Consolidated Financial Statements

For the year ended December 31, 2014

EULER HERMES
Business insured. Success ensured.

A company of Allianz

Pursuant to Article 28-1 section 5 of (EC) Regulation 809/2004 of the European Commission of April 29, 2004, the Group's consolidated financial statements for the year ending December 31, 2013 (established in accordance with IFRS including comparative data for fiscal 2012 under the same standards) and for the year ending December 31, 2012 (established in accordance with IFRS including comparative data for fiscal 2011 under the same standards) and the related report of the Statutory Auditors are included by reference in this Registration Document. They appear on pages 123 to 199 of the Registration Document of the Company for financial year 2013, as registered by the AMF on April 30, 2014 under no. D 14-0469 and on pages 111 to 194 of the Registration Document of the Company for financial year 2012, as registered by the AMF on April 26, 2013 under no. D 13-0446.

Consolidated balance sheet

Consolidated balance sheet

(in € thousand)	Notes	December 31, 2014	December 31, 2013
Goodwill	3	108 389	99 489
Other intangible assets	4	112 502	88 985
Intangible assets		**220 891**	**188 474**
Investment property	5	75 369	60 231
Financial investments	6	3 894 626	3 675 876
Derivatives		19 011	13 801
Investments		**3 989 006**	**3 749 908**
Investments accounted for at the equity method	**7**	**199 428**	**193 853**
Share of assignees and reinsurers in the technical reserves and financial liabilities	**19**	**564 279**	**529 876**
Operating property and other property, plant and equipment	8	48 602	138 339
Acquisition costs capitalised		67 753	58 501
Deferred tax assets	9	23 653	24 447
Inwards insurance and reinsurance receivables	10	592 788	563 542
Outwards reinsurance receivables	10	12 082	71 813
Corporation tax receivables		19 811	20 161
Other receivables	11	228 100	221 552
Asset classifed as Held for sale	12	60 670	-
Other assets		**1 053 459**	**1 098 355**
Cash	13	332 624	302 190
TOTAL ASSETS		**6 359 687**	**6 062 656**
Capital stock		14 510	14 510
Additional paid-in capital		465 007	465 007
Reserves		1 712 679	1 650 801
Net income, group share		302 060	313 729
Revaluation reserve	14	99 242	63 566
Foreign exchange translation		(12 973)	(45 743)
Shareholders' equity, Group share		**2 580 525**	**2 461 870**
Non controlling interests	15	62 142	66 582
Total shareholders' equity		**2 642 667**	**2 528 452**
Provisions for risks and charges	**16**	**383 651**	**310 374**
Bank borrowings		284 159	261 384
Other borrowings		-	351
Borrowings	**18**	**284 159**	**261 735**
Non-life technical reserves	19	2 177 246	2 028 682
Liabilities related to contracts		**2 177 246**	**2 028 682**
Deferred tax liabilities	9	163 063	264 903
Inwards insurance and reinsurance liabilities	20	226 992	192 141
Outwards reinsurance liabilities	20	131 477	145 300
Corporation tax payables		60 658	46 284
Other payables	21	289 774	284 785
Other liabilities		**871 964**	**933 413**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6 359 687**	**6 062 656**

Consolidated income statement

(in € thousand excepted for the earnings per share)		December 31,	
	Notes	**2014**	**2013**
Premiums written		2 270 416	2 202 496
Premiums refunded		(111 513)	(109 896)
Change in unearned premiums		(32 992)	(13 580)
Earned premiums		**2 125 911**	**2 079 020**
Service revenues		401 101	407 220
Turnover	21	**2 527 012**	**2 486 240**
Investment income		81 117	88 372
Investment management charges		(9 012)	(8 390)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		21 108	12 992
Change in fair value of investments recognised at fair value through profit or loss		210	(5 122)
Change in investment impairment provisions		(2 984)	(1 162)
Net change in foreign currency		(5 357)	(540)
Net investment income	23	**85 082**	**86 150**
Insurance services expenses		**(998 671)**	**(1 046 530)**
Outwards reinsurance income		498 812	541 158
Outwards reinsurance expenses		(643 876)	(643 461)
Net outwards reinsurance income or expenses	22	**(145 064)**	**(102 303)**
Contract acquisition expenses		**(452 940)**	**(426 506)**
Administration expenses		**(207 943)**	**(206 065)**
Other ordinary operating income	25	**23 595**	**21 611**
Other ordinary operating expenses	25	**(394 902)**	**(381 186)**
CURRENT OPERATING INCOME	22	**436 169**	**431 411**
Other non ordinary operating expenses	26	(24 726)	(32 189)
Other non ordinary operating income	26	1 682	59 384
OPERATING INCOME		**413 125**	**458 606**
Financing expenses		(8 347)	(10 953)
Share of Income from companies accounted for at the equity method	7	15 718	6 424
Corporation tax	27	(116 396)	(136 996)
CONSOLIDATED NET INCOME		**304 100**	**317 081**
o/w			
NET INCOME, GROUP SHARE		**302 060**	**313 729**
Non controlling interests		2 040	3 352
Earnings per share (in euros)	28	**6,86**	**7,12**
Diluted earnings per share (in euros)	28	**6,86**	**7,11**
Earnings per share of continuing activities (in euros)		**6,86**	**7,12**
Diluted earnings per share of continuing acitivies (in euros)		**6,86**	**7,11**

Consolidated statement of other comprehensive income

(in € thousand)	December 31, 2014	2013
NET INCOME, GROUP SHARE	**302 060**	**313 729**
Net income, Non controlling interests	2 040	3 352
Actuarial gains and losses on defined benefit plans net of tax	(49 723)	17 337
Other comprehensive income - Items that may never be reclassified to profit and loss	**(49 723)**	**17 337**
Available-for-sale investments - reclassification to net income	(20 361)	(21 362)
Tax impact	5 211	6 515
Available-for-sale investments - changes arising during the period	63 945	(23 656)
Tax impact	(16 313)	9 348
Foreign currency translation adjustments	35 876	(23 978)
Other comprehensive income - Items that may be reclassified to profit and loss in future periods	**68 358**	**(53 133)**
Other comprehensive income - non controlling interests share net of tax	45	(148)
Total comprehensive income	**322 780**	**281 137**
Total comprehensive income, Group share	320 695	277 933
Total comprehensive income, Non controlling interests	2 085	3 204

Consolidated statement of cash flows

(in € thousand)	Notes	December 31, 2014	2013
Net income, Group share		**302 060**	**313 729**
Corporation tax		116 396	136 996
Financing expense		8 347	10 953
Minority interests		2 040	3 352
Income (loss) of companies accounted for at the equity method	**7**	(15 718)	(6 424)
Operating income before tax		**413 125**	**458 606**
Allocation to and writebacks of depreciation, amortisation and reserves		82 123	59 698
Change in technical reserves		54 034	114 520
Change in deferred acquisition costs		(5 228)	(2 686)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)		(1 609)	(2 990)
Realised capital gains/(losses) net of writebacks		(21 471)	(62 732)
Unrealised foreign exchange gain (loss) in company accounts		11 719	5 528
Revenues and expenses linked to stock options and similar		-	-
Interest revenues received accrued		1 929	829
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows		**121 497**	**112 167**
Dividends received from companies accounted for at the equity method	**7**	10 414	19 127
Change in liabilities and receivables relating to insurance and reinsurance transactions		59 914	(34 414)
Change in operating receivables and liabilities		(2 835)	34 311
Change in other assets and liabilities		(13 487)	(45 483)
Corporation tax		(181 854)	(155 050)
Cash flow related to operating activities		**(127 848)**	**(181 509)**
CASH FLOW FROM OPERATING ACTIVITIES		**406 774**	**389 264**
Acquisitions of subsidiaries and joint ventures, net of acquired cash		(4 667)	-
Disposals of subsidiaries and joint ventures, net of ceded cash		-	52 758
Acquisitions of equity interests in companies accounted for at the equity method	**7**	-	(91 982)
Disposals of equity method investments		-	-
Merger		25	-
Cash flow linked to changes in the consolidation scope		**(4 642)**	**(39 224)**
Disposals of AFS securities		1 063 955	1 060 533
Matured HTM securities		-	300
Disposals of investment properties		165	2 989
Disposals of securities held for trading		2 630	2 317
Cash flow linked to disposals and redemptions of investments		**1 066 750**	**1 066 139**
Acquisitions of AFS securities		(1 197 437)	(1 042 825)
Acquisitions of HTM securities		-	-
Acquisitions of investment and operating properties	**5**	(16 832)	(11 639)
Acquisitions of trading securities		(5 900)	(3 588)
Cash flow linked to acquisitions of investments		**(1 220 169)**	**(1 058 052)**
Disposals of other investments and intangible assets (1)		2 733 714	2 906 800
Acquisitions of other investments and intangible assets (1)		(2 757 258)	(2 962 529)
Cash flow linked to acquisitions and disposals of other investments and intangible assets		**(23 544)**	**(55 729)**
CASH FLOW FROM INVESTING ACTIVITIES		**(181 605)**	**(86 866)**

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

Consolidated statement of cash flows

(in € thousand)	Notes	December 31, 2014	December 31, 2013
Increases and decreases in capital		-	8 166
Increases in capital		-	*8 166*
Decreases in capital		-	-
Change in treasury stock		(18 041)	6 642
Dividends paid		(189 372)	(180 866)
Cash flow linked to transactions with the shareholders		**(207 413)**	**(166 058)**
Change in non voting shares		**-**	**-**
Changes in loans and subordinated securities		22 682	(124 759)
Issue		*22 682*	*10 358*
Repayment		-	*(135 117)*
Interest paid		(8 263)	(13 811)
Cash flow from Group financing		**14 419**	**(138 570)**
CASH FLOW FROM FINANCING ACTIVITIES		**(192 994)**	**(304 628)**
Impact of foreign exchange differences on cash and cash equivalents		(130)	(3 851)
Reclassification		-	(109)
Other cash flows linked to restructuring operations		(1 261)	-
OTHER NET CHANGES IN CASH		**(1 391)**	**(3 960)**
Change in cash flows		**30 784**	**(6 190)**
Change in cash and cash equivalents		**30 784**	**(6 190)**
Cash and cash equivalents at begining of period	**13**	**301 840**	**308 030**
Cash and cash equivalents at end of period	**13**	**332 624**	**301 840**

During 2014, the cash position increased by €30,784 thousand.

- Cash flow from operating activities contributed for €407 million in 2014 against €389 million in 2013, mainly due to improvement of flows related to the operations of reinsurance.
- Investment activities contributed to cash outflows up to €-182 million at the end of 2014, against €-87 million at the end of 2013, mainly due to new investments net from disposals in AFS securities for €133.5 million in 2014 against €17.7 million in 2013, and due to new net investments in real estate for €16.7 million in 2014 against €8.7 million in 2013.
- Cash outflows from the financing activities decreased from €-305 million in 2013 to €-193 million in 2014. They are mainly related to the payment of dividends (€189 million in 2014 against €180 million in 2013) while 2013 also included the reimbursement of a loan of €135 million.

Consolidated statement of changes in equity

For the year 2014

(in € thousand)	Capital Stock	Additional paid-in-capital	Consolidation reserve and Retained earnings	Revaluation reserve	Translation reserve	Treasury shares	Shareholders' equity, group share	Non controlling interests	Total shareholders' equity
Opening Shareholders ' equity, Group share	**14 510**	**465 007**	**2 024 004**	**63 566**	**(45 743)**	**(59 474)**	**2 461 870**	**66 582**	**2 528 452**
Available-for-sale assets (AFS)	-	-	-	-	-	-	-	-	-
Measurement gain / (loss) taken to shareholders' equity	-	-	-	47 632	-	-	**47 632**	-	**47 632**
Impact of transferring realised gains and losses to income statement	-	-	-	(15 150)	-	-	**(15 150)**	-	**(15 150)**
Actuarial gain / (loss) on defined benefit plans	-	-	(49 723)	-	-	-	**(49 723)**	(61)	**(49 784)**
Impact of translation differences	-	-	-	3 106	32 770	-	**35 876**	106	**35 982**
Components of other comprehensive income net of tax	**-**	**-**	**(49 723)**	**35 588**	**32 770**	**-**	**18 635**	**45**	**18 680**
Net income for the year	**-**	**-**	**302 060**	**-**	**-**	**-**	**302 060**	**2 040**	**304 100**
Comprehensive income of the period	**-**	**-**	**252 337**	**35 588**	**32 770**	**-**	**320 695**	**2 085**	**322 780**
Capital movements	-	-	-	-	-	(17 504)	**(17 504)**	-	**(17 504)**
Dividend distributions	-	-	(184 826)	-	-	-	**(184 826)**	(4 546)	**(189 372)**
Cancellation of gains/losses on treasury shares	-	-	-	-	-	(537)	**(537)**	-	**(537)**
Transaction between shareholder's	-	-	729	88	-	-	**817**	(1 979)	**(1 162)**
Other movements	-	-	10	-	-	-	**10**	-	**10**
Closing Shareholders ' equity, Group share	**14 510**	**465 007**	**2 092 254**	**99 242**	**(12 973)**	**(77 515)**	**2 580 525**	**62 142**	**2 642 667**

For the year 2013

(in € 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)**
Actuarial gain / (loss) on defined benefit plans	-	-	17 337	-	-	-	**17 337**	(88)	**17 249**
Impact of translation differences	-	-	-	(56)	(23 922)	-	**(23 978)**	(31)	**(24 009)**
Components of other comprehensive income net of tax	**-**	**-**	**17 337**	**(29 211)**	**(23 922)**	**-**	**(35 796)**	**(148)**	**(35 944)**
Net income for the year	**-**	**-**	**313 729**		**-**	**-**	**313 729**	**3 352**	**317 081**
Comprehensive income of the period	**-**	**-**	**331 066**	**(29 211)**	**(23 922)**	**-**	**277 933**	**3 204**	**281 137**
Capital movements	42	8 124	-	-	-	5 303	13 469	-	13 469
Dividend distributions	-	-	(176 020)	-	-	-	(176 020)	(4 846)	(180 866)
Cancellation of gains/losses on treasury shares	-	-	-	-	-	1 339	1 339	-	1 339
Other movements	-	-	4 089	-	-	(4 181)	(92)	(37)	(129)
Closing Shareholders ' equity, Group share	**14 510**	**465 007**	**2 024 004**	**63 566**	**(45 743)**	**(59 474)**	**2 461 870**	**66 582**	**2 528 452**

As at December 31, 2014, the share capital of Euler Hermes Group consisted of 45,342,177 fully paid-up shares. At the same date Euler Hermes Group holds 1,360,137 treasury shares.

In accordance with IAS 39, available-for-sale (AFS) investments were revaluated at market value with the resulting gain or loss being taken directly to the revaluation reserve with no impact on the consolidated income statement. During the year, the increase in the revaluation reserve totalled €35,588 thousand net of taxes.

The increase in translation reserves by €32,770 thousand during the exercise relates mainly to the US dollar for an impact of €25,704 thousand, the pound sterling for €13,824 thousand, the Russian rouble for €-4,491 thousand, the Singapore dollar for €1,526 thousand and the Hungarian forint for €-1,025 thousand.

The non-controlling interests are down by €4,440 thousand. This is mainly due to the buyback of non-controlling interests of Euler Hermes Hellas Credit Insurance for an impact of €-1,979 thousand, the net result for the period for €2,040 thousand and the payment of dividend for €-4,546 thousand.

Notes to the consolidated financial statement

Note 1 Significant events

The following significant events occurred in the year 2014:

Changes in the share capital and in share ownership

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

As at December 31, 2014, Euler Hermes Group's share capital was composed of 45,342,177 shares, including 1,360,137 shares held in treasury stock.

Creation of Euler Hermes AG

Euler Hermes Deutschland's Export Credit activities on behalf of the German Government were carved out into a new company (Euler Hermes AG) through a spin-off or 'Abspaltung' early this year, allowing the merger of Euler Hermes Deutschland's into Euler Hermes Europe (renamed into Euler Hermes SA (NV) at year-end).

Transfer of the Asian Insurance portfolios to Euler Hermes Europe (renamed into Euler Hermes SA (NV) at year-end)

Also in the context of the legal restructuring of the Group, the insurance portfolios of the Asian branches were transferred on June 1st for Singapore, on July 1st for Hong Kong and August 1st for Japan, from Euler Hermes Deutschland to Euler Hermes Europe (renamed into Euler Hermes SA (NV) at year-end) in Belgium.

Company name changes

Following the Shareholders' Meeting of May 28, 2014, the company name "Euler Hermes SA" was changed into "Euler Hermes Group SA".

Following the Extraordinary Shareholders' Meeting of November 4, 2014, the company name "Euler Hermes Europe SA (NV)" was changed into "Euler Hermes SA (NV)".

