 Consolidated statement of financial position

(in € thousand)	Notes	December 31, 2013	December 31, 2012
Goodwill	3	99,489	104,347
Other intangible assets	4	88,985	76,566
Intangible assets		**188,474**	**180,913**
Investment property	5	60,231	53,663
Financial investments	6	3,675,876	3,767,514
Derivatives		13,801	9,526
Investments- insurance businesses		**3,749,908**	**3,830,703**
Investments accounted for by the equity method	7	**193,853**	**115,500**
Share of assignees and reinsurers in the technical reserves and financial liabilities	18	**529,876**	**498,950**
Operating property and other property, plant and equipment	8	138,339	142,688
Acquisition costs capitalised		58,501	60,969
Deferred tax assets	9	24,447	67,451
Inwards insurance and reinsurance receivables	10	563,542	507,877
Outwards reinsurance receivables	10	71,813	95,077
Corporation tax receivables		20,161	25,581
Other receivables	11	221,552	242,992
Other assets		**1,098,355**	**1,142,635**
Cash	12	302,190	308,380
TOTAL ASSETS		**6,062,656**	**6,077,081**
Capital stock		14,510	14,468
Additional paid-in capital		465,007	456,883
Reserves		1,650,801	1,497,434
Net income, group share		313,729	305,500
Revaluation reserve	13	63,566	92,777
Foreign exchange translation		(45,743)	(21,821)
Shareholders' equity, Group share		**2,461,870**	**2,345,241**
Non controlling interests	14	66,582	68,261
Total shareholders' equity		**2,528,452**	**2,413,502**
Provisions for risks and charges	15	**310,374**	**388,056**
Bank borrowings		261,384	251,506
Other borrowings		351	138,230
Borrowings	17	**261,735**	**389,736**
Non-life technical reserves	18	2,028,682	1,930,646
Liabilities related to contracts		**2,028,682**	**1,930,646**
Deferred tax liabilities	9	264,903	312,262
Inwards insurance and reinsurance liabilities	19	192,141	183,909
Outwards reinsurance liabilities	19	145,300	148,097
Corporation tax payables		46,284	20,363
Other payables	20	284,785	290,510
Other liabilities		**933,413**	**955,141**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,062,656**	**6,077,081**

As of January 1, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

5.2 Consolidated income statement

(in € thousand excepted for the earnings per share)	Notes	December 31, 2013	2012
Premiums written		2,202,496	2,146,423
Premiums refunded		(109,896)	(112,044)
Change in unearned premiums		(13,580)	(39,305)
Earned premiums		**2,079,020**	**1,995,074**
Service revenues		407,220	402,822
Turnover	21	**2,486,240**	**2,397,896**
Investment income		88,372	98,751
Investment management charges		(8,390)	(11,786)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		12,992	26,751
Change in fair value of investments recognised at fair value through profit or loss		(5,122)	(1,900)
Change in investment impairment provisions		(1,162)	(1,944)
Net change in foreign currency		(540)	(831)
Net investment income	22	**86,150**	**109,041**
Insurance services expenses		**(1,046,530)**	**(1,049,787)**
Outwards reinsurance income		541,158	607,751
Outwards reinsurance expenses		(643,461)	(650,744)
Net outwards reinsurance income or expenses	21	**(102,303)**	**(42,993)**
Contract acquisition expenses		**(426,506)**	**(391,165)**
Administration expenses		**(206,065)**	**(239,870)**
Other ordinary operating income	24	**21,611**	**13,800**
Other ordinary operating expenses	24	**(381,186)**	**(356,471)**
Current operating income	21	**431,411**	**440,451**
Other non ordinary operating expenses	25	**(32,189)**	**(25,809)**
Other non ordinary operating income	25	**59,384**	**17,193**
Operating income		**458,606**	**431,835**
Financing expenses		(10,953)	(13,598)
Share of income from companies accounted by the equity method	7	6,424	14,038
Corporation tax	26	(136,996)	(122,513)
CONSOLIDATED NET INCOME		**317,081**	**309,762**
o/w			
NET INCOME, GROUP SHARE		**313,729**	**305,500**
Non controlling interests		3,352	4,262
Earnings per share (in euros)	27	**7.12**	**6.96**
Diluted earnings per share (in euros)	27	**7.11**	**6.96**
Earnings per share of continuing activities (in euros)		**7.12**	**6.96**
Diluted earnings per share of continuing acitivies (in euros)		**7.11**	**6.96**

As of January 1, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

5.3 Consolidated statement of other comprehensive income

(in € thousand)	December 31, 2013	2012
NET INCOME, GROUP SHARE	**313,729**	**305,500**
Net income, Non controlling interests	3,352	4,262
Remeasurement results of the net defined benefit liability	17,337	(67,236)
Other comprehensive income - Items that may never be reclassified to profit and loss	**17,337**	**(67,236)**
Available-for-sale investments - reclassification to net income	(21,362)	(41,747)
Tax impact	6,515	9,524
Available-for-sale investments - changes arising during the period	(23,656)	123,490
Tax impact	9,348	(31,370)
Available-for-sale investments - miscellanous	-	-
Foreign currency translation adjustments	(23,978)	3,492
Other comprehensive income - Items that may be reclassified to profit and loss in future periods	**(53,133)**	**63,389**
Other comprehensive income - non controlling interests share net of tax	(148)	21
TOTAL COMPREHENSIVE INCOME	**281,137**	**305,936**
Total comprehensive income, Group share	277,933	301,653
Total comprehensive income, Non controlling interests	3,204	4,283

As of January 1, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

5.4 Consolidated statement of cash flows

(in € thousand)	Notes	December 31, 2013	2012
Net income, Group share		**313,729**	**305,500**
Corporation tax		136,996	122,513
Financing expense		10,953	13,598
Minority interests		3,352	4,262
Income (loss) of companies accounted for by the equity method	7	(6,424)	(14,038)
Operating income before tax		**458,606**	**431,835**
Allocation to and writebacks of depreciation, amortization and reserves		59,698	58,435
Change in technical reserves		114,520	53,172
Change in deferred acquisition costs		(2,686)	(9,381)
Change in fair value of financial instruments recognized at fair value through the income statement (excluding cash and cash equivalents)		(2,990)	(1,934)
Realised capital gains/(losses) net of writebacks		(62,732)	(24,494)
Unrealised foreign exchange gain (loss) in company accounts		5,528	6,463
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		829	5,751
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		**112,167**	**88,012**
Dividends received from companies accounted for by the equity method	7	19,127	6,245
Change in liabilities and receivables relating to insurance and reinsurance transactions		(34,414)	(10,253)
Change in operating receivables and liabilities		34,311	2,223
Change in other assets and liabilities		(45,483)	(66,667)
Corporation tax		(155,050)	(143,222)
Cash flow related to operating activities		**(181,509)**	**(211,674)**
CASH FLOW FROM OPERATING ACTIVITIES		**389,264**	**308,173**
Acquisitions of subsidiaries and joint ventures, net of acquired cash		-	(38,050)
Disposals of subsidiaries and joint ventures, net of ceded cash		52,758	49,794
Acquisitions of equity interests in companies accounted for by the equity method	7	(91,982)	-
Disposals of equity method investments		-	-
Merger		-	-
Cash flow linked to changes in the consolidation scope		**(39,224)**	**11,744**
Disposals of AFS securities		1,060,533	1,295,847
Matured HTM securities		300	-
Disposals of investment properties		2,989	16,600
Disposals of securities held for trading		2,317	1,445
Cash flow linked to disposals and redemptions of investments		**1,066,139**	**1,313,892**
Acquisitions of AFS securities		(1,042,825)	(1,364,646)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	5	(11,639)	(200)
Acquisitions of trading securities		(3,588)	(3,591)
Cash flow linked to acquisitions of investments		**(1,058,052)**	**(1,368,437)**

		December 31,	
(in € thousand)	Notes	2013	2012
Disposals of other investments and intangible assets [(1)]		2,906,800	1,847,708
Acquisitions of other investments and intangible assets [(1)]		(2,962,529)	(1,944,591)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		**(55,729)**	**(96,883)**
CASH FLOW FROM INVESTING ACTIVITIES		**(86,866)**	**(139,684)**
Increases and decreases in capital		8,166	2,364
Increases in capital		*8,166*	*2,364*
Decreases in capital		-	-
Change in treasury stock		6,642	15,621
Dividends paid		(180,866)	(193,978)
Cash flow linked to transactions with the shareholders		**(166,058)**	**(175,993)**
Change in non voting shares		-	-
Changes in loans and subordinated securities		(124,759)	(11,891)
Issue		*10,358*	*(3,942)*
Repayment		*(135,117)*	*(7,949)*
Interest paid		(13,811)	(16,387)
Cash flow from Group financing		**(138,570)**	**(28,278)**
CASH FLOW FROM FINANCING ACTIVITIES		**(304,628)**	**(204,271)**
Impact of foreign exchange differences on cash and cash equivalents		(3,851)	(3,176)
Reclassification		(109)	-
OTHER NET CHANGES IN CASH		**(3,960)**	**(3,176)**
Change in cash flows		**(6,190)**	**(38,958)**
Change in cash and cash equivalents		**(6,190)**	**(38,958)**
Cash and cash equivalents at begining of period	12	**308,030**	**346,988**
Cash and cash equivalents at end of period	12	**301,840**	**308,030**

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

As of January 1, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

In 2013, the cash position decreased by €6,190 thousand.

- Cash flow from operating activities increased from €308 million in 2012 to €389 million in 2013, due to a better operating income compared to last year and an improvement of the working capital requirement.
- Investment activities contributed for €-87 million to the cash position at the end of 2013, against €-140 million at the end of 2012, mainly due to smaller investments in short term deposits mitigated by investments in the joint ventures Solunion Seguros de Crédito and Israeli Credit Insurance Company.
- Cash outflows from the financing activities increased from €-204 million in 2012 to €-304 million in 2013, mainly due to the repayment of borrowing to Allianz Belgium for €135 million and the payment of dividends for €181 million, of which €176 million by Euler Hermes SA.

5.5 Consolidated statement of changes in equity

For the year 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	-	-	-	(14,308)	-	-	(14,308)	(29)	(14,337)
Impact of transferring realised gains and losses to income statement	-	-	-	(14,847)	-	-	(14,847)	-	(14,847)
Other changes	-	-	-	-	-	-	-	-	-
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
Transaction between shareholder's	-	-	-	-	-	-	-	-	-
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**

For the year 2012

(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	**14,451**	**454,536**	**1,819,806**	**32,666**	**(25,543)**	**(77,556)**	**2,218,360**	**17,991**	**2,236,351**
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain/(loss) taken to shareholders' equity	-	-	-	92,120	-	-	**92,120**	(243)	**91,877**
Impact of transferring realised gains and losses to income statement	-	-	-	(32,223)	-	-	**(32,223)**	273	**(31,950)**
Other changes	-	-	-	-	-	-	**-**	-	**-**
Actuarial gain/(loss) on defined benefit plans	-	-	(67,236)	-	-	-	**(67,236)**	11	**(67,225)**
Impact of translation differences	-	-	-	(230)	3,722	-	**3,492**	(20)	**3,472**
Components of other comprehensive income net of tax	**-**	**-**	**(67,236)**	**59,667**	**3,722**	**-**	**(3,847)**	**21**	**(3,826)**
Net income for the year	**-**	**-**	**305,500**	**-**	**-**	**-**	**305,500**	**4,262**	**309,762**
Comprehensive income of the period	**-**	**-**	**238,264**	**59,667**	**3,722**	**-**	**301,653**	**4,283**	**305,936**
Capital movements	17	2,347	-	-	-	15,621	**17,985**	48,259	**66,244**
Dividend distributions	-	-	(191,706)	-	-	-	**(191,706)**	(2,272)	**(193,978)**
Cancellation of gains/losses on treasury shares	-	-	-	-	-	-	**-**	-	**-**
Transaction between shareholder's	-	-	-	-	-	-	**-**	-	**-**
Other movements	-	-	(1,495)	444	-	-	**(1,051)**	-	**(1,051)**
CLOSING 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**

As of January 1, 2013, the Group has applied retrospectively the amended IAS 19 Employee Benefit. Consequently, comparative financial statements related to previous periods were retrospectively restated.

At December 31, 2013, the share capital of Euler Hermes consisted of 45,342,177 fully paid-up shares. At the same date the Group holds 1,161,362 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 reduction in the revaluation reserve totalled €29,211 thousand net of taxes.

The change in translation reserves down to €23,922 thousand during the exercise relates mainly to the US dollar for an impact of €-9,358 thousand, the British Pound for €-4,296 thousand, the Swedish Krona for €-2,818 thousand and the Brazilian Real for €-2,250 thousand.

129,450 new shares were created as a result of the exercise of stock options during 2013. Following these transactions, the additional paid-in capital of Euler Hermes SA increased by €8,124 thousand.

The variation of the non-controlling interests down to €1,679 thousand is mainly due to the net result for the period for €3,352 thousand and the payment of dividend for €-4,846 thousand.

5.6 Notes to the consolidated financial statements

Note 1 Significant events

The following significant events occurred in the year 2013:

Changes in the share capital and in share ownership

As at December 31, 2013, the Allianz group owned 30,744,048 shares out of a total of 45,342,177 shares, corresponding to 67.81% of the share capital of Euler Hermes. Consequently, Euler Hermes is integrated into the Allianz consolidation scope.

During the year 2013, 129,450 new shares have been created by the exercise of options. As at December 31, 2013, Euler Hermes' share capital was composed of 45,342,177 shares, including 1,161,362 shares held in treasury stock.

Solunion official launch

Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA was officially launched on January 28, 2013 with the signing of the shareholders' agreement and official nomination of the Board of Management members. Solunion, jointly created by Euler Hermes and MAPFRE began operations in Spain and Argentina in early 2013. Operations in Chile, Colombia and Mexico were contributed to Solunion on December 20, 2013.

Solunion offers comprehensive trade-related credit insurance solutions and services for companies of all sizes in a wide range of trade sectors.

Final phase of the "Excellence" Project

Euler Hermes initiated the Excellence Project in 2010, to increase business efficiency. At the end of December 2012, restructuring provision balance amounted to €30.1 million. The Excellence Project was concluded in 2013. The remaining provision for restructuring is €2 million at end of December 2013.

Euler Hermes increases shareholding in Israeli credit insurer ICIC to 50%

In the second quarter of 2013, Euler Hermes increased its participation in Israel's leading credit insurer ICIC from the original 33% acquired in 2007 to 50%. The remaining 50% of shares are held by Euler Hermes' local partner Harel Insurance Investment & Financial Services Ltd.

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

On June 14, 2013, Euler Hermes has increased from 60% to 80.31% its stake in its Greek subsidiary Euler Hermes Hellas Credit Insurance Company 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 South Africa

On January 1, 2013 Euler Hermes has created the company Euler Hermes Services South Africa, a company located in South Africa.

Cooperation agreement between Euler Hermes and Allianz General Insurance Company (Malaysia) Berhad

On May 6, 2013, Malaysian businesses which are active in domestic and export markets can now access Euler Hermes trade credit insurance products and services more easily, following a cooperation agreement signed between Euler Hermes and Allianz General Insurance Company (Malaysia) Berhad, who will act as a distributor throughout the country.

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 December 31, 2013 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 December 31, 2013 were approved by the Board of Management of February 12, 2014 and presented to the Supervisory Board of February 13, 2014. They will be submitted for validation to the Shareholders' Meeting of May 28, 2014.

2.1 General Principles

In accordance with European regulation n° 1606/2002 of July 19, 2002, the consolidated financial statements published at December 31, 2013 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, 2013 as adopted by the European Union;
- Guidance provided in CNC recommendation n° 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 2013

Standards, amendments and interpretations for which application is mandatory in 2013 are the following ones:

- Amendments to IAS 19 on employee benefit commitments which require in particular the immediate recognition of the effect of actuarial differences taken directly to equity and the calculation of the expected return on plan assets on the basis of the discount rate used to value the underlying obligation rather than on the basis of market expectations for returns.

Up to December 31, 2012, the Euler Hermes group applied the partial recognition in the income statement for actuarial gains and losses, in accordance with the "corridor approach".

The impact of the amendments to IAS 19 on the main aggregates of balance sheet as of December 31, 2012 is as follows:

Shareholders' equity decreased by €121,498 thousand, including a positive impact of €5,255 thousand in the net result for the year 2012. In return, the pension provisions increased by €132,022 thousand, and other receivables decreased by €41,131 thousand. On the other hand, the deferred tax assets increased by €54,055 thousand and deferred tax liabilities by €2,400 thousand.

The impact of the amended standard on the main items of the income statement at December 31, 2012 is as follows:

The net result as at December 31 2012 increases by €5,255 thousand; the administrative expenses and the other ordinary operating expenses respectively decrease by €1,565 thousand and by €5,611 thousand. The income tax expenses increase by €1,921 thousand:

- Amendment to IAS 1 on gains and losses recognized in equity and their separate presentation, depending on whether or not they may subsequently be transferred to the income statement;
- IFRS 13, which defines the measurement principles of fair value and related disclosures on methodology to be presented in the notes to the financial statements, where fair value applies. The application of this text did not have a significant impact on the Group's consolidated financial statements.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1, 2013.

The Group does not expect any significant impact due to the mandatory application of IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IFRS12 (Disclosure of interests in Other Entities) as from January 1, 2014.

2.3 Consolidation scope

Following the start of Solunion Seguros de Crédito, Euler Hermes Crédito Spanish branch of Euler Hermes France SA, Euler Hermes Servicios de Credito SL and Euler Hermes SA Argentina were deconsolidated with effective date of January 1, 2013. The Mexican, Colombian and Chilian subsidiairies were contributed to Solunion on December 20, 2013 and deconsolidated consequently. The company Solunion Seguros de Crédito is integrated at equity method for 50% in the consolidated statements of Euler Hermes group at the end of December 2013.

Euler Hermes created Euler Hermes North America Holding which has been consolidated since January 1 2013.

In the year 2013, Euro Gestion Fund, Financière Sirius and Financière Soho were liquidated.

Besides Euler Hermes has increased from 60% to 80.31% its participation in its consolidated Greek subsidiariy Euler Hermes Hellas Credit Insurance SA and from 33% to 50% its participation in Israel's credit insurer ICIC integrated at equity method.

2.4 List of consolidated companies

		December 31, 2013		December 31, 2012	
French companies	**Consolidation method**	**% control**	**% interest**	**% control**	**% interest**
Euler Hermes SA (1) 1, place des Saisons - 92048 Paris-La Défense Cedex N°Siren : 552 040 594	Held by Allianz : 67,81%	Parent company		Parent company	
Bilan Services S.N.C. 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 S.A.S. 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	Full	100.00	100.00	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 S.A.S. 1, place des Saisons - 92048 Paris-La Défense Cedex N°Siren : 388 237 091	Full	100.00	100.00	100.00	100.00
Euro Gestion 1, place des Saisons - 92048 Paris-La Défense Cedex FR0007047568	Liquidated in 2013 (2)			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
Financière Sirius 1, place des Saisons - 92048 Paris-La Défense Cedex N° Siren : 488 480 567	Liquidated in 2013 (4)			100.00	100.00
Financière Soho 1, place des Saisons - 92048 Paris-La Défense Cedex N° Siren : 503 326 241	Liquidated in 2013 (4)			100.00	100.00

(1) Proportion held is based on a total of 45,342,177 shares (before restatement of treasury shares).
(2) Deconsolidated during First quarter 2013.
(3) Increase of participation following Capital increase during Second quarter 2013.
(4) Deconsolidated during Third quarter 2013.
(5) Deconsolidated during Fourth quarter 2013.
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, 2013		December 31, 2012	
			% control	% interest	% control	% interest
Euler Hermes Argentina S.A Av. Corrientes 299 - 2° Piso - C1043AAC CABA, Buenos Aires	Argentina	NC (2)			100.00	100.00
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
OeKB EH Beteiligungs- u. Manag. Strauchgasse 1-3 - 1011 - Vienna	Austria	Equity	49.00	49.00	49.00	49.00
Prisma Risikoservice GmbH Himmelpfortgasse 29 - 1010 Vienna	Austria	Equity	49.00	49.00	49.00	49.00
Euler Hermes Europe SA (N.V.) Avenue des Arts, Kunstlaan 56 - 1000 Bruxelles - RC Brussels : 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 Services Belgium SA (N.V.) Avenue des Arts, Kunstlaan 56 - 1000 Brussels - RC Brussels: 45 8033	Belgium	Full	100.00	100.00	100.00	100.00
Euler Hermes South Express SA Avenue du Port 86C, Box 204 - B – 1000 Bruxelles	Belgium	Full	100.00	100.00	100.00	100.00
Graydon Belgium (N.V.) Uibreidingstraat 84 Bus 1 – 2500 Berchem	Belgium	Equity	27.50	27.50	27.50	27.50
Euler Hermes Seguros de Crédito à Exportaçao Av. Paulista, 2 421, 3º and. - Jardim Paulista - São Paulo-SP CEP 01311-300	Brazil	Full	100.00	100.00	100.00	100.00
Euler Hermes Seguros de Crédito SA Av. Paulista, 2 421, 3º and. - Jardim Paulista - São Paulo-SP CEP 01311-300	Brazil	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	Brazil	Full	100.00	100.00	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 Chile Servivios Ltda. Avda. Presidente Kennedy 5735, of. 801, Torre Poniente - Las Condes, Santiago	Chile	NC (5)			100.00	100.00
Euler Hermes Seguros de Crédito SA Avda. Presidente Kennedy 5735, of. 801, Torre Poniente - Las Condes, Santiago	Chile	NC (5)			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 Colombia Ltda. Calle 72 6-44 Piso 3, Edoficio APA - Bogota	Columbia	NC (5)			100.00	100.00
Euler Hermes Service, Česká republika, s.r.o Molakova 576/11, 186 00 Prague 8	Czech Republic	Full	100.00	100.00	100.00	100.00
Bürgel Wirtschaftsinformationen GmbH & Co. K.G. 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 Collections GmbH Zeppelin Str. 48 - DE(14471) - Potsdam	Germany	Full	100.00	100.00	100.00	100.00
Euler Hermes Deutschland A.G. Friedensallee 254 D(22763) - Hambourg	Germany	Full	100.00	100.00	100.00	100.00
Euler Hermes Forderungsmanagement Deutschland GmbH Friedensallee 254 - D(22763) - Hambourg	Germany	Full	100.00	100.00	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 Hellas Credit Insurance SA 16 Laodikias Street - 1-3 Nymfeou Street - 115 28 Athens	Greece	Full (3)	80.31	80.31	60.00	60.00
Euler Hermes Hellas Services Ltd 16 Laodikias Street - 1-3 Nymfeou Street - 115 28 Athens	Greece	Full (3)	80.31	80.31	60.00	60.00

(1) Proportion held is based on a total of 45,342,177 shares (before restatement of treasury shares).
(2) Deconsolidated during First quarter 2013.
(3) Increase of participation following Capital increase during Second quarter 2013.
(4) Deconsolidated during Third quarter 2013.
(5) Deconsolidated during Fourth quarter 2013.
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, 2013 % control	December 31, 2013 % interest	December 31, 2012 % control	December 31, 2012 % interest
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
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
Pimco Funds Ireland Styne House - Upper Hatch Street - Dublin 2	Ireland	Full	100.00	100.00	100.00	100.00
Euler Hermes Service Ireland Ltd Block 4, Blackrock Business Park, Craysfort Avenue, Blackrock, Co Dublin	Irleand	Full	100.00	100.00	100.00	100.00
Israel Credit Insurance Company Ltd (ICIC) 2, Shenkar Street - 68010 Israel - Tel Aviv	Israel	Equity	50.00	50.00	33.33	33.33
Euler Hermes Services Italia S.R.L. Via Raffaello Matarazzo, 19 - 00139 Rome	Italy	Full	100.00	100.00	100.00	100.00
Logica Software S.R.L. Via Borsellino - Reggio Emilia	Italy	Dissolved			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
UAB Euler Hermes Services Baltic Konstitucijos ave 7, Vilnius - Lithuania	Lithuania	Liquidated in 2012				
Euler Hermes Luxembourg Holding SARL 37, rue d'Anvers - L. 1130 Luxembourg	Luxembourg	Full	100.00	100.00	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 Seguro de Credito SA Blvd Manuel Avila Camacho #164, 8° piso - Col. Lomas de Barrilaco - Mexico, DF CP 11010	Mexico	NC (5)			100.00	100.00
Euler Hermes Servicios SA de C.V. Blvd Manuel Avila Camacho #164, 8° piso - Col. Lomas de Barrilaco - Mexico, DF CP 11010	Mexico	NC (5)			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 Interborg N.V. Hoogoorddreef 5 - Postbus/PO 1100 AL Amsterdam	Netherlands	Dissolved			100.00	100.00
Euler Hermes Services B.V. Pettelaarpark 20 - Postbus 70571 - NL(5216) PD's-Hertogenbosch	Netherlands	Full	100.00	100.00	100.00	100.00
Graydon Creditfink B.V. Hullenbergweg 260 - 1 101 B.V. Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Graydon Holding N.V. Hullenbergweg 260 - 1 101 B.V. Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Graydon Nederland B.V. Hullenbergweg 260 - 1 101 B.V. Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
Interpolis Kredietverzekeringen N.V. Pettelaarpark 20 - 5216 PD's Hertogenbosch	Netherlands	Proportional	45.00	45.00	45.00	45.00
Kisys Krediet Informatie Systemen B.V. Hullenbergweg 270 - 1 101 B.V. Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
MarkSelect B.V. Diemerhof 26 - Postbus 22969 - 1100 DL Amsterdam	Netherlands	Equity	27.50	27.50	27.50	27.50
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
Euler Hermes Services Sp. z.o.o. ul. Domaniewska 50B, 02-672 Warsaw	Poland	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) Deconsolidated during First quarter 2013.
(3) Increase of participation following Capital increase during Second quarter 2013.
(4) Deconsolidated during Third quarter 2013.
(5) Deconsolidated during Fourth quarter 2013.
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, 2013 % control	December 31, 2013 % interest	December 31, 2012 % control	December 31, 2012 % interest
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k ul. Domaniewska 50B, 02-672 Warsaw	Poland	Full	99.98	99.98	99.98	99.98
Towarzystwo Ubezpieczen Euler Hermes SA 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 S.R.L. 6 Petru Maior street, Sector 1 - Bucarest 011264	Romania	Full	100.00	100.00	100.00	100.00
LLC "IC" Euler Hermes RU 8 Office C08, 4-th Dobryninskiy per.8 - 119049 Moscou	Russia	Full	100.00	100.00	100.00	100.00
Ooo Euler Hermes Credit Management ul. Krymskij Val3, 2, Office 210 - 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		
Euler Hermes Crédito Succursale en Espagne de EH SFAC SA Paseo de la Castellana, 95 - Edificio Torre Europa - Planta 14 - 28046 Madrid	Spain	NC (2)			100.00	100.00
Euler Hermes Servicios de Credito SL Paseo de la Castellana, 95 - Edificio Torre Europa - Planta 14 - 28046 Madrid	Spain	NC (2)			100.00	100.00
Solunion Compania Internacional de Seguros y Reaseguros SA Carretera de Pozuelo N°52	Spain	Equity	50.00	50.00		
Euler Hermes Service A.B. Klara Norra Kyrkogata 29 - SE 101 34 Stockholm	Sweden	Full	100.00	100.00	100.00	100.00
Euler Hermes Reinsurance A.G. Richtiplatz 1 - Postfach CH(8304) Wallisellen	Switzerland	Full	100.00	100.00	100.00	100.00
Euler Hermes Services Schweiz A.G. Richtiplatz 1 - Postfach CH(8304) Wallisellen	Switzerland	Full	99.50	99.50	99.50	99.50
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 Collections UK Ltd 01, Canada Square - London E14 5DX	United Kingdom	Dissolved Q2 2013			100.00	100.00
Euler Hermes Holdings UK PLC 01, Canada Square - London E14 5DX	United Kingdom	Closed Q1 2012				
Euler Hermes International Ltd 01, Canada Square - London E14 5DX	United Kingdom	Dissolved Q3 2011				
Euler Hermes Risk Services UK Ltd 01, Canada Square - London E14 5DX	United Kingdom	Dissolved Q1 2013			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 U.K. Limited Hyde House, Edgware road - Colindale - Londres NW9 6LW	United Kingdom	Equity	27.50	27.50	27.50	27.50
Euler Hermes ACI Holding Inc 800, Red Brook Boulevard - Owings Mills, MD 21117	United States	NC (5)			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		
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

(1) Proportion held is based on a total of 45,342,177 shares (before restatement of treasury shares).
(2) Deconsolidated during First quarter 2013.
(3) Increase of participation following Capital increase during Second quarter 2013.
(4) Deconsolidated during Third quarter 2013.
(5) Deconsolidated during Fourth quarter 2013.
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 Euler Hermes.