Blue Europe II: realization of cross border mergers

The cross border mergers of Euler Hermes Deutschland AG and of Euler Hermes France SA into Euler Hermes SA (NV), have been authorized by the NBB, the ACPR and BaFin, the Belgian, French and German regulators. The mergers were approved in the Extraordinary Shareholders' Meeting of November 4, 2014, with retroactive effect from January 1st, 2014.

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

In January 2014, Euler Hermes SA (NV) bought-back the non-controlling interests of Euler Hermes Hellas Credit Insurance. The Greek subsidiary is now 100% held by the Group.

Expansion in international markets

During the year 2014 the Group created new service companies to expand its business in growing markets: Euler Hermes Services Taiwan, Euler Hermes Services GCC Ltd, a company located in Dubai, Euler Hermes Services Bulgaria, Euler Hermes Services Tunisia and Euler Hermes Korea Non-Life Broker Co., Ltd.

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

During the third quarter of 2014, Euler Hermes Group and Euler Hermes Deutschland Boards of Management have signed an agreement with a real estate development company to sell and partially leaseback the corporate buildings of the Group in Hamburg with the objective to transfer the ownership before the end of 2015.
Consequently, the net value of properties was reclassified as assets "held for sale" for an amount of €75.7 million before impairment. After reclassification, an impairment loss corresponding to the fair value less costs of sale was recognized for an amount of € 17.2 million. This impairment loss is recognized in the income statement under "Other non-ordinary operating expenses".

Initiative EH 3.0 launch

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

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

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

Note 2 IFRS accounting and valuation rules

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

The financial statements of the Euler Hermes group as at December 31, 2014 were approved by the Group Management Board of February 16, 2015 and presented to the Supervisory Board of February 18, 2015. They will be submitted for validation to the Shareholders’ Meeting of May 27, 2015.

2.1. General Principles

In accordance with European regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements published as at December 31, 2014 were prepared in accordance with IFRS as adopted by the European Union. International accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at December 31, 2014 as adopted by the European Union;
- Guidance provided in CNC recommendation no. 2013-R05 relating to the format of financial statements prepared by insurance firms under international accounting guidelines.

The financial statements are presented in euros, the functional currency, rounded to the nearest thousand. They have been prepared on a historical cost basis except for asset and liability items relating to insurance policies, which are measured in accordance with the methods already applied by the Group and for financial instruments measured at fair value (financial instruments at fair value through the consolidated income statement and available-for sale financial instruments). Non-current assets and groups of assets held with a view to being sold are measured at the lower of carrying amount and fair value less selling costs.

2.2. Changes in the accounting framework applicable to the Group in 2014

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

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

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

<u>Impact of the first-time application of IFRS 10 Consolidated Financial Statements</u>

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

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

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

Impact of first-time application of IFRS 11 Joint Arrangements

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

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

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

Pursuant to IFRS 11, joint arrangements classified as joint ventures must be accounted for using the equity method (proportionate consolidation is no longer authorized). Each joint operator in a joint operation must account for the assets and liabilities (income and expenses) relating to its interest in the joint operation.
Given the changes concerning the forms of joint arrangements and to consolidation methods, the Group undertook a review of its joint arrangements, covering all periods presented. The main arrangements under joint control within the Group qualify as joint ventures pursuant to IFRS 11 and were already equity-accounted in accordance with IFRS 11.

The company NV Interpolis Kredietverzekeringen had been previously analyzed as a joint operation; but pursuant to IFRS11, this company finally qualifies as joint ventures and is equity-accounted from 1st of January 2014. The impacts are not significant at Group level. Consequently, comparative financial statements related to the previous period were not retrospectively restated. Following the purchase of 55% of NV Interpolis Kredietverzekeringen (IKV) by Euler Hermes SA (NV) at 22 December 2014, NV Interpolis Kredietverzekeringen (IKV) is now fully held and fully consolidated by the Group.

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

IFRS 12 concerns the disclosure of interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. As part of the Financial Statements as at December 31, 2014, information required by IFRS 12, mainly related to joint ventures, are disclosed in the notes in order to allow an accurate reading of the financial statements.

Impact of first-time application of IAS 28 revised

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

Early application of standards

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

2.3. Consolidation scope

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

The Group has created and fully integrated the following services entities during the year 2014: Euler Hermes Services Taiwan, Euler Hermes Services GCC Ltd in Dubai, Euler Hermes Services Bulgaria, Euler Hermes Services Tunisia and Euler Hermes Korea Non-Life Broker Co., Ltd.

The French and German insurance companies, Euler Hermes France and Euler Hermes Deutschland A.G. have been merged in the company Euler Hermes Europe SA (NV), renamed Euler Hermes SA (NV). Beforehand Euler Hermes Deutschland's Export Credit activities on behalf of the German Government were carved out into a new company (Euler Hermes AG) through a spin-off or 'Abspaltung' early this year, allowing the merger of Euler Hermes Deutschland into Euler Hermes SA (NV).

Following the purchase of 55% of NV Interpolis Kredietverzekeringen (IKV) by Euler Hermes SA (NV) at December 22nd, 2014, NV Interpolis Kredietverzekeringen (IKV) is now fully held and fully consolidated by the Group.

Three entities held by Bürgel Wirtschaftsinformationen GmbH & Co. KG have been merged into their parent company and then entered the consolidation scope in 2014.

2.4. List of consolidated companies

French companies	Consolidation Method	December 31, 2014 % control	December 31, 2014 % interest	December 31, 2013 % control	December 31, 2013 % interest
Euler Hermes Group SA (1) 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 552 040 594	Held by Allianz SA: 67,81%	Parent company		Parent company	
Bilan Services SNC 25, boulevard des Bouvets - 92000 Nanterre N°Siren : 333 192 631	Full	50,00	50,00	50,00	50,00
Euler Hermes Asset Management SA 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 422 728 956	Full	100,00	100,00	100,00	100,00
Euler Hermes Services SAS 1, place des Saisons - 92048 Paris-La-Défense Cédex 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 Cédex N°Siren : 348 920 596	Liquidated in 2014 (2)			100,00	100,00
Euler Hermes Crédit France 1, place des Saisons - 92048 Paris-La-Défense Cédex 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 Cédex N°Siren : 388 238 026	Full	100,00	100,00	100,00	100,00
Euler Hermes Tech SAS 1, place des Saisons - 92048 Paris-La-Défense Cédex N°Siren : 388 237 091	Full	100,00	100,00	100,00	100,00
Euler Gestion 1, place des Saisons - 92048 Paris-La-Défense Cédex FR0007434980	Full	100,00	100,00	100,00	100,00
Euler Hermes World Agency 1, place des Saisons - 92048 Paris-La-Défense Cédex 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 Cédex N° Siren : 393 302 708	Full	100,00	100,00	100,00	100,00
Financière Callisto 1, place des Saisons - 92048 Paris-La-Défense Cédex 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 Cédex N° Siren : 493 467 609	Full	100,00	100,00	100,00	100,00

(1) Proportion held is based on a total of 45 342 177 shares (before restatement of treasury shares).
(2) Dissolved after the merger in Euler Hermes SA (NV)

Full : Full Integration ; **Proportional** : Proportional Integration ; **Equity** : Equity Method Accounting ; **NC** : Not consolidated
NB: Percentages of control and interest are determined on the last day of the financial period.

Foreign companies	Country	Consolidation Method	December 31, 2014 % control	December 31, 2014 % interest	December 31, 2013 % control	December 31, 2013 % interest
Euler Hermes Australia Pty Ltd Level 9, Forecourt Building, 2 Market Street Sydney NSW 2000	Australia	Full	100,00	100,00	100,00	100,00
Acredia Versicherung AG Himmelpfortgasse 29 - 1010 Vienne	Austria	Equity	49,00	49,00	49,00	49,00
OeKB EH Beteiligungs- u. Manag Strauchgasse 1-3 - 1011 - Vienne	Austria	Equity	49,00	49,00	49,00	49,00
Euler Hermes SA (NV) Avenue des Arts, Kunstlaan 56 - 1000 Brussels - RC Bruxelles : 45 8033	Belgium	Full	100,00	100,00	100,00	100,00
Euler Hermes Services Belgium SA (NV) Avenue des Arts, Kunstlaan 56 - 1000 Brussels - RC Bruxelles : 45 8033	Belgium	Full	100,00	100,00	100,00	100,00
Euler Hermes Patrimonia 56, avenue des Arts, A - 1000 Bruxelles	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 (NV) Uibreidingstraat 84 Bus 1 - 2500 Berchem	Belgium	Equity	27,50	27,50	27,50	27,50
Euler Hermes Seguros de Crédito SA Av. Paulista, 2.421, 3º and. - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Full	100,00	100,00	100,00	100,00
Euler Hermes Serviços de Gestão de Riscos Ltda Av. Paulista, 2.421, 3º and. - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Full	100,00	100,00	100,00	100,00
Euler Hermes Seguros de Crédito à Exportaçao Av. Paulista, 2.421, 3º and. - Jardim Paulista - São Paulo-SP CEP 01311-300	Brasil	Liquidated in 2014 (4)			100,00	100,00
Euler Hermes Services Bulgaria 82 Patriarch Evtimii Blvd. - 1463 Sofia	Bulgaria	Full	100,00	100,00		
Euler Hermes Canada Services 1155, René-Lévesque Blvd West, suite 2810 - Montreal H3B 3Z7	Canada	Full	100,00	100,00	100,00	100,00
Euler Hermes information Consulting (Shanghai) Co., Ltd Unit 2103, Taiping Finance Tower, 488 Middle Yincheng Road, Pudong New Area, Shanghai, 200120, PRC	China	Full	100,00	100,00	100,00	100,00
Euler Hermes Service, Česká republika, 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. KG Gasstr.18 - D-22761 Hambourg	Germany	Full	50,10	50,10	50,10	50,10
Bürgel Wirtschaftsinformationen Verwaltungs-GmbH Gasstr.18 - D-22761 Hambourg	Germany	Full	50,40	50,40	50,40	50,40
Euler Hermes Forderungsmanagement Deutschland GmbH Friedensallee 254 - D-22763 - Hambourg	Germany	Liquidated in 2014 (3)			100,00	100,00
Euler Hermes Rating Deutschland GmbH Friedensallee 254 - D-22763 Hambourg	Germany	Full	100,00	100,00	100,00	100,00
Euler Hermes Collections GmbH Zeppelin Str. 48 - DE-14471 - Potsdam	Germany	Full	100,00	100,00	100,00	100,00
Euler Hermes Aktiengesellschaft Friedensallee 254 D-22763 - Hambourg	Germany	Full	100,00	100,00		
Euler Hermes Deutschland AG Friedensallee 254 D-22763 - Hambourg	Germany	Liquidated in 2014 (2)			100,00	100,00
Euler Hermes Hellas Credit Insurance SA 16 Laodikias Street - 1-3 Nymfeou Street - 115 28 Athens	Greece	Full	100,00	100,00	80,30	80,30
Euler Hermes Emporiki Services Ltd 16 Laodikias Street - 1-3 Nymfeou Street - 115 28 Athens	Greece	Full	100,00	100,00	80,30	80,30
Euler Hermes Hong Kong Services Limited Suites 403-11, 4/F, Cityplaza 4 - 12 Taikoo Wen Road - Taikoo Shing, Hong Kong	Hong Kong	Full	100,00	100,00	100,00	100,00
Euler Hermes Magyar Követeléskezelő Kft. Kiscelli u.104 - 1037 Budapest	Hungary	Full	100,00	100,00	100,00	100,00
Euler Hermes Services India Private Limited 4th Floor, Voltas House - 23, J N Heredia Marg - Ballard Estate - Mumbai 400 001	India	Full	100,00	100,00	100,00	100,00
Euler Hermes Service Ireland Ltd Block 4, Blackrock Business Park, Craysfort Avenue, Blackrock, Co Dublin	Ireland	Full	100,00	100,00	100,00	100,00
Pimco Funds Ireland Styne House - Upper Hatch Street - Dublin 2	Ireland	Full	100,00	100,00	100,00	100,00
Israël Credit Insurance Company Ltd (ICIC) 2, Shenkar Street - 68010 Israël - Tel Aviv	Israel	Equity	50,00	50,00	50,00	50,00
Euler Hermes Services Italia SRL Via Raffaello Matarazzo,19 - 00139 Rome	Italy	Full	100,00	100,00	100,00	100,00
Euler Hermes Japan Services Ltd Kyobashi Nisshoku Bldg 7F - 08-07, Kyobashi 1-chome, Chuo-Ku - Tokyo 104-0031	Japan	Full	100,00	100,00	100,00	100,00
Euler Hermes Korea Non-life Broker Company Limited 51 JongRo-gu, JongRo - Seoul	Korea	Full	100,00	100,00		
Euler Hermes Ré 19, rue de Bitbourg - L-2015 Luxembourg	Luxembourg	Full	100,00	100,00	100,00	100,00
Euler Hermes Luxembourg Holding SARL 37, rue d'Anvers - L.1130 Luxembourg	Luxembourg	Full	100,00	100,00	100,00	100,00
Euler Hermes Acmar 37, boulevard Abdellatif Ben Kaddour - 20050 Casablanca	Morocco	Full	55,00	55,00	55,00	55,00
Euler Hermes Acmar Services 37, boulevard Abdellatif Ben Kaddour - 20050 Casablanca	Morocco	Full	55,00	55,00	55,00	55,00

Full : Full Integration ; **Proportional** : Proportional Integration ; **Equity** : Equity Method Accounting ; **NC** : Not consolidated

Euler Hermes Services BV	Netherlands	Full	100,00	100,00	100,00	100,00
Pettelaarpark 20 - Postbus 70571 - NL-5216 PD's-Hertogenbosch						
Graydon Creditfink BV	Netherlands	Equity	27,50	27,50	27,50	27,50
Hullenbergweg 260 - 1101 B.V. Amsterdam						
Graydon Holding NV	Netherlands	Equity	27,50	27,50	27,50	27,50
Hullenbergweg 260 - 1101 B.V. Amsterdam						
Graydon Nederland BV	Netherlands	Equity	27,50	27,50	27,50	27,50
Hullenbergweg 260 - 1101 B.V. Amsterdam						
Kisys Krediet Informatie Systemen BV	Netherlands	Equity	27,50	27,50	27,50	27,50
Hullenbergweg 270 - 1101 B.V. Amsterdam						
MarkSelect BV	Netherlands	Equity	27,50	27,50	27,50	27,50
Diemerhof 26 - Postbus 22969 - 1100 DL Amsterdam						
Interpolis Kredietverzekeringen NV	Netherlands	Full	100,00	100,00	45,00	45,00
Pettelaarpark 20 - 5216 PD's Hertogenbosch						
Euler Hermes New Zealand Limited	New Zealand	Full	100,00	100,00	100,00	100,00
Level 1, Lumley Center, 152 Fanshawe Street, Auckland 1010						
Euler Hermes Collections Sp. z o.o.	Poland	Full	100,00	100,00	100,00	100,00
ul. Domaniewska 50B, 02-672 Warsaw						
Towarzystwo Ubezpieczen Euler Hermes SA	Poland	Full	100,00	100,00	100,00	100,00
ul. Domaniewska 50B, 02-672 Warsaw						
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k	Poland	Full	99,98	99,98	99,98	99,98
ul. Domaniewska 50B, 02-672 Warsaw						
Euler Hermes Services Sp. z.o.o.	Poland	Full	100,00	100,00	100,00	100,00
ul. Domaniewska 50B, 02-672 Warsaw						
Companhia de Seguro de Creditos S.A. (COSEC)	Portugal	Equity	50,00	50,00	50,00	50,00
Avenida de Republica, n°58 - 1069-057 Lisboa						
Euler Hermes Services Romania SRL	Romania	Full	100,00	100,00	100,00	100,00
6 Petru Maior street , Sector 1 - Bucarest 011264						
Ooo Euler Hermes Credit Management	Russia	Full	100,00	100,00	100,00	100,00
ul. Krymskij Val3, 2, Office 210 - 119049 Moscou						
LLC "IC" Euler Hermes RU	Russia	Full	100,00	100,00	100,00	100,00
8 Office C08, 4-th Dobryninskiy per.8 - 119049 Moscou						
Euler Hermes Singapore Services Pte Ltd.	Singapore	Full	100,00	100,00	100,00	100,00
12 Marina View - # 14-01 Asia Square Tower 2 - Singapore 018961						
Euler Hermes Services Slovensko, SRO	Slovakia	Full	100,00	100,00	100,00	100,00
Plynarenska 7/A 821 09 Bratislava						
Euler Hermes Services South Africa LTD	South Africa	Full	100,00	100,00	100,00	100,00
The Firs, 2nd Floor, 32A Cradock Avenue, Rosebank, 2196						
Solunion Compañia Internacional de Seguros y Reaseguros SA	Spain	Equity	50,00	50,00	50,00	50,00
Avenida General Peron, 40 - 28020 Madrid						
Euler Hermes Service AB	Sweden	Full	100,00	100,00	100,00	100,00
Klara Norra Kyrkogata 29 - SE 101 34 Stockholm						
Euler Hermes Services Schweiz AG	Switzerland	Full	99,50	99,50	99,50	99,50
Richtiplatz 1 - Postfach CH-8304 Wallisellen						
Euler Hermes Reinsurance AG	Switzerland	Full	100,00	100,00	100,00	100,00
Richtiplatz 1 - Postfach CH-8304 Wallisellen						
Euler Hermes Taïwan Services	Taiwan	Full	100,00	100,00		
15F, NO.170, Tun Hwa N.RD. - 10548 Taipai						
Euler Hermes Services Tunisia	Tunisia	Full	100,00	100,00		
6, rue Ibn Hazm, Cité Jardins, Le Belvédère - 1002 Tunis						
Euler Hermes Risk Yönetimi	Turkey	Full	100,00	100,00	100,00	100,00
Büyükdere caddesi Maya Akar Center, B Blok Kat:7 34394 Esentepe, Istanbul						
Euler Hermes Sigorta Anonim Sirketi	Turkey	Full	100,00	100,00	100,00	100,00
Büyükdere caddesi Maya Akar Center B Blok Kat:7 34394 Esentepe, Istanbul						
Euler Hermes Services GCC Limited	United Arab Emirates	Full	100,00	100,00		
Dubai International Financial Centre - Dubai						
Euler Hermes Services UK Ltd	United Kingdom	Full	100,00	100,00	100,00	100,00
01 , Canada Square - London E14 5DX						
Graydon U.K. Limited	United Kingdom	Equity	27,50	27,50	27,50	27,50
Hyde House, Edgware road - Colindale - Londres NW9 6LW						
Euler Hermes North America Insurance company	United States	Full	100,00	100,00	100,00	100,00
800, Red Brook Boulevard - Owings Mills, MD 21117						
Euler Hermes Services North America, LLC	United States	Full	100,00	100,00	100,00	100,00
800, Red Brook Boulevard - Owings Mills, MD 21117						
Euler Hermes Collection North America Company	United States	Full	100,00	100,00	100,00	100,00
600 South 7th Street – Louisville, KY 40203, USA						
Euler Hermes North America Holding Inc	United States	Full	100,00	100,00	100,00	100,00
Corporation Trust Center, 1209 Orange Street						

(2) Dissolved after the merger in Euler Hermes SA (NV)

(3) Dissolved after the merger in Euler Hermes Aktiengesellschaft
(4) Dissolved after the merger in Euler Hermes Seguros de Credito SA.

Full : Full Integration ; **Proportional** : Proportional Integration ; **Equity** : Equity Method Accounting ; **NC** : Not consolidated
NB: Percentages of control and interest are determined on the last day of the financial period.

According to the German Commercial Code (section 264-b), some companies are exempted from preparing single financial statements as they are included in the consolidated financial statements of the Group.

2.5. Consolidation principles and methods

Business combinations

Business combinations are accounted for using the acquisition method. This method requires identifying the acquirer, determining the acquisition date which is the date on which control is transferred to the Group, recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the investee; and recognising and measuring goodwill or a gain from a bargain purchase. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recorded amount of any non-controlling interests in the acquires; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquires; less
- the net recorded amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recorded immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recorded in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not measured again and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recorded in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquired's employees (acquired's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquired's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners which cancels the need for recording a goodwill. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the subsidiary’s net assets.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date at which control starts until the date at which control ceases.

Currently the Group has holdings of less than 20% in certain mutual funds which are not consolidated. Controlling of more than 50% in other mutual funds is consolidated using the full consolidation method. This concerns the following mutual funds:

- Euler Gestion;
- Euler Hermes Real Estate ;
- Euler Hermes Patrimonia ;
- PIMCO Funds Ireland ;
- Euler Hermes South Express SA ;

The Group owns 100% of these mutual funds, except Euler Hermes Real Estate, 60%-owned.

Loss of control

At the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recorded in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date when control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method. Under the equity method, on initial recognition the investment in an associate or a joint venture is recorded at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control begins until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment (including any long-term interests that part form thereof) is reduced to zero, and the recognition of further losses is discontinued except if the Group has an obligation to participate in losses or has made payments on behalf of the investee.

Holdings in such companies are accounted for using the equity method. These companies are:
- OeKB EH Beteiligungs- und Managment AG;
- Graydon Holding NV;
- Companhia de Seguro de Creditos SA (COSEC);
- Israel Credit Insurance Company Ltd (ICIC);
- Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA.

Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operation. The consolidated financial statements include the assets that the Group controls, the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

NV Interpolis Kredietverzekeringen was jointly controlled by Euler Hermes SA (NV) (formerly Euler Hermes Europe SA), which owned 3,742 shares (out of a total of 8,315 shares), and Achmea BV, which owned 4,573 shares. Each share represents one voting right. An executive director is appointed by each party and all decisions are subject to agreement.

On 22 December 2014, Euler Hermes SA (NV) (formerly Euler Hermes Europe SA) has purchased the shares previously owned by Achmea BV, and now fully holds and controls NV Interpolis Kredietverzekeringen, which is fully consolidated in the financial statement of the Group as at 31 December 2014.

2.6. Eliminations on consolidation

Income and expenses arising from intra-group transactions are eliminated during the preparation of the consolidated financial statements. Income and expenses arising from transactions with joint ventures are eliminated to the extent of the Group’s share in the company concerned.

2.7. Financial year and year-end dates

The financial year for all consolidated companies is a 12-months period ending on December 31.

2.8. Use of estimates

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

The estimates concerning technical provisions are also detailed in the section 4 “Major risk factors and their management within the Group”.

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

	Estimate	Communicated Information
Note 3	Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit’s value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit’s is based on assumptions of capital costs, growth rate to infinity and loss ratio & standard retention rates used in the calculation of the final values.
Note 5	Fair value of real estate held for investments & for use	The fair value of buildings is estimated based on market prices, adjusted, where applicable, to take into account the nature, location or other specific features of the building concerned.
Note 16	Provisions for risks and charges	Provisions for risks and charges are measured in accordance with IAS 37 and are reviewed and ajusted at each balance sheet date to reflect the best estimate at this date.
Note 17	Employee benefits	The related commitments are measured in accordance with IAS 19 Revised and are reviewed yearly by independent actuaries. The commitment is recognized in the balance sheet using the projected unit credit method, based on the group actuarial assumptions.
Note 19	Earned but not recorded premiums reserves	This reserve is established based on the estimate of the amount of premiums expected on the period less the amount of premiums recorded on the period.
Note 19	Provisions for salvages & recoveries	This reserve represents the estimate of potential recoveries on settled claims by a statistical calculation based on the evolution of salvages & recoveries by year of attachment on previous exercises. They take into consideration a provision for administration charges determined in accordance with actual observed expenses.
Note 19	Bonus & profit commission reserve	This reserve is intended to cover the future cost corresponding to premium rebates to be granted to policyholders under the terms of policies giving policyholders a share in their technical positive results.
Note 19	Reserves for claims payable	This reserve corresponds to a statistical estimate of the cost of all outstanding claims, that is to say claims reported but not yet settled.
Note 19	IBNR reserve	IBNR reserves are established to recognize the estimated cost of losses that have occurred but where the Group has not yet been notified. The Group relies on its past experience, adjusted for current trends and any other relevant factors to estimate IBNR reserves. IBNR are estimates based on actuarial and statistical projections of the expected cost of ultimate settlement and administration of claims. The analyses are based on facts and circumstances known at the time, predictions of future events, and other economic factors. IBNR reserves are reviewed and revised periodically as additional information becomes available and actual claims are reported.
Note 31	Stock options plans	The fair value of the liabilities resulting from the Allianz and Euler Hermes Group SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price and Euler Hermes Group share price, until expiry of the obligation. The fair value from SAR and RSU is calculated using the Cox-Ross-Rubinstein binomial valuation model.

2.9. Translation

Translation of transactions denominated in a foreign currency

In accordance with IAS 21, transactions denominated in foreign currencies (currencies other than the operating currency) are translated into the currency used by the Group for operating at the transaction rate; the subsidiaries use average rates (average of monthly closing rates) which are considered as the closest rate at the transaction date in the absence of significant fluctuations.

For each closing, the entity must translate balance sheet items denominated in a foreign currency into its operating currency by means of the following procedures:

- monetary items (notably bond investments, receivables and liabilities and technical insurance reserves) are translated at the closing exchange rate and any resulting gains and losses are recorded in the net income for the year;

- non-monetary items that are measured at historical cost (notably property investments) are translated at the exchange rate prevailing on the transaction date; and
- non-monetary items that are measured at fair value (notably equity investments) are translated at the exchange rate prevailing on the fair-value valuation date.

Translation of the financial statements of foreign companies

The financial statements of foreign subsidiaries are prepared in their operating currency. For each closing, the consolidated income statement and the balance sheet of each entity are translated into euros to facilitate the presentation of the consolidated financial statements, using the following procedure:
- the assets and liabilities of each balance sheet presented are translated at the closing rate;
- the income and expense of each consolidated income statement (including comparatives) are translated at the exchange rates prevailing on the individual transaction dates (in practice, an average exchange rate is used, which is equal to the average of the monthly closing rates for the period, except on the case of significant fluctuations in the exchange rate).

The Group's share of any foreign exchange translation arising from shareholders' equity is recorded within shareholders' equity under "Foreign exchange Translation", while the portion relating to third parties is recorded under "Non-controlling interests".

The main exchange rates applied on consolidation for currencies outside the euro zone were as follows:

in € vs currency	December 31st, 2014		December 31st, 2013	
	closing	average	closing	average
Pound sterling	0.7760	0.8061	0.8320	0.8493
US dollar	1.2101	1.3286	1.3779	1.3281
Swedish krona	9.4724	9.1017	8.8503	8.6520
Brazilian real	3.2166	3.1216	3.2510	2.8698
Hong Kong dollar	9.3835	10.3029	10.6838	10.3018
Swiss franc	1.2024	1.2145	1.2255	1.2308
Polish Złoty	4.2981	4.1848	4.1578	4.1960

2.10. Segment data

A segment of activity is a distinct component of a business that is engaged in the supply of products or services exposed to risks and profitability that differ from those of other sectors of activity. A geographical sector is a distinct component of a business engaged in the supply of products or services in a given economic environment which are exposed to risks and profitability that differ from those of other geographical sectors. In accordance with IFRS 8 – segment data, the sectors raised hereafter to present the segment data were identified on the basis of the internal reporting and correspond to the geographical sectors followed by the management.

2.11. Goodwill and other intangible assets

Goodwill

For business combinations made prior to March 31, 1998, goodwill is recognised on the basis of the presumed cost, which corresponds to the carrying amount calculated by reference to the accounting rules used prior to the date of transition to IFRS.
For business combinations made with effect from March 31, 1998 goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see § 2.5. Consolidation principles and methods.
The values of the identifiable assets and liabilities acquired may be adjusted within a period of 12 months beginning on the acquisition date.

Goodwill is recorded at acquisition cost less any accumulated impairment write-down.
In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

With effect from January 1st 2004, goodwill is no longer amortized in accordance with IFRS 3, but instead is subject to impairment testing, at least once a year or whenever an indication of loss in value occurs (*see § 2.12. "Impairment"*).

For the purposes of impairment testing, goodwill is allocated to Cash-Generating Units or to groups of Cash-Generating Units (*see the impairment test procedure in § 2.12. "Impairment"*).

For each closing, the carrying amount of the Cash Generating Unit (or groups of Cash Generating Units) to which the goodwill relates is compared with its recoverable value, which represents the highest value between the fair value of the Cash Generating Unit less any selling costs and its value in use. The value in use is defined as the present value of future cash flows of the concerned subsidiary as identified in the business plans including the terminal value. Details of the method used to calculate the value in use are presented in Note 3 “Goodwill”.

Other intangible assets

An intangible asset is a non-monetary asset that has no physical substance and which has to be identifiable as a separate asset, owned and controlled and held to provide future economic benefits.
An asset complies to the criterion of identification in the definition of intangible assets when it meets one of the following two conditions: it is separable (i.e. it can be sold, transferred, conceded, rented out or exchanged), or it arises from contractual or legal rights, regardless of whether or not these rights are separable.

Other intangible assets acquired by the Group are recorded at cost less any accumulated amortization and write-downs.

Subsequent expenditure relating to recognised intangible assets is capitalised only to the extent that it contributes to increasing, and not simply maintaining, the future economic benefits represented by the intangible asset to which it relates. All other expenditure is recorded as an expense in the consolidated income statement when incurred.

Intangible assets with a defined useful life are amortized on a straight-line basis over their estimated useful lives. The amortization charge is recorded in the consolidated income statement.

The Group records under this heading software that is developed in-house or acquired externally and contract portfolios registered in application of IFRS 4.

Software developed in-house or acquired externally are amortized over 5 years.

Costs relating to the development phase are capitalised provided that the entity can demonstrate the following: the technical feasibility of the project, its intention to complete and use the intangible asset, its capacity to use it, how the intangible asset will generate future economic benefits, the availability of resources to complete the development and its capacity to reliably measure the costs associated with the intangible asset.

2.12. Impairment

Goodwill

In accordance with IFRS 3, goodwill is not amortized but is subject to impairment tests which are performed on a systematic annual basis and as soon as there is any indication of loss in value. Impairment tests are performed for each Cash Generating Unit (CGU) or group of CGUs to which goodwill is related. The CGUs correspond to some of the main subsidiaries or branches of areas presented in the segment analysis. An impairment loss of goodwill is recognised when the highest of the Cash Generating Unit’s value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (net asset including goodwill)

The main assumptions used to determine the value in use are as follows: indefinite renewal of policies, perpetual growth rate between 1% and 1.5% depending on the CGU concerned, and a cost of capital between 4.11% and 5.74% depending on the CGU. With effect from 2006, the cost of capital rate used is determined by geographic region. The model is based on the projected 3-year budget prepared by management with a final year based on normalised management ratios (combined ratios and target retention rates).

Furthermore, since the Group has organized its reinsurance activities with the settlement of a Group reinsurance region, the scope of the Cash Generating Units has been extended to include internal reinsurance activities contracted by the CGU with this Group reinsurance region, as well as the share of related shareholders’ equity.

The calculation parameters adopted as at December 31, 2014 are detailed per CGU in the Note 3 “Goodwill”.

The impairment loss recorded in the consolidated income statement is allocated in priority to the goodwill related to the Cash Generating Unit, and is then allocated, for the outstanding part, on a pro rata basis to the other assets of the Cash Generating Unit. Goodwill impairment loss is never written back.

Other intangible assets

All other intangible assets are subject to an impairment test if there is any indication of loss in value. Any impairment loss recognised for an asset other than goodwill is written back if the estimate of the recoverable value has increased since the recognition of the last impairment loss. However, the write back cannot be such that the carrying amount of the asset exceeds the carrying amount that would have been determined, net of amortization, if impairment had not been recognised.

2.13. Property assets

Distinction between investment property and operating property

An investment property is a property asset (land or building) owned by the Group for the purpose of generating rental income or capital appreciation, as opposed to being for the purpose of use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business. Investment property is recorded in the balance sheet under “Investments – insurance businesses”.

The Group’s operating property is included within property plant and equipment.

Recognition and measurement

The Group recognises property (held for investment or operating purposes) in accordance with the cost method. This means that each property asset must be recorded at an amount equal to the cost on the acquisition date (purchase price, including non-recoverable taxes and other expenses directly attributable to the acquisition such as transfer taxes and legal fees) plus any subsequent expenditure that can be capitalised under IAS 16 and less any accumulated depreciation calculated in accordance with IAS 16 and any impairment relating to the application of IAS 36.

The Group has identified four categories of property assets that apply to both investment property and operating property:
- housing;
- warehouses and commercial premises;
- offices;
- high-rise buildings.

The depreciable balance sheet amount corresponds to the acquisition cost (including expenditure that can be capitalised) less any residual value, where applicable, and any impairment. When the historical acquisition cost determined in this manner exceeds the residual value, a depreciation charge is recorded. The residual value corresponds to the amount that the business would currently obtain by selling an asset that has already reached the age and condition of an asset at the end of its useful life, net of any costs relating to its disposal.

For each category of property assets, and in addition to land, the Group has identified six significant components each of which has a different useful life and must therefore be subject to a depreciation schedule according to their respective useful lives. The table below shows, for each category of property assets, the general allocation rules for each component and the depreciation period and the residual value, where applicable. Acquisition expenses of properties are allocated to the components and depreciated over the same period.