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 Euler Hermes group owns 100% of these mutual funds, except Euler Hermes Real Estate, owns at the level of 60%.

Loss of control

At the loss of control, the Group derecognizes 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 recognize 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 is jointly controlled by Euler Hermes Europe SA, which owns 3,742 shares (out of a total of 8,315 shares), and Interpolis Verzekeringen NV, which owns 4,573 shares. Each share represents one voting right. An Executive Director is appointed by each party and all decisions are subject to agreement.

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 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 recognized 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 15	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 18	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 18	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 18	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 18	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 18	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 16	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 32	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.

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, 2013		December 31, 2012	
(in € vs currency)	Closing	Average	Closing	Average
Pound sterling	0.8320	0.8493	0.8111	0.8110
US dollar	1.3779	1.3281	1.3184	1.2853
Swedish krona	8.8503	8.6520	8.5771	8.7040
Brazilian real	3.2510	2.8698	2.6994	2.5105
Hong Kong dollar	10.6838	10.3018	10.2187	9.9701
Swiss franc	1.2255	1.2308	1.2068	1.2051
Polish Złoty	4.1578	4.1960	4.0803	4.1824

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 recognized 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 recognized intangible assets is capitalized 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 capitalized 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 are not amortized but are 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 recognized 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 6.23% and 8.43% 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, 2013 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 recognized 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 recognized.

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 Euler Hermes group recognizes 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 capitalized 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 Euler Hermes 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 capitalized) 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.

Euler Hermes' 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 amortization) 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, HTM 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 Euler Hermes group, derivatives correspond mainly to hedging instruments linked to the stock option plans included in the Allianz group Equity Incentive (*see Note 30 "Stock option plans"*).

2.16 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.

2.17 Acquisition costs capitalized

Acquisition costs capitalized relate to insurance policies. They mainly comprise brokerage commissions and expenses incurred by the Sales and Marketing departments. The capitalized 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 capitalized is included in acquisition expense reported in the consolidated income statement.

2.18 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.

2.19 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.

2.20 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 Company's cash management procedures.

2.21 Provisions for risks and charges

Provisions

Provisions for risks and charges essentially comprise provisions for retirement commitments (*see § 2.22 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 recognized, 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.

2.22 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 Company 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.

Remeasurement results of the net defined benefit assets/liabilities due to changes in assumptions and to experience adjustments are recognized 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 Euler Hermes 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.

2.23 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 Euler Hermes have put in place stock option plans for the benefit of executives of the Euler Hermes 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.

2.24 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 Euler Hermes 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, Euler Hermes 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 equalization;
- 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 n° 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 recognized 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 Company 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 recognized 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 capitalized 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 recognized 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 recognized 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 recognized 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.

2.25 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 unfavorable 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".

2.26 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 recognized 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 recognized. 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.

2.27 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 § 2.24. Insurance and reinsurance contracts – Measurement of insurance contracts.

2.28 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 § 2.24. Insurance and reinsurance contracts – Reinsurance contracts.

2.29 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.

2.30 Other ordinary operating income and expense

Other ordinary operating income and expense correspond mainly to Euler Hermes group service revenue and expense.

2.31 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.

2.32 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.

2.33 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.

	December 31, 2013						December 31, 2012
(in € thousand)	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6,229	64,796	32,160	8,242	8,847	120,274	121,688
Impairment losses	(409)	(12,256)	(3,262)	-	-	(15,927)	(12,281)
Carrying amount	**5,820**	**52,540**	**28,898**	**8,242**	**8,847**	**104,347**	**109,407**
Change during the year							
Opening carrying amount	**5,820**	**52,540**	**28,898**	**8,242**	**8,847**	**104,347**	**109,407**
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	(1,867)	(1,867)	-
Other changes	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	(2,917)
Changes in foreign currency translation adjustments	-	(1,295)	(1,249)	-	(447)	(2,991)	1,202
Impairment losses	-	-	-	-	-	-	(3,345)
Closing carrying amount	**5,820**	**51,245**	**27,649**	**8,242**	**6,533**	**99,489**	**104,347**
Closing 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**

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

In 2012 the depreciation of the goodwill of €3,345 thousand came from the expected decrease of future cash flows expected on Euler Hermes Collection North America Company and the reclassification of €2,917 thousand was due to the Irish portfolio from the UK Branch being transferred to intangible assets.

Method of impairment tests

In accordance with IAS 36, Euler Hermes 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)	8.43%	7.32%	7.33%	6.86%	6.53%	6.23%
of which, risk-free rate	*4.13%*	*3.02%*	*3.03%*	*2.56%*	*2.23%*	*1.93%*
of which, risk premium (bêta = 0.89)	*4.30%*	*4.30%*	*4.30%*	*4.30%*	*4.30%*	*4.30%*
Effective tax rate	48.0%	23.3%	35.0%	34.0%	25.0%	32.3%
Normalised return on financial portfolio	3.13%	2.23%	2.15%	1.75%	1.59%	1.33%
Gross combined ratio	86.5%	85.0%	83.0%	86.0%	81.0%	78.0%
Target retention rate	31.3%	27.1%	27.9%	26.4%	30.7%	35.0%
Perpetual growth	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%
Value in use (in € million)	**368.9**	**319.4**	**615.9**	**232.6**	**110.0**	**1,670.9**
Carrying value of the CGU (in € million)	**175.5**	**208.5**	**279.7**	**196.2**	**46.1**	**879.9**
Surplus (or deficit)	193.3	110.8	336.2	36.4	63.9	791.0

Sensitivity of impairment tests

Sensitivity analysis 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 recognized;
- 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 recognized;
- 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 recognized.

Break even parameters

The following table presents for each CGU the change in each of the key parameters taken individually, which enables the estimated value in use to equal its contribution to Group consolidated net asset.

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Perpetual growth	-11.1%	-2.2%	-7.9%	0.3%	-7.4%	-4.3%
Cost of capital	17.5%	10.5%	14.8%	7.9%	13.7%	11.1%
Gross combined ratio	97.8%	89.8%	95.6%	89.4%	90.2%	88.3%

Note 4 Other intangible assets and contracts portfolio

(in € thousand)	December 31, 2013 Contract portfolio	IT development and software	Other intangible assets	Total	December 31, 2012 Contract portfolio	IT development and software	Other intangible assets	Total
Opening balance								
Gross value	4,815	209,683	28,489	242,987	4,772	199,849	25,544	230,165
Amortization	(4,484)	(145,860)	(16,077)	(166,421)	(4,078)	(141,247)	(15,128)	(160,453)
Impairment	-	-	-	-	-	-	-	-
Carrying amount	**331**	**63,823**	**12,412**	**76,566**	**694**	**58,602**	**10,416**	**69,712**
Change during the year								
Opening carrying amount	**331**	**63,823**	**12,412**	**76,566**	**694**	**58,602**	**10,416**	**69,712**
Acquisitions	-	32,589	1,485	34,074	-	34,096	-	34,096
Expenses capitalized	-	-	-	-	-	-	-	-
Changes in consolidation scope	-	(6)	-	(6)	-	-	-	-
Disposals	-	(3,708)	-	(3,708)	-	(3,671)	(1)	(3,672)
Reclassifications	-	(9)	-	(9)	-	78	2,917	2,995
Foreign exchange differences	(15)	(224)	(95)	(334)	23	49	87	159
Net amortization	(315)	(16,188)	(1,095)	(17,598)	(386)	(25,331)	(1,007)	(26,724)
Net provisions for impairment	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Closing carrying amount	**1**	**76,277**	**12,707**	**88,985**	**331**	**63,823**	**12,412**	**76,566**
Closing balance								
Gross value	3,945	237,308	33,132	275,385	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**

In 2013, as in 2012, the increase of IT development and software resulted mainly from the capitalization of internally developed Group applications, Galileo (Commercial), FIT +1 (Accounting) and IMX (Collection) and software purchased for internal projects.

Depreciation in 2013 is mainly related to internally developed software Galileo (Commercial) and IMX (Collection).

Note 5 Investment and operating property

(in € thousand)	December 31, 2013 Investment property	December 31, 2013 Operating property	December 31, 2012 Investment property	December 31, 2012 Operating property
Balance at opening period				
Gross value	69,526	138,526	6,144	187,356
Depreciation	(15,863)	(39,476)	(2,125)	(56,627)
Impairment losses	-	(6,797)	-	(6,797)
Carrying amount	**53,663**	**92,253**	**4,019**	**123,932**
Change during the year				
Opening carrying amount	53,663	92,253	4,019	123,932
Acquisitions	11,249	390	35,908	200
Change in consolidation scope	-	-	-	-
Disposals	(3,334)	-	(1,817)	(11,479)
Reclassifications	(9)	-	16,090	(16,090)
Changes in foreign currency translation adjustements	-	(116)	-	(53)
Net depreciation	(1,338)	(2,843)	(311)	(4,257)
Net provisions for impairment	-	-	-	-
Other changes	-	-	(226)	-
Closing carrying amount	**60,231**	**89,684**	**53,663**	**92,253**
Balance at the end of the 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**
Fair value	**185,360**	**120,886**	**158,836**	**118,711**

■ AMOUNTS RECORDED IN THE INCOME STATEMENT

Investment property	December 31, 2013	December 31, 2012
Rental revenues from investment property	2,715	902
Direct operating expenses relating to property	163	(68)

In 2013, the acquisitions for €11.2 million mainly consist of renovations costs of properties owned by Euler Hermes Real Estate.

As at December 31, 2013, disposals in investment property mainly concerned:

- A partial scrapping of some components of the building located 1, rue Euler (Paris) for a net value of - €2.4 million.

As at December 31, 2012, disposals in investment property mainly concerned:

- sale of the building located 8, rue Euler (Paris) for a sale price of €10.8 million, compared to a carrying amount of €11.3 million, giving a realized loss of €0.5 million;
- sales related to investment property realized by Euler Hermes France for a sale price of €5.5 million, compared to a carrying amount of €1.7 million, giving a realized profit of €3.8 million (before tax impact).

As at December 31, 2012, acquisition increase derived from the creation of Euler Hermes South Express. Euler Hermes South Express main asset is a building located in Brussels.

The reclassification for €16.1 million concerned the transfer of the building 1, rue Euler (Paris) from operating property to investment property.

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, 2013						December 31, 2012					
(in € thousand)	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	-	491	-	491	491	-	491
Total held-to-maturity assets	**191**	**-**	**191**	**191**	**191**	**-**	**491**	**-**	**491**	**491**	**-**	**491**
Available-for-sale assets												
Equities	154,054	27,007	181,061	181,061	2,775,856	61,913	69,446	12,704	82,150	82,150	2,924,224	34,058
Bonds	2,596,674	60,033	2,656,707	2,656,707			2,758,684	117,448	2,876,132	2,876,132		
Total Available-for-sale assets	**2,750,728**	**87,040**	**2,837,768**	**2,837,768**	**2,775,856**	**61,913**	**2,828,130**	**130,152**	**2,958,282**	**2,958,282**	**2,924,224**	**34,058**
Loans, deposits and other financial investments	837,917	-	837,917	837,917	-	-	808,741	-	808,741	808,741	-	-
Total loans, deposits and other financial investments	**837,917**	**-**	**837,917**	**837,917**	**-**	**-**	**808,741**	**-**	**808,741**	**808,741**	**-**	**-**
TOTAL FINANCIAL INVESTMENTS (EXCLUDING INVESTMENTS IN CONSOLIDATED ENTERPRISE)	**3,588,836**	**87,040**	**3,675,876**	**3,675,876**	**2,776,047**	**61,913**	**3,637,362**	**130,152**	**3,767,514**	**3,767,514**	**2,924,224**	**34,549**

(in € thousand)	December 31, 2011 Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets						
Bonds	491	-	491	491	300	191
Total held-to-maturity assets	**491**	**-**	**491**	**491**	**300**	**191**
Available-for-sale assets						
Equities	120,226	10,195	130,421	130,421		
Bonds	2,639,057	44,737	2,683,794	2,683,794	2,756,938	57,277
Total Available-for-sale assets	**2,759,283**	**54,932**	**2,814,215**	**2,814,215**	**2,756,938**	**57,277**
Loans, deposits and other financial investments	743,611	-	743,611	743,611	-	-
Total loans, deposits and other financial investments	**743,611**	**-**	**743,611**	**743,611**	**-**	**-**
TOTAL FINANCIAL INVESTMENTS (EXCLUDED INVESTMENTS IN CONSOLIDATED ENTERPRISE)	**3,503,385**	**54,932**	**3,558,317**	**3,558,317**	**2,757,238**	**57,468**

Concerning the non-listed investments, the Group estimates the fair value 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*).

	December 31, 2013				December 31, 2012			
(in € thousand)	Historical value	Revaluation reserve	Net carrying amount	Fair value	Historical value	Revaluation reserve	Net carrying amount	Fair value
Equities	154,054	27,007	181,061	181,061	69,446	12,704	82,150	82,150
Bonds	2,596,865	60,033	2,656,898	2,656,898	2,759,175	117,448	2,876,623	2,876,623
Loans and other investments	837,917	-	837,917	837,917	808,741	-	808,741	808,741
TOTAL FINANCIAL INVESTMENTS	**3,588,836**	**87,040**	**3,675,876**	**3,675,876**	**3,637,362**	**130,152**	**3,767,514**	**3,767,514**

(in € thousand)	December 31, 2011 Historical value	Revaluation reserve	Net carrying amount	Fair value
Equities	120,226	10,195	130,421	130,421
Bonds	2,639,548	44,737	2,684,285	2,684,285
Loans and other investments	743,611	-	743,611	743,611
TOTAL FINANCIAL INVESTMENTS	**3,503,385**	**54,932**	**3,558,317**	**3,558,317**

There was no significant impact of impairment on Euler Hermes group portfolio as at December 31, 2013. 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 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.

	December 31, 2013		
(in € thousand)	Level 1	Level 2	Level 3
Available-for-sale assets	2,797,634	-	40,134

	December 31, 2012		
(in € thousand)	Level 1	Level 2	Level 3
Available-for-sale assets	2,768,123	160,173	29,986

	December 31, 2011		
(in € thousand)	Level 1	Level 2	Level 3
Available-for-sale assets	2,599,346	177,703	37,166

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 German mortgage bonds not quoted (Pfandbriefe) classified in level 2 for €491 million.

Classification by geographical zone

2013

(in € thousand)	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 € thousand)	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**

2011

(in € thousand)	France	Other countries	Group
Held-to-maturity assets			
Bonds	-	491	491
Total held-to-maturity assets	**-**	**491**	**491**
Available-for-sale assets			
Equities	116,555	13,866	130,421
Bonds	633,325	2,050,469	2,683,794
Total available-for-sale assets	**749,880**	**2,064,335**	**2,814,215**
Loans, deposits and other financial investments	54,583	689,028	743,611
Total loans, deposits and other financial investments	**54,583**	**689,028**	**743,611**
TOTAL FINANCIAL INVESTMENTS	**804,463**	**2,753,854**	**3,558,317**

Movements in the periods

(in € thousand)	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 adjustements	-	(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**

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 amortizations of premiums and discounts of bonds.

(in € thousand)	December 31, 2012 Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	December 31, 2011 Total
Opening carrying amount	**491**	**2,814,215**	**743,611**	**3,558,317**	**3,438,756**
Increase in gross value	-	1,359,272	1,901,248	3,260,520	2,479,332
Decrease in gross value	-	(1,282,598)	(1,828,311)	(3,110,909)	(2,331,877)
Revaluation	-	86,561	-	86,561	(12,186)
Impairment	-	(1,062)	-	(1,062)	(5,830)
Changes in foreign currency translation adjustements	-	822	1,826	2,648	8,115
Reclassifications	-	969	(14)	955	-
Other changes	-	(19,897)	(9,619)	(29,516)	(17,993)
Closing carrying amount	**491**	**2,958,282**	**808,741**	**3,767,514**	**3,558,317**

The other changes of available for sale investments are mainly the amortizations of premiums and discounts of bonds.

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, Italy and Turkey.

Portugal

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

Country	Maturity	Exposure	Market Value	Unrealized Gain or Losses
Portugal	2014	6,069	6,138	69
Portugal	2015	916	914	(2)
Portugal	2016	5,830	5,791	(39)
TOTAL		**12,815**	**12,843**	**28**

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	Exposure	Market Value	Unrealized Gain or Losses
Spain	2014	3,113	3,124	11
Spain	2015	547	545	(2)
Spain	2016	3,168	3,206	38
Spain	2018	3,040	3,046	6
TOTAL		**9,868**	**9,920**	**52**

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

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 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, Compañia Internacional de Seguros y Reaseguros SA	Spain	50.00%

Information on equity-accounted investments

	December 31, 2013			
(in € thousand)	**Assets (1)**	**Shareholders' equity (2)**	**Turnover (3)**	**Net income**
Credit Insurance contributors	816,769	369,924	305,528	7,686
Other than Credit insurance contributors	50,280	13,636	63,228	9,705
	867,049	**383,560**	**368,756**	**17,391**

(1) Assets based on IFRS statements as at September 30, 2013, except for Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA for which the asset are IFRS statements as at December 31, 2013.

(2) Equity is determined on the basis of IFRS statements as at September 30, 2013, 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, 2013.

(3) The turnover corresponds to the turnover in the IFRS statements as at September 30, 2013 plus ¼ of 2012 total turnover, except for Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA for which turnover is as at December 31, 2013.

	December 31, 2012			
(in € thousand)	**Assets (1)**	**Shareholders' equity (2)**	**Turnover (3)**	**Net income**
Credit Insurance contributors	381,376	209,555	150,725	27,025
Other than Credit insurance contributors	48,997	15,098	65,308	6,978
	430,373	**224,653**	**216,032**	**34,003**

(1) Assets based on IFRS statements as at September 30, 2012.

(2) Shareholders' equity based on IFRS statements as at September 30, 2012.

(3) The turnover corresponds to the turnover in the IFRS statements as at September 30, 2012 plus ¼ of total turnover of 2011.

Movements during the period

(in € thousand)	December 31, 2013	December 31, 2012
Opening carrying amount	**115,500**	**105,196**
Increases	91,982	-
Decreases	-	-
Reclassifications	-	-
Share of income for the period	6,424	14,038
Dividends paid	(19,127)	(6,245)
Impairment	-	-
Foreign exchange differences	(308)	18
Other changes	(618)	2,493
Closing carrying amount	**193,853**	**115,500**

The increase of investments accounted for by the equity method by €91,982 thousand is due for €79,418 thousand to the participation increase of Euler Hermes Luxembourg Holding in Solunion Seguros de Crédito and for €12,564 thousand to the increase by 16.67% of the participation of Euler Hermes France in Israeli Credit Insurance Company during the second quarter 2013.

Dividends paid correspond to dividends from Israeli Credit Insurance Company for €7.4 million, from OeKB EH Beteiligungs- und Management A.G. for €6.9 million, from Cosec for €2.5 million and from Graydon Holding for €2.3 million.

The other changes are mainly due to the change of the revaluation reserves of the investments accounted for by the equity method.

Contribution to shareholders' equity (without 2013 income)

(in € thousand)	December 31, 2013	December 31, 2012
Credit Insurance contributors	183,680	97,310
Other than Credit insurance contributors	3,750	4,152
Share of shareholders' equity	**187,430**	**101,462**

Contribution to income

(in € thousand)	December 31, 2013	December 31, 2012
Credit Insurance contributors	3,755	12,119
Other than Credit insurance contributors	2,669	1,919
Share of total income	**6,424**	**14,038**

Note 8 Operating property and other property and equipment

	December 31, 2013			December 31, 2012		
(in € thousand)	Operating property	Other property and equipment	Total	Operating property	Other property and equipment	Total
Opening balance						
Gross value	138,526	137,118	275,644	187,356	144,606	331,962
Amortization	(39,476)	(86,225)	(125,701)	(56,627)	(118,548)	(175,175)
Impairment	(6,797)	(458)	(7,255)	(6,797)	(713)	(7,510)
Carrying amount	**92,253**	**50,435**	**142,688**	**123,932**	**25,345**	**149,277**
Change during the year						
Opening carrying amount	**92,253**	**50,435**	**142,688**	**123,932**	**25,345**	**149,277**
Acquisitions	390	24,430	24,820	200	38,935	39,135
Changes in consolidation scope	-	(304)	(304)	-	(4)	(4)
Disposals	-	(13,702)	(13,702)	(11,479)	(3,450)	(14,929)
Reclassifications	-	13	13	(16,090)	115	(15,975)
Foreign exchange differences	(116)	(542)	(658)	(53)	54	1
Net depreciation	(2,843)	(11,834)	(14,677)	(4,257)	(10,815)	(15,072)
Net provisions for impairment	-	159	159	-	255	255
Other changes	-	-	-	-	-	-
Closing carrying amount	**89,684**	**48,655**	**138,339**	**92,253**	**50,435**	**142,688**
Balance at closing period						
Gross value	141,336	151,029	292,366	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**

In 2013, the acquisitions and disposals are mainly due to the renewal of computers, furniture and office equipment.

In 2012, the acquisitions concerned mainly the €20 million capitalization of the head office relocation in Tower FIRST expenses. The reclassification of €16.1 million concerned the transfer of the building 1, rue Euler (Paris) from an operating property to an investment property. Disposals mainly concerned the sale of the building located 8, rue Euler (Paris).

Note 9 Deferred tax

Breakdown by type of tax

(in € thousand)	December 31, 2013	December 31, 2012
Deferred tax assets	287,597	207,735
Deferred tax liabilities	(528,053)	(452,546)
Net deferred tax	**(240,456)**	**(244,811)**
Tax losses	8,407	10,595
Deferred tax assets linked to revaluation of AFS investments	12,364	10,545
Deferred tax assets - provisions for retirement commitments	150,356	57,622
Deferred tax assets - technical reserves	46,496	54,253
Other deferred tax assets	69,974	74,720
Total deferred tax assets	**287,597**	**207,735**
Deferred tax liabilities linked to revaluation of AFS investments	(27,728)	(41,365)
Deferred tax liabilities - provisions for retirement commitments	(121,193)	(20,158)
Deferred tax liabilities - technical reserves	(314,616)	(333,400)
Other deferred tax liabilities	(64,516)	(57,623)
Total deferred tax liabilities	**(528,053)**	**(452,546)**
Net deferred tax	**(240,456)**	**(244,811)**
After offsetting deferred tax assets and liabilities by tax entity		
Deferred tax assets	24,447	67,451
Deferred tax liabilities	(264,903)	(312,262)
NET DEFERRED TAX	**(240,456)**	**(244,811)**

The decrease of tax losses concerns Euler Hermes Collections Sp. Z.o.o for €0.5 million, Euler Hermes Collections GmbH for €0.5 million and Euler Hermes Europe SA for €1 million.

The non-activated tax losses are mainly due to Euler Hermes Europe SA for €4 million, Euler Hermes Re (Luxembourg) for €2 million, and to Euler Hermes Collections GmbH for €1.3 million.

Movements in deferred tax by geographical region

(in € thousand)	December 31, 2012	Change through income statement	Change relating to revaluation of AFS inv.	Foreign exchange difference	Other movements	December 31, 2013
France	(91,902)	(527)	3,060	-	-	(89,370)
Germany, Austria, Switzerland	(138,429)	(689)	(4,351)	-	1	(143,468)
Northern Europe	(4,970)	1,724	4,359	(204)	48	957
Mediterranean countries, Middle East & Africa	9,977	(3,184)	16	(58)	217	6,969
Asia & Pacific countries	1,257	453	74	(34)	-	1,750
Americas	(6,531)	6,792	1,875	277	(499)	1,913
Reinsurance	(22,537)	(9,740)	3,431	(28)	-	(28,874)
Other Countries	-	-	-	-	-	-
Group Services/Holdings	8,324	1,394	(52)	-	-	9,666
	(244,811)	**(3,778)**	**8,412**	**(46)**	**(233)**	**(240,456)**

Regarding Germany and France the deferred tax liability is mainly due to the cancellation under IFRS of the equalization reserve.

Change in standard tax rate

	December 31, 2013	December 31, 2012
Group rate	30.17%	28.37%
France	34.43%	34.43%
Germany	32.28%	32.28%
Italy	27.75%	27.50%
United-Kingdom	23.25%	24.50%
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%

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 SA and the effective tax rate in 2013 is provided in Note 27.

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 2013. 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 2014 and 2015.

Note 10 Insurance and reinsurance receivables

Breakdown by type

(in € thousand)	December 31, 2013 Gross	Provisions	Net	December 31, 2012 Net
Receivables from policyholders and agents	227,187	(16,835)	210,352	207,469
Earned premiums not yet written	242,471	-	242,471	207,408
Receivables from guaranteed debtors	39,380	-	39,380	59,379
Receivables from reinsurance transactions	145,506	(2,354)	143,152	128,698
TOTAL CREDIT INSURANCE RECEIVABLES	**654,544**	**(19,189)**	**635,355**	**602,954**

Receivables from guaranteed debtors are mainly receivables recorded by Euler Hermes Credit Insurance (Belgium) in respect of the retail credit activity (which is in run-off of business since 2011), of which €20 millions have been recovered during 2013.