	Housing	Warehouses and commercial premises	Offices	High-rise buildings
Component	**Depr. period**	**Depr. period**	**Depr. period**	**Depr. period**
Load-bearing structures and walls	100 years	30 years	100 years	70 years
Non-load-bearing windows and facades, roofs and terraces, internal constructions	40 years	30 years	40 years	40 years
A/C engineering, plumbing and networks, electrical engineering	25 years	20 years	25 years	25 years
Centralised technical management, fire safety and other safety features	25 years	20 years	25 years	25 years
Lifting gear	25 years	20 years	25 years	25 years
Major maintenance work	10 years	10 years	10 years	10 years

Properties are valued periodically by independent experts. The fair value of buildings is estimated based on market prices, adjusted, where applicable, to take into account the nature, location or other specific features of the building concerned. The fair value is presented in the Note 5 Investment and operating property.

Impairment

- Investment property

A provision for impairment of property is recorded where required to reduce the value of the property to the higher of the value in use and the expert valuation decreased from costs of the sale. This provision may be written back through the consolidated income statement in the event of an increase in value.

- Property for own use

When a property's expert valuation is less than its carrying amount, the value in use of the Cash Generating Unit (CGU) to which the property belongs must be determined. A provision for impairment is recorded in order to reduce the value of the operating property to the higher of the value in use and the expert valuation decreased from costs of the sale. In the event of an increase in value, this provision may be written back through the consolidated income statement.

2.14. Other property, plant and equipment

Other property plant and equipment are recorded at cost less accumulated depreciation and impairment write-downs.

The depreciation methods and useful lives are generally as follows:

- IT equipment straight-line 3 years
- Furniture/fittings straight-line 10 years
- Motor vehicles straight-line 5 years

2.15. Financial instruments

Financial investments

In accordance with IFRS, financial investments are analysed between the following categories: financial instruments at fair value through the consolidated income statement, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. The classification is determined on initial recognition of the instrument according to its nature and/or the Group's ownership intention.

The Group's financial investments are mainly classified as available-for-sale investments. The Group has not elected for the option enabling it to value its financial investments at fair value through profit and loss.

Available-for-sale assets (AFS)

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or which are not classified within the other three categories of financial instruments as defined below:

- Initial recognition

Available-for-sale assets are recorded at fair value plus any transaction costs directly related to the acquisition (referred to hereafter as the purchase price). The difference between the purchase price and the redemption value of fixed-income securities is recorded in the consolidated income statement on an actuarial basis over the remaining term of the securities using the effective interest rate method.

- Measurement

On the balance sheet date, available-for-sale assets are measured at their fair value. The difference between the fair value of the securities and their book value (including the actuarial 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.

<u>Held-to-maturity assets (HTM)</u>

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables, which the Group has the clear intention and the capacity to hold until their maturity.

- Initial recognition

On initial recognition, held-to-maturity assets are recorded at fair value plus any transaction costs directly related to the acquisition.

- Measurement

On the balance sheet date, held-to-maturity investments are measured at their amortized cost using the effective interest rate method. Premiums and discounts are included in the amortized cost calculation and are recorded in the consolidated income statement on an actuarial basis over the term of the financial asset.

<u>Assets held for trading purposes</u>

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.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not listed on an active market, except for instruments classified at fair value through the consolidated income statement or as available for sale.

- Recognition and measurement

Loans are recorded at fair value plus any directly attributable transaction costs. On the balance sheet date, they are measured at amortized cost using the effective interest rate method. Financial income for the period is recorded by applying the effective interest rate to the amortized cost of the transaction.

- Impairment

When objective evidence of impairment exists (e.g. deterioration in the financial situation of the issuers), the amount of the loss is equal to the difference between the asset's carrying amount and the estimated future cash flows' value, discounted at the original effective interest rate of the financial asset.

Derivatives

A derivative is a financial instrument, or another agreement falling within the scope of application of IAS 39, which has the following three features: (a) its value varies according to an interest rate, a financial instrument price, a specific commodity price, an exchange rate, a price, rate or credit index, a credit rating or another underlying fluctuations; (b) it does not require any net initial investment or any net initial investment which is less than what would be required for other types of contracts that can be expected to react similarly to changes in market conditions; and (c) it is settled in the future.

All derivatives are classified at fair value through the consolidated income statement except when it concerns a designated and effective hedging instrument. In the latter case, the instrument is still measured at fair value but the recognition of the gain or loss follows the procedures applicable to the hedging relationship to which it relates.

Derivatives eligible for fair value hedge accounting (i.e. those used to hedge changes in the fair value of an asset or liability) are recorded as follows:

- the hedging instrument is recorded at fair value and any changes are recorded through the consolidated income statement;
- the carrying amount of the hedged item is adjusted for any gain or loss on the hedged item attributable to the risk hedged, the change being recorded through the consolidated income statement;
- the hedged item is remeasured at market value in respect of the component relating to the risk hedged.

Derivatives eligible for future cash flow hedge accounting are recorded at fair value, with the portion of the change in fair value of the hedging instrument that is considered to constitute an effective hedge being recorded through shareholders' equity. The ineffective portion of the hedge is recorded immediately through the consolidated income statement.

Derivatives that are not eligible for hedge accounting are recorded as free-standing derivatives in the category of assets held for trading purposes. The fair value of free-standing derivatives is therefore recorded in the balance sheet in assets or liabilities, with any changes in the fair value being recorded through the consolidated income statement.

Within the Group, derivatives correspond mainly to hedging instruments linked to the stock option plans included in the Allianz group Equity Incentive (*see note 31 "Stock option plans"*).

2.16. Assets classified as held for sale

Assets are classified as "held for sale" when they are available for immediate sale in their present condition, their sale is highly probable, the management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated. In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", assets or group of assets held for sale are presented separately on the face of the statement of financial position, at the lower of their carrying amount and fair value less costs to sell.

This item includes:

- non-current assets held for sale;
- groups of assets held for sale;
- the total of current and non-current assets related to a business or geographical segment (i.e. to a discontinued operation) itself held for sale.

2.17. Insurance and reinsurance receivables and liabilities

These headings essentially comprise receivables and liabilities arising on insurance and reinsurance transactions, earned premiums not yet written and premium cancellations, net of reinsurance.

2.18. Acquisition costs capitalised

Acquisition costs capitalised relate to insurance policies. They mainly comprise brokerage commissions and expenses incurred by the sales and marketing departments. The capitalised amount is calculated using the same method as for the provision for unearned premiums. As the period covered by contracts is mainly one year at most, these acquisition costs are deferred to the following year. The movement in acquisition costs capitalised is included in acquisition expense reported in the consolidated income statement.

2.19. Current and deferred tax

Tax expense includes current and deferred tax. Current tax and deferred tax are recorded in profit or loss except when it relates to a business combination, or items recorded directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recorded in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recorded for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that does neither affect accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that they will likely not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recorded in the balance sheet as soon as their utilization is considered as probable by the Group.

2.20. Other receivables and operating liabilities

Other receivables and other operating liabilities essentially comprise tax-related receivables and liabilities (other than corporation tax), amounts due to employees, amounts due to suppliers, and receivables and liabilities due from/to the Allianz group.

2.21. Cash and cash equivalents

Cash consists of cash in hand and demand deposits. Bank overdrafts repayable on demand are considered as cash equivalents when they form an integral part of the Group’s cash management procedures.

2.22. Provisions for risks and charges

<u>Provisions</u>

Provisions for risks and charges essentially comprise provisions for retirement commitments (*see § 2.23 Employee benefits*). Other provisions are measured using the rules set out in IAS 37, which imply the existence of a present obligation arising from a past event, the probability that an outflow of resources representing economic benefits will be necessary to settle the obligation and a reliable estimate of the obligation amount. They are discounted in the event that the impact proves to be significant.

<u>Contingent liabilities and contingent assets</u>

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or otherwise of one or more uncertain future events, that are not under the full control of the business, or a present obligation arising from past events but which is not recognised, either because an outflow of resources is unlikely or because the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset arising from past events and whose existence will be confirmed only by the occurrence or otherwise of one or more uncertain future events that are not under the full control of the business.

Group companies may be concerned by disputes inherent in the exercise of their normal business.

2.23. Employee benefits

The Group contributes, in accordance with the laws and practices of each country, to the constitution of retirement benefits for its employees. The benefits offered to Group staff derive either from defined contribution plans or from defined benefit plans.

- Defined contribution plans involve payments to bodies that release the Group from any future commitments in respect of employees. As such, only the contributions paid or payable in respect of the period are included in the Group's financial statements. Such plans are in place in France, the United States, the United Kingdom and Scandinavia.
- In the case of defined benefit plans, an amount of benefits is paid to the employee upon retirement, this amount generally being determined by one or more factors such as age, number of years' service and salary. Such plans are in place in the following countries: France, Germany, Belgium, the Netherlands, Italy, Scandinavia and the United Kingdom.

The related commitments are measured in accordance with IAS 19 Revised. The commitment is recorded in the balance sheet using the projected unit credit method, based on the Group actuarial assumptions, which are reviewed each year. This method involves assigning an additional unit of rights to benefits for each period of service, with each of these units being measured separately to calculate the final commitment.

The Group has put in place specific assets to cover certain plans. In this case, the commitment is reduced by the amount of the fair value of these assets.

Re-measurement results of the net defined benefit assets/liabilities due to changes in assumptions and to experience adjustments are recognised in other comprehensive income without subsequent reclassification.

Past service cost denotes the change in the present value of the commitment in respect of defined benefits for services rendered during prior years, arising as a result of the introduction of, or the change to, or the reduction of a post-employment benefit plan. For benefit rights that have already been earned, the corresponding amount must be expensed immediately. For benefit rights that are not yet earned, the charge or income is spread on a straight-line basis over the average remaining length of service to be completed for the rights to be earned.

The Group also accrues commitments relating to other long-term benefits (long-service awards, etc.) granted to employees. The provision corresponds to the present value of the commitment and is calculated annually by the Group.

2.24. Share-based payments transactions

The grant-date fair value of share-based payment awards granted to employees is recorded as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recorded as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, so that the amount ultimately recorded as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Allianz and the Group have put in place stock option plans for the benefit of executives of the Group. When exercising their rights, these executives receive a cash amount corresponding to the difference between the market value and the subscription price (Stock Appreciation Rights plans – SAR), or shareholders' equity instruments (this action is possible under Restricted Stock Units plans – RSU).

The fair value of options granted is calculated using the Cox-Ross-Rubinstein valuation model.

2.25. Insurance and reinsurance contracts

Contracts considered as insurance or reinsurance contracts under French accounting standards are analysed in accordance with IFRS between the following categories of contracts:

- insurance and reinsurance contracts falling within the scope of IFRS 4;
- investment contracts with discretionary participation falling within the scope of IFRS 4;
- investment contracts without discretionary participation falling within the scope of IAS 39.

Following a detailed review of its insurance and reinsurance contracts, it was evident that the Group only has contracts in the first category, which covers insurance and reinsurance contracts falling within the scope of IFRS 4. This review also highlighted the absence of any embedded derivatives. In the same way, the Group did not identify service contracts falling within the standard IAS 18.

Definition of insurance contracts

Insurance contracts are contracts under which the insurer accepts significant insurance risk. Insurance risk is a risk, other than a financial risk, that is transferred by the policyholder to the policy issuer (a financial risk is the risk of a future variation of one or several of the following components: specified interest rate, price of financial instrument, price of a good, exchange rate, price or rate index, credit rating or credit index or other flexible component (if it concerns a non-financial component, the component must not be specific to one of the part of the contract). Credit insurance contract are included in IFRS 4 (section B18 (g)).

Measurement of insurance contracts

Other than in the case of the specific exceptions defined in the standard, IFRS 4 permits the continued use of previous accounting principles for the recognition of insurance and reinsurance contracts. Thus, the Group continued to apply the standards defined by CRC 2000-05 related to the consolidation and combination rules from companies regulated by the Insurance Regulations taking into account the following points, which are covered by specific provisions introduced by IFRS 4:

- removal of provisions for equalisation ;
- performance of a test for the adequacy of liabilities ;
- impairment testing of reinsurance assets ;
- identification and separation of embedded derivatives.

For all other aspects, the methods already applied by the Group, in accordance with CRC Regulation no. 2000-05, were retained for the measurement of insurance contracts.

- Analysis by function of expenses relating to contracts

Expenses relating to insurance contracts are initially recorded according to their nature and then analysed by function in the consolidated income statement headings by means of analysis keys based on objective business criteria. Claims settlement expenses are included in contract service charges. Contract acquisition expenses and administration expenses are included in the consolidated income statement.

- Premiums

Premiums correspond to premiums written excluding taxes, before reinsurance and net of cancellations. They are recognised on the date on which the guarantee takes effect and include an estimate of premiums still to be written and an estimate of premiums that will be cancelled after the balance sheet date.

Premiums recorded in turnover stem from the guarantees given to policyholders to cover their trade receivables that arise during the same period as that for which the premium is paid. Given settlement delays, the lag between the triggering event, i.e. bankruptcy of the debtor, and notification of the claim, there is also a lag between recording the premiums and the related claims. This lag is taken into account through the recognition of provisions for claims incurred but not reported (IBNR).

- Provisions for unearned premiums

A provision for unearned premiums, gross of commissions and expenses, is established contract by contract , on a straight-line basis, as a function of the time left to run between the balance sheet date and the premium due date.

- Claims

Claims comprise the following items:

- claims settled during the period relating to the current period or to prior periods, net of received recoveries;
- claims settlement expense, notably settlement service expense and commissions allocated to claims handling.

- Reserves for claims payable

These technical reserves are designed to cover probable losses relating to:

- claims reported but not yet settled at the balance sheet date;
- claims occurring during the period but reported after the balance sheet date and, in respect of trade receivables existing at the balance sheet date and covered by a policy on such date, claims that will occur and will be reported during subsequent periods. These so-called “unknown” or “incurred but not reported” claims are estimated using statistical models that are based in particular on the level of claims observed during prior years and on the analysis of the development of the recent level of claims.

Claims reserves are increased by a provision for administration charges.
Additional information on the measurement of claims reserves is provided in section 4 “Major risk factors and their management within the Group”.

- Estimated recoveries

Recoveries are the result of actions taken by the Group against defaulting debtors in order to fully or partially recover claims paid to policyholders.
Estimated recoveries are a prudent estimate of potential recoveries on settled claims and are recognised as a reduction in the amount of the reserves for claims payable. They take into consideration a provision for administration charges determined in accordance with actual observed expenses.

- Other technical reserves

A provision for current risks is established by risk category in addition to the provision for unearned premiums when claims are likely to arise after the balance sheet date and relating to contracts underwritten before that date and the related acquisition costs and administration charges are not covered by the provision for unearned premiums.

- Test for the adequacy of liabilities

For each closing, insurance contract liabilities net of related assets (acquisition costs capitalised and portfolio securities) are subject to a test for the adequacy of liabilities. The methods previously applied by the Group and retained under IFRS 4 (including notably the measurement of claims reserves on the basis of the non-discounted ultimate cost and the methods for establishing the provision for current risks) constitute a satisfactory test for the adequacy of liabilities given the minimum requirements specified by IFRS 4.

<u>Reinsurance contracts</u>

- Acceptances

Insurance acceptances (inwards reinsurance) are recognised on a case-by-case basis based on the actual or estimated results for the year. Technical reserves correspond to the amounts advised by the assignors.

- Assignments

Assigned reinsurance contracts (outwards reinsurance) are recognised in accordance with the terms of the various treaties. The share of assignees in the technical reserves is measured in the same way as for technical reserves gross of reinsurance appearing in liabilities.

Cash deposits received from reinsurers are recognised in liabilities arising from assigned reinsurance transactions. Receivables due from reinsurers are subject to impairment write-downs if the ceded company will not receive the entire amount due at the end of the contract.

2.26. Borrowings

Borrowings are contractual obligations that require the Group to transfer cash or a financial asset to another entity, or to exchange with another entity a financial asset on potentially unfavourable terms.

The measurement and recognition of borrowings are defined by IAS 39. With the exception of derivatives (*see § 2.15. Financial instruments – Derivatives*), borrowings and other financial liabilities are recorded originally at fair value less any related transaction costs, and are subsequently measured at amortized cost calculated using the effective interest rate.

Borrowings include, within the meaning of IAS 39, borrowings, other financing and bank overdrafts, derivatives and amounts due to suppliers and social security liabilities included in "operating liabilities".

2.27. Income from ordinary activities

Income from ordinary activities can comprise items measured and recorded in accordance with IFRS 4, IAS 18 or IAS 39. This aggregate has a broader meaning than turnover as it also incorporates investment income.
Turnover comprises earned premiums and commissions and other operating revenues.

<u>Premiums</u>

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.

<u>Investment income</u>

Investment income is recorded in accordance with IAS 39, IAS 17 or IAS 18 depending on its type.

- Investment income net of management expense

This income is mainly composed of the following categories:
- net income from property;
- net income from securities;
- other financial income (bank credit interest, income from other investments);
- foreign exchange gains and losses;
- investment management charges.

- Capital gains and losses on disposals of investments

Capital gains and losses on disposals of securities or property are recorded in the consolidated income statement. Shares exchanged under a public share exchange offer result in the recognition of a capital gain on exchange.

- Change in fair value of investments recognised at fair value through the consolidated income statement

Differences in fair value recorded for the current period less any differences from the previous period are recognised. These essentially concern the remeasurement of derivatives.

- Change in investment impairment charges

The impairment charges notably concern write-downs of investments and write-backs following a disposal, and charges for the depreciation and impairment of investment property.

2.28. Insurance services expenses

Insurance services expenses include the net cost of claims, i.e. claims settled during the period less recoveries received, the movement in claims reserves net of projected recoveries, expenses incurred or to be incurred for the management of claims payments and collections.
The recognition principles applied to these items are those set out in IFRS 4 and are described in § 2.25. Insurance and reinsurance contracts – Measurement of insurance contracts.

2.29. Net outwards reinsurance income or expense

This heading comprises the share of assignments and retrocessions of earned premiums, claims paid, changes in claims reserves, bonuses and commissions received from reinsurers.
The recognition principles applied to these items are those set out in IFRS 4 and are described in § 2.25. Insurance and reinsurance contracts – Reinsurance contracts.

2.30. Administration expense and Contract acquisition expenses

Administration expenses mainly comprise salary costs and costs relating to the IT systems affected to the administration of the contracts.

Contract acquisition expenses comprise primarily wage costs related to acquisition of contracts, brokerage commissions, fees for opening files, spending on commercial networks.

2.31. Other ordinary operating income and expense

Other ordinary operating income and expense correspond mainly to the Group's service revenue and expense.

2.32. Other operating income and expense

These revenue and expense items arise from a major event that occurred during the accounting period and was such that it would have distorted the interpretation of the Group's performance. Therefore, they consist of very few items that are unusual in nature, occur infrequently, and are for significant amounts.

2.33. Financing expense

The recognition principles applied to this item are those set out in IAS 39.
Financing expense consists of expenses relating to the following items:

- long-term financial liabilities: capital borrowings from the general public, e.g. in the form of bonds, or from banks or financial institutions (medium or long-term loans, leases, etc.);
- short-term financial liabilities of the same type as above including issues of short-term negotiable debt securities to investors;
- fair-value hedging instruments recorded in the balance sheet and relating to liabilities representing the gross borrowings described above;
- accrued interest on balance sheet items representing gross borrowings.

2.34. Earnings per share

Earnings per share are calculated by dividing the Group share of the net income or loss by the weighted average number of ordinary shares in issue during the year less treasury shares. An ordinary share is a shareholders' equity instrument that is subordinated to all other categories of shareholders' equity instruments.

Dilution implies a reduction in the earnings per share as a result of the assumption that convertible instruments are converted, equity options and subscription warrants are exercised, and ordinary shares are issued if certain specific conditions are met.

Note 3 Goodwill

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

(in € thousand)	December 31, 2014						December 31, 2013
	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance							
Gross value	6 229	59 921	30 770	8 242	6 533	111 695	120 274
Impairment losses	(409)	(8 676)	(3 121)	-	-	(12 206)	(15 927)
Carrying amount	**5 820**	**51 245**	**27 649**	**8 242**	**6 533**	**99 489**	**104 347**
Change during the year							
Opening carrying amount	5 820	51 245	27 649	8 242	6 533	99 489	104 347
Changes in gross value	-	-	-	-	-	-	-
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	(1 867)
Other changes	-	-	-	1 217	-	1 217	-
Reclassifications	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	3 622	3 836	-	225	7 682	(2 991)
Impairment losses	-	-	-	-	-	-	-
Closing carrying amount	**5 820**	**54 867**	**31 485**	**9 459**	**6 757**	**108 389**	**99 489**
Closing Balance							
Gross value	6 229	64 141	35 039	9 459	6 757	121 625	111 695
Impairment losses	(409)	(9 274)	(3 554)	-	-	(13 236)	(12 206)
Carrying amount	**5 820**	**54 867**	**31 485**	**9 459**	**6 757**	**108 389**	**99 489**

At year-end 2014, following the purchase of shares held by minority shareholders of NV Interpolis Kredietverzekeringen a goodwill has been recognized for €1,217 thousand. In 2013, the change of goodwill related to outgoing entities was due to the deconsolidation of Euler Hermes Crédito in Spain.

Method of impairment tests

In accordance with IAS 36, the Group performs impairment tests of the goodwill by comparing the value in use of the cash generated units (CGU) including goodwill and the carrying value (contribution of Group consolidated net asset including goodwill).

The value in use is the actual value of future cash flows as presented in the business plan of the concerned entity including the terminal value.

The main assumptions for the calculation of the value in use are the perpetuity growth rate, which is defined by CGU, and the cost of capital, which is defined by geographical area. The model is built on a 3-year forecast prepared by the CGU and validated by Group management, plus a final year built on targeted combined ratio and retention rate. Moreover, with the creation of a Group reinsurance region, the scope of the CGU has been extended to include internal reinsurance activities occurring between the CGU and the Group reinsurance region, and consequently to include also a part of the Group reinsurance region’s contribution to Group consolidated net asset.

The parameters used to calculate the CGU’s valuations are presented in the table below.

Results of impairment tests

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Cost of capital (net of tax)	5.45%	5.33%	5.74%	4.39%	4.24%	4.11%
of which, risk-free rate	*1.88%*	*1.76%*	*2.17%*	*0.82%*	*0.67%*	*0.54%*
of which, risk premium (bêta = 0.71)	*3.57%*	*3.57%*	*3.57%*	*3.57%*	*3.57%*	*3.57%*
Effective tax rate	48.0%	21.5%	35.0%	34.0%	25.0%	31.0%
Normalised return on financial portfolio	1.28%	1.36%	1.73%	0.45%	0.36%	0.26%
Gross combined ratio	87.5%	85.0%	83.0%	84.0%	81.0%	78.0%
Target retention rate	31.5%	27.7%	27.9%	27.6%	33.0%	35.6%
Perpetual growth	1.5%	1.5%	1.5%	1.5%	1.0%	1.0%
Value in use (in € million)	**392.6**	**469.6**	**787.3**	**176.8**	**222.4**	**2,260.4**
Contribution to group consolidated net asset (in € million)	**307.0**	**242.9**	**303.0**	**96.9**	**68.5**	**936.9**
Surplus (or deficit)	**85.6**	**226.7**	**484.3**	**79.9**	**153.9**	**1,323.4**

Sensitivity of impairment tests

Sensitivity analyses were performed on the impairment tests, assuming deviation in some calculation parameters:

- Sensitivity on long-term growth: the impairment tests were performed with same methodology but assuming a -0.5 point decrease in perpetual growth rate. For all CGUs, the result of this sensitivity test led to a value in use still higher than the carrying value. These valuations support the fact that no complementary goodwill impairment is recognised.
- Sensitivity on cost of capital: the impairment tests were performed with same methodology but assuming a +0.5 point increase in the cost of capital. For all CGUs, the result of this sensitivity test led to a value in use still higher than the carrying value. These valuations support the fact that no complementary goodwill impairment is recognised.
- Sensitivity on gross combined ratio: the impairment tests were performed with the same methodology but assuming a +3 points increase in the target gross combined ratio, of which +2 points on gross loss ratio and +1 point on gross cost ratio. The result of this sensitivity test led to a value in use still higher than the carrying value for all CGUs. These valuations support the fact that no complementary goodwill impairment is recognised.

Break even parameters

The following table presents for each CGU the change in each of the key parameters taken individually, where the estimated value in use breaks even with its contribution to Group consolidated net asset.

	Italy	United Kingdom	United States	Belgium	Netherlands	Germany
Perpetual growth	0.2%	-3.0%	-8.2%	-1.0%	-8.2%	-5.2%
Cost of capital	6.7%	9.3%	13.5%	6.7%	11.9%	22.3%
Gross combined ratio	90.7%	99.6%	116.4%	98.5%	110.0%	91.1%

Note 4 Other intangible assets and contracts portfolio

(in € thousand)	December 31, 2014				December 31, 2013			
	Contract porfolio	IT development and software	Other intangible assets	Total	Contract porfolio	IT development and software	Other intangible assets	Total
Opening balance								
Gross value	3 945	237 308	33 132	274 385	4 815	209 683	28 489	242 987
Amortization	(3 944)	(161 031)	(20 425)	(185 400)	(4 484)	(145 860)	(16 077)	(166 421)
Impairment	-	-	-	-	-	-	-	-
Carrying amount	**1**	**76 277**	**12 707**	**88 985**	**331**	**63 823**	**12 412**	**76 566**
Change during the year								
Opening carrying amount	**1**	**76 277**	**12 707**	**88 985**	**331**	**63 823**	**12 412**	**76 566**
Acquisitions	4 427	36 901	1 104	42 432	-	32 589	1 485	34 074
Changes in consolidation scope	-	145	39	184	-	(6)	-	(6)
Disposals	(3 597)	(1 055)	(1 129)	(5 781)	-	(3 708)	-	(3 708)
Reclassifications	-	6 123	-	6 123	-	(9)	-	(9)
Foreign exchange differences	-	976	215	1 191	(15)	(224)	(95)	(334)
Net amortization	(414)	(19 087)	(1 124)	(20 625)	(315)	(16 188)	(1 095)	(17 598)
Net provisions for impairment	-	-	(7)	(7)	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Closing carrying amount	**417**	**100 280**	**11 805**	**112 502**	**1**	**76 277**	**12 707**	**88 985**
Closing balance								
Gross value	3 133	293 835	33 459	330 427	3 945	237 308	33 132	274 385
Amortization	(2 716)	(193 555)	(21 654)	(217 925)	(3 944)	(161 031)	(20 425)	(185 400)
Impairment	-	-	-	-	-	-	-	-
Carrying amount	**417**	**100 280**	**11 805**	**112 502**	**1**	**76 277**	**12 707**	**88 985**

In 2014, as in 2013, the increase of IT development and software results mainly from the capitalization of internally developed Group applications, and purchased softwares for internal projects.

The main Group applications developments are:

- in 2013 : Galileo (Commercial), FIT +1 (Accounting) and IMX (Collection) ;
- in 2014 : Galileo (Commercial), FIT+1 (Accounting), Convergence and Bonding (Commercial).

Depreciation in 2014 is mainly related to internally developed softwares Galileo (Commercial) and IMX (Collection).

The reclassification in 2014 for €6,123 thousand is due to Group applications developments that were classified in tangible assets under construction until last year.

Note 5 Investment and operating property

(in € thousand)	December 31, 2014		December 31, 2013	
	Investment property	Operating property	Investment property	Operating property
Balance at opening period				
Gross value	78 531	141 336	69 526	138 526
Depreciation	(18 300)	(44 855)	(15 863)	(39 476)
Impairment losses	-	(6 797)	-	(6 797)
Carrying amount	**60 231**	**89 684**	**53 663**	**92 253**
Change during the year				
Opening carrying amount	60 231	89 684	53 663	92 253
Acquisitions	16 676	156	11 249	390
Change in consolidation scope	-	-	-	-
Disposals	(367)	(66)	(3 334)	-
Reclassifications	(167)	(78 099)	(9)	-
Changes in foreign currency translation adjustements	-	104	-	(116)
Net depreciation	(1 004)	(2 200)	(1 338)	(2 843)
Net provisions for impairment	-	-	-	-
Other changes	-	-	-	-
Closing carrying amount	**75 369**	**9 579**	**60 231**	**89 684**
Balance at the end of the period				
Gross value	97 015	27 230	78 531	141 336
Depreciation	(21 646)	(17 651)	(18 300)	(44 855)
Impairment losses	-	-	-	(6 797)
Carrying amount	**75 369**	**9 579**	**60 231**	**89 684**
Fair value	**209 650**	**24 652**	**185 360**	**120 886**

Amounts recorded in the income statement	**December 31,**	
Investment property	**2014**	**2013**
Rental revenues from investment property	2 645	2 715
Direct operating expenses relating to property	(157)	163

The acquisitions of investment property consist of renovations costs of the former headquarter owned by Euler Hermes Real Estate. As at December 31, 2014, these costs amounted to €16.7 million compared to €11.2 million as at December 31, 2013.

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

The reclassification of €-78 million net book value represents the recognition of three operating properties into assets held for sale: a total of €-75.7 million for two German buildings and €-2.4 million for an American one. These properties were subsequently impaired for €17.2 million – to a carrying value of €58.6 million – and €0.6 million – to a carrying value of €2 million – respectively.

Note 6 Financial investments

Classification by accounting method

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

If there is not any active market for a given financial instrument, the Group estimates the fair value by using a valuation technique. Valuation techniques include the use of recent transactions under normal competitive conditions between informed and consenting parties, where available, reference to the current fair value of another instrument that is identical in substance, the analysis of discounted cash flows and option valuation models.

Classification by investment category

(in € thousand)	December 31 2014					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets						
Bonds	191	-	191	191	191	-
Total Held-to-maturity assets	**191**	**-**	**191**	**191**	**191**	**-**
Available-for-sale assets						
Equities	220 224	25 320	245 544	245 544	2 973 382	87 827
Bonds	2 708 754	106 911	2 815 665	2 815 665		
Total Available-for-sale assets	**2 928 978**	**132 231**	**3 061 209**	**3 061 209**	**2 973 382**	**87 827**
Loans, deposits and other financial investments	833 226	-	833 226	854 230	-	-
Total Loans, deposits and other financial investments	**833 226**	**-**	**833 226**	**854 230**	**-**	**-**
Total Financial investments (excluding investments in consolidated enterprise)	**3 762 395**	**132 231**	**3 894 626**	**3 915 630**	**2 973 573**	**87 827**

(in € thousand)	December 31, 2013					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets						
Bonds	191	-	191	191	191	-
Total Held-to-maturity assets	**191**	**-**	**191**	**191**	**191**	**-**
Available-for-sale assets						
Equities	154 054	27 007	181 061	181 061	2 775 856	61 913
Bonds	2 596 674	60 033	2 656 707	2 656 707		
Total Available-for-sale assets	**2 750 728**	**87 040**	**2 837 768**	**2 837 768**	**2 775 856**	**61 913**
Loans, deposits and other financial investments	837 917	-	837 917	837 917	-	-
Total Loans, deposits and other financial investments	**837 917**	**-**	**837 917**	**837 917**	**-**	**-**
Total Financial investments (excluding investments in consolidated enterprise)	**3 588 836**	**87 040**	**3 675 876**	**3 675 876**	**2 776 047**	**61 913**

(in € thousand)	December 31, 2012					
	Historical value	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets						
Bonds	491	-	491	491	-	491
Total Held-to-maturity assets	**491**	**-**	**491**	**491**	**-**	**491**
Available-for-sale assets						
Equities	69 446	12 704	82 150	82 150	2 924 224	34 058
Bonds	2 758 684	117 448	2 876 132	2 876 132		
Total Available-for-sale assets	**2 828 130**	**130 152**	**2 958 282**	**2 958 282**	**2 924 224**	**34 058**
Loans, deposits and other financial investments	808 741	-	808 741	808 741	-	-
Total Loans, deposits and other financial investments	**808 741**	**-**	**808 741**	**808 741**	**-**	**-**
Total Financial investments (excluding investments in consolidated enterprise)	**3 637 362**	**130 152**	**3 767 514**	**3 767 514**	**2 924 224**	**34 549**

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

There was no significant impact of impairment on the Group portfolio as of December 31, 2014. The Group does not hold any financial assets such as “dynamic treasury mutual funds” or “subprime investments”.

Fair value hierarchy

- Available-for-sale assets

The level 1 is mainly composed of listed bonds and stocks on an active market.
The level 2 was composed of Allianz 3-year bonds for an amount of €160 million reaching maturity during the year 2013.
The level 3 is mainly composed of participation in non-listed real estate funds, non-consolidated shares and of Moroccan non-listed government bonds.

(in € thousand)	December 31, 2014		
	Level 1	Level 2	Level 3
Available-for-sale assets	**3 012 930**	**-**	**48 279**

(in € thousand)	December 31, 2013		
	Level 1	Level 2	Level 3
Available-for-sale assets	**2 797 634**	**-**	**40 134**

(in € thousand)	December 31, 2012		
	Level 1	Level 2	Level 3
Available-for-sale assets	**2 768 123**	**160 173**	**29 986**

- Other financial investments

The HTM bonds, loans and other investments are valuated at amortized cost. Their hierarchical ranking is mainly level 3 except for the non-listed German mortgage bonds (*Pfandbriefe*) classified in level 2 for €467 million.