Breakdown by maturity

(in € thousand)	December 31, 2013 < 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL CREDIT INSURANCE RECEIVABLES	**625,515**	**9,840**	**-**	**-**	**635,355**

Provisions for bad debts from policyholders and agents

(in € thousand)	December 31, 2013	December 31, 2012
Balance at opening period	**(17,861)**	**(17,102)**
Change in consolidation scope	-	-
Provision	(4,776)	(2,289)
Write back	5,278	1,903
Foreign exchange translation	124	(107)
Other changes	400	(266)
Balance at closing period	**(16,835)**	**(17,861)**

Note 11 Other receivables

Breakdown by type

(in € thousand)	December 31, 2013 Gross	Provision	Net	December 31, 2012 Net
Current account	8,907	-	8,907	4,414
Other taxes receivables	44,158	-	44,158	52,419
Other receivables	160,229	(6,907)	153,322	170,768
of which, accrued interest not due	*51,749*	-	*51,749*	*54,072*
Deferred charges	12,914	-	12,914	12,538
Other adjustment accounts	1,893	-	1,893	2,069
Other assets	358	-	358	784
TOTAL OTHER RECEIVABLES	**228,459**	**(6,907)**	**221,552**	**242,992**

Breakdown by maturity

(in € thousand)	< 3 months	3 months to 1 year	1 to 5 years	> 5 years	Total
TOTAL OTHER RECEIVABLES	**209,381**	**9,204**	**2,967**	**-**	**221,552**

Note 12 Cash and cash equivalents

(in € thousand)	December 31, 2013	December 31, 2012
Cash in bank and at hand	264,937	274,451
Cash pooling	37,253	33,929
TOTAL CASH	**302,190**	**308,380**
Total cash in balance sheet	**302,190**	**308,380**
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(350)	(350)
TOTAL CASH AND CASH EQUIVALENTS	**301,840**	**308,030**

Note 13 Revaluation reserve

(in € thousand)	Investments	Tax	Foreign exchange difference	Associated companies	Other	Revaluation reserve except minority interests	Minority interests	Revaluation reserve
Opening balance	**128,618**	**(38,647)**	**214**	**1,712**	**880**	**92,777**	**17**	**92,794**
Change in fair market value of asset held for sale transfered through profits & losses (Gross amount) - group	(21,328)	6,515	-	-	-	(14,813)	-	(14,813)
Change in fair market value of asset held for sale booked through equity (Gross amount) - group	(23,038)	9,348	(56)	-	(34)	(13,780)	-	(13,780)
Change in fair market value of asset held for sale booked through equity (Gross amount) - COSEC associated company	-	-	-	(618)	-	(618)	-	(618)
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	-	-	-	-	-	-	(38)	(38)
Other movements	-	-	-	-	-	-	-	-
CLOSING BALANCE	**84,252**	**(22,784)**	**158**	**1,094**	**846**	**63,566**	**(21)**	**63,545**

Note 14 Non-controlling interests

Movements during the year

(in € thousand)	December 31, 2013	December 31, 2012
Non-controlling interests at start of period	**68,261**	**18,002**
Non-controlling interests' share of net income	**3,352**	**4,262**
Components of other comprehensive income	**(148)**	**10**
Revaluation reserve for financial investments available for sale	(29)	30
Actuarial gain / (loss) on defined benefit plans	(88)	-
Foreign currency translation differences	(31)	(20)
Other movements	**(4,883)**	**45,987**
Dividends paid to minority shareholders	**(4,846)**	**(2,272)**
Capital increases and other movements	**(37)**	**48,259**
Non-controlling interests at end of period	**66,582**	**68,261**

In 2012, the capital increase in non-controlling interests was due to the capital increase subscribed by an external partner in Euler Hermes Real Estate up to 40%.

Breakdown by country

(in € thousand)	December 31, 2013	December 31, 2012
Euler Hermes in France	48,131	49,238
Euler Hermes in Germany	11,794	12,565
Euler Hermes in Switzerland	4	14
Euler Hermes in Morocco	4,650	4,718
Euler Hermes in Greece	2,003	1,726
NON CONTROLLING INTERESTS	**66,582**	**68,261**

Note 15 Provisions for risks and charges

(in € thousand)	December 31, 2012	Allowance	Write back (used)	Write back (not used)	Reclassification	Other changes	December 31, 2013
Retirement scheme *(see Note 16 Employee Benefits for more détails)*	**190,851**	**11,951**	**(8,060)**	**(963)**	**1,539**	**(22,748)**	**172,570**
Defined-benefit retirement plans	190,851	11,951	(8,060)	(963)	1,539	(22,748)	172,570
Other provisions for risks and charges	**197,205**	**58,097**	**(44,401)**	**(16,483)**	**(50,770)**	**(5,844)**	**137,804**
Provision for tax liabilities	53,677	-	-	-	(48,019)	(5,658)	-
Provision for tax litigation	258	-	-	-	-	(3)	255
Provision for tax uncertainties	28,379	5,760	-	(6,269)	(82)	1,440	29,228
Provisions for employee benefits	64,460	47,390	(17,968)	(6,365)	306	(1,478)	86,345
Provisions for policyholder disputes	1	-	-	-	(1)	-	-
Provisions for debtor disputes	2,259	-	-	-	(2,259)	-	-
Guarantee of liabilities	8	-	-	-	(8)	-	-
Provision for restructuring	37,630	(537)	(20,941)	(1,051)	(6,396)	(69)	8,636
Provisions for sundry disputes	10,533	5,484	(5,492)	(2,798)	5,689	(76)	13,340
TOTAL PROVISIONS FOR RISKS AND CHARGES	**388,056**	**70,048**	**(52,461)**	**(17,446)**	**(49,231)**	**(28,592)**	**310,374**

Provision for tax liabilities have been reclassified to Corporation tax payables.

Note 16 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 favor 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, 2013, Euler Hermes recognized expenses for defined contribution plans of €9.4 million (2012 : €7.3 million). Additionally, the Group paid contributions for state pension schemes of €27.1 million in 2013 (2012 : €26.9 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 the Company to beneficiaries or their surviving spouse (reversion) until their death. The plan is managed by BCAC, which informs the Company 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 Board of Management and/or corporate officers of Euler Hermes and Euler Hermes France. The contributions are paid by CARDIF to the beneficiaries or their surviving spouse (reversion) until their death.
- Euler Hermes Europe SA (Italian 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 Company 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 Europe SA (Italian Branch) and are not identified separately.
- Euler Hermes Europe SA (UK Branch): Euler Hermes in the UK 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 AG, Euler Hermes Forderungsmanagement Deutschland GmbH 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.
- Euler Hermes Europe SA (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 multiply 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 Europe SA (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 Europe SA (Swedish 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 Europe SA (Norwegian 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.

	France & Greece								Scandinavia		
12/31/2013 (in € thousand)	**Retirement indemnities**	**PSAD**	**Cardif**	**Italy**	**United Kingdom**	**Germany**	**Belgium**	**Nether-lands**	**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**

	France & Greece								Scandinavia		
12/31/2013 (in € thousand)	**Retirement indemnities**	**PSAD**	**Cardif**	**Italy**	**United Kingdom**	**Germany**	**Belgium**	**Nether-lands**	**FTP**	**VITAL**	**Total**
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)**
▪ 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 or 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 statistic of the more significant company.
(3) The retirement age has been taken as 62 years for women and 66 years for men.

	France & Greece								Scandinavia		
12/31/2012 (in € thousand)	**Retirement indemnities**	**PSAD**	**CARDIF**	**Italy**	**United Kingdom**	**Germany**	**Belgium**	**Nederlands**	**FTP**	**VITAL**	**Total**
Actuarial obligation - total - Opening	**(6,787)**	**(3,601)**	**(2,520)**	**(5,692)**	**(157,887)**	**(408,917)**	**(21,679)**	**(7,844)**	**(5,070)**	**(1,700)**	**(621,697)**
▪ Current period service cost	(390)	-	-	-	(2,491)	(7,717)	(716)	(476)	(103)	(150)	(12,043)
▪ Interest on obligation	(287)	(161)	(133)	-	(7,836)	(19,077)	(1,009)	(381)	-	(38)	(28,922)
▪ Employee contributions	-	-	-	(707)	-	(2,825)	(66)	(176)	-	-	(3,774)
▪ Plan amendment	-	-	-	-	-	-	-	-	-	-	-
▪ Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
▪ Plan curtailments	-	-	-	-	-	-	-	869	-	-	869
▪ Plan settlements	-	-	-	-	-	-	-	(70)	-	-	(70)
▪ Actuarial gains (losses) due to a change in assumptions	(1,095)	(292)	(462)	-	(3,837)	(124,900)	438	(3,339)	(341)	(122)	(133,950)
▪ Actuarial gains (losses) due to a change in experience	385	5	(14)	-	-	22,589	(18)	101	(101)	-	22,947
▪ Benefits paid	265	394	161	257	-	11,864	1,362	5	133	-	14,441
▪ Currency translation difference	-	-	-	-	-	-	-	-	-	-	-
▪ Other (please insert comment)	-	-	(365)	-	6,206	(4,033)	-	-	(759)	536	9,651
Removal of the discretionary clause	-	-	-	-	-	391	-	-	-	-	391
Actuarial obligation - total - Closing	**(7,909)**	**(3,655)**	**(3,333)**	**(6,142)**	**(165,845)**	**(524,559)**	**(21,688)**	**(11,311)**	**(6,241)**	**(1,474)**	**(752,157)**
Fair value of plan assets - total - Opening	**3,448**	**-**	**2,540**	**-**	**147,894**	**322,499**	**17,055**	**6,067**	**3,712**	**656**	**503,871**
▪ Interest income on plan assets	116	-	112	-	7,787	14,770	590	34	137	41	23,587
▪ Actuarial gains (losses) due to a change in experience	-	-	-	-	-	16,643	(74)	2,097	-	-	18,666
▪ Employee contributions	-	-	-	-	-	2,825	1,298	426	223	126	4,898
▪ Employer contributions	808	-	-	-	21,813	6,756	66	232	-	-	29,675
▪ Acquisitions /disposals of subsidiaries	-	-	-	-	-	173	-	-	-	-	173
▪ Plan curtailments	-	-	498	-	7,667	-	-	-	-	-	8,165
▪ Plan settlements	-	-	-	-	-	-	-	-	-	-	-
▪ Benefits paid	(97)	-	(161)	-	-	(7,601)	(1,344)	(5)	(133)	-	(9,341)
▪ Currency translation difference	-	-	-	-	-	-	-	-	-	-	-
▪ Other	(168)	-	345	-	(12,037)	(272)	114	13	1,194	65	(10,746)
Fair value of plan assets - total - Closing	**4,107**	**-**	**3,334**	**-**	**173,124**	**355,793**	**17,705**	**8,864**	**5,133**	**888**	**568,948**
Net commitments <0	**(3,802)**	**(3,655)**	**-**	**(6,142)**	**-**	**(168,766)**	**(3,983)**	**(2,447)**	**(1,108)**	**(586)**	**(190,490)**
Net commitments >0	**-**	**-**	**1**	**-**	**7,279**	**-**	**-**	**-**	**-**	**-**	**7,280**

12/31/2012 (in € thousand)	France & Greece Retirement indemnities	France & Greece PSAD	France & Greece CARDIF	Italy	United Kingdom	Germany	Belgium	Nederlands	Scandinavia FTP	Scandinavia VITAL	Total
Actuarial Gain / Loss – cumulative amount in Other Comprehensive income											
▪ Actuarial Gain / Loss – gross – Opening value	(924)	345	-	(289)	(36,646)	(51,114)	(1,911)	(2,244)	333	176	(92,274)
▪ Actuarial Gain / Loss – gross – Movement	(715)	(345)	-	-	(10,011)	(81,360)	-	(256)	-	-	(92,687)
Actuarial Gain / Loss – gross – Closing value	**(1,639)**	**-**	**-**	**(289)**	**(46,657)**	**(132,474)**	**(1,911)**	**(2,500)**	**333**	**176**	**(184,961)**
▪ Actuarial Gain / Loss – Tax effect - Closing value	533	-	-	79	11,671	41,348	607	625	(88)	(46)	54,729
Actuarial Gain / Loss – Net of Tax - Closing value	**(1,106)**	**-**	**-**	**(210)**	**(34,986)**	**(91,126)**	**(1,304)**	**(1,875)**	**245**	**130**	**(130,232)**
Expenses for the period	**(561)**	**(161)**	**477**	**-**	**1,290**	**(11,239)**	**(1,135)**	**(823)**	**(244)**	**(183)**	**(12,580)**
▪ Current period service cost	(390)	-	-	-	(2,491)	(7,717)	(716)	(476)	(103)	(150)	(12,043)
▪ Finance cost (effect of undiscounting)	(287)	(161)	(133)	-	(7,836)	(19,077)	(1,009)	(381)	-	(38)	(28,922)
▪ Interest income on plan assets	116	-	112	-	7,787	14,770	590	34	137	41	23,587
▪ Profit / loss on curtailment / settlement	-	-	498	-	7,667	-	-	-	-	-	8,165
▪ Asset ceiling limitation	-	-	-	-	-	-	-	-	-	-	-
▪ Other	-	-	-	-	(3,837)	785	-	-	(278)	(36)	(3,366)
Actuarial assumptions											
▪ Discounting rates used	3.00%	3.50%	3.50%	3.50%	4.70%	3.50%	3.50%	3.50%	3.50%	3.30%	
▪ Inflation rate used	2.00%	2.00%	2.00%	2.00%	3.05%	1.50%	2.50%	-	2.00%	2.00%	
▪ Expected rate of salary increase	2.40%	-	-	2.00%	4.15%	1.50%	3.20%	3.50%	3.00%	-	
▪ Expected rate of increase of medical costs	-	-	-	-	-	-	-	-	-	-	
▪ Rate of increase of benefit used by plan	-	-	-	-	-	-	-	0.50%	-	-	
▪ Plan retirement age	60	-	60	62 and 66 (3)	65	63	60	65	65	67	
▪ Plan residual service period	10	-	5	-	24.4	15	-	15.8	-	16.94	
▪ Other significant actuarial assumption used (1)	-	60%	-	-	-	-	-	-	-	-	
Structure of plan assets (2)											
▪ Shares	-	-	-	-	39.30%	*Cf template below*	-	*Cf template below*	11.10%	10.40%	
▪ Bonds	-	-	100.00%	-	31.20%		-		81.40%	70.30%	
▪ Real estate	100.00%	-	-	-	-		-		-	-	
▪ Other instruments	-	-	-	-	29.50%		-		7.50%	19.30%	

(1) The 60% on the PSAD plan corresponds to the reversion rate.
(2) Structure of hedging assets by entity.
(3) The retirement age has been taken as 62 years for women and 66 years for men.

	Germany Euler Hermes Rating Gmbh	Germany Forderungsmanagement Gmbh	Germany Euler Hermes Kreditversicherungs AG	Netherlands NV Interpolis Kredietverzekeringen	Netherlands Euler Hermes Kredietverzekering NV
Shares	1.42%	3.79%	3.91%	13.50%	-
Bonds	97.43%	93.15%	92.93%	79.50%	-
Real estate	0.86%	2.13%	2.20%	7.00%	-
Other instruments	0.29%	0.93%	0.96%	-	100.00%

Sensitivity of actuarial assumptions

As far as the Germany scope is concerned, an increase in the discount rate of 5% would lead to a decrease of €14 million of the Defined Benefit Obligation. A decrease of 5% would lead to an increase of €16 million. An increase in the salary of 5% would lead to an increase of €1.488 million of the Defined Benefit Obligation. A decrease of 5% wouldn't change it significantly.

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 Euler Hermes group:

(in € thousand)	Pension Benefits
2013	12,355
2014	12,586
2015	13,649
2016	14,607
2017	15,444
2018	16,373
2019-2023	95,336

Note 17 Borrowings

Breakdown by type

(in € thousand)	December 31, 2013	December 31, 2012
Subordinated debt	**-**	**-**
Term loans and other term borrowings	261,384	251,506
Demand accounts	-	-
Borrowings from banking sector businesses	**261,384**	**251,506**
Other borrowings	351	138,230
TOTAL BORROWINGS	**261,735**	**389,736**

Borrowings from banking sector businesses 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);
- a loan 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 2013, this line has been drawn down to €10 million;
- accrued interest for €1.39 million.

At the end of December 2012, other borrowings mainly corresponded to a loan contracted with Allianz Belgium:

- 2010 Loan of €135 million, redemption on June 24, 2020, with fixed annual interest rate of 4.04%;
- accrued interest for €2.9 million;
- a cash pooling with Allianz group for €0.3 million.

The loan contracted with Alllianz Belgium was reimbursed by anticipation on November 14, 2013.

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 & Poors'.

Breakdown by maturity

(in € thousand)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total borrowings	-	1,735	250,000	10,000	261,735

Breakdown by maturity for interests to be paid

(in € million)	2013 (1)	2014	2015
Borrowing 2010 of €125 million maturity 06/18/2015, annual fixed rate to 1,885%	2.36	2.36	1.18
Borrowing 2010 of €125 million maturity 06/18/2015, annual fixed rate to 1,885%	2.36	2.36	1.18
TOTAL FUTURE INTEREST EXPENSES WITH OTHERS THAN ALLIANZ GROUP	**4.71**	**4.71**	**2.36**

(1) The annual interest on loans amounts to €2.36 million.

(in € million)	2013	2014 à 2022 (1)	2023
Borrowing 2013 of €32 million maturity 22/10/2023,3 months Euribor rate to +1.55% (2)	0.03	1.42	0.15
TOTAL FUTURE INTEREST EXPENSES WITH OTHERS THAN ALLIANZ GROUP	**0.03**	**1.42**	**0.15**

(1) This interest is accumulated over 8 years; the annual interest on loans amounts to €0.02 million.
(2) The borrowing of €32 million maturity October 2023 has been used for €10 million.

Note 18 Technical reserves

(in € thousand)	December 31, 2012	Allowance net of writebacks	Foreign exchange differences	Changes in consolidation scope	Other changes	December 31, 2013
Reserve for unearned premiums	356,495	13,647	(8,727)	(15,509)	(931)	344,975
Reserve for claims net of forecasts of recoveries	1,403,193	143,006	(15,359)	(16,126)	380	1,515,094
Reserve for no-claims bonuses and rebates	170,958	(1,818)	(169)	(425)	67	168,613
Gross technical reserves	**1,930,646**	**154,835**	**(24,255)**	**(32,060)**	**(484)**	**2,028,682**
Reserve for unearned premiums	69,569	(7,610)	(563)	63	(69)	61,390
Reserve for claims net of forecasts of recoveries	393,219	50,237	(1,894)	9,794	(18,955)	432,401
Reserve for no-claims bonuses and rebates	36,162	(197)	27	6	87	36,085
Reinsurers' share of technical reserves	**498,950**	**42,430**	**(2,430)**	**9,863**	**(18,937)**	**529,876**
NET TECHNICAL RESERVES	**1,431,696**	**112,405**	**(21,825)**	**(41,923)**	**18,453**	**1,498,806**

Claims Reserves

	December 31, 2013			December 31, 2012		
(in € thousand)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	**1,901,802**	**(586,472)**	**1,315,330**	**1,757,031**	**(560,522)**	**1,196,509**
Current period	1,045,698	(300,545)	745,153	1,016,286	(319,301)	696,985
Prior periods	856,104	(285,927)	570,177	740,745	(241,221)	499,524
Recoveries to be received	**(386,708)**	**154,071**	**(232,637)**	**(353,838)**	**167,303**	**(186,535)**
Current period	(171,589)	42,057	(129,532)	(214,763)	128,147	(86,616)
Prior periods	(215,119)	112,014	(103,105)	(139,075)	39,156	(99,919)
CLAIMS RESERVES	**1,515,094**	**(432,401)**	**1,082,693**	**1,403,193**	**(393,219)**	**1,009,974**

Breakdown by type of reserve

	December 31, 2013			December 31, 2012		
(in thousand)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	**344,975**	**(61,390)**	**283,585**	**356,495**	**(69,569)**	**286,926**
Claims reserves	**1,515,094**	**(432,401)**	**1,082,693**	**1,403,193**	**(393,219)**	**1,009,974**
of which, reserves for known claims	1,169,313	(403,847)	765,466	1,125,604	(386,961)	738,643
of which, reserves for late claims	638,108	(170,406)	467,702	536,732	(161,720)	375,012
of which, reserves for claims handling expenses	94,211	(12,220)	81,991	94,902	(11,840)	83,062
of which, other technical reserves	170	1	171	(207)	(1)	(208)
of which, recoveries to be received	(386,708)	154,071	(232,637)	(353,838)	167,303	(186,535)
No-claims bonuses and rebates	**168,613**	**(36,085)**	**132,528**	**170,958**	**(36,162)**	**134,796**
TECHNICAL RESERVES	**2,028,682**	**(529,876)**	**1,498,806**	**1,930,646**	**(498,950)**	**1,431,696**

Note 19 Insurance and reinsurance liabilities

Breakdown by type and by maturity

(in € thousand)	December 31, 2013	December 31, 2012
Policyholders' guarantee deposits and miscellaneous	102,418	90,197
Due to policyholders and agents	89,723	93,712
Liabilities arising from inwards insurance and reinsurance transactions	**192,141**	**183,909**
Due to reinsurers and assignors	51,189	27,708
Deposits received from reinsurers	94,111	120,389
Outwards reinsurance liabilities	**145,300**	**148,097**
TOTAL INSURANCE AND REINSURANCE LIABILITIES	**337,441**	**332,006**

(in € thousand)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL INSURANCE AND REINSURANCE LIABILITIES	**332,046**	**4,950**	-	**445**	**337,441**

Note 20 Other liabilities

(in € thousand)	December 31, 2013	December 31, 2012
Tax and social liabilities	137,462	142,346
Other operating liabilities	117,052	120,456
Deferred income	30,124	27,025
Other accrued expenses	-	-
Other liabilities	147	683
TOTAL OTHER LIABILITIES	**284,785**	**290,510**

(in € thousand)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
TOTAL OTHER LIABILITIES	**270,228**	**7,254**	**468**	**6,835**	**284,785**

Note 21 Breakdown of operating income

	December 31,					
	2013			2012		
(in € thousand)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	2,202,496	(660,909)	1,541,587	2,146,423	(688,525)	1,457,898
Premiums refunded	(109,896)	25,851	(84,045)	(112,044)	27,254	(84,790)
Gross premiums written - credit insurance	2,092,600	(635,059)	1,457,541	2,034,379	(661,271)	1,373,108
Change in unearned premiums	(13,580)	(8,403)	(21,983)	(39,305)	10,527	(28,778)
Earned premiums	**2,079,020**	**(643,462)**	**1,435,558**	**1,995,074**	**(650,744)**	**1,344,330**
Service revenues	407,220	-	407,220	402,822	-	402,822
Turnover	**2,486,240**	**(643,462)**	**1,842,778**	**2,397,896**	**(650,744)**	**1,747,152**
Net investment income	**86,150**	**-**	**86,150**	**109,041**	**-**	**109,041**
Claims paid	(808,548)	268,872	(539,676)	(988,258)	414,900	(573,358)
Claims reserves expenses	(142,998)	49,827	(93,171)	21,728	(63,855)	(42,127)
Claims handling expenses	(94,984)	2,849	(92,135)	(83,257)	3,205	(80,052)
Insurance services expenses	**(1,046,530)**	**321,548**	**(724,982)**	**(1,049,787)**	**354,250**	**(695,537)**
Brokerage commissions	(197,177)	-	(197,177)	(199,635)	-	(199,635)
Other acquisition costs	(236,701)	-	(236,701)	(199,695)	-	(199,695)
Change in acquisition costs capitalized	7,372	-	7,372	8,165	-	8,165
Contract acquisition expenses	**(426,506)**	**-**	**(426,506)**	**(391,165)**	**-**	**(391,165)**
Impairment of portfolio securities and similar	**-**	**-**	**-**	**-**	**-**	**-**
Administration expenses	**(206,065)**	**-**	**(206,065)**	**(239,869)**	**-**	**(239,869)**
Commissions received from reinsurers	**-**	**219,611**	**219,611**	**-**	**253,501**	**253,501**
Other ordinary operating income and expenses	**(359,575)**	**-**	**(359,575)**	**(342,672)**	**-**	**(342,672)**
CURRENT OPERATING INCOME	**533,714**	**(102,303)**	**431,411**	**483,444**	**(42,993)**	**440,451**

Due to the retrospective application of IAS 19 revised, items of the income statement at the end of December 2012 have been modified as follows: administration expenses decreased by €1,565 thousand and other ordinary operating income and expenses by €5,611 thousand, totalising a net impact on current operating profit of €7,176 thousand.

Cost of claims

	December 31,					
	2013			2012		
(in € thousand)	Gross	Reinsurance		Gross	Reinsurance	Net
Cost of claims for the current period	**1,411,931**	**(396,626)**	**1,015,305**	**1,647,053**	**(649,186)**	**997,867**
of which, claims paid	308,498	(91,778)	216,720	588,539	(328,577)	259,962
of which, claims reserves	1,013,708	(300,135)	713,573	964,523	(316,180)	648,343
of which, claims handling expenses	89,725	(4,713)	85,012	93,991	(4,429)	89,562
Recoveries for the current period	**(183,073)**	**43,903**	**(139,170)**	**(324,224)**	**230,721**	**(93,503)**
Recoveries received	(11,244)	1,862	(9,381)	(109,393)	103,724	(5,669)
Change in reserves for recoveries	(171,829)	42,041	(129,788)	(214,831)	126,997	(87,834)
Cost of claims from prior periods	**(194,114)**	**41,450**	**(152,664)**	**(212,311)**	**44,158**	**(168,153)**
of which, claims paid	636,715	(224,317)	412,398	635,116	(221,696)	413,420
of which, claims reserves	(836,088)	263,903	(572,185)	(836,693)	264,630	(572,063)
of which, claims handling expenses	5,259	1,864	7,123	(10,734)	1,224	(9,510)
Recoveries from prior periods	**11,785**	**(10,274)**	**1,512**	**(60,731)**	**20,057**	**(40,674)**
Recoveries received	(125,421)	45,362	(80,059)	(126,004)	31,649	(94,355)
Change in reserves for recoveries	137,206	(55,636)	81,571	65,273	(11,592)	53,681
COST OF CLAIMS	**1,046,530**	**(321,547)**	**724,983**	**1,049,787**	**(354,250)**	**695,537**

Note 22 Net financial income

	December 31,	
(in € thousand)	2013	2012
Revenues from investment property	2,714	902
Revenues from equity & debt securities	63,766	73,404
Available for sale assets through equity	63,749	73,382
Trading assets	-	-
Held to maturity	17	22
Revenues from loans, deposits and other financial investments	21,383	22,688
Other financial income	509	1,757
Investment income	**88,372**	**98,751**
Depreciation of investment property	(1,338)	(296)
Investment management expenses	(6,790)	(11,179)
Interest paid to reinsurers	(262)	(311)
Other financial expenses	-	-
Investment expenses	**(8,390)**	**(11,786)**
Profits (losses) on sales of property	(345)	3,577
Net profits (losses) on sales of securities	13,337	23,174
Available for sale assets through equity	21,380	21,284
Trading assets	-	-
Held to maturity	-	-
On sales of loans to banks and customers	(8,043)	1,890
Profits (losses) on sales of participating interests	-	-
Net gain (loss) on sales of investments less impairment and depreciation write backs	**12,992**	**26,751**
Change in fair value of derivatives	(5,122)	(1,900)
Change in fair value of trading assets	-	-
Change in fair value of investments recognized at fair value through the income statement	**(5,122)**	**(1,900)**
Reserve for impairment of investments	(1,162)	(1,944)
Change in impairment of investments	**(1,162)**	**(1,944)**
Net change in foreign currency	**(540)**	**(831)**
NET FINANCIAL INCOME (EXCLUDING FINANCING EXPENSE)	**86,150**	**109,041**

Note 23 Operating leases

The note below presents the rents from the simple rent agreements for which the entities are committed on the future exercises.

	December 31, 2013				
(in € thousand)	United Kingdom	United States	Northern Europe (1)	Germany	France
Less than 1 year	2,142	2,242	2,255	1,083	18,247
1 to 5 years	7,949	7,856	7,866	1,448	60,090
More than 5 years	2,773	485	-	143	27,007
TOTAL	**12,864**	**10,582**	**10,122**	**2,674**	**105,345**

(1) Include Netherland, 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 1st, 2012 for an annual amount of €10,417 thousand.

Note 24 Other ordinary operating revenues and expenses

	December 31,	
(in € thousand)	2013	2012
Other ordinary operating income	**21,611**	**13,800**
Other ordinary operating expenses	(371,992)	(348,518)
Employee profit sharing and bonuses	(9,194)	(7,953)
Other ordinary operating expenses	**(381,186)**	**(356,471)**
OTHER ORDINARY OPERATING INCOME AND EXPENSES	**(359,575)**	**(342,671)**

The other technical expenses mainly concern expenses related to services activities.

Note 25 Other operating revenues and expenses

	December 31,	
(in € thousand)	2013	2012
Other non-ordinary operating income	59,384	17,193
Other non-ordinary operating expenses	(32,189)	(25,809)
OTHER NON-ORDINARY OPERATING INCOME AND EXPENSES	**27,195**	**(8,616)**

In 2013, the other non-ordinary operating income are mainly due to the gain on the contribution of the assets to the JV Solunion for €36,866 thousand and to the release of used restructuring provision for €22,518 thousand mainly for Excellence project.

The other non-ordinary operating expenses are mainly due to restructuring expenses related to Excellence project for €32,189 thousand.

In 2012, the other non-ordinary expenses were mainly restructuring expenses linked to the Excellence Project and consulting fees for €21,238 thousand; a depreciation of the Euler Hermes Collection North America Company goodwill for €3,345 thousand as well as the capital loss from disposal of the building located 8, rue Euler, 75008 Paris for €486 thousand.

Note 26 Corporation tax

Breakdown of tax charge between current income tax and deferred income tax

The tax charge is split as follows :

(in € thousand)	December 31, 2013
Current income tax	
France	32,945
Other countries	100,351
Subtotal	**133,296**
Deferred income tax	
France	(1,666)
Other countries	5,366
Subtotal	**3,700**
TOTAL CORPORATION TAX AS REPORTED IN THE INCOME STATEMENT	**136,996**

Tax proof

The reconciliation between the theoretical tax charge (pre-tax profit multiplied by the applicable tax rate in France for the period concerned) and the effective tax charge is as follows :

Consolidated income before taxes	**454,077**
Theoretical tax rate	34.43%
Tax at theoretical tax rate	**(156,339)**
Contribution of companies booked at equity	2,668
Impact of differences between group and local tax rates	**33,860**
Local specific taxes	**(4,710)**
Net tax exempt income	1,882
Tax group boni	2,487
Dividends	(9,520)
Corrections and adjustements on prior years periods	(1,817)
Allowance of provision for tax uncertainties	(493)
Other permanent differences	(5,013)
Tax at effective tax rate	**(136,996)**
Effective tax rate	**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 SA;
- permanent differences mainly taxation without basis and unrecognized tax losses;
- reduced rates;
- specific tax positions (mainly adjustments on prior years periods of tax losses).

Note 27 Earnings per share and dividend per share

Earnings per share

	December,31	
	2013	**2012**
Distributable net income (in thousand of euros)	313,729	305,500
Weighted average number of ordinary shares before dilution	44,071,909	43,874,735
Earnings per share (in euros)	**7.12**	**6.96**
Distributable net income (in thousand of euros)	313,729	305,500
Weighted average number of ordinary shares after dilution	44,153,434	43,902,669
Diluted earnings per share (in euros)	**7.11**	**6.96**

The dilution impact takes into account the exercise of options.

The average number of shares resulting from dilution is 81,524 in 2013 (27,934 in 2012).

The Group share of net income is used as the basis for this calculation.

Dividend per share

The Management will propose to the Shareholder's Meeting of May 28, 2014 the payment of a dividend of €4.20 per share concerning the 2013 period.

Note 28 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.

Profit & loss by segment - year-end December 2013

	Twelve months ended December 31, 2013									
(in € thousand)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	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)
Net outwards reinsurance income or expenses	(85,060)	(38,467)	(18,474)	(13,452)	(62,399)	(7,931)	(94,591)	-	218,071	(102,303)
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	(17,345)	(219)	(2,955)	(8,533)	-	-	-	(3,137)	-	(32,189)
Other non ordinary operating income	11,007	25,902	3,141	9,672	17,645	-	-	(334)	(7,649)	59,384
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

Profit & loss by segment - year-end December 2012

(in € thousand)	Twelve months ended December 31, 2012									
	Germany, Austria, Switzerland	**France**	**Northern Europe**	**Mediterranean countries, Middle East & Africa**	**Americas**	**Asia Pacific**	**Group reinsurance**	**Group services**	**Inter-segment eliminations**	**Group**
Premiums written	659,744	373,452	478,189	265,109	244,205	68,725	1,350,067	-	(1,293,067)	2,146,423
Premiums refunded	(52,456)	(32,092)	(19,583)	(73)	(4,008)	(1,618)	(79,258)	-	77,042	(112,044)
Change in unearned premiums	(4,964)	(1,289)	(8,686)	(7,055)	(10,720)	(3,291)	1,390	-	(4,689)	(39,305)
Earned premiums - non-Group	**602,324**	**340,071**	**449,920**	**257,981**	**229,477**	**63,816**	**1,272,199**	**-**	**(1,220,714)**	**1,995,074**
Services revenues - non-Group	174,627	73,608	74,646	63,015	36,514	15,889	-	37,692	(73,169)	402,822
Turnover - intra-sectoral	**776,951**	**413,679**	**524,566**	**320,996**	**265,991**	**79,705**	**1,272,199**	**37,692**	**(1,293,883)**	**2,397,896**
Investment income	36,355	27,211	11,368	6,042	10,709	(680)	24,201	228,496	(234,661)	109,041
Of which, dividends	*(1,202)*	*(1,319)*	*(110)*	-	-	-	*(1,540)*	*(228,653)*	*232,823*	-
Total ordinary income	**813,306**	**440,890**	**535,934**	**327,038**	**276,700**	**79,025**	**1,296,400**	**266,188**	**(1,528,544)**	**2,506,937**
Insurance services expenses	(387,447)	(158,085)	(241,647)	(136,597)	(61,860)	(44,823)	(655,526)	(8,708)	644,904	(1,049,787)
Outwards reinsurance income	403,587	195,591	271,377	152,568	107,563	51,667	474,996	-	(1,049,598)	607,751
Outwards reinsurance expenses	(390,469)	(224,609)	(317,286)	(188,970)	(167,219)	(46,418)	(536,486)	-	1,220,713	(650,744)
Net outwards reinsurance income or expenses	13,118	(29,018)	(45,909)	(36,402)	(59,656)	5,249	(61,490)	-	171,115	(42,993)
Other income and expenses	(302,752)	(162,433)	(205,612)	(127,351)	(107,241)	(44,553)	(428,854)	(72,771)	477,861	(973,706)
Total other income and expenses	(677,081)	(349,536)	(493,168)	(300,350)	(228,757)	(84,127)	(1,145,870)	(81,479)	1,293,880	(2,066,486)
Current operating income	**136,225**	**91,354**	**42,766**	**26,688**	**47,943**	**(5,102)**	**150,530**	**184,709**	**(234,664)**	**440,451**
Other non ordinary operating expenses	(15,988)	(1,226)	(3,262)	(294)	(3,345)	-	-	(1,694)	-	(25,809)
Other non ordinary operating income	15,670	927	2,055	(1,459)	-	-	-	-	-	17,193
Operating income	**135,907**	**91,055**	**41,559**	**24,935**	**44,598**	**(5,102)**	**150,530**	**183,015**	**(234,664)**	**431,835**
Financing expenses	(237)	(277)	(470)	(402)	(39)	(7)	(680)	(16,024)	4,538	(13,598)
Share of income from companies accounted by the equity method	9,390	4,648	-	-	-	-	-	-	-	14,038
Corporation tax	(42,809)	(36,940)	(8,520)	(8,658)	(16,559)	1,011	(28,961)	18,949	(26)	(122,513)
Consolidated net income	**102,251**	**58,486**	**32,569**	**15,875**	**28,000**	**(4,098)**	**120,889**	**185,940**	**(230,152)**	**309,762**
NET INCOME, GROUP SHARE	**98,981**	**58,271**	**32,569**	**15,098**	**28,000**	**(4,098)**	**120,889**	**185,940**	**(230,152)**	**305,500**
Non controlling interests	3,270	215	-	777	-	-	-	-	-	4,262

Depreciation, amortization and provisions by segment

(in € thousand)	Twelve months ended December 31, 2013									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(112)	(1,722)	(1,016)	-	21	12	(261)	(4,543)	-	**(7,621)**

(in € thousand)	Twelve months ended December 31, 2012									
	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	280	(3,048)	(32)	(654)	46	26	12	(769)	-	**(4,139)**

Balance sheet by segment - year-end December 2013

(in € thousand)	December 31, 2013									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	62,768	5,936	27,649	3,136	-	-	-	99,489
Other intangible assets	48,026	18,508	7,072	7,148	1,266	2,616	553	5,823	(2,027)	88,985
Investments - insurance businesses	536,952	758,372	191,498	44,564	76,364	35,516	843,021	1,702,303	(438,682)	3,749,908
Investments accounted for by the equity method	73,565	48,634	-	-	-	-	-	71,654	-	193,853
Share of assignees and reinsurers in the technical reserves and financial liabilities	259,706	128,875	254,405	207,027	80,616	52,324	279,756	110	(732,943)	529,876
Insurance and reinsurance receivables	57,355	73,957	187,846	56,818	69,758	31,844	319,397	(47)	(161,573)	635,355
Other assets	308,935	117,251	244,785	251,632	65,655	(34,777)	59,717	134,884	(382,892)	765,190
TOTAL ASSETS	**1,284,539**	**1,145,597**	**948,374**	**573,125**	**321,308**	**90,659**	**1,502,444**	**1,914,727**	**(1,718,117)**	**6,062,656**
Technical reserves	534,460	253,066	487,084	323,877	214,034	94,306	857,844	48	(736,037)	2,028,682
Liabilities related to inward insurance and reinsurance transactions	19,933	70,402	50,513	33,293	5,820	10,001	77,669	1,043	(76,533)	192,141
Liabilities related to outward reinsurance transactions	36,668	4,269	48,815	33,345	18,737	891	107,782	43	(105,250)	145,300
Other liabilities	425,696	251,632	272,950	154,292	34,162	13,172	62,200	659,499	(705,522)	1,168,081
TOTAL LIABILITIES	**1,016,757**	**579,369**	**859,362**	**544,807**	**272,753**	**118,370**	**1,105,495**	**660,633**	**(1,623,342)**	**3,534,204**

Balance sheet by segment - year-end December 2012

	December 31, 2012									
(in € thousand)	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	64,360	7,803	28,898	3,288	-	(2)	-	104,347
Other intangible assets	38,141	15,991	8,596	6,840	1,648	1,072	919	7,028	(3,669)	76,566
Investments - insurance businesses	622,449	831,376	188,533	49,215	84,557	36,060	740,944	1,722,514	(444,945)	3,830,703
Investments accounted for by the equity method	76,001	39,500	-	-	-	-	17,564	(1)	(17,564)	115,500
Share of assignees and reinsurers in the technical reserves and financial liabilities	225,261	131,553	252,847	194,339	96,734	50,814	241,249	110	(693,957)	498,950
Insurance and reinsurance receivables	58,751	70,307	234,324	71,454	72,982	17,801	285,725	(39)	(208,351)	602,954
Other assets	343,097	151,192	234,814	257,106	80,547	(31,729)	58,225	126,534	(371,725)	848,061
TOTAL ASSETS	**1,363,700**	**1,239,918**	**983,474**	**586,757**	**365,366**	**77,306**	**1,344,627**	**1,856,144**	**(1,740,209)**	**6,077,081**
Technical reserves	507,113	270,543	476,228	345,946	236,501	71,384	722,857	48	(699,974)	1,930,646
Liabilities related to inward insurance and reinsurance transactions	11,319	66,927	53,271	23,426	7,172	3,361	82,665	1,772	(66,004)	183,909
Liabilities related to outward reinsurance transactions	25,276	7,882	70,362	36,626	21,795	450	131,123	-	(145,417)	148,097
Other liabilities	508,645	267,889	283,216	156,437	44,512	9,154	36,374	637,500	(542,800)	1,400,927
TOTAL LIABILITIES	**1,052,353**	**613,241**	**883,077**	**562,435**	**309,980**	**84,349**	**973,019**	**639,320**	**(1,454,195)**	**3,663,579**

Note 29 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	1,161,362	2.56%
Sub-total	**31,905,410**	**70.37%**
Public (bearer securities)	13,436,767	29.63%
TOTAL	**45,342,177**	**100.00%**

Transactions

(in € thousand)	December 31, 2013 Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	December 31, 2012 Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating income	52,156	-	-	77,327	49,353	-	-	28,474
Insurance services expenses	(2,371)	-	-	(84,840)	(32,834)	-	-	(13,587)
Net income or expense on reinsurance	(33,285)	-	-	3,603	(23,144)	-	-	(64)
Financing expenses	-	(4,818)	-	-	-	(5,545)	-	-
Other financial net incomes	(13,440)	-	-	(27,710)	(9,269)	-	-	(9,327)

Due to the early repayment of the borrowing contracted in 2010 with Allianz Belgium in November 2013, a realized loss of €12.9 million has been recorded at Euler Hermes SA.

Receivables and liabilities

(in € thousand)	December 31, 2013 Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	December 31, 2012 Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Financial Investments (Allianz SE bond)	-	-	-	-	160,000	-	-	-
Current accounts (accrued interests included)	37,125	-	-	4	33,930	-	-	3
Net operating receivables	2,672	-	-	857	841	-	-	669
Borrowings (accrued interests included)	-	-	-	-	-	137,879	-	-
Operating liabilities	(8,179)	-	-	2,639	(6,552)	-	(218)	355

The corporate bonds Allianz SE 14-month for €160 million has reached his maturity in November 2013.

Borrowing contracted in 2010 with Allianz Belgium for €135 million with maturity planned for 2020 has been reimbursed by anticipation in 2013.

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 the key management personnel of 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.

Board of Management members

	Year ended December 31,	
(in € thousand)	2013	2012
Salaries and other short term benefits for the year	5,365	5,111
Capital gain from SAR/RSU exercise	-	-
Benefits in kind	370	374
Other indemnities	255	1,669
TOTAL	**5,991**	**7,154**
Share-based attribution (number)	19,377	23,811
▪ Euler Hermes RSU	12,171	15,112
▪ Allianz RSU	7,206	8,699

Details related to the stock options plans are mentioned in Note 30.

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, Paul Overeem, Dirk Oevermann and Frédéric Bizière are eligible for a supplementary defined-contribution pension plan managed by AG2R/ARIAL Assurances.

Paul Overeem is eligible for a 401k 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

	Year ended December 31,	
(in € thousand)	2013	2012
Compensation paid to Supervisory Board members	185	180

Note 30 Stock option plans

Euler Hermes stock option plans

Characteristics of the stock option plans

Euler Hermes uses the "Cox-Ross-Rubinstein" model to measure the personnel expense related to options granted.

The assumptions used were as follows:

	Subscription plan	Purchase plans	
	June 2005	**September 2006**	**June 2008**
Fair value of options allocated	13.10	22.29	6.83
Characteristics			
Date of EGM	04/23/2003	05/22/2006	05/22/2006
Period of validity of options	8 years	8 years	8 years
Rights vesting period	2 years	2 years	2 years
Assumptions			
Risk-free interest rate	3.01%	4.01%	4.72%
Expected volatility (1)	25%	25%	33%
Rate of return on shares	3.98%	3.74%	10.51%

(1) Expected volatility is calculated using historical market prices.

Sundry restrictions

Subscription plans adopted by the EGM of April 23, 2003

The beneficiaries must have six months of service with the Company on the allocation date. They may be on permanent or fixed-term contracts. The shares obtained by the exercise of the options are registered in the shareholder's name. They can be transferred freely after an initial period of four years as from the allocation date. This period of unavailability does not apply in certain cases such as loss of employment, retirement, incapacity or death of the beneficiary.

Purchase plans adopted by the EGM of April 23, 2003

The beneficiaries of the scheme are all the employees and corporate officers of Euler Hermes SA and its subsidiaries, with permanent or fixed-term employment contracts and at least six months length of service on the options allocation date. The shares purchased are transferable either immediately or after a period of four years from the date of the offer (except in the case of event of loss of employment, retirement, incapacity or death), depending on the country.

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 SA 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, 2013, the following options are potentially exercisable:

	Subscription plans (1)	Purchase plans (2)	
Allocation date	**June 2005**	**September 2006**	**June 2008**
Number of options outstanding	-	116,537	47,456
End of subscription period	June 2013	September 2014	June 2016
Exercise price of valid options at end of period	63.08	91.82	55.67

(1) These subscriptions plans are intended for members of the management bodies of Euler Hermes and its subsidiaries.

(2) The EGM of May 22, 2006 authorised the allocation of share purchase and/or subscription options to all Euler Hermes group employees and possibly to its corporate officers. The options granted in September 2006 were purchase options only. The Board of Management 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, 2012 may be summarised as follows:

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	-	-			
Fiscal Year	64.34	229,632	64.34		
Cancellation	69.36	24,125			
End of period	**81.36**	**163,993**		**1.19**	**55,67-91,82**

Year ended December 31, 2012

	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	**67.90**	**480,383**			
Allocation	-	-			
Fiscal Year	45.21	57,350	45.21		
Cancellation	44.41	5,283			
End of period	**71.31**	**417,750**		**1.80**	**44,41-91,82**

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. In 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					
(in € thousand)	**May 17, 2006**	**March 8, 2007**	**March 6, 2008**	**March 12, 2009**	**March 11, 2010**	**Total**
Fair value at 31 December 2013 (in euros)	**-**	**0.01**	**15.04**	**77.93**	**43.05**	
Total commitment	**-**	**-**	**371**	**916**	**1,312**	**2,599**
Opening commitment	**-**	**2**	**134**	**778**	**450**	**1,364**
Charge recognized during the period	-	(2)	237	412	805	**1,452**
Exercise of options	-	-	-	(274)	-	**(274)**
Closing commitment	**-**	**-**	**371**	**916**	**1,255**	**2,542**

	RSU plans						
(in € thousand)	**March 6, 2008**	**March 12, 2009**	**March 11, 2010**	**March 10, 2011**	**March 8, 2012**	**March 7, 2013**	**Total**
Fair value at 31 December 2013 (in euros)	**-**	**130.35**	**125.05**	**125.05**	**119.57**	**113.94**	
Total commitment	**-**	**1,001**	**1,892**	**2,711**	**3,278**	**2,340**	**11,222**
Opening commitment	**1,205**	**566**	**874**	**1,120**	**869**	**-**	**4,634**
Charge recognized during the period	49	390	593	885	889	809	**3,615**
Exercise of options	(1,254)	-	-	-	-	-	**(1,254)**
Closing commitment	**-**	**956**	**1,467**	**2,005**	**1,758**	**809**	**6,995**

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, 2013

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 recognized 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, 2013, the liability relating to the SAR and RSU still to be exercised amounted to €9, 536 thousand.

Information on plans currently in effect

	Year ended December 31, 2013												
	SAR							RSU					
Allocation date	Rights vesting period (years)	Reference price (€)	SAR at the opening	SAR granted	SAR cancelled	SAR exercised	SAR transfered	Rights vesting period (years)	RSU at the opening	RSU granted	RSU cancelled	RSU exercised	RSU transfered
05/17/06	2	132.41	29,046	-	(29,046)	-	-	-	-	-	-	-	-
03/08/07	2	160.13	25,038	-	-	-	-	-	-	-	-	-	-
03/06/08	2	117.38	24,700	-	-	-	-	5	11,983	-	-	(11,983)	-
03/12/09	4	51.95	15,634	-	-	(3,884)	-	5	7,679	-	-	-	-
03/11/10	4	87.36	30,481	-	-	-	-	5	15,131	-	-	-	-
03/10/11	-	-	-	-	-	-	-	4	21,678	-	-	-	-
03/08/12	-	-	-	-	-	-	-	4	27,415	-	-	-	-
03/07/13	-	-	-	-	-	-	-	4	-	20,534	-	-	-

Euler Hermes group Long-Term Incentive plans

In 2011, a first Euler Hermes group Long-Term Incentive (LTI) plan was implemented, a second one in March 2012 and a third in March 2013. The beneficiaries of the scheme are employees and members of the "Board of Management" of Euler Hermes (under Allianz classification L0, L1 and L2). 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 Euler Hermes' 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 EH RSU plan

	EH RSU plans			
(in € thousand)	March 1, 2011	March 1, 2012	March 1, 2013	Total
Fair value at December 31, 2013	**97.98**	**97.98**	**97.98**	
Total commitment (w/o social contributions)	**5,028**	**7,564**	**5,995**	**18,587**
Opening commitment	**2,027**	**1,885**	**-**	**3,912**
Charge recognized during the period	1,819	2,358	2,274	6,451
Exercise of options	-	-	-	-
CLOSING COMMITMENT	**3,846**	**4,243**	**2,274**	**10,363**

The EH LTI is granted in the form of RSU (Restricted Stock Units) of Euler Hermes with a four-year vesting period at the allocation date.

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 Stock over the ten trading days following the Euler Hermes financial press conference prior to and including the allocation date.

The number of RSU granted to the participants equals the EH LTI allocation value divided by the fair value at allocation of a single RSU.

The first EH RSUs were granted as of March 1, 2011, the second as of March 1, 2012 and the third as of March 1, 2013.

After the Vesting Date of the EH RSU (March 2015 for the first EH RSU granted, 2016 for the second plan and 2017 for the third plan), each participant will receive from the Company for each EH RSU, as elected by the Company, either

- one Euler Hermes share ("Share Settlement"); or
- a cash payment in the amount of the average market value of the Euler Hermes 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, 2013					
	EH RSU					
Allocation date	**Rights vesting period (in years)**	**RSU at the opening**	**RSU granted**	**RSU cancelled**	**RSU exercised**	**RSU transfered**
03/01/2011	4	52,632	-	(1,313)	-	-
03/01/2012	4	77,936	-	(742)	-	-
03/01/2013	4	-	61,185	-	-	-

The attribution to the Board of Management is as follows:

- RSU Allianz 7,206
- RSU Euler Hermes 12,171

The RSU fair value impact amounting to €4,848 thousand was reallocated to financing expense.

Note 31 Other information

Group Employees (Contracted headcount)

The breakdown of Group employees is as follows:

	December 31, 2013	December 31, 2012
Germany, Austria & Switzerland	1,847	1,912
France	916	939
Northern Europe	1,365	1,329
Mediterranean countries, Middle East & Africa	493	581
Americas	486	478
Asia Pacific	254	218
Captive of reinsurance	12	11
Service Group	767	809
TOTAL EULER HERMES GROUP	**6,140**	**6,277**

The staff numbers shown correspond to the contracted headcount. Employees of proportionately consolidated companies (NV Interpolis Kreditverzekeringen) are included according to their percentage of consolidation. Employees of equity associates are not included.

Personnel Expenses

	December 31, 2013	December 31, 2012
Staff expenses	(503,195)	(498,140)
Employee profit-sharing and bonuses	(9,194)	(7,953)
TOTAL PERSONNEL EXPENSES	**(512,389)**	**(506,093)**

Staff costs totalled €512.4 million for the year ended December 31, 2013 against €506.1 million in 2012.

Remuneration due to Board of Management members for the year 2013 came to €5.991 thousand (2012 : €7.154 thousand).

Note 32 Commitments given and received

(in € thousand)	December 31, 2013	December 31, 2012
Commitments received	**6,870**	**8,825**
Deposits, sureties and other guarantees	6,870	8,825
Commitments given	**51,737**	**102,810**
Deposits, sureties and other guarantees	51,737	102,810
Commitments to Citibank	*-*	*50,000*
Commitments to Société Générale	*36,286*	*37,925*
Commitments to InvestionsBank Landes Brandeburg	*1,857*	*1,857*
Commitments associated with membership of an EIG	*42*	*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 SA Nederland.

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

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

Note 33 Auditors' fees

(in € thousand)	KPMG AUDIT FS II				ACE			
	Amount		%		Amount		%	
	2013	2012	2013	2012	2013	2012	2013	2012
Audit								
▪ Statutory audit and report on company and consolidated financial statements								
Issuer	354	354	9%	10%	189	186	43%	44%
Fully-consolidated subsidiaries	2,827	2,888	76%	80%	230	212	52%	51%
▪ Other services directly related to appointment as Statutory Auditor								
Issuer	139	87	4%	2%	22	19	5%	5%
Fully-consolidated subsidiaries	311	125	8%	3%				
Sub total	**3,631**	**3,454**	**97%**	**95%**	**441**	**417**	**100%**	**100%**
Other services provided to fully-consolidated subsidiaries								
▪ Legal, tax and social	32	69	1%	2%				
▪ IT		13		0%				
▪ Strategy	5	27	0%	1%				
▪ Human resources								
▪ Other	66	55	2%	2%				
Sub total	**103**	**163**	**3%**	**5%**				
TOTAL	**3,734**	**3,618**	**100%**	**100%**	**441**	**417**	**100%**	**100%**

Note 34 Subsequent events

No subsequent events occurred since December 31, 2013 closing which would impact the assumptions of the annual closing.