Notes to the consolidated financial statements

Classification by geographical zone

2014

(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	96 763	148 781	245 544
Bonds	501 769	2 313 896	2 815 665
Total Available-for-sale assets	**598 532**	**2 462 677**	**3 061 209**
Loans, deposits and other financial investments	109 599	723 627	833 226
Total loans, deposits and other financial investments	**109 599**	**723 627**	**833 226**
Total Financial investments	**708 322**	**3 186 304**	**3 894 626**

2013

(in € 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**

Notes to the consolidated financial statements

Movements in the periods

(in € thousand)	December 31 2014				December 31, 2013
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Opening carrying amount	**191**	**2 837 768**	**837 917**	**3 675 876**	**3 767 514**
Increase in gross value	-	1 197 437	2 714 827	**3 912 264**	3 971 280
Decrease in gross value	-	(1 042 669)	(2 727 747)	**(3 770 416)**	(3 932 849)
Change in consolidation scope	-	5 264	-	**5 264**	(27 729)
Revaluation	-	43 667	-	**43 667**	(44 398)
Impairment	-	(2 984)	-	**(2 984)**	(1 158)
Changes in foreign currency translation adjustements	-	48 517	5 719	**54 236**	(32 209)
Reclassifications	-	-	-	**-**	-
Other changes	-	(25 791)	2 510	**(23 281)**	(24 575)
Closing carrying amount	**191**	**3 061 209**	**833 226**	**3 894 626**	**3 675 876**

In 2014, the change in consolidation scope mainly concerns the full integration of Interpolis Kredietverzekeringen NV's investments as at December 31, 2014. The other changes of assets available for sale investments are mainly explained by the amortization of premiums and discounts of bonds. The changes in foreign currency translations are mainly due to the appreciation of the US dollar and pound sterling against euro.

(in € thousand)	December 31 2013				December 31 2012
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	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**

In 2013, the change in consolidation scope is mainly due to the deconsolidation of the Spanish and Mexican entities that have been contributed to the joint-venture Solunion. The other changes of available for sale investments are mainly the amortization of premiums and discounts of bonds.

Exposure of the Group to European sovereign debt

- The Group does not have anymore exposure to the sovereign debts in the following countries: Greece, Ireland, Hungary, and Turkey. The Group (without joint-ventures) has a limited exposure to the Spanish sovereign debt:

Country	Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
Spain	2016	14 529	14 745	216
Spain	2017	9 980	10 260	280
Spain	2018	29 910	30 867	957
Spain	2019	21 929	22 930	1 001
Spain	2020	20 264	20 987	723
Total		**96 612**	**99 789**	**3 177**

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

- Portugal

The Portuguese joint-venture COSEC, accounted for at the equity method within Euler Hermes, has the following exposure to the sovereign debt of peripheral European countries:

Country	Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
Spain	2018	2 950	3 020	70
Italy	2018	991	1 017	26
Italy	2024	2 508	2 571	63
Portugal	2015	910	935	25
Portugal	2016	8 952	9 139	187
Portugal	2018	3 152	3 330	178
Total		**19 463**	**20 012**	**549**

- Spain

The Spanish joint-venture Solunion, accounted for at the equity method within the Group, has the following exposure to local government debt:

Country	Maturity	Acquisition value	Market Value	Unrealized Gain or Losses
Spain	2015	549	550	1
Spain	2016	6 362	6 487	125
Spain	2017	3 612	3 628	16
Spain	2018	3 022	3 235	213
Spain	2019	1 129	1 160	31
Spain	2024	2 938	2 990	52
Total		**17 612**	**18 050**	**438**

Note 7 Investments accounted for at equity method

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

Associated entities	Country	% of capital held
OeKB Beteiligungs- und Management 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

(in € thousand)	December 31, 2014			
	Assets (1)	Shareholders' equity (2)	Turnover (3)	Net income
Credit Insurance companies	777 693	358 855	302 900	33 196
Other companies	44 036	19 233	55 733	(1 815)
	821 729	**378 088**	**358 633**	**31 381**

(1) Assets based on IFRS statements as at September 30, 2014, except for Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA for which the assets are based on IFRS statements as at December 31, 2014.

(2) Equity is determined on the basis of IFRS statements as at September 30, 2014, except for Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA for which equity is determined on the basis of IFRS statements as at December 31, 2014.

(3) The turnover corresponds to the turnover in the IFRS statements as at September 30, 2014 plus ¼ of 2013 total turnover, except for Solunion Seguros de Crédito, Compañia Internacional de Seguros y Reaseguros SA for which turnover is as at December 31, 2014.

(in € thousand)	December 31, 2013			
	Assets (4)	Shareholders' equity (5)	Turnover (6)	Net income
Credit Insurance companies	816 769	369 924	305 528	7 686
Other companies	50 280	13 636	63 228	9 705
	867 049	**383 560**	**368 756**	**17 391**

(4) Assets based on IFRS statements as at September 30, 2013.

(5) Shareholders' equity based on IFRS statements as at September 30, 2013.

(6) The turnover corresponds to the turnover in the IFRS statements as at September 30, 2013 plus ¼ of 2012 total turnover.

Movements during the period

(in € thousand)	December 31, 2014	December 31, 2013
Opening carrying amount	**193 853**	**115 500**
Increases	4 716	91 982
Decreases	(4 490)	-
Reclassifications	-	-
Share of income for the period	15 718	6 424
Dividends paid	(10 414)	(19 127)
Impairment	-	-
Foreign exchange differences	137	(308)
Other changes	(92)	(618)
Closing carrying amount	**199 428**	**193 853**

The increases and decreases of investments accounted for at the equity method by €4,716 thousand and by €-4,490 thousand are due to the change of inclusion method of Interpolis Kredietverzekeringen NV from proportional integration to at equity method and finally full integration following the purchase of the non-controlling interests for 55% at the end of December 2014.

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

The other changes are mainly due to the change of the revaluation reserves of the investments accounted for at the equity method.

Contribution to shareholders' equity (without 2014 income)

(in € thousand)	December 31, 2014	December 31, 2013
Credit Insurance companies	178 421	183 680
Other companies	5 289	3 750
Share of shareholders' equity	**183 710**	**187 430**

Contribution to income

(in € thousand)	December 31, 2014	December 31, 2013
Credit Insurance companies	16 217	3 755
Other companies	(499)	2 669
Share of total income	**15 718**	**6 424**

Note 8 Operating property and other property and equipment

(in € thousand)	December 31, 2014			December 31, 2013		
	Operating property	Other property and equipment	Total	Operating property	Other property and equipment	Total
Opening balance						
Gross value	141 336	151 029	292 365	138 526	137 118	275 644
Amortisation	(44 855)	(102 075)	(146 930)	(39 476)	(86 225)	(125 701)
Impairment	(6 797)	(299)	(7 096)	(6 797)	(458)	(7 255)
Carrying amount	**89 684**	**48 655**	**138 339**	**92 253**	**50 435**	**142 688**
Change during the year						
Carrying amount at opening period	**89 684**	**48 655**	**138 339**	**92 253**	**50 435**	**142 688**
Acquisitions	156	14 336	14 492	390	24 430	24 820
Changes in consolidation scope	-	10	10	-	(304)	(304)
Disposals	(66)	(6 990)	(7 056)	-	(13 702)	(13 702)
Reclassifications	(78 099)	(6 125)	(84 224)	-	13	13
Foreign exchange differences	104	611	715	(116)	(542)	(658)
Net depreciation	(2 200)	(11 459)	(13 659)	(2 843)	(11 834)	(14 677)
Net provisions for impairment	-	0	0	-	159	159
Other changes	-	(16)	(16)	-	-	-
Carrying amount at closing period	**9 579**	**39 022**	**48 601**	**89 685**	**48 654**	**138 339**
Balance at closing period						
Gross value	27 230	171 014	198 244	141 336	151 029	292 366
Depreciation	(17 651)	(131 692)	(149 343)	(44 855)	(102 075)	(146 930)
Impairment	-	(299)	(299)	(6 797)	(299)	(7 096)
Carrying amount	**9 579**	**39 023**	**48 602**	**89 685**	**48 655**	**138 339**

In 2013 and 2014, the acquisitions and disposals in Other Property and Equipment are mainly due to the renewal of computers, furniture and office equipment.

The reclassification of €-78 million net book value represents the recognition of three operating properties into assets held for sale: a total of €-75.7 million for two German buildings and €-2.4 million for an American one. These properties were subsequently impaired for €17.2 million – to a carrying value of €58.6 million – and €0.6 million to a carrying value of €2 million respectively.

The reclassification in 2014 for €6,125 thousand is mainly due to IT applications developments previously classified in tangible assets under construction that were transferred in intangible assets this year.

Note 9 Deferred tax

Breakdown by type of tax

(in € thousand)	December 31, 2014	December 31, 2013
Deferred tax assets	321 069	287 597
Deferred tax liabilities	(460 479)	(528 053)
Net deferred tax	**(139 410)**	**(240 456)**
Tax losses	5 366	8 407
Deferred tax assets linked to revaluation of AFS investments	12 535	12 364
Deferred tax assets - provisions for retirement commitments	179 658	150 356
Deferred tax assets - technical reserves	14 700	46 496
Other deferred tax assets	108 810	69 974
Total deferred tax assets	**321 069**	**287 597**
Deferred tax liabilities linked to revaluation of AFS investments	(36 036)	(27 728)
Deferred tax liabilities - provisions for retirement commitments	(136 500)	(121 193)
Deferred tax liabilities - technical reserves	(194 769)	(314 616)
Other deferred tax liabilities	(93 174)	(64 516)
Total deferred tax liabilities	**(460 479)**	**(528 053)**
Net deferred tax	**(139 410)**	**(240 456)**
After offsetting deferred tax assets and liabilities at tax entity level		
Deferred tax assets	23 653	24 447
Deferred tax liabilities	(163 063)	(264 903)
Net deferred tax	**(139 410)**	**(240 456)**

The decrease of tax losses mainly concerns Euler Hermes SA for €3.2 million.

The activated tax losses are mainly due to Euler Hermes SA for €0.9 million, Euler Hermes Re (Luxembourg) for €1.9 million, and to Euler Hermes Collections GmbH for €1.3 million.

Movements in deferred tax by geographical region

(in € thousand)	December 31, 2013	Change through income statement	Change relating to revaluation of AFS inv.	Foreign exchange difference	Other movements	December 31, 2014
France	(89 370)	69 506	(1 845)	-	-	(21 709)
Germany, Austria, Switzerland	(143 468)	31 492	12 453	-	0	(99 524)
Northern Europe	957	(5 446)	1 853	215	(495)	(2 916)
Mediterranean countries, Middle East & Africa	6 969	1 452	80	24	-	8 525
Asia & Pacific countries	1 750	(1 468)	13	12	0	307
America	1 913	(511)	(894)	883	366	1 757
Reinsurance	(28 874)	(5 156)	(4 106)	327	-	(37 809)
Other Countries	-	-	-	-	-	-
Group Services / Holdings	9 666	2 141	305	(6)	(147)	11 959
	(240 456)	**92 010**	**7 858**	**1 456**	**(276)**	**(139 410)**

The decrease of deferred tax liabilities in France is mainly due to the cross border merger of Euler Hermes France SA in Euler Hermes SA (NV), which has resulted in the release of equalization reserves and the relevant deferred tax.

Change in standard tax rate

	December 31, 2014	December 31, 2013
Group rate	27,68%	30,17%
France	34,43% (*)	34,43%
Germany	31,00%	32,28%
Italy	27,50%	27,75%
United-Kingdom	21,50%	23,25%
United-States	35,00%	35,00%
Netherlands	25,00%	25,00%
Belgium	33,99%	33,99%
Switzerland	17,50%	17,50%
Poland	19,00%	19,00%

The Group tax rate corresponds to the effective tax rate, which is determined on the basis of the effective income tax expenses on income before income taxes.

The reconciliation between the tax rate of the parent company Euler Hermes Group and the effective tax rate in 2014 is provided in Note 27.

(*) The temporary and extraordinary tax contribution equal to 5% of the amount of corporate income tax in France has been increased up to 10,7% for the fiscal year 2013 to fiscal year 2015. Then the current income tax rate for France is 38% for the fiscal year 2014. As this extraordinary contribution is temporary, the deferred taxes are not computed with the rate of 38%, except for the deferred taxes to be reversed in the year 2015.

Note 10 Insurance and reinsurance receivables

Breakdown by type

(in € thousand)	December 31, 2014			December 31, 2013
	Gross	Provisions	Net	Net
Receivables from policyholders and agents	268 432	(21 462)	246 970	210 352
Earned premiums not yet written	275 956	-	275 956	242 471
Receivables from guaranteed debtors	25 131	-	25 131	39 380
Receivables from reinsurance transactions	59 167	(2 354)	56 813	143 152
Total credit insurance receivables	**628 686**	**(23 816)**	**604 870**	**635 355**

Receivables from guaranteed debtors are mainly receivables recorded by Euler Hermes SA (NV) in respect of the retail credit activity (which is in run-off of business since 2011), of which €14 million have been recovered during 2014.

Breakdown by maturity

(in € thousand)	December 31, 2014				
	< 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total credit insurance receivables	**596 803**	**6 647**	**843**	**577**	**604 870**

Provisions for bad debts from policyholders and agents

(in € thousand)	December 31, 2014	December 31, 2013
Balance at opening period	(16 835)	(17 861)
Change in consolidation scope	(6)	-
Provision	(8 290)	(4 776)
Write back	8 123	5 278
Foreign exchange translation	(10)	124
Other changes	(4 444)	400
Balance at closing period	**(21 462)**	**(16 835)**

Note 11 Other receivables

Breakdown by type

(in € thousand)	December 31, 2014			December 31, 2013
	Gross	Provision	Net	Net
Current account	20 057	-	20 057	8 907
Other taxes receivables	44 204	-	44 204	44 158
Other receivables	150 503	(5 728)	144 775	153 322
of which, accrued interest not due	47 122	-	47 122	51 749
Deferred charges	11 900	-	11 900	12 914
Other adjustment accounts	1 460	-	1 460	1 893
Other assets	5 704	-	5 704	358
Total other receivables	**233 828**	**(5 728)**	**228 100**	**221 552**

Breakdown by maturity

(in € thousand)	< 3months	3 months to 1 year	1 to 5 years	> 5 years	Total
Total other receivables	**218 490**	**6 369**	**506**	**2 735**	**228 100**

Note 12 Assets held for sale

(in € thousand)	December 31, 2014	December 31, 2013
Assets held for sale	60 670	-
Total assets held for sale	**60 670**	**-**

In 2014, the Assets held for sale are related to Euler Hermes AG for €30,176 thousand, Euler Hermes Deutschland branch of Euler Hermes SA (NV) for €28,510 thousand and Euler Hermes Collections North America Company for €1,983 thousand. These assets consist in headquarters.

Note 13 Cash and cash equivalents

(in € thousand)	December 31, 2014	December 31, 2013
Cash in bank and at hand	274 014	264 937
Cash pooling	58 610	37 253
Total cash	**332 624**	**302 190**
Total cash in balance sheet	**332 624**	**302 190**
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	-	(350)
Total cash and cash equivalents	**332 624**	**301 840**

Note 14 Revaluation reserve

(in € thousand)	Investments	Tax	Foreign exchange difference	Associated companies	Other	Revaluation reserve except minority interests	Minority interests	Revaluation reserve
Opening balance	**84 252**	**(22 784)**	**158**	**1 094**	**846**	**63 566**	**(21)**	**63 545**
Change in fair market value of asset held for sale transfered through profits & losses (Gross amount) - group	(20 361)	5 211	-	-	**-**	(15 150)	-	(15 150)
Change in fair market value of asset held for sale booked through equity (Gross amount) - group	64 026	(16 313)	3 106	-	**88**	50 907	-	50 907
Change in fair market value of asset held for sale booked through equity (Gross amount) - COSEC associated company	-	-	-	(80)	**-**	(80)	-	(80)
Change in fair market value of asset held for sale booked through equity (Gross amount) - OeKB associated company	-	-	-	-	**-**	-	-	-
Change in fair market value of asset held for sale booked through equity (Gross amount) - minority	-	-	-	-	**-**	-	20	20
Other movements	-	-	-	-	(1)	(1)	-	(1)
Closing balance	**127 917**	**(33 886)**	**3 264**	**1 014**	**933**	**99 242**	**(1)**	**99 241**

Note 15 Non-controlling interests

Movements during the year

(in € thousand)	December 31, 2014	December 31, 2013
Non-controlling interests at start of period	**66 582**	**68 261**
Non-controlling interests' share of net income	**2 040**	**3 352**
Components of other comprehensive income	**45**	**(148)**
Revaluation reserve for financial investments available for sale	-	(29)
Actuarial gain / (loss) on defined benefit plans	(61)	(88)
Foreign currency translation differences	106	(31)
Other movements	**(6 525)**	**(4 883)**
Dividends paid to minority shareholders	(4 546)	(4 846)
Capital increases and other movements	(1 979)	(37)
Non-controlling interests at end of period	**62 142**	**66 582**

Capital increases and other movements mainly correspond to the purchase of the non-controlling interests of the Greek subsidiary Euler Hermes Hellas Credit Insurance SA.