Note 35 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 2013

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2013, on:

- the audit of the accompanying consolidated financial statements of Euler Hermes SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the 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 2013 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.

Without qualifying our opinion, we draw your attention to the matter set out in Note 2.2 to the consolidated financial statements which describes the change in accounting policy regarding the application of the revised IAS 19 standard.

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 2.7 and 2.23 of Note 2 "IFRS accounting and valuation rules" and Note 18 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 2.14 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 2.7 and 2.11 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, on April 28, 2014

KPMG AUDIT FS II
French original signed by
Xavier Dupuy
Partner

ACE – Auditeurs et Conseils d'Entreprise
French original signed by
François Shoukry
Partner

6 Parent company financial statements

6.1 Balance sheet as at December 31, 2013

Assets

(in € thousand)	Note	Gross	Amort. & Depr.	Net 12/31/2013	Net 12/31/2012
Intangible assets	3.1	8,949	8,948	1	102
Property, plant and equipment	3.1	296	267	29	38
Financial assets					
■ Shares in associated enterprises	3.2	1,701,361	10,000	1,691,361	1,687,061
■ Other financial assets	3.3	72,180		72,180	66,784
Fixed assets		**1,782,786**	**19,215**	**1,763,571**	**1,753,985**
Receivables	3.4	53,050		53,050	76,548
Cash and cash equivalents	3.5	84,448		84,448	39,784
Current assets		**137,498**		**137,498**	**116,332**
Translation differences		**0**		**0**	**0**
TOTAL ASSETS		**1,920,284**	**19,215**	**1,901,069**	**1,870,317**
Off-balance sheet commitments received				*0*	*0*

Liabilities

(in € thousand)	Note	12/31/2013	12/31/2012
Share capital	3.6.1	14,509	14,468
Additional paid-in capital		465,008	456,883
Reserves			
■ legal reserve		1,447	1,445
■ general reserve		77,474	77,474
■ reserve for treasury shares		66,782	86,337
■ other reserves		199,607	180,052
Retained earnings		273,667	253,498
Income of the year		194,339	196,190
Regulated provisions		186	136
Shareholders' equity	3.6.2	**1,293,019**	**1,266,483**
Provisions	3.7	**335**	**385**
Loans and other borrowings	3.8	582,337	561,321
Trade payables and related accounts	3.9	4,563	3,642
Social security, tax and other liabilities	3.10	20,815	38,486
Liabilities		**607,715**	**603,449**
Translation differences		**0**	**0**
TOTAL LIABILITIES		**1,901,069**	**1,870,317**
Off-balance sheet commitments given	5.3	*74,523*	*125,981*

6.2 Income statement

(in € thousand)	Note	2013	2012
Financial and operating income			
Revenues from shares in associated enterprises	4.1	246,268	231,600
Other financial income	4.2	353	668
Write backs of provisions for impairment of treasury shares	3.3	0	15,592
Net income from sale of marketable securities		82	136
Various services	4.3	257	3,694
Total I		**246,960**	**251,690**
Financial and operating expenses			
External charges	4.4	36,844	40,500
Taxes, duties and similar payments	4.5	2,110	1,043
Payroll and social security contributions	4.6	6,991	9,152
Other ordinary management expenses	5.2	475	465
Depreciation and amortization of assets	3.1.2	102	523
Other financial expenses	4.7	25,396	17,115
Total II		**71,918**	**68,798**
Ordinary income (I - II)		**175,042**	**182,892**
Exceptional income			
Disposals of property, plant and equipment		16	0
Other exceptional income	4.8	2,344	1,007
Write backs of provisions	3.7	59	2
Total III		**2,419**	**1,009**
Exceptional expenses			
Carrying value of property, plant and equipment disposed of		20	0
Other exceptional expenses	4.8	269	808
Regulated provisions	3.6.2	49	49
Provisions	3.7	0	13
Total IV		**338**	**870**
Exceptional income (III - IV)		**2,081**	**139**
Income tax expense (surplus)	4.9	**17,216**	**13,159**
NET INCOME		**194,339**	**196,190**

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, 2013, which shows total assets of €1,901,069,000 and the income statement, which shows net income of €194,339,000.

The financial year covers the 12-month period from January 1 to December 31, 2013.

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 Board of Management and reviewed by the Supervisory Board at its meeting of February 13, 2014.

1 Accounting principles, rules and methods

The 2013 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), the regulations of the *Comité de la réglementation comptable* (French Accounting Regulations Committee – CRC), and in particular with CRC regulation n° 99-03 of April 29, 1999 relating to the revision of the French General Chart of Accounts.

2 Significant events during the financial year

The following events occurred during 2013:

Solunion official launch

Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA became an official entity on January 28, 2013, with the signing of the shareholders' agreement and appointment of the members of the Board of Directors.

Solunion, jointly created by Euler Hermes and MAPFRE to offer trade credit insurance in Spain and Latin America, officially began operations in Spain and Argentina on January 28, 2013.

Solunion's official launch in Chile, Columbia and Mexico was signed on December 20, 2013.

Costs for the project of €0.3 million were booked in external charges (*see Note 4.4 "External charges"*).

As part of the transaction, the shares in associated enterprises held by Euler Hermes ACI Inc. were exchanged for shares in the new entity, Euler Hermes North America Holding (*see Note 3.2.1 "Shares in associated enterprises"*).

Plan to simplify the legal structure

In 2013, Euler Hermes continued a project aiming to simplify the Group's legal structure and reduce its risks. Costs of €3.1 million relating to this project were booked in external charges *(see Note 4.4 "External charges")*.

3 Notes to the statement of financial position

A – ASSETS

3.1 Intangible assets, property, plant, and equipment, and depreciation and amortization

3.1.1 Intangible assets, property, plant and equipment

Intangible assets and property, plant, and equipment were as follows as of December 31, 2013:

(in € thousand)	Gross amount at start of year	Increases	Decreases	Gross amount 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)	**363**	**4**	**71**	**296**
TOTAL	**9,312**	**4**	**71**	**9,245**

(1) Intangible assets mainly consist of the IRP and Global Reporting software.
(2) Property, plant and equipment comprise IT equipment, which includes production and testing servers, fixtures, fittings and transportation equipment.

3.1.2 Depreciation, amortization and provisions of intangible assets and property, plant and equipment

The breakdown of depreciation, amortization and provisions at December 31, 2013 was as follows:

(in € thousand)	Dep., amort. & prov. at start of year	Allocation	Write back	Dep., amort. & prov. at year-end
Intangible assets	**8,847**	**101**	**0**	**8,948**
Software - IRP (1)	8,477	13	0	8,490
Software - Global Reporting (2)	350	88	0	438
Software - Other (3)	20	0	0	20
Property, plant and equipment (4)	**325**	**2**	**60**	**267**
TOTAL	**9,172**	**103**	**60**	**9,215**

(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 at December 31, 2013.
(2) The Global Reporting software is amortized on a straight-line basis over a period of five years corresponding to its estimated useful life.
(3) Other software is amortized in full.
(4) IT and transportation equipment are amortized on a straight-line basis over a three-year period; fixtures and furniture are amortized on a straight-line basis over a period of one to seven years in accordance with their useful lives.

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' business, particularly because they enable Euler Hermes 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:

Shares (in € thousand)	**Gross amount at start of year**	**Increases**	**Decreases**	**Gross amount at year-end**
Euler Hermes France	170,240			170,240
Euler Hermes Services	38			38
Euler Hermes Europe Belgium	415,227			415,227
Euler Hermes ACI Inc. (1)	143,541		143,541	0
Euler Hermes North America Holding (1)	0	143,541		143,541
Euler Hermes Deutschland AG	540,816			540,816
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 s.r.o.	2,067			2,067
Euler Hermes Collection Sp. Z.o.o. (2)	26,009	4,300		30,309
Euler Hermes Services Sp. z o.o.	2			2
TOTAL	**1,697,061**	**147,841**	**143,541**	**1,701,361**

(1) All of the shares of subsidiary Euler Hermes ACI Inc were transferred to Euler Hermes North America Holding, at their net carrying value, for €143,541,000.
In exchange, Euler Hermes received shares of subsidiary Euler Hermes North America Holding.
At December 31, 2013, Euler Hermes held 5,000 shares of Euler Hermes North America Holding, amounting to 100% of the capital (see Note 2 "Significant events during the financial year").
(2) Euler Hermes subscribed to the capital increase of subsidiary Euler Hermes Collection Sp. Z.o.o by acquiring 36,722 shares, representing €4,300,000.
At December 31, 2013, Euler Hermes held 37,882 shares of Euler Hermes Collection Sp. Z.o.o, amounting to 100% of the share capital.

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 at December 31, 2011 in relation to Euler Hermes Collections Sp. Z.o.o. was not adjusted in 2013.

3.3 Other financial assets

Other financial assets break down as follows:

(in € thousand)	Gross amount at start of year	Increases	Decreases	Gross amount at year-end
Other long-term investment securities	**2**	**0**	**0**	**2**
Treasury shares	**66,782**	**38,340**	**43,644**	**61,478**
General adjustment	66,782	0	5,304	61,478
Adjustment of share price	0	38,340	38,340	0
EH Collection Sp. Z.o.o. loan (1)	**0**	**15,000**	**4,300**	**10,700**
TOTAL	**66,784**	**53,340**	**47,944**	**72,180**

(1) Euler Hermes granted two loans denominated in euro to its Polish subsidiary, Euler Hermes Collection Z.o.o., for €15,000,000 in total. One of the loans was repaid in September 2013 in the amount of €4,300,000.

As part of Euler Hermes' share buyback program, authorized by the Extraordinary Shareholders' Meeting of April 7, 2000, the Company held treasury shares representing 2.56% of the share capital at year-end, as shown below:

	Gross amount at start of year	Increases	Decreases	Gross amount at year-end
Purpose for which held				
Unrestricted use				
▪ number of shares	1,261,544		100,182 (1)	1,161,362
▪ average price	52.937			52.937
▪ **total** (in € thousand)	**66,782**		**5,304**	**61,478**
% of share capital	*2.79%*			*2.56%*
TOTAL	**66,782**	**0**	**5,304**	**61,478**

(1) During 2013, 100,182 options related to share acquisition plans were exercised (see Note 5.5 "Share acquisition plan").

3.4 Receivables

This item mainly consists of €33,249,000 of receivables from associated enterprises, including the balances of transactions between subsidiaries included in the Euler Hermes tax group *(see Note 4.9.1 "Tax liability and tax grouping surplus")*.

All receivables are due within one year.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise demand deposits, money market funds, and a fixed-term deposit.

B - LIABILITIES

3.6 Shareholders' equity

3.6.1 Composition of the share capital

At December 31, 2012, the share capital comprised 45,212,727 shares with a total value of €14,468,000.

During 2013, 129,450 options relating to share subscription plans were exercised for an amount of €8,166,000, corresponding to a capital increase of €41,000 and additional paid-in capital of €8,125,000 *(see Note 5.4 "Share subscription plans")*.

At year-end, 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

Movements during the year were as follows:

(in € thousand)	12/31/2012	Allocation of 2012 income	Dividends paid	Other changes during the period	12/31/2013
Share capital	14,468			41	14,509
Additional paid-in capital	456,883			8,125	465,008
Reserves					
▪ Legal reserve	1,445	2			1,447
▪ General reserve	77,474				77,474
▪ Reserve for treasury shares	86,337			(19,555)	66,782
▪ Other reserves	180,052			19,555	199,607
Retained earnings	253,498	196,188	(176,019)		273,667
Profit for the year	196,190	(196,190)		194,339	194,339
Regulated provisions	136			50	186
TOTAL	**1,266,483**	**0**	**(176,019)**	**202,555**	**1,293,019**

Reserve for treasury shares

The reserve for treasury shares was decreased by €19,555,000 to take into account, for 2012, 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 24, 2013.

At December 31, 2013, the reserve for treasury shares stood at €66,782,000.

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.

At December 31, 2013, total amortization was €186,000.

3.7 Provisions

Provisions were as follows:

(in € thousand)	Provisions at start of year	Allocation	Write back	Provisions at year-end
Other provisions	385	0	50	335
TOTAL	**385**	**0**	**50**	**335**

Other provisions in the amount of €335,000 correspond to the best risk estimate at year-end.

3.8 Loans and other borrowings

The breakdown of "Loans and other borrowings" by maturity is as follows:

(in € thousand)	12/31/2013	12/31/2012	Variation
Less than one year	232,337	176,321	56,016
One to five years [(1)]	350,000	250,000	100,000
More than five years [(1)]	0	135,000	(135,000)
TOTAL	**582,337**	**561,321**	**21,016**
Of which due to associated enterprises	*330,986*	*309,957*	*21,029*

(1) Repayable on maturity.

Interest totaled €25,052,000 at December 31, 2013 *(see Note 4.7 "Other financial expenses")*.

A novation agreement was signed on November 12, 2013 for the loan of €135,000,000 dated June 24, 2005 (maturing on June 24, 2020). Euler Hermes is no longer connected to lender Allianz Belgium but to Allianz Finanzbeteiligungs.

On November 14, 2013, Euler Hermes repaid the entire loan to Allianz Finanzbeteiligungs (€150,124,000 in total, including €2,166,000 in interest and €12,958,000 in exceptional financial expenses). *(see Note 4.7 "Other financial expenses")*.

On November 13, 2013, Euler Hermes contracted three loans, with Euler Hermes Deutschland AG, Euler Hermes Reinsurance AG and Euler Hermes France.

The loan with Euler Hermes Deutschland AG amounts to €50,000,000 over two years at a fixed interest rate of 0.8312%.

The loan with Euler Hermes Reinsurance AG amounts to €60,000,000 over one year at a fixed interest rate of 0.6571%.

The loan with Euler Hermes France amounts to €50,000,000 over five years at a fixed interest rate of 1.8242%.

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 €4,527,000.

All receivables are due within one year.

3.10 Social security, tax and other liabilities

The "other liabilities" item mainly consists of amounts payable to associated enterprises for €8,855,000, including the balances of transactions between subsidiaries included in the Euler Hermes tax group *(see Note 4.9.1 "Tax")*.

The maturity of liabilities is as follows:

- due in less than one year : €13,916,000;
- due in one to five years: €6,899,000.

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 € thousand)	2013	2012
Euler Hermes France	67,748	70,006
Euler Hermes ACI	19,222	21,709
Euler Hermes Deutschland AG	100,006	135,990
Euler Hermes Servicii Financiare SRL	1,402	948
Euler Hermes Collections Sp. Z.o.o.	0	2,946
Euler Hermes Europe SA	17,890	0
Euler Hermes Reinsurance AG	40,000	0
TOTAL	**246,268**	**231,600**

4.2 Other financial income

This item mainly comprises income obtained from investing cash on a short-term basis and interest on the loan granted to subsidiary Euler Hermes Collection Sp. Z.o.o.

4.3 Various services

This item includes amounts invoiced to subsidiaries that are not included in the cost-sharing agreement for IRP system license fees, along with amounts invoiced to the same subsidiaries relating to IRP system maintenance.

4.4 External charges

This item includes:

- the external structural charges of Euler Hermes;
- the operating costs for the IT systems;
- the fees incurred as part of the various projects undertaken in 2013, mainly Solunion and the legal restructuring projects *(see Note 2 "Significant events during the financial year")*.

4.5 Taxes, duties and similar payments

The main change in this item reflects a change in the presentation of provisions for employer contributions and taxes on salaries.

Until December 31, 2012, the whole amount was booked under "payroll and social security contributions" and since December 31, 2013, these provisions have been broken down between "payroll and social security charges" and "taxes, duties and similar payments".

4.6 Payroll and social security contributions

This item comprises compensation to the Company's corporate officers.

4.7 Other financial expenses

This item mainly comprises interest on loans from associated enterprises for €20,288,000, including €12,958,000 in exceptional financial charges relating to the early repayment of the loan for €135,000,000 to Allianz Finanzbeteiligungs *(see Note 3.8 "Loans and other borrowings")*.

It also includes interest on loans contracted with banks, for €4,765,000 *(see Note 3.8 "Loans and other borrowings")*.

4.8 Other exceptional income and expenses

This item includes the surplus and deficit from share buybacks, amounting to €1,425,000 and €86,000 respectively.

It also includes the definitive prorated VAT adjustment for €919,000 in exceptional income.

4.9 Income tax

The breakdown of the tax expense for the year is as follows:

(in € thousand)	2013	2012
Tax consolidation surplus	21,327	13,612
Additional contribution	(5,281)	0
Deferred tax	1,170	(453)
TOTAL	**17,216**	**13,159**

4.9.1 Tax liability and tax grouping surplus

Euler Hermes is the head of the tax group formed with its subsidiaries Euler Hermes France, Euler Hermes Crédit France, Euler Hermes Recouvrement France, Euler Hermes Services, Euler Hermes Tech, Euler Hermes Asset Management France, CCA, 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")*.

Financière Sirius was not included in the tax group, as it was wound up in 2013.

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 5.0% to 10.7% until accounting periods ending at December 30, 2015.

The Euler Hermes 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 3.0% for companies on amounts distributed by French or foreign companies and entities liable for corporation tax. This contribution came to €5,281,000 for 2013.

To calculate the taxable income of Euler Hermes 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 €21,327,000 was generated in favor of Euler Hermes.

4.9.2 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 2013 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 SA, whose shares are listed on the Paris Stock Exchange, is the parent company of the Euler Hermes 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 in accordance with the resolution passed by the Combined Shareholders' Meeting of May 25, 2012 amounted to €475,000.

5.3 Off-balance sheet commitments given

These comprise:

- a commitment totaling €36,380,000 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 has a joint and several obligation for the total liabilities of this group reduced by the latter's debts with other members (Article 4, paragraph 1 of ordinance n° 67-821). Euler Hermes shares this commitment with the following subsidiaries and sub-subsidiaries: Euler Hermes France, 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 given in the amount of US$50,000,000 (i.e. €36,286,000 at year-end), to BRD, the Romanian subsidiary of the Société Générale group. This commitment ultimately guarantees payment default by a customer of the Dutch Euler Hermes Europe branch;
- a commitment of €1,857,000 given to InvestitionsBank des Landes Brandeburg, 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 Euler Hermes Re guaranteeing the payment of financial commitments given by the subsidiary to beneficiaries of a proportional or non-proportional reinsurance policy;
- a commitment given to Euler Hermes Europe Kredietverzekering NV guaranteeing the payment of financial commitments given by the subsidiary to policyholders;
- a commitment given to Cardif relating to the risk of revaluation of a pension liquidated by a closed defined benefit pension fund;
- a commitment given to Euler Hermes Europe for €73,000,000 as part of its current bonding operations;
- a commitment given to Euler Hermes Europe (previously named Euler Hermes Credit Insurance Belgium) and Euler Hermes Services Belgium guaranteeing the payment of supplementary allowances to the beneficiaries of the pension plan in Euler Hermes Europe and Euler Hermes Services Belgium.

5.4 Share subscription plans

A share subscription plan was adopted at the Extraordinary Shareholders' Meeting of April 23, 2003. Following resolutions by the Board of Management, 380,000 options were granted during financial years 2003 and 2004.

In accordance with the resolution adopted by the Board of Management on June 27, 2005, 160,000 share subscription options were allocated during 2005.

Changes during the financial year were as follows *(see Note 3.6.1 "Composition of the share capital")*:

Year of allocation	2005
Options remaining to be exercised at start of year (3)	143,050
Options exercised (1)	129,450
Options cancelled (2)(3)	13,600
Options remaining to be exercised at year-end	**0**
Exercise price	63.08

(1) See Note 3.6 "Shareholders' equity".
(2) Options renounced by beneficiaries.
(3) Adjustment of opening stock by 4,900 options.

5.5 Share acquisition 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 and, potentially, corporate officers of the Group.

In accordance with the resolution passed by the Board of Management meeting of September 18, 2006, 160,000 share acquisition options were allocated in September 2006.

By resolution of the Board of Management meeting of June 20, 2008, 130,000 share acquisition options were allocated in June 2008.

The movements during the financial year were as follows *(see Note 3.3 "Other financial assets"):*

	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 (3)	151,400	123,300
Options exercised (1)	27,863	72,319
Options cancelled (3)	7,000	3,525
Options remaining to be exercised at year-end	**116,537**	**47,456**
Exercise price (2)	91.82	55.67

(1) See Note 3.3.1 "Other financial assets".
(2) Range of exercise prices of shares circulating at year-end.
(3) Adjustment of opening stock by 7,000 options on 1st allocation and 2,625 options on 2nd allocation.

6.4 Table of subsidiaries and participating interests

Subsidiaries and non-controlling interests	Share capital		Other shareholders' equity		Share of capital held in %	Carrying value of securities held gross	Carrying value of securities held net[(1)]
						EUR	EUR
A. Detailed information on securities with a gross value of more than 1% of the share capital							
Euler Hermes France 1, place des Saisons 92048 Paris La Défense cedex	EUR	90,330,400	EUR	229,148,708	99.99%	170,240,380	170,240,380
Euler Hermes Europe 15, rue Montoyer 1000 Bruxelles BELGIUM	EUR	84,979,887	EUR	187,415,924	89.45%	415,226,992	415,226,992
Euler Hermes North America Holding 800 Red Brook Boulevard Owings Mills MD 21117 USA	USD	192,819,000	USD	(25,000)	100.00%	143,541,100	143,541,100
Euler Hermes Deutschland AG Friedensallee 254, 22763 Hambourg GERMANY	EUR	54,080,000	EUR	606,071,000	100.00%	540,816,011	540,816,011
Euler Hermes Reinsurance AG Tödistrasse, 65 CH-8002 Zürich SWITZERLAND	EUR	376,236,000	EUR	202,908,000	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	3,747,045	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	685,989,000	100.00%	6,514,000	6,514,000
Euler Hermes Collections Sp. Z.o.o ul. Domaniewska 50B 02-672 Warsaw POLAND	PLN	4,446,000	PLN	(749,000)	100.00%	30,308,590	20,308,590
Euler Hermes Servicii Financiare S.R.L Str Petru Maior, 6 sector 1 011262 Bucarest ROMANIA	RON	2,962,000	RON	561,000	100.00%	992,800	992,800
Euler Hermes Servis s.r.o Plynarenska 4659/1 82109 Bratislava SLOVAKIA	EUR	136,000	EUR	1,327,000	100.00%	2,067,000	2,067,000
B. General information on securities with gross value of no more than 1% of the share capital							
French subsidiaries	EUR	40,000	EUR	946,664		38,112	38,112
Foreign subsidiaries	PLN	5,000	PLN	5,721,000		1,640	1,640
General information on securites with a gross value of no more than 1% of the share capital							
French subsidiaries							
■ Euler Hermes Services	EUR	40,000	EUR	946,664	100.00%	38,112	38,112
Foreign subsidiaries							
■ Euler Hermes Services Sp. Z.o.o Poland	PLN	5,000	PLN	5,721,000	100.00%	1,640	1,640

(1) An impairment of the securities is recognized 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 that of December 31, 2013.
(3) Amounts corresponding to the Euler Hermes Collections sub-group, of which Euler Hermes Collections S.p.A. is the holding company.

Loans and advance granted and not yet repaid	Amount of sureties and guarantees given	Turnover ex. tax in the last financial year [2]	Net income in the last financial year [2]	Dividends received during the year
EUR	EUR	EUR	EUR	EUR
-	-	345,439,304	92,643,865	67,747,788
-	-	629,495,156	20,890,783	17,889,920
-	-	0	19,013,125	19,221,898
-	-	804,962,000	80,301,000	100,006,400
-	-	1,292,695,000	144,155,000	40,000,000
286,196	-	0	1,379,185	-
-	-	3,684,026	564,163	-
10,700,000	-	6,783,814 [3]	477,337 [3]	-
-	-	3,104,227	1,501,901	1,402,334
-	-	1,479,000	386,000	-
-	-	163,323,438	960,828	-
-	-	4,146,306	3,379,871	-
-	-	163,323,438	960,828	-
-	-	4,146,306	3,379,871	-

6.5 Company results over the last five fiscal years

(in euros)	2009	2010	2011	2012	2013
Share capital					
Share capital	14,426,627	14,432,874	14,451,033	14,468,073	14,509,497
Number of shares in issue	45,083,210	45,102,732	45,159,477	45,212,727	45,342,177
Maximum number of future shares to be created	283,650	263,528	201,583	143,050	0
Transactions and income for the fiscal year					
Income from ordinary operations (1)	174,776,476	193,935,031	169,851,596	231,599,521	246,268,339
Income before tax, depreciation, amortization and provisions	146,691,430	142,931,187	112,051,879	167,540,428	177,164,099
Income tax (2)	492,436	(12,962,875)	(23,504,201)	(13,158,647)	(17,215,521)
Income after tax, depreciation, amortization and provisions	171,874,733	166,830,268	109,230,335	196,189,693	194,339,482
Dividends paid (3)	0	180,410,928	198,701,699	180,850,908	190,437,143
Earnings per share					
Income after tax, but before depreciation, amortization and provisions	3.24	3.46	3.00	4.00	4.29
Income after tax, depreciation, amortization and provisions	3.81	3.70	2.42	4.34	4.29
Dividend per share	0.00	4.00	4.40	4.00	4.20
Employees					
Average number of employees (4)	1	1	1	1	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' activity as a holding company, this item comprises ordinary revenues from equity investments instead of turnover.

(2) Positive for a tax charge, negative for a tax surplus.

(3) Includes dividends on treasury shares, which will be credited to "Retained earnings" upon payment.

(4) None of the corporate offices 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:

Liabilities (in €)	12/31/2012		12/31/2013	
	Settlement terms		Settlement terms	
Suppliers	Immediate	136,258.60	Immediate	11,627.86
	30 days	20,966.58	30 days	31,087.57
Supplier invoices not received	–	3,484,164.36	–	4,520,507.04
TRADE PAYABLES	**–**	**3,641,389.54**	**–**	**4,563,222.47**

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 40% tax relief.

Financial year	2013	2012	2011	2010	2009
Total Dividends *(in €)*	190,437,143 (1)	180,850,908	198,701,699	180,410,928	0.00
Number of shares on December 31, *(including treasury shares)*	45,342,177	45,212,727	45,159,477	45,102,732	45,083,210
Dividend per share *(in €)*	4.20 (1)	4.00	4.40	4.00	0.00

(1) Proposal to the Shareholders' Meeting on May 28, 2014.

The Company's dividend policy in the future will depend on its results and financial position. The Board of Management decided on the dividend which was put to the vote of the Shareholders' Meeting on May 28, 2014, after the Supervisory Board's approval. Although the Board of Management intends to maintain this dividend policy over the long term, a dividend which is distributed for a given year will depend on different factors, in particular the Company's performance, the market conditions and the general economic climate. Euler Hermes' 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 Auditor's report on the financial statements

This is a free translation into English of the Statutory Auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The Statutory Auditor's 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 2013

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 December 2013, on:

- the audit of the accompanying financial statements of Euler Hermes SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the 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 2013 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 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 favor, 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, on April 28, 2014

KPMG Audit FS II
French original signed by Xavier Dupuy
Partner

ACE – Auditeurs et Conseils d'Entreprise
French original signed by François Shoukry
Partner

7 Information on the Company and its capital

7.1 General information about the Company

7.1.1 Company name and registered office

Company Name:

Euler Hermes

At the Shareholders' Meeting to be held on May 28, 2014, it will be proposed to adopt the new 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 is a Limited Company with a Board of Management and a Supervisory Board.

It is governed by French law.

7.1.3 Incorporation and expiry dates

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 duration of twelve 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.

7.2.2 Statutory stipulations relating to the Board of Management and the Supervisory Board

The description below summarizes the principal stipulations of the Articles of Association and of the Company's Internal Regulations with respect to the Supervisory Board, with a particular focus on how it functions and its powers.

It also summarizes stipulations 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 or her resignation shall be automatic.

Each member of the Supervisory Board must own at least five shares during his 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 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 shall appoint one or more Supervisory Board members for a duration of one (1) or two (2) 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.

Chairing of the Supervisory Board – Non-voting members (extract of 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 absence the Vice-Chairman, is responsible for convening Board meetings 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.

Supervisory Board Deliberations (extract of 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. 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 applicable legislation 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 Articles L. 225-68 paragraph 5 (review of the annual and consolidated financial statements) and L. 225-61 (dismiss of members of the Board of Management) of the French Commercial Code.

Members 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 of Article 12 of the Articles of Association)

The Supervisory Board exercises a 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 Chief Executive Officers where appropriate and sets their remuneration.

It may recommend that the Ordinary Shareholders' Meeting revoke one or more members of the Board of Management.

Throughout the year, it makes 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 the year's distributable income 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 can convene Shareholders' Meetings and set their agendas.

The Supervisory Board is empowered to create internal committees and to 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 and 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 from 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.

Board of Management member must be individuals no more than 65 years old.

A member of the Supervisory Board cannot be a Board of Management member.

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 revoked 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.

The Chair 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 Board of Management member.

The Chairman represents the Company in its relations with outside parties.

The Supervisory Board can grant the same power of representation to one or more other members of the Board of Management who then bear the title of Chief Executive Officer.

Agreements concerning the Company and any commitments undertaken in its name are signed by the Chairman of the Board of Management, or by any Board of Management member who has been appointed Chief Executive Officer 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 most 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 may appoint one or more of its members or any non-Board of Management member to carry out such special permanent or temporary missions as it shall determine, and may delegate to them the powers it considers necessary for one or more particular purposes, with or without the power to sub-delegate.

The Board of Management can set up committees. It decides on their composition and attributes, and they carry out their activity under its responsibility, but it cannot delegate its powers to such committees.

(Excerpt from Article 4 of the Board of Management internal regulations)

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 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 thirty million (30,000,000) euros;
- transactions aimed at granting or contracting any borrowings or loans, credits or advances where these exceed seventy-five million (75,000,000) euros;
- the issue of securities, guarantees, endorsements or deposits where these exceed thirty million (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 five million (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, 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 Board of Management member may appoint another member to represent him/her. Each member may hold only one proxy.

For its decisions 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 meetings are reported in minutes registered in a special register and signed by the Chairman of the meeting and at least one Board of Management member.

Copies or excerpts from the minutes are certified as true copies 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 Company's 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 Company shares

Voting rights

The Company's capital is divided into ordinary shares, all of the same category.

There is no clause in the Articles of Association providing for double voting rights for Company shareholders.

At the Shareholders' Meeting to be held on May 28, 2014, it will be proposed to provide expressly for the absence of double voting rights following the amendment of the provisions of Article L. 225-123 of the French Commercial Code by Law nº 2014-384 of March 29, 2014.

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 to the exercise of voting rights and share transfers

The Articles of Association of the Company do not contain any stipulation limiting share transfers.

The shares may be freely traded and may be sold under the legal and regulatory conditions in force.

Subject to the stipulations of Article 8, final paragraph, of the Articles of Association relating to the surrender of voting rights in cases of non-respect of the obligations concerning threshold declarations, the Articles of Association do not contain restrictions to 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 attained during the financial year, less previous losses if applicable, to make up funds for the legal reserve, in accordance with law. This deduction is no longer mandatory once the reserve reaches one tenth of share capital. It comes back into effect if, for any reason, the legal reserve falls below one tenth of share capital.

The distributable income is made up of the income from 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 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 can 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 in priority from the distributable income from the financial year.

Excluding capital reductions, no distribution can be made to shareholders when the shareholders' equity is, or will become following such distribution, less than the amount of share capital increased by the reserves and which the law or Articles of Association do not allow to be distributed. The revaluation variance is not distributable but it can be fully or partially incorporated into share capital.

Conditions regarding payment of dividends voted by the Ordinary Shareholders' Meeting are set by the meeting 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 between 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, can only be modified by an Extraordinary Shareholders' Meeting (ESM) of the shareholders 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 intention, any individual or corporate 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 fifteen days from 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 reception 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 fifteen days from 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 fifteen days of crossing the threshold. The declaration due under the preceding point (1) on crossing the threshold that is prescribed in this paragraph shall be the equivalent of a request for shares to be registered.

In determining the thresholds prescribed 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 declarant must certify that the disclosure made includes all the securities owned or held pursuant to the previous paragraph. He 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 are open to all shareholders who hold, under the conditions set below, at least one share. Extraordinary Shareholders' Meetings are open to all shareholders who hold, under the conditions set below, at least one share.

Special Shareholders' Meetings are open to all shareholders who hold, under the conditions set 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 (physical person 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 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.

Meetings are chaired by the Chairman of the Supervisory Board or, in his 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 owns or represents.

7.3 General information about the Company's share capital

The Company's share capital may be increased, reduced or amortized under the conditions stipulated by law.

7.3.1 Company share capital structure

As of December 31, 2013, 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 1,161,362 treasury shares.

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 of December 31, 2013 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.

ESM of May 20, 2011	Purpose	Duration	End	Limit	Used at Dec. 31, 2013	Unused balance at Dec. 31, 2013
14th	Authorization to freely allocate shares in the Company	38 months	July 19, 2014	3% of the equity capital on the day of the allocation decision	no	3% of the equity capital on the day of the allocation decision

ESM of May 25, 2012	Purpose	Duration	End	Limit	Used at Dec. 31, 2013	Unused balance at Dec. 31, 2013
17th	Delegation of powers to increase capital by capitalizing reserves, profits or premiums or other sums which may be capitalized	26 months	July 24, 2014	5 million	no	5 million
18th	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 24, 2014	7 million	no	7 million
20th	Delegation of powers to increase capital by issuing shares reserved to the savings plan members pursuant to Articles L. 3332-18 et seq. of the French Labor Code	26 months	July 24, 2014	132,000 per issue	no	132,000

7.3.3 Unrealized share capital

As of December 31, 2013, there were no stock options available for exercise under the plans presented on page 46 of this Registration Document.

No marketable securities giving access to share capital or free shares are currently in existence.

7.4 Share capital and voting rights

As of December 31, 2013, 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 69.6% of the voting rights). The total number of shares giving real voting rights was 44,180,815.

At the end of 2013, 29.6% of the share capital, *i.e.* 30.4% of the voting rights, was held by the public and the Company owned 2.56% of the share capital.

The table below shows changes to the Company's share capital and voting rights in the past three years:

	At December 31, 2013				At December 31, 2012				At December 31, 2011			
	Shares/Theoretical voting rights (1)		Real voting right (2)		Shares/Theoretical voting rights (1)		Real voting right (2)		Shares/Theoretical voting rights (1)		Real voting right (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	8.9%
Allianz France	26,864,230	59.2%	26,864,230	60.8%	26,864,230	59.4%	26,864,230	61.1%	26,864,230	59.5%	26,864,230	61.5%
Total Allianz	**30,744,048**	**67.8%**	**30,744,048**	**69.6%**	**30,744,048**	**68.0%**	**30,744,048**	**69.9%**	**30,744,048**	**68.1%**	**30,744,048**	**70.4%**
Treasury shares	**1,161,362**	**2.6%**	**0**	**0.0%**	**1,261,544**	**2.8%**	**0**	**0.0%**	**1,481,765**	**3.3%**	**0**	**0.0%**
Public	**13,436,767**	**29.6%**	**13,436,767**	**30.4%**	**13,207,135**	**29.2%**	**13,207,135**	**30.1%**	**12,933,664**	**28.6%**	**12,933,664**	**29.6%**
TOTAL	**45,342,177**	**100.0%**	**44,180,815**	**100.00%**	**45,212,727**	**100.0%**	**43,951,183**	**100.00%**	**45,159,477**	**100.0%**	**43,677,712**	**100.00%**
SHARE CAPITAL (in €)	**14,509,497**				**14,468,073**				**14,451,033**			

(1) *Including treasury shares.*
(2) *After deduction for treasury shares.*

No double voting rights currently exist.

To the Company's knowledge, no other shareholders or groups of shareholders hold or are likely to hold, directly or indirectly, alone, jointly or in concert, 5% or more of the share capital and voting rights.

7.4.1 Direct or indirect investments in the Company

Stake held by Allianz

As of December 31, 2013, companies in the Allianz group owned, directly and indirectly, a total of 67.8% of the share capital and 69.6% of the voting rights in the Company.

In line with the AFEP-MEDEF recommendations on corporate governance, to which Euler Hermes adheres, the existence of independent members on the Company's Supervisory Board is a deliberate 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 reinsurer 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 Company received the following threshold declarations for the 2013 financial year and a os the date of this Registration Document:

- following letters dated May 22, 2012, June 12, 2012 and July 17, 2012 declaring the crossing upwards of statutory thresholds of 1%, 2% and 3% respectively, Franklin Resources, Inc. declared in a letter dated March 14, 2013 that it had crossed a further statutory threshold of 1% of the Company's share capital and voting rights and that it held 1,812,412 shares, representing 4.0086% of the share capital of Euler Hermes; it declared in a letter dated July 5, 2013 it had crossed a further statutory threshold of 1% and the legal threshold of 5% of the Company's capital and voting rights and held on that date 2,280,258 shares, representing 5.0337% of the capital of Euler Hermes. In a letter dated September 12, 2013, Franklin Resources, Inc. declared that it had crossed a further statutory threshold of 1% of the Company's share capital and voting rights and that it held 2,732,977 shares, representing 6.0274% of the share capital of Euler Hermes. In a letter dated October 29, 2013, Franklin Resources, Inc. declared that it had crossed a further statutory threshold of 1% of the Company's share capital and voting rights and that it held 3,199,197 shares, representing 7.0557% of the share capital of Euler Hermes. In a letter dated March 5, 2014, Franklin Resources, Inc. declared that it had crossed a statutory threshold of 1% of the Company's share capital and voting rights downwards and that it held 3,162,324 shares, representing 6.9744% of the share capital of Euler Hermes;
- in a letter dated August 29, 2013, Massachusetts Financial Services Company declared it held 749,266 shares, representing 1.51% of the share capital of Euler Hermes;
- in a letter dated October 28, 2013, Parvus Asset Management (UK) LLP declared that it had crossed the threshold of 1% of the Company's share capital and voting rights and that it held 455,245 shares, representing 1% of the share capital of Euler Hermes;
- in a letter dated January 28, 2014, Threadneedle Asset Management Holdings Ltd declared it held 451,843 shares, representing 0.997% of the share capital of Euler Hermes. In a letter dated April 2, 2014, it declared it held on March 31, 2014, 484,318 shares, representing 1.068% of the share capital and voting rights of Euler Hermes;
- in a letter dated June 6, 2013, Citigroup Global Markets Ltd declared that it had crossed the statutory threshold of 1% of the Company's share capital and voting rights and that it held 475,083 shares, representing 1.0508% of the share capital of Euler Hermes; In a letter dated June 28, 2013, Citigroup Global Markets Ltd declared that it had crossed the statutory threshold of 1% of the Company's share capital and voting rights downwards and that it held 341,724 shares, representing 0.7558% of the share capital of Euler Hermes. In a letter dated November 26, 2013, Citigroup Global Markets Ltd declared it held 448,175 shares, representing 0.9913% of the share capital of Euler Hermes and 18,894 cash settled derivatives representing 0.0418% of the share capital of Euler Hermes. On February 18, 2014, it held 448,337 shares, representing 0.9917% of the share capital of Euler Hermes and 19,146 cash settled derivatives representing 0.0423% of the share capital of Euler Hermes. In a letter dated February 28, 2014, Citigroup Global Markets Ltd declared it held 448,949 shares, representing 0.9930% of the share capital of Euler Hermes and 463,459 cash settled derivatives representing 1.0251% of the share capital of Euler Hermes. In a letter dated March 31, 2014, it declared it held 449,584 shares, representing 0.9944% of the share capital of Euler Hermes.

The threshold declarations received by the Company for 2012 are set out on page 223 of the 2012 Registration Document and those for 2011 on page 218 in the 2011 Registration Document.

Treasury shares

As of December 31, 2013, treasury shares represented a total of 2.6% of the Company's share capital, i.e. 1,161,362 shares. The overall par value amounts to €371,635.84.

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 2013 the Company bought 474,190 and sold 474,190 treasury shares. The table below shows the change in the transaction price for treasury shares and the breakdown of treasury shares by purpose. The only purchases and sales carried out during the financial year were part of the liquidity contract.

Commission on security transactions paid to Rothschild & Cie Banque under the liquidity contract amounted to €210,000 for 2013.

Month	Average weighted purchase price (in €)	Average sale price (in €)	Number of shares purchased	Number of shares sold
January 2013	65.1309	65.3307	41,433	41,408
February 2013	66.7694	66.9264	54,789	54,814
March 2013	68.1782	68.2808	31,801	31,801
April 2013	68.8845	68.9714	36,542	36,042
May 2013	72.8826	73.0525	19,886	20,336
June 2013	73.8992	73.9758	29,769	29,819
July 2013	78.6422	78.7261	25,750	25,750
August 2013	85.5640	85.6810	32,586	32,586
September 2013	89.8258	88.2572	35,922	14,422
October 2013	93.0929	92.3651	32,975	54,475
November 2013	94.3445	94.4412	103,067	103,067
December 2013	94.8863	94.9938	296,670	29,670
TOTAL 2013	**80.8539**	**80.9767**	**474,190**	**474,190**

Employee shareholding

As of December 31, 2013, the Group's employees held 41,076 shares, *i.e.* 0.09% 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 Articles of Association, nor in any of the Company's charters or regulations, that may delay, defer or prevent a change in control.

7.4.3 Agreements capable of leading to a change in the control of the Company

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, 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 is described in sub-section 7.4;
- 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;
- to the Company's knowledge, no agreements or other signed commitments between shareholders are currently in existence. (*see sub-section 7.4.2*);
- no shares consisting of special control rights are currently in existence;
- the voting rights attached to Euler Hermes shares held by employees through Employee Shareholding Plans are exercised by one or several representatives of the funds appointed by the fund's Supervisory Board in order to represent it at the Shareholders' Meeting;
- the regulations regarding the nomination and dismissal of Board of Management members are legal and statutory regulations described in sub-section 7.2.2;
- regarding Board of Management powers, the authorizations currently in place are described in the table of authorizations to increase share capital shown in sub-section 7.3.2;
- modifications 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 change of control in the Company;
- payments likely to be due in the event that functions of a member of the Board of Management are ceased are described on page 48 of this Registration Document.

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.

8 Shareholders' Meeting

8.1 Report of the Board of Management on the draft resolutions submitted to the Combined Shareholders' Meeting of May 28, 2014

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, 2013.
- 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 specified time limits.

1 Approval of the parent company and consolidated financial statements for the financial year ended December 31, 2013 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, 2013, which show net income of €194,339,482.36, and the consolidated financial statements for the financial year ended December 31, 2013, which show net income, Group share, of €313.7 million.

You are also requested 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 €14,983.36 and the associated tax of €5,158.77.

You are reminded that the financial statements are set out in detail in the 2013 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 28, 2014.

2 Allocation of income for the financial year and declaration of the dividend (third resolution)

The proposed allocation of the Company's income is in accordance with the law and the Company's Articles of Association.

It is proposed that income for 2013 financial year is allocated as follows:

Source

■ Profit for the year	€194,339,482.36
■ Unappropriated earnings	€273,667,144.59

Allocation

■ Legal reserve	€4,142.40
■ Other reserves	€0.00
■ Dividends	€190,437,143.40
■ Unappropriated earnings	€277,565,341.15

The dividend per share is therefore €4.20. The amount distributed would be eligible for the 40% tax abatement applicable to people fiscally domiciled in France, as provided for in Article 158-3 2° of the French General Tax Code.

The ex-dividend date would be Monday, June 2. The dividend would be paid out on Thursday, June 5, 2014.

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 13, 2014, the total amount of the dividends would be adjusted accordingly and the amount allocated to the unappropriated earnings account would be calculated on the basis of the dividends 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:

	Income eligible for the allowance		Income not eligible for the allowance
In respect of financial year	Dividends	Other income distributed	
2010	€180,410,928* i.e. €4 per share	-	-
2011	€198,701,698.80* i.e. €4.40 per share	-	-
2012	€180,850,908* i.e. €4 per share	-	-

* *Including the dividend amount not paid out in respect of treasury shares and allocated to the unappropriated earnings account. .*

3 Adjustment of the reserve for treasury shares (fourth resolution)

The Board of Management proposes that the Shareholders' Meeting adjust the reserve for treasury shares by a reversal of €5,303,512.93 to take account of the share purchases and sales under the liquidity agreement managed by Rothschild et Cie Banque during the past financial year and sales of shares in connection with the exercise of stock options.

The reserve for treasury shares, which amounted to €66,782,147.45 on December 31, 2013, would be adjusted to €61,478,634.52.

4 Approval of regulated agreements (fifth resolution)

You are asked to approve the following agreements provided for in Article L. 225-86 of the French Commercial Code and duly authorized by the Supervisory Board:

- renewal of the guarantee agreement between Euler Hermes SA and Euler Hermes Reinsurance AG (Switzerland): at its meeting of November 5, 2013, the Supervisory Board authorized the renewal of the guarantee agreement between Euler Hermes SA and Euler Hermes Reinsurance AG (Switzerland) enabling Euler Hermes SA to guarantee the commitments of Euler Hermes Reinsurance AG, in connection with Standard & Poor's rating of Euler Hermes SA.

  The corporate officers concerned are Gerd-Uwe Baden, Board of Management member of Euler Hermes SA and Chairman of the Board of Directors of Euler Hermes Reinsurance AG, and Frédéric Bizière, Board of Management member of Euler Hermes SA and a director of Euler Hermes Reinsurance AG;

- authorization of the guarantee agreement between Euler Hermes SA and Euler Hermes Deutschland AG (Germany): at its meeting of January 15, 2014, the Supervisory Board authorized the grant of a guarantee by Euler Hermes SA to Euler Hermes Deutschland AG, under which Euler Hermes SA undertakes to settle Euler Hermes Deutschland AG's commitments, should it default, in favour of the German federal government under the 1967 framework agreement between Euler Hermes Deutschland AG and the German federal government.

  The corporate officers concerned are Wilfried Verstraete, Chairman of the Board of Management, Gerd-Uwe Baden, Frédéric Bizière, Dirk Oevermann, and Paul Overeem, members of the Board of Management.

We note that only new agreements entered into force during the last financial year and at the beginning of the current financial year, or renewed by tacit consent during this period, will be submitted to this Shareholders' Meeting.

These agreements are also presented in the Statutory Auditors' special report, provided in section 8.3 of the Registration Document and which will be presented to you during the Shareholders' Meeting.

5 Opinion on the elements of compensation due or granted for the financial year ended December 31, 2013 to Wilfried Verstraete, Chairman of the Board of Management, and to Gerd-Uwe Baden, Frédéric Bizière, Dirk Oevermann, and Paul Overeem, members of the Board of Management (sixth and seventh resolutions)

Pursuant to the recommendations of Article 24.3 of the AFEP-MEDEF Code of Corporate Governance for Listed Companies, as revised in June 2013, to which the Company adheres, we submit for your opinion the elements of compensation due or granted for the financial year ended December 31, 2013 to:

Wilfried VERSTRAETE, Chairman of the Board of Management

Elements of compensation due or granted in respect of the last financial year	Amounts or accounting valuation submitted to the vote	Comments
Fixed compensation	€540,000 (amount paid)	Fixed compensation for 2012 amounted to €500,000.
Annual bonus	€410,300 (amount paid)	Annual bonus corresponds to 28% of the global compensation. 70% of the variable compensation is calculated on the basis of financial targets, which are assessed on the following six financial criteria: the Group's consolidated revenues, the Group's operating income, the Group's net income, the payment of the dividend, the combined ratio and the cost ratio. 30% of the variable compensation is calculated on the basis of individual targets subject to specific qualitative or quantitative criteria, for example: agreed results on restructuring and M&A transactions and business development in growth areas. The annual bonus for 2013 was paid in March 2014.
Deferred variable compensation	Mid term bonus: €410,300 (amount due)	Mid Term Bonus – (MTB) established to increase the loyalty of its executives and to assess performance over several years. 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 according to the following criteria: ▪ revenue growth, ▪ increase in profitability, ▪ comparison with peers, ▪ risk capital (solvency), ▪ other criteria (satisfaction surveys, etc.). The next MTB (2013-2015) payment will be in 2016.
	Long term bonus: €410,300 (amount due)	The amount used for the calculation of the *number of Restricted Stock Units* (RSU) to be allocated is subject to the same evaluation criteria as the annual bonus (70% financial targets, 30% individual targets). 50% of the awarded RSUs are based on the average Allianz share price and the other 50% are based on the average Euler Hermes share price, both calculated over the 10 trading days following publication of the Allianz and Euler Hermes financial results, with a vesting period of four years starting on the award date as compensation for performance in respect of the preceeding financial year. The compensation corresponding to the RSUs awarded for 2013 will be paid in 2018.
Multi-annual variable compensation	n/a	No allocation.
Special bonus	n/a	No special bonus.
Stock options, performance shares or any other element of long term compensation	Options: n/a	No allocation.
	Shares: n/a Other element: n/a	
Attendance fees	n/a	As Executive Directors, Board of Management members do not receive attendance fees.
Valuation of other benefits	€281,500 (amount paid)	Housing, allowances for international mobility, company car, unemployment insurance for Executive Managers (GSC), AWC (Allianz Worldwide Care medical insurance), Allianz pension.
Severance compensation	€0	The Supervisory Board meeting of February 16, 2012, decided to implement a severance compensation to Mr. Wilfried Verstraete with the following conditions: The severance compensation would be due for example in the event of compulsory departure related to a change in control or strategy. The payment of the severance compensation is conditional on compliance with the following performance criteria: ▪ 75% of annual targets as assessed over at least two of the last three years prior to termination. For members 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 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 must not exceed two years' compensation (fixed and variable). This indemnity has been submitted to the approval of the Shareholders' Meeting dated May 25, 2012.
Non-compete indemnity	n/a	No non-compete clause.
Supplementary pension plan	€0	No defined-benefit supplementary pension plan.
		Defined-contribution paid by the Company for the supplementary pension plan in force within the Allianz group: €251,588. The increase in the pension plan contribution is related to the increase in life expectancy.

Gerd-Uwe BADEN, Board of Management member

Elements of compensation due or granted in respect of the last financial year	Amounts or accounting valuation submitted to the vote	Comments
Fixed compensation	€400,000 (amount paid)	Fixed compensation for 2012 amounted to €400,000.
Annual bonus	€223,600 (amount paid)	Annual bonus corresponds to 21% of the global compensation. 70% of the variable compensation is calculated on the basis of financial targets, which are assessed on the following six financial criteria: the Group's consolidated revenues, the Group's operating income, the Group's net income, new business development, gross loss ratio, expense management. 30% of the variable compensation is calculated on the basis of individual targets subject to specific qualitative or quantitative criteria, for example: underwriting and portfolio review, implementation of information strategy. The annual bonus for 2013 was paid in March 2014.
Deferred variable compensation	Mid term bonus: €223,600 (amount due)	Mid Term Bonus – (MTB) established to increase the loyalty of its executives and to assess performance over several years. 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 according to the following criteria: ▪ revenue growth, ▪ increase in profitability, ▪ comparison with peers, ▪ risk capital (solvency), ▪ other criteria (satisfaction surveys, etc.). The next MTB (2013-2015) payment will be in 2016.
	Long term bonus: €223,600 (amount due)	The amount used for the calculation of the *number of Restricted Stock Units* (RSU) to be allocated is subject to the same evaluation criteria as the annual bonus (70% financial targets, 30% individual targets). 50% of the awarded RSUs are based on the average Allianz share price and the other 50% are based on the average Euler Hermes share price, both calculated over the 10 trading days following publication of the Allianz and Euler Hermes financial results, with a vesting period of four years starting on the award date as compensation for performance in respect of the preceeding financial year. The compensation corresponding to the RSUs awarded for 2013 will be paid in 2018.
Multi-annual variable compensation	n/a	No allocation.
Special bonus	n/a	No special bonus.
Stock options, performance shares or any other element of long term compensation	Options: n/a	No allocation.
	Shares: n/a Other element : n/a	
Attendance fees	n/a	As Executive Directors, Board of Management members do not receive attendance fees.
Valuation of other benefits	€186,700 (amount paid)	Housing, allowances for international mobility, company car, unemployment insurance for Executive Managers (GSC), AWC (Allianz Worldwide Care medical insurance), Allianz pension.
Severance compensation	€0	The Supervisory Board meeting of February 16, 2012, decided to implement a severance compensation to Mr. Gerd-Uwe Baden, with the following conditions: The severance compensation would be due for example in the event of compulsory departure related to a change in control or strategy. The payment of the severance compensation would be conditional on compliance with the following performance criteria: ▪ 75% of annual targets as assessed over at least two of the last three years prior to termination. For members 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 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 must not exceed two years' compensation (fixed and variable). This indemnity has been submitted to the approval of the Shareholders' Meeting dated May 25, 2012.
Non-compete indemnity	n/a	No non-compete clause.
Supplementary pension plan	€0	No defined-benefit supplementary pension plan.
		Defined-contribution paid by the Company for the supplementary pension plan in force within the Allianz group: €276,541. The increase in the pension plan contribution is related to the increase in life expectancy.