Breakdown by country

(in € thousand)	December 31, 2014	December 31, 2013
Euler Hermes in France	47 396	48 131
Euler Hermes in Germany	10 714	11 794
Euler Hermes in Switzerland	15	4
Euler Hermes in Morocco	4 017	4 650
Euler Hermes in Greece	-	2 003
Non controlling interests	**62 142**	**66 582**

Note 16 Provisions for risks and charges

(in € thousand)	December 31, 2013	Allowance	Write back (used)	Write back (not used)	Reclassification	Other changes	December 31, 2014
Retirement scheme (see Note 17 Employee Benefits for more détails)	**172 570**	**42 310**	**(38 373)**	**(920)**	**(11 397)**	**68 524**	**232 714**
Defined-benefit retirement plans	172 570	42 310	(38 373)	(920)	(11 397)	68 524	232 714
Other provisions for risks and charges	**137 804**	**86 111**	**(57 733)**	**(18 091)**	**1 827**	**1 019**	**150 937**
Provision for tax litigation in Germany	255	-	-	-	-	7	262
Provision for tax uncertainties	29 228	16 112	100	(4 010)	-	19	41 449
Provisions for employee benefits	86 345	64 089	(51 993)	(11 635)	2 014	690	89 510
Provision for restructuring	8 636	1 020	(2 222)	-	65	232	7 731
Provisions for sundry disputes	13 340	4 890	(3 618)	(2 446)	(252)	71	11 985
Total Provisions for risks and charges	**310 374**	**128 421**	**(96 106)**	**(19 011)**	**(9 570)**	**69 543**	**383 651**

For the defined-benefit retirement plans, the other changes of €68 million mainly consist in changes in assumptions and experiences adjustments and are recognised in other comprehensive income according to IAS 19 Revised.

Note 17 Employee benefits

In accordance with the regulatory environment and collective agreements, the Group has established defined contribution and defined benefit pension plans (company or multi-employer) in favour of employees.

Defined contribution plans

Defined contribution plans are funded through independent pension funds or similar organizations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions.

During the year ended December 31, 2014, the Group recognized expenses for defined contribution plans of €10.5 million (2013 : €9.4 million). Additionally, the Group paid contributions for state pension schemes of €27.9 million in 2014 (2013 : €27.1 million).

Defined benefit plans

General description of the plans:

- Retirement indemnities (France): the rights in respect of retirement indemnities are defined by the insurance companies' collective agreement. This plan is financed partly by a policy taken out with an insurance company.

- PSAD (France): this is a supplementary retirement benefit plan that was closed in 1978 and covers executives of Euler Hermes France. Contributions are paid by Euler Hermes France to beneficiaries or their surviving spouse (reversion) until their death. The plan is managed by BCAC, which informs Euler Hermes France quarterly of the contributions to be paid.

- Cardif (France): This is a supplementary retirement benefit plan that was closed in 2006 and covers members of the Group Management Board and/or corporate officers of Euler Hermes Group and Euler Hermes France. The contributions are paid by Cardif to the beneficiaries or their surviving spouse (reversion) until their death.

- Euler Hermes SA (NV) (Italy branch): TFR (*Trattamento di Fine Rapporto*) is a pension plan established by Italian legislation that is similar to a defined benefit pension plan. It is valued in accordance with IAS 19 by an independent actuary.
  The following items were taken into account when measuring the commitment at the year-end:
  - the retirement age was taken as 62 years for women and 66 years for men;
  - the probability of leaving the Italy branch within the next five years for employees under 42 years of age has been determined based on historical data;
  - the average life expectancy has been determined based on current statistics;
  - the probability of an early request for TFR has also been calculated using historical data available within the company.

  The assets covering the actuarial liability are included along with the other assets of Euler Hermes SA (NV) (Italy branch) and are not identified separately.

- Euler Hermes SA (NV) (UK branch): The UK branch operates a defined benefit pension plan that covers all employees who had joined the company by December 31, 2001. Under this plan, employees will be granted a pension on retirement, based on a fraction of their final salary and based on their length of service within the company while the plan was open to future accrual. The plan closed to future accrual with effect from December 31, 2012, at which point the link to future salary increases was removed. The company funds these rights through a dedicated fund. The retirement rights are revalued annually based on the constraints set by law, which provides for the mandatory application of different revaluation rates according to the vesting date of the rights. The 2012 closure of the plan has resulted in a curtailment gain of £6.2 million.

- AVK/APV: Euler Hermes Deutschland, branch of Euler Hermes SA (NV), Euler Hermes AG and Euler Hermes Rating Deutschland GmbH have implemented a defined benefit pension plans for all their employees. The beneficiaries will receive an annuity upon retirement at 65 years old at the latest. These plans are financed in part by external companies, namely Pensionskasse AVK and Unterstützungskasse APV and by contractual trust arrangement namely Methusalem Trust e.V. Employees who leave the company prior to the date provided for may benefit from an annuity of a lower amount than the one initially provided for.

Within the Allianz defined benefit plan in which the Group is involved in Germany, the assumptions for determining the DBO have been updated. The plan has been split into 2 items: on one hand the engagement to pay a fixed annuity to employees, engagement covered by an insurance contract and on the other hand the engagement to pay a compensation for the inflation. As a result, the analysis leads to the conclusion that the engagement to pay the fixed annuity was already fully covered in 2014 in the absence of profit participation and could be evaluated at the fair value of plan asset. The second part is still valued according to the projected unit credit method as required by IAS 19.
This approach implies a decrease of €40 million in the net commitment.

- Euler Hermes SA (NV) (Belgium branch) has implemented a plan that covers the payment to employees of Euler Hermes Credit Insurance Belgium and Euler Hermes Services Belgium SA of a fixed capital amount (equal to a multiple of their salary at 60 years old). It also provides coverage in the event of death – a multiple of salary based on family composition – or invalidity of the employee. The plan was closed in 2012.

- Euler Hermes SA (NV) (Netherlands branch) implemented a defined benefit pension plan for its employees that is managed by Delta Lloyd. The plan was closed at the end of 2012.

- Scandinavia:
  Euler Hermes SA (NV) (Sweden branch): a multi-employer plan that is managed by SPP, one of the largest life insurance companies. Employees begin to accrue pension at 28 years old. Employees can receive a pension as from 65 years old. Employees are then guaranteed 65% of their final salaries,
  Euler Hermes SA (NV) (Norway branch): a multi-employer plan that is managed by Vital, a Norwegian life insurance company. Employees begin to accrue pension from the first day of employment. Employees can receive a pension as from 67 years old. Employees are then guaranteed 70% of their final salaries.

31/12/2014 (in € thousand)	France & Greece			Italy	United-Kingdom	Germany	Belgium	Netherlands	Scandinavia		Total
	Retirement indemnities	PSAD	Cardif						FTP	VITAL	
Actuarial obligation - total - Opening	**(7 727)**	**(3 380)**	**(3 326)**	**(7 034)**	**(179 045)**	**(517 414)**	**(23 149)**	**(12 772)**	**(6 222)**	**(1 683)**	**(761 752)**
Current period service cost	(907)	-	-	(146)	-	(10 478)	(626)	(575)	638	(671)	(12 765)
Interest on obligation	(249)	(110)	(477)	(103)	(8 238)	(17 846)	(692)	(350)	(227)	(58)	(28 350)
Employee contributions	-	-	-	(453)	-	(3 037)	(64)	(204)	187	18	(3 553)
Plan amendment	-	-	-	-	-	-	-	-	-	-	-
Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Plan curtailments	-	-	-	-	-	-	-	(45)	-	-	(45)
Plan settlements	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains (losses) due to a change in assumptions	(1 069)	(215)	(432)	(288)	(29 878)	(75 349)	(2 071)	(4 268)	(1 504)	129	(114 944)
Actuarial gains (losses) due to a change in experience	(149)	(24)	(8)	(4)	-	1 721	(105)	(369)	(22)	-	1 040
Benefits paid	439	366	166	472	5 972	13 230	1 636	10	-	-	22 291
Currency translation difference	-	-	-	-	(14 156)	-	-	-	697	(125)	(13 585)
Other	-	-	30	-	(3)	126	-	(101)	-	-	52
Removal of the discretionary clause	**-**	**-**	**-**	**-**	**-**	**-**	**(0)**	**-**	**-**	**501**	**500**
Actuarial obligation - total - Closing	**(9 662)**	**(3 363)**	**(4 047)**	**(7 556)**	**(225 347)**	**(609 047)**	**(25 071)**	**(18 674)**	**(6 453)**	**(1 889)**	**(911 110)**
Fair value of plan assets - total - Opening	**4 944**	**-**	**3 233**	**-**	**189 552**	**367 717**	**18 266**	**9 864**	**5 095**	**1 018**	**599 689**
Interest income on plan assets	166	-	104	-	8 736	12 928	555	275	179	31	22 974
Actuarial gains (losses) due to a change in experience	(40)	-	32	-	9 951	29 350	162	4 802	-	(111)	44 146
Employee contributions	-	-	-	-	-	3 037	64	480	(187)	(18)	3 376
Employer contributions	919	-	-	-	1 255	7 776	788	225	169	144	11 275
Acquisitions /disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Plan curtailments	-	-	-	-	-	-	-	(17)	-	-	(17)
Plan settlements	-	-	-	-	-	-	-	-	-	-	-
Benefits paid	(428)	-	(166)	-	(5 972)	(8 493)	(1 636)	(10)	-	-	(16 705)
Currency translation difference	-	-	-	-	14 184	-	-	-	(525)	106	13 764
Other	-	-	-	-	(634)	(42)	201	14	356	(2)	(106)
Fair value of plan assets - total - Closing	**5 561**	**-**	**3 203**	**-**	**217 071**	**412 273**	**18 400**	**15 633**	**5 087**	**1 168**	**678 396**
Net commitments <0	**(4 101)**	**(3 363)**	**(844)**	**(7 556)**	**(8 276)**	**(196 774)**	**(6 671)**	**(3 041)**	**(1 366)**	**(721)**	**(232 714)**
Net commitments >0	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Actuarial Gain / Loss - cumulative amount in Other Comprehensive Income											
- Actuarial Gain / Loss - gross - Opening value	(787)	520	-	(346)	(44 675)	(108 932)	(2 343)	(2 404)	50	148	(158 770)
- Actuarial Gain / Loss - gross - Movement	(1 260)	(239)	(409)	(292)	(19 926)	(44 564)	(2 014)	165	(1 526)	18	(70 047)
Actuarial Gain / Loss - gross - Closing Value	**(2 047)**	**281**	**(409)**	**(638)**	**(64 602)**	**(153 496)**	**(4 357)**	**(2 239)**	**(1 476)**	**166**	**(228 817)**
- Actuarial Gain / Loss - Tax effect - Closing value	681	(94)	136	175	13 889	47 584	1 481	559	369	(42)	64 739
Actuarial Gain / Loss - Net of tax - Closing value	**(1 366)**	**187**	**(273)**	**(463)**	**(50 712)**	**(105 912)**	**(2 876)**	**(1 680)**	**(1 107)**	**124**	**(164 078)**
Expenses for the period	**(990)**	**(110)**	**(373)**	**(249)**	**498**	**(15 402)**	**(763)**	**(745)**	**590**	**(698)**	**(18 242)**
Current period service cost	(907)	-	-	(146)	-	(10 478)	(626)	(645)	638	(671)	(12 835)
Finance cost (effect of undiscounting)	(249)	(110)	(477)	(103)	(8 238)	(17 846)	(692)	(350)	(227)	(58)	(28 350)
Interest income on plan assets	166	-	104	-	8 736	12 928	555	275	179	31	22 974
Profit/loss on curtailment/settlement	-	-	-	-	-	-	-	(45)	-	-	(45)
Asset ceiling limitation	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(0)	(6)	-	20	-	-	14
Actuarial assumptions											
Discounting rates used	2,00%	2,00%	2,00%	2,00%	3,60%	2,00%	3,05%	2,50%	3,70%	-	
Inflation rate used	1,75%	1,75%	1,75%	2,00%	3,15%	1,70%	2,50%	0,20%	2,00%	-	
Expected rate of salary increase	1,85%	1,85%	1,85%	0,50%		2,10%	3,20%	2,50%	3,00%	-	
Expected rate of increase of medical costs	-	-	-	-	-	-	-	-	-	-	
Rate of increase of benefit used by plan	1,75%	1,75%	1,75%	-	-	-	-		-	-	
Plan retirement age	60 or 63	60 or 63	60 or 63	62 or 66 (3)	65	63	60	67	65	67	
Plan residual service period	-	-	-	-	24	15	-	17	-	17	
Other significant actuarial assumption used	-	60%	-	-	-	-	-	-	-	-	
Structure of plan assets											
Shares	-	-	-	-	42,54%	7,70%	-	-	11,00%		
Bonds	-	-	100,00%	-	25,00%	89,40%	-	-	84,00%		
Real estate	100,00%	-	-	-	7,26%	2,70%	-	-	5,00%	-	
Other instruments	-	-	-	-	25,20%	0,20%	-	100,00%			

(1) the 60% on the PSAD plan corresponds to the reversion rate
(2) Structure of hedging assets by entity. Germany and Netherlands correspond to the statistic of the more significant company.
(3) The retirement age has been taken as 62 years for women and 66 years for men

31/12/2013 (in € thousand)	France & Greece			Italy	United-Kingdom	Germany	Belgium	Netherlands	Scandinavia		Total
	Retirement indemnities	PSAD	Cardif						FTP	VITAL	
Actuarial obligation - total - Opening	**(7 909)**	**(3 655)**	**(3 333)**	**(6 142)**	**(165 845)**	**(524 559)**	**(21 688)**	**(11 311)**	**(6 241)**	**(1 474)**	**(752 157)**
Current period service cost	(523)	-	-	(787)	-	(11 295)	(674)	(756)	(128)	(181)	(14 344)
Interest on obligation	(236)	(114)	(109)	(122)	(7 444)	(16 879)	(766)	(366)	(239)	(56)	(26 331)
Employee contributions	-	-	-	-	-	(2 973)	(63)	(217)	-	18	(3 235)
Plan amendment	35	-	-	-	-	-	(152)	-	-	9	(108)
Acquisitions/disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Plan curtailments	46	-	-	-	-	-	-	-	-	-	46
Plan settlements	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains (losses) due to a change in assumptions	390	-	-	(57)	-	20 324	(807)	-	111	-	19 961
Actuarial gains (losses) due to a change in experience	281	6	(18)	-	(13 862)	5 651	422	571	311	-	(6 638)
Benefits paid	139	383	164	364	4 294	12 411	1 107	-	195	-	19 057
Currency translation difference	-	-	-	-	3 812	-	-	-	334	1	4 147
Other	50	-	(30)	(290)	-	(94)	(528)	(693)	(565)	-	(2 150)
Removal of the discretionary clause	-	-	-	-	-	-	-	-	-	-	-
Actuarial obligation - total - Closing	**(7 727)**	**(3 380)**	**(3 326)**	**(7 034)**	**(179 045)**	**(517 414)**	**(23 149)**	**(12 772)**	**(6 222)**	**(1 683)**	**(761 752)**
Fair value of plan assets - total - Opening	**4 107**	**-**	**3 334**	**-**	**173 124**	**355 793**	**17 705**	**8 864**	**5 133**	**888**	**568 948**
Interest income on plan assets	103	-	126	-	7 800	11 623	608	279	185	30	20 754
Actuarial gains (losses) due to a change in experience	-	-	-	-	15 804	(2 486)	(47)	(475)	(136)	-	12 660
Employee contributions	-	-	-	-	-	2 973	63	217	305	146	3 704
Employer contributions	861	-	-	-	1 351	7 566	915	807	-	(18)	11 482
Acquisitions /disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Plan curtailments	-	-	1	-	-	-	-	(358)	-	-	(357)
Plan settlements	-	-	-	-	-	-	-	-	-	-	(0)
Benefits paid	(127)	-	(166)	-	(4 294)	(7 955)	(1 107)	530	(192)	-	(13 311)
Currency translation difference	-	-	-	-	(3 921)	-	-	-	(200)	(28)	(4 149)
Other	-	-	(62)	-	(312)	203	129	-	-	-	(42)
Fair value of plan assets - total - Closing	**4 944**	**-**	**3 233**	**-**	**189 552**	**367 717**	**18 266**	**9 864**	**5 095**	**1 018**	**599 689**
Net commitments <0	**(2 783)**	**(3 380)**	**(93)**	**(7 034)**	**-**	**(149 697)**	**(4 883)**	**(2 908)**	**(1 126)**	**(665)**	**(172 570)**
Net commitments >0	**-**	**-**	**-**	**-**	**10 507**	**-**	**-**	**-**	**-**	**-**	**10 507**
Actuarial Gain / Loss - cumulative amount in Other Comprehensive Income											
- Actuarial Gain / Loss - gross - Opening value	(1 639)	-	-	(289)	(46 657)	(132 474)	(1 911)	(2 500)	333	176	(184 961)
- Actuarial Gain / Loss - gross - Movement	852	520	-	(57)	1 982	23 542	(432)	96	(283)	(28)	26 191
Actuarial Gain / Loss - gross - Closing Value	**(787)**	**520**	**-**	**(346)**	**(44 675)**	**(108 932)**	**(2 343)**	**(2 404)**	**50**	**148**	**(158 770)**
- Actuarial Gain / Loss - Tax effect - Closing value	114	(2)	-	97	11 028	33 681	941	-	-	-	45 858
Actuarial Gain / Loss - Net of tax - Closing value	**(673)**	**518**	**-**	**(249)**	**(33 647)**	**(75 252)**	**(1 402)**	**(2 404)**	**50**	**148**	**(112 912)**
Expenses for the period	**(621)**	**(114)**	**20**	**(909)**	**356**	**(16 551)**	**(832)**	**(821)**	**(181)**	**(208)**	**(19 861)**
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	-	60%	-	-	-	-	-	-	-	-	
Structure of plan assets											
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

Sensitivity of actuarial assumptions

As far as the Germany scope is concerned (85% of Group net commitments for the defined-benefit retirement plans), an increase of the discount rate by 50 bps would have a negative effect on the defined benefit obligation by €41 million. A decrease of 50 bps would lead to an increase of €49 million. An increase or a decrease of the salary by 50 bps would have no material effect on the defined benefit obligation.