Frédéric BIZIÈRE, Board of Management member

Elements of compensation due or granted in respect of the last financial year	Amounts or accounting valuation submitted to the vote	Comments
Fixed compensation	€294,000 (amount paid)	Fixed compensation for 2012 amounted to €250,000.
Annual bonus	€183,600 (amount paid)	Annual bonus corresponds to 22% of the global compensation. 70% of the variable compensation is calculated on the basis of financial targets, which are assessed on the following six financial criteria: the Group's consolidated revenues, the Group's operating income, the Group's net income, new business development, gross loss ratio, and Group expense ratio. 30% of the variable compensation is calculated on the basis of individual targets subject to specific qualitative or quantitative criteria, for example: agreed results on restructuring and M&A transactions and business development in growth areas. The annual bonus for 2013 was paid in March 2014.
Deferred variable compensation	Mid term bonus: €183,600 (amount due)	Mid Term Bonus – (MTB) established to increase the loyalty of its executives and to assess performance over several years. 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 according the following criteria: ▪ revenue growth, ▪ increase in profitability, ▪ comparison with peers, ▪ risk capital (solvency), ▪ other criteria (satisfaction surveys, etc.). The next MTB (2013-2015) payment will be in 2016.
	Long term bonus: €183,600 (amount due)	The amount used for the calculation of the *number of Restricted Stock Units* (RSU) to be allocated is subject to the same evaluation criteria as the annual bonus (70% financial targets, 30% individual targets). 50% of the awarded RSUs are based on the average Allianz share price and the other 50% are based on the average Euler Hermes share price, both calculated over the 10 trading days following publication of the Allianz and Euler Hermes publication of financial results, with a vesting period of four years starting on the award date as compensation for performance in respect of the proceeding financial year. The compensation corresponding to the RSUs awarded for 2013 will be paid in 2018.
Multi-annual variable compensation	n/a	No allocation.
Special bonus	n/a	No special bonus.
Stock options, performance shares or any other element of long term compensation	Options: n/a	No allocation.
	Shares: n/a Other element: n/a	
Attendance fees	n/a	As Executive Directors, Board of Management members do not receive attendance fees.
Valuation of other benefits	€15,030 (amount paid)	Company car and unemployment insurance for Executive Managers (GSC).
Severance compensation	€0	The Supervisory Board meeting of February 16, 2012, decided to implement a severance compensation to Mr. Frédéric Bizière, with the following conditions: The severance compensation would be due for example in the event of compulsory departure related to a change in control or strategy. The payment of the severance compensation would be conditional on compliance with the following performance criteria: ▪ 75% of annual targets as assessed over at least two of the last three years prior to termination. For members who have been in office for less than three years, the calculation of the 75% target is based on the last year or the ast 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 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 must not exceed two years' compensation (fixed and variable). This indemnity has been submitted to the approval of the Shareholders' Meeting dated May 25, 2012.
Non-compete indemnity	n/a	No non-compete clause.
Supplementary pension plan	€0	No defined-benefit supplementary pension plan.
		Defined-contribution paid by the Company for the supplementary pension plan managed by AG2R: €19,766.

Dirk OEVERMANN, Board of Management member

Elements of compensation due or granted in respect of the last financial year	Amounts or accounting valuation submitted to the vote	Comments
Fixed compensation	€294,000 (amount paid)	Fixed compensation for 2012 amounted to €294,000.
Annual bonus	€181,800 (amount paid)	Annual bonus corresponds to 22% of the global compensation. 70% of the variable compensation is calculated on the basis of financial targets, which are assessed on the following six financial criteria: the Group's consolidated revenues, the Group's operating income, the Group's net income, business plan for the Collection business, headcount targets in restructuring, Group Expense ratio. 30% of the variable compensation is calculated on the basis of individual targets subject to specific qualitative or quantitative criteria, for example: IT organization and administration according to action plan. The annual bonus for 2013 was paid in March 2014.
Deferred variable compensation	Mid term bonus: €181,800 (amount due)	Mid Term Bonus – (MTB) established to increase the loyalty of its executives and to assess performance over several years. 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 according to the following criteria: ▪ revenue growth, ▪ increase in profitability, ▪ comparison with peers, ▪ risk capital (solvency), ▪ other criteria (satisfaction surveys, etc.). The next MTB (2013-2015) payment will be in 2016.
	Long term bonus: €181,800 (amount due)	The amount used for the calculation of the *number of Restricted Stock Units* (RSU) to be allocated is subject to the same evaluation criteria as the annual bonus (70% financial targets, 30% individual targets). 50% of the awarded RSUs are based on the average Allianz share price and the other 50% are based on the average Euler Hermes share price, both calculated over the 10 trading days following publication of the Allianz and Euler Hermes financial results, with a vesting period of four years starting on the award date as compensation for performance in respect of the preceeding financial year. The compensation corresponding to the RSUs awarded for 2013 will be paid in 2018.
Multi-annual variable compensation	n/a	No allocation.
Special bonus	n/a	No special bonus.
Stock options, performance shares or any other element of long term compensation	Options: n/a	No allocation.
	Shares: n/a Other element: n/a	
Attendance fees	n/a	As Executive Directors, Board of Management members do not receive attendance fees.
Valuation of other benefits	€93,150 (amount paid)	Housing, contributions to pension at choice, company car, unemployment insurance for Executive Managers (GSC).
Severance compensation	€0	The Supervisory Board meeting of February 16, 2012, decided to implement a severance compensation to Mr. Dirk Oevermann, with the following conditions: The severance compensation would be due for example in the event of compulsory departure related to a change in control or strategy. The payment of the severance compensation would be conditional on compliance with the following performance criteria: ▪ 75% of annual targets as assessed over at least two of the last three years prior to termination. For members 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 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 must not exceed two years' compensation (fixed and variable). This indemnity has been submitted to the approval of the Shareholders' Meeting dated May 25, 2012.
Non-compete indemnity	n/a	No non-compete clause.
Supplementary pension plan	€0	No defined-benefit supplementary pension plan.
		Defined-contribution paid by the Company for the supplementary pension plan managed by AG2R as well as an allocation to a pension plan at choice: €49,166.

Paul OVEREEM, Board of Management member

Elements of compensation due or granted in respect of the last financial year	Amounts or accounting valuation submitted to the vote	Comments
Fixed compensation	€294,000 (amount paid)	Mr Paul Overeem has been Board of Management member since January 1, 2013.
Annual bonus	€181,800 (amount paid)	Annual bonus corresponds to 22% of the global compensation. 70% of the variable compensation is calculated on the basis of financial targets, which are assessed on the following five financial criteria: the Group's consolidated revenues, the Group's operating income, the Group's net income, new business development and expense management. 30% of the variable compensation is calculated on the basis of individual targets submitted to specifics qualitative or quantitative criteria, for example: restructuring of German salesforce, design and implement a new growth plan for bonding, portfolio retention. The annual bonus for 2013 was paid in March 2014.
Deferred variable compensation	Mid term bonus: €181,800 (amount due)	Mid Term Bonus – (MTB) established to increase the loyalty of its executives and to assess performance over several years. 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 according to the following criteria: ▪ revenue growth, ▪ increase in profitability, ▪ comparison with peers, ▪ risk capital (solvency), ▪ other criteria (satisfaction surveys, etc.). The next MTB (2013-2015) payment will be in 2016.
	Long term bonus: €181,800 (amount due)	The amount used for the calculation of the *number of Restricted Stock Units* (RSU) to be allocated is submitted to the same evaluation criteria as the annual bonus (70% financial targets, 30% individual targets). 50% of the awarded RSUs are based on the average Allianz share price and the other 50% are based on the average Euler Hermes share price, both calculated over the 10 trading days following publication of the Allianz and Euler Hermes financial results, with a vesting period of four years starting on the award date as compensation for performance in respect of the preceeding financial year. The compensation corresponding to the RSUs awarded for 2013 will be paid in 2018.
Multi-annual variable compensation	n/a	No allocation.
Special bonus	n/a	No special bonus.
Stock options, performance shares or any other element of long term compensation	Options: n/a	No allocation.
	Shares: n/a Other element: n/a	
Attendance fees	n/a	As Executive Directors, Board of Management members do not receive attendance fees.
Valuation of other benefits	€49,210 (amount paid)	Housing, unemployment insurance for Executive Managers (GSC).
Severance compensation	€0	The Supervisory Board meeting of December 4, 2012, decided to implement a severance compensation to Mr. Paul Overeem, with the following conditions: The severance compensation would be due for example in the event of compulsory departure related to a change in control or strategy. The payment of the severance compensation would be conditional on compliance with the following performance criteria: ▪ 75% of annual targets as assessed over at least two of the last three years prior to termination. For members 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 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 must not exceed two years' compensation (fixed and variable). This indemnity has been submitted to the approval of the Shareholders' Meeting dated May 24, 2013.
Non-compete indemnity	n/a	No non-compete clause.
Supplementary pension plan	€0	No defined-benefit supplementary pension plan.
		Defined-contribution paid by the Company for the supplementary pension plan managed by AG2R as well as an allocation made to a deferred pension plan in the USA: €49,166.

For more information, please see Chapter 2 of the 2013 Registration Document.

6 Determination of the amount of attendance fees allocated to members of the Supervisory Board (eighth resolution)

We suggest that you approve an increase in the total annual amount of attendance fees to be allocated to the Supervisory Board from €500,000 to €600,000 for the current financial year, in order to:

- take into account the increase in attendance fees payable to the Chairman, resolved by the Supervisory Board meeting of February 13, 2014, following a recommandation by the Nomination and Remuneration Committee on February 12, 2014, which, after a benchmarking exercise, proposed an increase in the Chairman's compensation from €75,000 to €110,000 to align it with market rates; and
- adequately cover the payment of attendance fees, assuming 100% attendance of Supervisory Board meetings in 2014.

The amount of attendance fees will be maintained in the coming years until decided otherwise.

7 Authorization to establish a new share buyback program and to reduce the share capital by cancelling treasury shares (Article L. 225-209 of the French Commercial Code) (ninth and tenth resolutions)

We ask that you grant 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 would replace the authorization granted to the Board of Management under the fourteenth ordinary resolution of the Shareholders' Meeting held on May 24, 2013.

Purchases may be made in order to:

- stimulate the secondary market or the liquidity of Euler Hermes' stock through the use of an investment services provider acting under a liquidity agreement which 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 transactions. 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;
- cancel purchased shares, where necessary, subject to the authorization to be granted under the tenth extraordinary resolution of this Shareholders' Meeting.

These operations 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 €125 per share and, consequently, the maximum amount of this transaction at €566,777,212.

As a consequence of the authorization to cancel shares, we ask you to authorize the Board of Management, for a period of twenty-four months, to cancel, at its sole discretion, in on one or more transactions, up to a limit of 10% of the share capital calculated on the day of the cancellation decision, less any shares cancelled during the preceding twenty-four months, shares that the Company holds or may hold following buybacks carried out pursuant to its share buyback program, and to reduce the share capital by the corresponding amount, in accordance with the legal and regulatory measures in force.

The Board of Management would thereby hold the necessary powers to act appropriately in such an event.

8 Financial authorizations

The Board of Management wishes to have the authorization necessary to carry out, as it considers useful any share issues which may be necessary for the development of the Company's activities.

Shareholders are therefore asked to renew the Board of Management's authorizations, which will soon expire, under the conditions set out below:

8.1 Delegation of powers to increase the share capital by capitalizing reserves, profits, and/or premiums (eleventh resolution)

The delegation of powers to increase the share capital by capitalizing reserves, profits, and/or premiums will expire on July 24, 2014.

Consequently, we ask you to renew it, granting to the Board of Management, for another twenty-six months, the authority required to increase the share capital by capitalizing reserves, profits, premiums or other sums that may by capitalized, by the issue and free allocation of shares or by increasing the nominal value of existing ordinary shares, or by combining these two procedures.

The amount of the capital increase resulting from issues carried out under this delegation may not exceed the nominal amount of €5 million. This amount would not include the total nominal value of any additional ordinary shares that may be issued to safeguard, in accordance with the law, the rights of securities holders granting entitlement to shares. This limit is separate from all limits set by the other delegations of this Shareholders' Meeting.

8.2 Delegations of power to issue ordinary shares and/or other securities giving access to share capital and/or granting entitlement to the allocation of debt instruments with preservation of preferential subscription rights (twelfth resolution)

Delegations of power to issue ordinary shares and/or securities through a cash contribution with the preservation of preferential subscription rights will expire on July 24, 2014. You are therefore asked to renew it, under the conditions set out below.

The purpose of this delegation is to grant the Board of Management all powers to issue, at such times as it deems appropriate, ordinary shares and/or security giving access, either immediately or in the long term, to ordinary shares and/or security granting entitlement to the allocation of debt instruments during a period of twenty-six months.

In accordance with the law, any securities so issued may entitle the holder to ordinary shares in any company that directly or indirectly owns more than half the share capital of our Company, or of any company of which our Company directly or indirectly owns more than half the share capital.

You are asked to set the total maximum nominal amount of shares that may be issued under this delegation at €7 million. If applicable, the nominal value of the ordinary shares to be issued to safeguard the rights of securities holders giving entitlement to the Company's share capital, pursuant to the law and, if applicable, contractual stipulations providing for other cases of adjustment, would be added to this limit.

The nominal value of debt securities on the Company that may be issued under this delegation shall not exceed €7 million.

The limits described above would be separate from all limits set by the other resolutions of this Shareholders' Meeting.

Under this delegation, issues of ordinary shares and/or any securities giving access to the capital would preserve of the preferential subscription rights of shareholders.

If irreducible subscriptions, and reducible subscriptions if applicable, have not absorbed all of the issue, the Board of Management would be able to use the following powers:

- to limit the issue amount to the subscription amount, it being specified that in the event of an issue of ordinary shares or securities whose primary title is a share, this limitation would only be possible if the subscription amount reached at least three-quarters of the issue resolved,
- to freely allocate all or part of the unsubscribed securities,
- to offer to the public all or part of the unsubscribed securities.

8.3 Authorization to increase the amount of issues in the event of oversubscription (thirteenth resolution)

You are asked, under the authorization with preservation of the aforementioned preferential subscription rights, to grant the Board of Management the power to increase, under the conditions and within the limits set by the legal and regulatory provisions, the number of securities planned for the initial issue.

8.4 Delegation of powers to increase the share capital for the benefit of the members of an employee savings plan (fourteenth resolution)

We submit this resolution to your vote, in compliance with the provisions of Article L. 225-129-6 of the French Commercial Code, under the terms of which the Extraordinary Shareholders' Meeting is required to decide on a resolution that leads to a capital increase under the conditions set out in Articles L. 3332-18 *et seq.* of the French Labor Code, when it delegates its authority to carry out a capital increase in cash.

Under this delegation, we ask you to authorize the Board of Management to increase the share capital on one or more occasions by issuing ordinary shares or securities giving access to the Company's capital, to benefit the members of one or more Company or Group savings plans established by the Company and/or the French or foreign companies related to it, under the conditions set out in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code.

Pursuant to the provisions of Article L. 3332-21 of the French Labor Code, the Board of Management may provide for the free allocation to recipients of shares to be issued, or already issued, or other securities giving access to the Company's capital to be issued, or already issued, in respect of (i) employee contributions that may be paid under the rules of Company or Group savings plans, and/or (ii) the discount, if applicable.

In accordance with the law, the Shareholders' Meeting would cancel the preferential subscription rights of shareholders.

The maximum nominal amount of capital increases that could be carried out under the delegation would be €132,000. (or: 1% of the amount of the share capital reached at the time of the Board of Management's resolution to carry out this increase). This amount would be separate from any other limit stipulated in respect of capital increase delegation. If applicable, the additional amount of ordinary shares to be issued to safeguard the rights of holders of securities giving access to the Company's capital, pursuant to the law and, if applicable, contractual stipulations providing for other cases of adjustment, will be added to this amount.

This delegation would last for twenty-six months.

It is specified that, pursuant to the provisions of Article L. 3332-19 of the French Labor Code, the price of the shares to be issued, may be no more than 20% (or 30% if the plan's vesting period, pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labor Code, is equal to or greater than 10 years) below the average opening share price on the 20 trading days preceding the Board of Management's decision in respect of the capital increase and the issue of the corresponding shares, and may be no more than this average.

The Board of Management would have, within the aforementioned limits, the necessary powers to set the conditions of the issue(s), duly record the resulting capital increases and amend the Articles of Association accordingly, to charge, on its own initiative, the expenses for the capital increases against the amount of the premiums arising thereon, and to deduct from this amount the sums required to increase the legal reserve to one-tenth of the new capital after each increase, and, more generally, do all things necessary in this regard.

9 Authorization to allocate bonus shares to salaried employees (and/or some corporate officers) (fifteenth resolution)

To allow for an incentivizing employee shareholding policy to be pursued, and to strengthen corporate development, we ask you to authorize the Board of Management to allocate bonus shares as follows:

We ask you to authorize the Board of Management, for a period of thirty-eight months, to allocate, pursuant to Article L. 225-197-1 of the French Commercial Code, new bonus shares resulting from a capital increase by the incorporation of reserves, premiums or profits, or existing shares.

The recipients of these allocations could be:

- salaried employees of the Company or companies that are directly or indirectly related to it, pursuant to Article L. 225-197-2 of the French Commercial Code,
- and/or corporate officers who meet the conditions set out in Article L. 225-197-1 of the French Commercial Code.

The number of bonus shares that may be allocated by the Board of Management under this authorization may not exceed 5% of the share capital existing on the allocation date. It is specified that the total number of shares that may be allocated to members of the Board of Management must not exceed 2% of the capital under this limit (this specific limit is in accordance with Article 23.2.4 of the AFEP-MEDEF Code).

Definitive vesting of the shares to the recipients will be carried out after a vesting period set by the Board of Management and shall not be shorter than two years. The recipients would then have to keep these shares for a further period set by the Board of Management, it being specified that this lock-up period would not be shorter than two years from the definitive vesting of the shares.

However, if the vesting period for all or part of one or more allocations is at least four years, the Shareholders' Meeting authorizes the Board of Management to waive the lock-up period for the coresponding shares.

Exceptionally, definitive vesting carried out before the end of the vesting period in the case of recipient invalidity, is classed as falling within the second and third categories described in Article L. 341-4 of the French Social Security Code.

This authorization would entail the waiver by shareholders of their preferential subscription rights on new shares issued by incorporation of reserves, premiums and profits.

The Board of Management would therefore have, within the limits established above, all powers to set the conditions and, if applicable, the criteria for share allocation; to identify the recipients of the bonus shares from the persons fulfilling the conditions described above, and the number of shares to be received by each of these persons; to determine the effects on recipients' rights of transactions altering the share capital or likely to influence the value of the shares to be allocated, that take place during vesting and lock-up periods; to record, if applicable, the existence of sufficient reserves, and to transfer to an unavailable reserves account, upon each allocation, the sums required to pay up the new shares allocated; resolve upon one or more capital increases by incorporation of reserves, premiums or profits, correlated with the issue of new bonus shares; to purchase shares as required under the share buyback program and allocate them to the allocation plan; and, generally, to do everything that the implementation of this authorization renders necessary under the legislation in force.

10 Change of Company name and amendment of Article 2 of the Articles of Association (sixteenth resolution)

In order to differentiate the holding Company, which is the head of the Group and listed on Euronext Paris, from the other companies of the Group, you are asked to adopt the new company name EULER HERMES GROUP, effective as of today, and to amend consequently Article 2 of the Articles of Association "Company Name".

11 Amendment of Article 20 of the Articles of Association to expressly provide for the absence of double voting rights (seventeenth resolution)

We ask you:

- expressly to provide for the absence of double voting rights after the amendment of the provisions of Article L. 225-123 of the French Commercial Code by Law no. 2014-384 of March 29, 2014;
- to amend Article 20, paragraph 13, of the Articles of Association as follows (the rest of the article remaining unchanged):

"Every member of the meeting is entitled to as many votes as the number of shares he/she owns or represents. ***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.****"*

Your Board of Management asks you to approve, by way of your vote, the text of the resolutions put forward.

THE BOARD OF MANAGEMENT

8.2 Comments by the Supervisory Board of February 13, 2014 on the report by the Board of Management and on the financial statements of 2013

Pursuant to Article L. 225-68 of the French Commercial Code, your Supervisory Board is required to present to you its comments on the report by the Board of Management and on the financial statements.

At its meeting of February 13, 2014, the Supervisory Board reviewed the consolidated financial statements, prepared in compliance with IFRS rules, and Euler Hermes' financial statements, prepared in compliance with French standards, for the financial year 2013.

The Supervisory Board studied the main balance sheet items and the income statements.

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 report by the Board of Management on the 2013 financial statements.

Having made the necessary verifications, the Supervisory Board hereby informs shareholders that it has no particular comment to make on the management reports, the consolidated financial statements of the Euler Hermes group or on the financial statements of Euler Hermes.

Furthermore, the activity of the Supervisory Board during the 2013 financial year is detailed in the report of the Chairman of the Board prepared pursuant to Article L. 225-68 of the French Commercial Code.

This document is annexed to the management report.

The Supervisory Board invites the shareholders to approve the resolutions proposed by the Board of Management.

Moreover the Board reiterates that, in accordance with the recommendations of the AFEP-MEDEF Code, revised in June 2013 (Article 24.3), to which the Company refers in application of Article L. 225-68 of the French Commercial Code, the elements of compensation due or granted to the Board of Management members for the year ended are submitted to the shareholders' advisory vote.

The Supervisory Board invites the Shareholders' Meeting to issue a favorable opinion on these elements of compensation as detailed in sections 2.3 and 8.1 of this 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, 2013

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 execution of agreements and commitments during the past financial year which your Shareholders' Meeting has already approved.

We performed such reviews as we regarded as necessary for this assignment under the 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

a) Agreements and commitments authorized during 2012

Pursuant to Article L. 225-88 of the French Commercial Code, we were informed of the agreements and commitments to which the Supervisory Board had given prior authorization.

1 Renewal of the guarantee agreement between Euler Hermes SA and Euler Hermes Reinsurance AG (Switzerland)

Persons concerned: Mr. Gerd-Uwe Baden and Mr. Frédéric Bizière, members of the Board of Management

The Supervisory Board meeting of November 5, 2013 formally approved the renewal of a guarantee agreement between Euler Hermes SA and Euler Hermes Reinsurance AG (Switzerland) enabling Euler Hermes SA to guarantee the commitments of Euler Hermes Reinsurance AG, in connection with Standard & Poor's rating of Euler Hermes SA.

Euler Hermes SA undertook to settle the guaranteed commitments, under the terms and conditions applicable to all the corresponding proportional and non-proportional reinsurance treaties, should Euler Hermes Reinsurance AG be unable to pay the guaranteed commitments. Euler Hermes SA's financial commitment is limited to the amount of the guaranteed commitments due from Euler Hermes Reinsurance AG to the policyholder. Euler Hermes SA may reduce its financial commitment by any financial claim that Euler Hermes Reinsurance AG may have in respect of the policyholder.

b) Agreements and commitments authorized since the closing date

We were informed of the following agreements and commitments for which the Supervisory Board had given prior authorization since the closure of the last financial year.

1 Authorization of the guarantee agreement between Euler Hermes SA and Euler Hermes Deutschland AG (Germany)

Persons concerned: Mr. Wilfried Verstraete, Chairman of the Board of Management, Mr. Gerd-Uwe Baden, Mr. Frédéric Bizière, Mr. Dirk Oevermann and Mr. 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 SA to Euler Hermes Deutschland AG, under which Euler Hermes SA undertook to settle Euler Hermes Deutschland AG's commitments, should it default, in favour of the German federal government under the 1967 framework agreement between Euler Hermes Deutschland and the German federal government.

Agreements and commitments already approved by the Shareholders' Meeting

a) Agreements and commitments approved in prior years and still in force 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' General Meeting had already approved in earlier financial years, continued to be in force during last past financial year.

1 Renewal of the guarantee agreement between Euler Hermes SA and Euler Hermes Europe Kreditverzekering NV (Netherlands)

Persons concerned: Mr. Wilfried Verstraete, Chairman of the Board of Management, Mr. Gerd-Uwe Baden, Mr. Frédéric Bizière, Mr. Dirk Oevermann and Mr. Paul Overeem, members of the Board of Management

At its meeting of February 13, 2013, the Supervisory Board formally approved the renewal of the guarantee agreement between Euler Hermes SA and Euler Hermes Europe Kreditverzekering NV (Netherlands), a Branch of Euler Hermes Europe SA, in connection with Standard & Poor's rating of Euler Hermes SA.

This guarantee was established to enable the Dutch company to benefit from the same rating as that of other Group companies.

Euler Hermes SA undertakes to settle the guaranteed commitments, under the terms and conditions applicable to all policies issued by Euler Hermes Europe Kreditverzekering NV, if Euler Hermes Europe Kreditverzekering NV were unable to pay the guaranteed commitments to the policyholder. Euler Hermes SA's financial commitment is limited to the amount of the guaranteed commitments due from Euler Hermes Kreditverzekering NV to the policyholder.

2 Renewal of the guarantee agreement between Euler Hermes SA and Euler Hermes Reinsurance AG (Switzerland)

Persons concerned: Mr. Gerd-Uwe Baden and Mr. Frédéric Bizière

The Supervisory Board meeting of February 13, 2013 gave formal approval to the renewal of a guarantee agreement between Euler Hermes SA and Euler Hermes Reinsurance AG (Switzerland) enabling Euler Hermes SA to guarantee the commitments of Euler Hermes Reinsurance AG, in connection with Standard & Poor's rating of Euler Hermes SA.

Euler Hermes SA undertakes to settle the guaranteed commitments, under the terms and conditions applicable to all the corresponding proportional and non-proportional reinsurance treaties, should Euler Hermes Reinsurance AG be unable to pay the guaranteed commitments. Euler Hermes SA's financial commitment is limited to the amount of the guaranteed commitments due from Euler Hermes Reinsurance AG to the policyholder. Euler Hermes SA may reduce its financial commitment by any financial claim that Euler Hermes Reinsurance AG may have in respect of the policyholder.

3 Letter of guarantee between Euler Hermes SA and Euler Hermes Europe and Euler Hermes Services (Belgium)

Persons concerned: Mr. Wilfried Verstraete, Chairman of the Board of Management, and Mr. Gerd-Uwe Baden, Mr. Frédéric Bizière, Mr. Dirk Oevermann, and Mr. Paul Overeem, members of the Board of Management

The Supervisory Board meeting of November 4, 2010 authorized the establishment of guarantee agreement between Euler Hermes SA and Euler Hermes Credit Insurance Belgium (recently renamed Euler Hermes Europe SA) and Euler Hermes Services Belgium, in order to establish an early-retirement plan in the Belgium subsidiaries.

This letter guarantees that the beneficiaries of the pension plan in the above-named companies would be paid any supplementary payments owed to them definitively if Euler Hermes Europe and Euler Hermes Services Belgium were unable to honor their payment obligations.

4 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, Mr. Dirk Oevermann and 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 2011, 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' share price, with a four-year vesting period for the rights from the allotment date. This compensation remunerates performance for the preceeding 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 12, 2014, validated the allocation of the Long Term Incentive Plan (50% in Allianz RSUs and 50% in Euler Hermes RSUs) for a total amount of €1,181,100 for 2013.

The Allianz Long Term Incentive Plan is subject to a hedging contract with Allianz, the cost of which (€653,514) was recognized by Euler Hermes.

b) Agreements and commitments approved in earlier years and not in force during the last 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 executed during the last financial year.

1 Commitment in favor of Mr. Wilfried Verstraete

Person concerned: Mr. Wilfried Verstraete

The Supervisory Board decided at its meeting of February 16, 2012 to grant severance compensation to Mr. 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 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).

2 Commitment in favor of Mr. Gerd-Uwe Baden

Person concerned: Mr. Gerd-Uwe Baden

The Supervisory Board decided at its meeting of February 16, 2012 to grant severance compensation in favor of Mr. 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 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).

3 Commitment in favor of Mr. Frédéric Bizière

Person concerned: Mr. Frédéric Bizière

The Supervisory Board decided at its meeting of February 16, 2012 to grant severance compensation in favor of Mr. 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 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).

4 Commitment in favor of Mr. Dirk Oevermann

Person concerned: Mr. Dirk Oevermann

The Supervisory Board decided at its meeting of February 16, 2012 to grant severance compensation in favor of Mr. 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 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).

5 Commitment in favor of Mr. Paul Overeem

Person concerned: Mr. Paul Overeem

The Supervisory Board decided at its meeting of December 4, 2012 to establish severance compensation for Mr. 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 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)Les Commissaires aux Comptes

Paris la Défense and Paris, April 28, 2014

KPMG Audit FS II
Xavier Dupuy
Partner

ACE – Auditeurs et Conseils d'Entreprise
François Shoukry
Partner

8.4 Resolutions submitted to the vote of the Combined Shareholders' Meeting of May 28, 2014

Draft agenda

Ordinary resolutions

1. Approval of the annual financial statements for the financial year ended December 31, 2013 and non-tax deductible expenses
2. Approval of the consolidated financial statements for the financial year ended December 31, 2013
3. Allocation of income for the financial year and declaration of the dividend
4. Adjustment of the reserve for treasury shares
5. Special report of the Statutory Auditors on regulated agreements and commitments and approval of those agreements
6. Opinion on the elements of the compensation due or granted for the financial year ended December 31, 2013 to Mr. Wilfried Verstraete, Chairman of the Board of Management
7. Opinion on the elements of compensation due or granted for the financial year ended December 31, 2013 to Messrs Gerd-Uwe Baden, Frédéric Bizière, Dirk Oevermann and Paul Overeem, members of the Board of Management
8. Determination of the amount of attendance fees allocated to members of the Supervisory Board
9. 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, duration of authorization, purpose, procedure, limit

Extraordinary resolutions

10. Authorization to be granted to the Board of Management to cancel the shares bought back by the Company pursuant to Article L. 225-209 of the French Commercial Code, duration of authorization, limit
11. Delegation of powers to be granted to the Board of Management to increase the capital by capitalizing of reserves, profits and/or premiums, duration of the delegation, maximum nominal amount of the capital increase, procedure for fractional shares
12. Delegation of powers to be granted to the Board of Management to issue ordinary shares and/or securities giving access to share capital (of the Company or a Group company) and/or granting entitlement to the allocation of debt instruments with preservation of preferential subscription rights, duration of the delegation, maximum nominal amount of the capital increase, power to offer the public unsubscribed securities
13. Authorization to increase issue amounts in the event of oversubscription
14. Delegation of powers to be granted to the Board of Management to increase the capital by issuing shares with cancellation of preferential subscription rights for Company savings plan members, pursuant to Articles L. 3332-18 *et seq.* of the French Labor Code, duration of the delegation, maximum nominal amount of the capital increase, issue price, option of allocating bonus shares pursuant to Article L. 3332-21 of the French Labor Code
15. Authorization to be granted to the Board of Management to freely allocate, to salaried employees and/or some corporate officers of the Company or related companies, existing shares and/or shares to be issued, waiver by shareholders of their preferential subscription rights, duration of authorization, limit, duration of vesting periods, particularly in the case of invalidity, and lock-up period
16. Amendment of Article 2 of the Articles of Association to change the company name
17. Amendment of Article 20 of the Articles of Association
18. Powers for formalities.

Draft resolutions

Ordinary resolutions

First resolution

Approval of the annual financial statements for the financial year ended December 31, 2013 and non-tax deductible expenses

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 year ended December 31, 2013, approves the annual financial statements drawn up on that date, as presented, showing a profit of €194,339,482.36.

The Shareholders' Meeting particularly approves the overall total amounting to €14,983.36 of expenses and charges, regulated by Article 39 (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, 2013

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 at December 31, 2013, approves these financial statements, as presented, showing a profit (Group share) of €313.79 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, 2013 as follows:

Source

- Profit for the year €194,339,482.36
- Unappropriated earnings €273,667,144.59

Allocation

- Legal reserve €4,142.40
- Other reserves €0.00
- Dividends €190,437,143.40
- Unappropriated earnings €277,565,341.15

The Shareholders' Meeting acknowledges that the total gross dividend per share is set at €4.20. The entire amount distributed is eligible for the 40% allowance referred to in Article 158-3-2 of the French General Tax Code.

The ex-dividend date will be Monday, June 2, 2014.

The dividends will be paid out on Thursday, June 5, 2014.

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 13, 2014, then the total amount of the dividends shall be adjusted accordingly and the amount allocated to the unappropriated earnings account shall be calculated on the basis of the dividends paid out.

In accordance with Article 243bis of the French General Tax Code, the Shareholders' Meeting acknowledges that it has been 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
2010	€180,410,928* i.e. €4 per share	-	-
2011	€198,701,698.80* i.e. €4.40 per share	-	-
2012	€180,850,908* i.e. €4 per share	-	-

* *Including the dividend amount not paid out in respect of treasury shares and allocated to the unappropriated 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 during the financial year ended December 31, 2013 under the share buyback program as authorized by the Ordinary Shareholders' Meetings of May 24, 2013, including the arrangements for the Company to buy back its own shares in accordance with Articles L. 225-209 *et seq.* of the French Code of Commerce, resolves, in accordance with Article L. 225-210(3) of the French Code of Commerce, to add €5,303,512.93 to the reserve for treasury shares to take account of share purchases and sales under the liquidity agreement managed by Rothschild et Cie Banque during the financial year and sales related to the exercise of stock options.

Accordingly, the Shareholders' Meeting notes that the reserve for treasury shares, which was €66,782,147.45 at December 31, 2013, will be adjusted to €61,478,634.52.

Fifth resolution

Special report of the Statutory Auditors on regulated agreements and commitments and approval of those agreements

The Shareholders' Meeting, ruling on the special report submitted to it by the Statutory Auditors on regulated agreements and commitments, approves the new agreements referred to therein.

Sixth resolution

Opinion on the elements of the compensation due or granted for the financial year ended December 31, 2013 to Mr. Wilfried Verstraete, Chairman of the Board of Management

The Shareholders' Meeting, consulted pursuant to the implementation of Section 24.3 of the AFEP-MEDEF Corporate Governance Code of June 2013, which is the Company's reference code, in accordance with Article L. 225-68 of the French Commercial Code, issues a favorable opinion on the elements of the compensation due or granted for the financial year ended December 31, 2013 to Mr. Wilfried Verstraete, Chairman of the Board of Management, as set out in the Report of the Board of Management to the Shareholders' Meeting in sub-section 8.1 of the 2013 Registration Document.

Seventh resolution

Opinion on the elements of the compensation due or granted for the financial year ended December 31, 2013 to Messrs Gerd-Uwe Baden, Frédéric Bizière, Dirk Oevermann and Paul Overeem, members of the Board of Management

The Shareholders' Meeting, consulted pursuant to the implementation of Section 24.3 of the AFEP-MEDEF Corporate Governance Code of June 2013, which is the Company's reference code, in accordance with Article L. 225-68 of the French Commercial Code, issues a favorable opinion on the elements of the compensation due or granted for the financial year ended December 31, 2013 to Messrs Gerd-Uwe Baden, Frédéric Bizière, Dirk Oevermann and Paul Overeem, members of the Board of Management, as set out in the Report of the Board of Management to the Shareholders' Meeting in sub-section 8.1 of the 2013 Registration Document.

Eighth resolution

Determination of the amount of attendance fees allocated to members of the Supervisory Board

The Shareholders' Meeting resolves to increase the total annual amount of directors' fees to be allocated to the Supervisory Board by €500,000 to €600,000.

This resolution, which applies to the financial year in progress, will be maintained until another resolution is made.

Ninth 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, duration of authorization, purposes, procedure, limit

The Shareholders' Meeting, having reviewed the report of the Board of Management, 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 fourteenth ordinary resolution of the Shareholders' Meeting held on May 24, 2013.

Purchases may be made in order to:

- stimulate the secondary market or the liquidity of Euler Hermes' stock through the use of an investment services provider acting under 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 transactions, 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;
- cancel purchased shares, subject to the authorization to be granted by the tenth extraordinary resolution of this Shareholders' Meeting.

Such share purchases may be made by any means, including via the acquisition of blocks of securities, and at any time deemed necessary by the Board of Management.

However, these operations 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 €125 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 €566,777,212.

The Shareholders' Meeting confers full powers on the Board of Management to carry out these transactions, set the terms and conditions, enter into any necessary agreements and complete all necessary formalities.

Extraordinary resolutions

Tenth resolution

Authorization to be granted to the Board of Management to cancel the shares bought back by the Company pursuant to Article L. 225-209 of the French Commercial Code duration of authorization, limit

The Shareholders' Meeting, having reviewed the report of the Board of Management and the report of the Statutory Auditors:

1. authorizes the Board of Management to cancel, at its sole discretion, on one or more transactions, up to a limit of 10% of the capital calculated on the day of the cancellation decision, less any shares cancelled during the preceding twenty-four months, shares that the Company holds or may hold following repurchases made pursuant to Article L. 225-209 of the French Commercial Code, and to reduce the share capital by the corresponding amount, in accordance with the legal and regulatory measures in force;
2. sets the duration of the validity of this authorization at twenty-four months from this Shareholders' Meeting, i.e. until May 27, 2016;
3. grants all necessary powers to the Board of Management to carry out the transactions necessary for these cancellations and the corresponding share capital reductions, duly amend the Company's Articles of Association and to complete all necessary formalities.

Eleventh resolution

Delegation of powers to be granted to the Board of Management to increase the capital by capitalizing reserves, profits and/or premiums

The Shareholders' Meeting, fulfilling the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having reviewed the report of the Board of Management, and pursuant to Articles L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegates to the Board of Management its authority to increase the share capital, on one or more occasions, at such times and under such terms as it deems appropriate, by capitalizing reserves, profits, premiums or other sums for which capitalization is permitted, by the issue and free allocation of shares or by increasing the nominal value of existing ordinary shares, or by combining these two procedures;

2. decides that if this authority is used by the Board of Management, in accordance with Article L. 225-130 of the French Commercial Code, in the event of a capital increase in the form of a bonus share allocation, the rights on fractional shares may not be traded or transferred, and that the corresponding equity securities will be sold; the sums deriving from the sale will be allocated to the rights holders within the period stipulated by the regulations;
3. sets the duration of the validity of this delegation at twenty-six months from the date of this Shareholders' Meeting;
4. resolves that the capital increase amount resulting from issues carried out under this resolution shall not exceed the nominal amount of €5 million, excluding the amount required to preserve, in accordance with the law, the rights of securities holders granting entitlement to shares.

– This ceiling is separate from all limits set by the other resolutions of this Shareholders' Meeting;

5. confers on the Board of Management all necessary powers to implement this resolution, and, generally, to take all steps and perform all formalities required for the successful completion of each capital increase, formally record it and make the relative amendments to the Articles of Association;
6. acknowledges that this delegation renders null and void, as of today, the unused portion of any previous delegation with the same purpose, if applicable.

Twelfth resolution

Delegation of powers to the Board of Management to issue ordinary shares and/or securities giving access to the share capital and/or granting entitlement to the allocation of debt instruments with preservation of preferential subscription rights

The Shareholders' Meeting, having reviewed the report of the Board of Management and the special report of the Statutory Auditors, and pursuant to the French Commercial Code, specifically Article L. 225-129-2:

1. grants the Board of Management its authority to issue, on one or more occasions, in such proportions and at such times as it deems necessary, either in euro or foreign currency or any other unit of account pegged to a basket of currencies:
   - ordinary shares,
   - and/or securities giving immediate or future access, at any time or at a fixed date, to ordinary shares of the Company, either by subscription, conversion, exchange, repayment, presentation of a coupon or in any other manner,
   - and/or securities granting entitlement to the allocation of debt securities.

Pursuant to Article L. 228-93 of the French Commercial Code, the securities to be issued may entitle the holder to ordinary shares of any company that directly or indirectly owns more than half of its capital, or of which it directly or indirectly owns more than half of the capital;

2. sets the duration of the validity of this delegation at twenty-six months from the date of this Shareholders' Meeting;
3. sets the following limits on authorized issue amounts in the event that the Board of Management uses this delegation of authority:

– The total nominal amount of shares that may be issued under this delegation shall not exceed €7 million.

– If applicable, the nominal value of the ordinary shares to be issued to preserve the rights of holders of securities giving access to the Company's capital, pursuant to the law and, if applicable, contractual stipulations providing for other cases of adjustment, will be added to this limit.

– The nominal amount of debt instruments on the Company that may be issued under this delegation shall not exceed €7 million.

– The limits described above are separate from all limits set by the other resolutions of this Shareholders' Meeting;

4. in the event of use of this delegation of authority by the Board of Management for the issues described under 1) above:

a) resolves that issue(s) of ordinary shares or securities giving access to the capital will be reserved by preference for shareholders, which may subscribe to them irreducibly,

b) decides that if irreducible subscriptions, and reducible subscriptions if applicable, have not absorbed all of one of the issues described under 1), the Board of Management will have the powers to:
   - limit the issue amount to the subscription amount, it being specified that in the event of an issue of ordinary shares or securities whose primary security is a share, this limitation will only be possible if the subscription amount reaches at least three-quarters of the issue resolved upon,
   - freely distribute all or part of the unsubscribed securities,
   - offer to the public all or part of the unsubscribed securities;

5. decides that the Board of Management will have, within the aforementioned limits, the necessary powers to set the conditions of the issue(s), and, if applicable, duly to record the resulting capital increases and amend the Articles of Association accordingly, to charge, on its own initiative, expenses for the capital increases against the amount of the premiums arising thereon, and to deduct from this amount such sums required to increase the legal reserve to one-tenth of the new capital after each increase, and, more generally, do whatever is necessary in this regard;
6. acknowledges that this delegation renders null and void any previous delegation with the same purpose.

Thirteenth resolution

Authorization to increase issue amounts in the event of oversubscription

For each of the issues of ordinary shares or securities giving access to the capital resolved upon pursuant to the twelfth resolution, the number of securities to be issued may be increased under the conditions set out in Article L. 225-135-1 of the French Commercial Code and within the limits established by the Shareholders' Meeting, if the Board of Management registers surplus demand.

Fourteenth resolution

Delegation of powers to be granted to the Board of Management to increase the capital by issuing shares with cancellation of preferential subscription rights for Company savings plan members, pursuant to Articles L. 3332-18 et seq. of the French Labor Code

The Shareholders' Meeting, having reviewed the report of the Board of Management and the special report of the Statutory Auditors, and rendering its decision pursuant to Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and L. 3332-18 *et seq.* of the French Labor Code:

1. authorizes the Board of Management, if it deems this appropriate, and at its sole discretion, to increase the share capital on one or more occasions by issuing ordinary shares or securities giving access to the Company's capital, to benefit the members of one or more Company or Group savings plans established by the Company and/or the French or foreign companies related to it, under the conditions set out in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;
2. cancels, in favor of these persons, the right of preferential subscription to the shares that may be issued under this delegation;
3. sets the duration of the validity of this delegation at twenty-six months from this Shareholders' Meeting;
4. limits the maximum nominal amount of the increase(s) that may be carried out using this authorization to €132,000 (or to 1% of the amount of the share capital at the time of the Board of Management's resolution to carry out this increase), this amount being separate from any other limit stipulated in respect of capital increase delegation. If applicable, the additional amount of ordinary shares to be issued to preserve the rights of holders of securities giving access to the Company's capital, pursuant to the law and, if applicable, contractual stipulations providing for other cases of adjustment, will be added to this amount;
5. decides that the price of the shares to be issued, pursuant to 1) of this delegation, may be no more than 20% less (or 30% less if the plan's vesting period, pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labor Code, is equal to or greater than 10 years) than the average of the first listed prices of the shares in the 20 trading sessions preceding the Board of Management's resolution in respect of the capital increase and the issue of the corresponding shares, and may be no less than this average;
6. decides, pursuant to Article L. 3332-21 of the French Labor Code, that the Board of Management may provide for free allocation to the recipients described in Section 1 above of shares to be issued, or already issued, or other securities giving access to the Company's capital to be issued, or already issued, in respect of (i) matching contributions that may be paid under the rules of Company or Group savings plans, and/or (ii) the discount, if applicable;
7. acknowledges that this delegation renders null and void any previous delegation with the same purpose.

The Board of Management may, or may not, implement this delegation, take all necessary steps and complete all necessary formalities.

Fifteenth resolution

Authorization to be granted to the Board of Management to freely allocate shares to salaried employees (and/or some corporate officers)

The Shareholders' Meeting, having reviewed the report of the Board of Management and the special report of the Statutory Auditors, authorizes the Board of Management to allocate, on one or more occasions, in accordance with Articles L. 225-197-1 and L. 225-197-2 of the French Commercial Code, ordinary shares in the Company, either existing or to be issued, to:

- salaried employees of the Company or companies that are directly or indirectly related to it, pursuant to Article L. 225-197-2 of the French Commercial Code,
- and/or corporate officers who meet the conditions set out in Article L. 225-197-1 of the French Commercial Code.

The total number of bonus shares thus allocated shall not exceed 5% of the share capital at the date of the Board of Management's resolution to allocate them, it being stipulated that the total number of shares that may be allocated to members of the Board of Management shall not exceed 2% of the capital within this limit.

The vesting of shares to the recipients will be definitive at the end of a vesting period set by the Board of Management, which shall be no less than two years; the recipients shall keep the shares for a lock-up period set by the Board of Management, it being specified that this lock-up period shall be no less than two years from the definitive vesting of the aforementioned shares.

However, if the vesting period for all or part of one or more allocations is at least four years, the Shareholders' Meeting authorizes the Board of Management to waive the lock-up period for the shares in question.

Exceptionally, definitive vesting will take place before the end of the vesting period in the case of recipient invalidity, classed as falling within the second and third categories described in Article L. 341-4 of the French Social Security Code.

All powers are conferred on the Board of Management to:

- set the conditions and, if applicable, the criteria for share allocation;
- determine the identity of recipients and the number of shares allocated to each of them;
- determine the effect on recipients' rights of transactions that alter the capital or that may affect the value of the allocated shares taking place within the vesting and lock-up periods, and consequently altering or adjusting, if necessary, the number of shares allocated in order to preserve recipients' rights;
- if applicable:
  - at each allocation, register the existence of sufficient reserves and make a bank transfer to an unavailable reserve account of the sums needed to pay up the new shares to be allocated,
  - decide, at the appropriate time, to carry out the capital increase(s) by incorporation of reserves, premiums or profits corresponding to the issue of new bonus shares (*if applicable*: it being specified that the amount of this or these capital increase(s) is not deducted from the limit of the delegation for a capital increase by incorporation of reserves granted by this Shareholders' Meeting),
  - purchase the required shares under the share buyback program and assign them to the allocation plan,
  - take all practical steps to ensure compliance with the lock-up obligation imposed on recipients,
  - and, generally, to do everything that implementation of this authorization renders necessary under the legislation in force.

This authorization entails the waiver by shareholders of their preferential subscription rights on new shares issued by incorporation of reserves, premiums and profits.

It is granted for a period of thirty-eight months from the date of this Shareholders' Meeting.

It renders null and void any previous authorization with the same purpose.

Sixteenth resolution

Amendment of Article 2 of the Articles of Association to change the company name

The Shareholders' Meeting, having reviewed the report of the Board of Management, decides:

- to adopt the new company name **EULER HERMES GROUP**
- to amend Article 2 of the Articles of Associations as follows:

  "The Company's name is: **EULER HERMES GROUP**".

Seventeenth resolution

Amendment of Article 20 of the Articles of Association

The Shareholders' Meeting, having reviewed the report of the Board of Management, decides:

- expressly to provide for the absence of double voting rights following the amendment of the provisions of Article L. 225-123 of the French Commercial Code by Law No. 2014-384 of March 29, 2014;
- to amend Article 20, paragraph 13, of the Articles of Association as follows (the rest of the article remaining unchanged):

"Every member of the meeting is entitled to as many votes as the number of shares he/she owns or represents. ***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."***

Eighteenth resolution

Powers for formalities

The Shareholders' Meeting grants to the bearer of an original, copy or excerpt of these minutes the necessary powers to complete all filing and registration formalities required by law.

8.5 Description of the share buyback program

As a company listed on Euronext Paris (compartment A), Euler Hermes wishes to retain a share buyback program. With this objective in mind, the ninth resolution to be submitted to the Combined Shareholders' Meeting on May 28, 2014 will seek authorization to create a new share buyback program, in accordance with Article L. 225-209 of the French Commercial Code (*Code de Commerce*), European Commission Regulation (EC) 2273/2003 of December 22, 2003 applying 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 implemented by the Combined Shareholders' Meeting of May 24, 2013, which authorized the Board of Management of Euler Hermes to use all available 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 28, 2014.

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 at March 31, 2014 is 1,277,987 or 2.82 % of the share capital at that date.

Euler Hermes does not hold any shares indirectly.

Nature of share capital held

The share capital can be placed within three categories on March 31, 2014:

- 170,000 treasury shares to be granted to employees and management of the Company and its subsidiaries in 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;
- 986,987 shares to be used in swap operations for external growth operations or in the event of share issues giving access to the Company's capital;
- 121,000 shares used under a liquidity contract with Rothschild & Cie Banque.

The aims of the new share buyback program

The share buybacks will be authorized with the objective of:

- stimulating the secondary market or the liquidity of Euler Hermes' stock through the use of an independent investment professional via a liquidity contract 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 potential external growth operations, 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 (or similar plans) to the employees and/or corporate officers of the Group;
- covering securities that give access to the Company's shares, in accordance with existing regulations;
- canceling purchased shares, where necessary, subject to authorization by the tenth extraordinary resolution of the Combined Shareholders' Meeting to be held on May 28, 2014.

These share purchases may be carried out by any means, including via the acquisition of blocks of securities and at such 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 operations may be carried out during a public bid in accordance with regulations in effect at that time.

Maximum proportion of share capital to be acquired and the maximum number of shares liable to be purchased, the nature of shares liable to be bought back and maximum purchase price

1 Maximum proportion of share capital to be acquired by Euler Hermes

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 commits to not buying back, either directly or indirectly, more than 10% of its capital (consisting of 45,342,177 shares on March 31, 2014).

In accordance with Article L. 225-210 of the French Commercial Code, the number of shares that Euler Hermes will hold at any given time must not exceed 10% of the total shares making up the Company's capital on that date.

Based on the number of shares already held, being 1,277,987 shares at March 31, 2014 (2.82% of the capital), and dependent on eventual adjustments to the Company's share capital following the Combined Shareholders' Meeting on May 28, 2014, the buybacks may not exceed 3,256,231 shares (7.18% of the capital).

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 ninth resolution to be submitted at the Combined Shareholders' Meeting on May 28, 2014, the maximum purchase price, excluding costs, within the framework of the new share buyback program is fixed at €125 per share.

It should also be noted that the maximum sum that Euler Hermes may commit to this program will be €566,777,212 in accordance with the ninth resolution to be submitted to the Combined Shareholders' Meeting on May 28, 2014.

Duration of the program

In accordance with the fourteenth resolution to be submitted at the Combined Shareholders' Meeting on May 28, 2014, the program will last no longer than 18 months from the date of the above-mentioned meeting and must therefore terminate no later than November 28, 2015 or a new date determined by a Shareholder's Meeting held before that date.

9 Additional information

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 sub-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 historic financial information presented in this Registration Document is the subject of report by the independent auditors which contains an observation on page 198 of this Registration Document.

Paris, April 28, 2014

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 33 ("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 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' 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 Euler Hermes for each of the two financial years preceding the publication of the current Registration Document.

9.5 Glossary

Approval: response given by Euler Hermes to the request of a policyholder to cover all or part of the outstandings of one of its customers.

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.

Capital: total assets owned by a company less its liabilities.

Cash pooling: a method of centralized management at a single point of all of a group's bank accounts. 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 Euler Hermes to secure payment of a receivable by the debtor.

Combined ratio: sum of the expense ratio and the loss ratio.

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 that one party to a contract will fail to discharge its obligations and thereby cause the other party to incur financial loss.

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: calculated as consolidated net income divided by the number of shares comprising share capital, net of any treasury stock.

Expense ratio: overheads and service margin as a proportion of earned premiums.

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 Euler Hermes 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 debts.

Integrated group: group with an exclusive network of affiliates that pool their resources and skills to provide seamless service quality and local management.

Issue 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 issue premium forms part of a company's shareholders' equity.

Loss ratio: claims as a proportion of premiums.

Market capitalization: a company's stock market value. It is calculated by multiplying the share price by the number of shares comprising share capital.

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).

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 year's taxable profit.

Policy: credit insurance contract between Euler Hermes 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; and
- earned premiums: the portion of the premium written during the period or earlier corresponding to the coverage of risks during the period concerned.

Prevention: process by which the policyholder may, based on information provided by Euler Hermes 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 Euler Hermes. 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.

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.

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 Euler Hermes to secure payment of a receivable from the debtor.

Share: title of ownership.

Solvency margin: regulatory amount to be constituted, in addition to technical reserves, to ensure that commitments towards the Group's clients are met.

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: explanation of the passage between the theoretical tax rate corresponding to that of the parent company and the actual tax recorded in the income statement.

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.

Time difference: difference between the accounting and tax rules that has an impact on the subsequent year's 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 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.

9.6.2 European regulation of April 29, 2004 – Cross-reference table

Registration Document filed with the AMF on April 30, 2014.

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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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2014 FINANCIAL CALENDAR

2013 FIRST QUARTER FINANCIAL RESULTS
04/30/2014

SHAREHOLDERS' MEETING
05/28/2014

2013 FIRST HALF YEAR FINANCIAL RESULTS
07/30/2014

2013 THIRD QUARTER FINANCIAL RESULTS
10/28/2014

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Design and production: RR DONNELLEY