Estimation of future benefit payments

The table below presents the estimated future benefit payments that will be met mainly to the benefit of the employee of the German entities, by the pension funds or by the Group:

(in € thousand)	Pension Benefits
2014	13,230
2015	13,524
2016	14,513
2017	15,303
2018	16,248
2019	17,278
2020-2024	98,804

Note 18 Borrowings

Breakdown by type

(in € thousand)	December 31, 2014	December 31, 2013
Subordinated debt	**-**	**-**
Term loans and other term borrowings	284 159	261 384
Demand accounts	-	-
Borrowings from banking sector businesses	**284 159**	**261 384**
Other borrowings	-	351
Total borrowings	**284 159**	**261 735**

Bank borrowings mainly correspond to the following items:

- 2010 loan of €125 million from Crédit Agricole redemption in June 18, 2015, with fixed annual interest rate of 1,885% (initially 3.05%, renegotiated in July, 2012);
- 2010 loan of €125 million from HSBC with redemption on June 18, 2015, with fixed annual interest rate of 1,885% (initially 3.05%, renegotiated in July, 2012);
- Credit line of €32 million from AAREAL Bank with redemption on October 22, 2023, with variable annual interest rate Euribor 3M plus 1,55% of margin. On December 2014, this line has been totality drawn down (to €32 million), against €10 million in 2013;
- Accrued interest for €2.16 million.

Some borrowings are subject to step-up clauses providing for an increase in the annual interest rate in the event of a rating downgrade by Standard & Poor's.

Breakdown by maturity

(in € thousand)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total borrowings	**-**	**252 159**	**-**	**32 000**	**284 159**

Breakdown by maturity for interests to be paid

(in € million)	2014 (1)	2015
Borrowing 2010 of €125million maturity 06/18/2015, annual fixed rate to 1,885%	2,36	1,18
Borrowing 2010 of €125million maturity 06/18/2015, annual fixed rate to 1,885%	2,36	1,18
Total futur interest expenses with others than Allianz Group	**4,72**	**2,36**

(in € million)	2014	2015 à 2022 (2)	2023
Borrowing 2013 of €32million maturity 22/10/2023,Euribor 3M + 1,55% **(3)**	0,32	3,66	0,44
Total futur interest expenses with others than Allianz Group	**0,32**	**3,66**	**0,44**

(1) The annual interest on loans amounts to €2.36 million
(2) This interest is accumulated aver 7 years; the annual interest on loans amounts to €0.52 million
(3) The borrowing of € 32 million maturity October 2023 has been totally draw down

Note 19 Technical reserves

(in € thousand)	December 31, 2013	Allowance net of writebacks	Foreign exchange differences	Changes in consolidation scope	Other changes	December 31, 2014
Reserve for unearned premiums	344 975	33 019	18 234	(7)	-	396 221
Reserve for claims net of forecasts of recoveries	1 515 094	68 584	31 711	142	-	1 615 531
Reserve for no-claims bonuses and rebates	168 613	(3 498)	295	75	9	165 494
Gross technical reserves	**2 028 682**	**98 105**	**50 240**	**210**	**9**	**2 177 246**
Reserve for unearned premiums	61 390	1 914	(608)	-	(2)	62 695
Reserve for claims net of forecasts of recoveries	432 401	34 229	171	-	-	466 801
Reserve for no-claims bonuses and rebates	36 085	(1 299)	(2)	-	(1)	34 783
Reinsurers' share of technical reserves	**529 876**	**34 844**	**(439)**	**-**	**(3)**	**564 279**
Net technical reserves	**1 498 806**	**63 261**	**50 679**	**210**	**12**	**1 612 967**

Claims reserves

(in € thousand)	December 31, 2014			December 31, 2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Claims reserves gross of recoveries	**1 906 065**	**(565 768)**	**1 340 297**	**1 901 802**	**(586 472)**	**1 315 330**
Current period	1 010 239	(253 783)	756 456	1 045 698	(300 545)	745 153
Prior periods	895 826	(311 985)	583 841	856 104	(285 927)	570 177
Recoveries to be received	**(290 534)**	**98 967**	**(191 567)**	**(386 708)**	**154 071**	**(232 637)**
Current period	(107 544)	23 585	(83 959)	(171 589)	42 057	(129 532)
Prior periods	(182 990)	75 382	(107 608)	(215 119)	112 014	(103 105)
Claims reserves	**1 615 531**	**(466 801)**	**1 148 730**	**1 515 094**	**(432 401)**	**1 082 693**

Breakdown by type of reserve

(in thousand)	December 31, 2014			December 31, 2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Reserves for unearned premiums	**396 221**	**(62 695)**	**333 526**	**344 975**	**(61 390)**	**283 585**
Claims reserves	**1 615 531**	**(466 801)**	**1 148 730**	**1 515 094**	**(432 401)**	**1 082 693**
of which, reserves for known claims	1 130 972	(359 647)	771 325	1 169 313	(403 847)	765 466
of which, reserves for late claims	679 393	(194 256)	485 137	638 108	(170 406)	467 702
of which, reserves for claims handling expenses	95 688	(11 865)	83 823	94 211	(12 220)	81 991
of which, other technical reserves	13	-	13	170	1	171
of which, recoveries to be received	(290 535)	98 967	(191 568)	(386 708)	154 071	(232 637)
No-claims bonuses and rebates	**165 494**	**(34 783)**	**130 711**	**168 613**	**(36 085)**	**132 528**
Technical reserves	**2 177 246**	**(564 279)**	**1 612 967**	**2 028 682**	**(529 876)**	**1 498 806**

Note 20 Insurance and reinsurance liabilities

Breakdown by type and by maturity

(in € thousand)	December 31, 2014	December 31, 2013
Policyholders' guarantee deposits and miscellaneous	114 339	102 418
Liabilities due to policyholders and agents	112 653	89 723
Liabilities arising from inward insurance and reinsurance transactions	**226 992**	**192 141**
Liabilities due to reinsurers and assignors	122 866	51 189
Deposits received from reinsurers	8 611	94 111
Outwards reinsurance liabilities	**131 477**	**145 300**
Total insurance and reinsurance liabilities	**358 469**	**337 441**

(in € thousand)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total insurance and reinsurance liabilities	**352 860**	**5 009**	**600**	**-**	**358 469**

Note 21 Other liabilities

(in € thousand)	December 31, 2014	December 31, 2013
Tax and social liabilities	153 119	137 462
Other operating liabilities	108 728	117 052
Deferred income	27 783	30 124
Other accrued expenses	-	0
Other liabilities	145	147
Total other liabilities	**289 775**	**284 785**

(in € thousand)	3 months or less	3 months to 1 year	1 to 5 years	Over 5 years	Total
Total other liabilities	**263 226**	**7 098**	**204**	**19 247**	**289 775**

Note 22 Breakdown of operating income

(in € thousand)	December 31,					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Premiums and commissions	2 270 416	(670 884)	1 599 532	2 202 496	(660 909)	1 541 587
Premiums refunded	(111 513)	25 743	(85 770)	(109 896)	25 851	(84 045)
Gross premiums written - credit insurance	2 158 903	(645 141)	1 513 762	2 092 600	(635 059)	1 457 541
Change in unearned premiums	(32 992)	1 265	(31 727)	(13 580)	(8 403)	(21 983)
Earned premiums	**2 125 911**	**(643 876)**	**1 482 035**	**2 079 020**	**(643 462)**	**1 435 558**
Service revenues	401 101	-	401 101	407 220	-	407 220
Turnover	**2 527 012**	**(643 876)**	**1 883 136**	**2 486 240**	**(643 462)**	**1 842 778**
Net investment income	**85 082**	**-**	**85 082**	**86 150**	**-**	**86 150**
Claims paid	(825 893)	238 160	(587 733)	(808 548)	268 872	(539 676)
Claims reserves expenses	(67 486)	34 602	(32 884)	(142 998)	49 827	(93 171)
Claims handling expenses	(105 292)	3 155	(102 137)	(94 984)	2 849	(92 135)
Insurance services expenses	**(998 671)**	**275 917**	**(722 754)**	**(1 046 530)**	**321 548**	**(724 982)**
Brokerage commissions	(201 018)	-	(201 018)	(197 177)	-	(197 177)
Other acquisition costs	(254 821)	-	(254 821)	(236 701)	-	(236 701)
Change in acquisition costs capitalised	2 899	-	2 899	7 372	-	7 372
Contract acquisition expenses	**(452 940)**	**-**	**(452 940)**	**(426 506)**	**-**	**(426 506)**
Impairment of portfolio securities and similar	**-**	**-**	**-**	**-**	**-**	**-**
Administration expenses	**(207 943)**	**-**	**(207 943)**	**(206 065)**	**-**	**(206 065)**
Commissions received from reinsurers	**-**	**222 895**	**222 895**	**-**	**219 611**	**219 611**
Other ordinary operating income and expenses	**(371 307)**	**-**	**(371 307)**	**(359 575)**	**-**	**(359 575)**
Current operating income	**581 233**	**(145 064)**	**436 169**	**533 714**	**(102 303)**	**431 411**

Cost of claims

(in € thousand)	December 31,					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	**1 335 823**	**(330 747)**	**1 005 076**	**1 411 931**	**(396 626)**	**1 015 305**
of which, claims paid	286 466	(74 860)	211 606	308 498	(91 778)	216 720
of which, claims reserves	955 692	(252 284)	703 408	1 013 708	(300 135)	713 573
of which, claims handling expenses	93 665	(3 603)	90 062	89 725	(4 713)	85 012
Recoveries for the current period	**(115 159)**	**25 969**	**(89 190)**	**(183 073)**	**43 903**	**(139 170)**
Recoveries received	(8 705)	2 379	(6 326)	(11 244)	1 862	(9 381)
Change in reserves for recoveries	(106 454)	23 590	(82 864)	(171 829)	42 041	(129 788)
Cost of claims from prior periods	**(268 073)**	**35 103**	**(232 970)**	**(194 114)**	**41 450**	**(152 664)**
of which, claims paid	707 223	(237 778)	469 445	636 715	(224 317)	412 398
of which, claims reserves	(986 923)	272 433	(714 490)	(836 088)	263 903	(572 185)
of which, claims handling expenses	11 627	448	12 075	5 259	1 864	7 123
Recoveries from prior periods	**46 080**	**(6 243)**	**39 837**	**11 785**	**(10 274)**	**1 512**
Recoveries received	(159 091)	72 099	(86 992)	(125 421)	45 362	(80 059)
Change in reserves for recoveries	205 171	(78 341)	126 829	137 206	(55 636)	81 571
Cost of claims	**998 671**	**(275 917)**	**722 753**	**1 046 530**	**(321 547)**	**724 983**

Note 23 Net financial income

(in € thousand)

	December 31,	
	2014	**2013**
Revenues from investment property	**2 644**	**2 714**
Revenues from equity & debt securities	**58 524**	**63 766**
Available for sale assets through equity	58 512	63 749
Trading assets	-	-
Held to maturity	12	17
Revenues from loans, deposits and other financial investments	**19 703**	**21 383**
Other financial income	**244**	**509**
Investment income	**81 117**	**88 372**
Depreciation of investment property	(1 004)	(1 338)
Investment management expenses	(7 793)	(6 790)
Interest paid to reinsurers	(215)	(262)
Other financial expenses	-	-
Investment expenses	**(9 012)**	**(8 390)**
Profits (losses) on sales of property	**(363)**	**(345)**
Net profits (losses) on sales of securities	**21 471**	**13 337**
Available for sale assets through equity	21 286	21 380
Trading assets	-	-
Held to maturity	-	-
On sales of loans to banks and customers	185	(8 043)
Profits (losses) on sales of participating interests	**-**	**-**
Net gain (loss) on sales of investments less impairment and depreciation write back	**21 108**	**12 992**
Change in fair value of derivatives	210	(5 122)
Change in fair value of trading assets	-	-
Change in fair value of investments recognised at fair value through the income stat	**210**	**(5 122)**
Reserve for impairment of investments	(2 984)	(1 162)
Change in impairment of investments	**(2 984)**	**(1 162)**
Net change in foreign currency	**(5 357)**	**(540)**
Net financial income (excluding financing expense)	**85 082**	**86 150**

The change in fair value of derivatives in 2013 was mostly due to the impact of the increase in Euler Hermes Group share price on Long Term Incentive provision.

The net losses in foreign currency in 2014 are due to the appreciation of the Hong Kong dollar and the pound sterling against euro.

Note 24 Operating leases

The note below presents the rents from the simple rent agreements for which the entities are committed on the future exercises.

(in € thousand)	31 December 2014						
	United Kingdom	United States	Northern Europe (1)	Germany	France	Asia	Others
Less than 1 year	2 806	2 530	2 911	1 839	19 236	1 703	2 586
1 to 5 years	8 293	7 102	6 626	2 832	73 546	3 655	1 714
More than 5 years	1 760	549	53	48	113	0	757
Total	**12 859**	**10 181**	**9 590**	**4 719**	**92 895**	**5 358**	**5 057**

(1) include The Netherlands, Scandinavia and Belgium

Following the relocation from 1, rue Euler to First Tower in *La Défense*, Euler Hermes France has a rental contract of 9 years since January 1st, 2012 for an annual amount of €10,417 thousand.

Note 25 Other ordinary operating revenues and expenses

(in € thousand)	December 31,	
	2014	2013
Other ordinary operating income	**23 595**	**21 611**
Other ordinary operating expenses	(381 127)	(371 992)
Employee profit sharing and bonuses	(13 775)	(9 194)
Other ordinary operating expenses	**(394 902)**	**(381 186)**
Other ordinary operating income and expenses	**(371 307)**	**(359 575)**

The other ordinary operating expenses mainly concern expenses related to services activities.

The employee profit sharing and bonuses has increased by almost 50% in 2014 compared to 2013 mainly because of the release of the equalisation reserves in Euler Hermes France after the realization of the legal restructuring project (cross border merger in Euler Hermes SA (NV)). This release explains most of the increase in the net statutory taxable profit of Euler Hermes France, on which the profit-sharing is calculated.

Note 26 Other operating revenues and expenses

(in € thousand)	December 31,	
	2014	2013
Other non-ordinary operating income	1 682	59 384
Other non-ordinary operating expenses	(24 726)	(32 189)
Other non-ordinary operating income and expenses	**(23 044)**	**27 195**

In 2013, the other non-ordinary operating income is mainly due to the gain on the contribution of assets to the JV Solunion for €36,866 thousand and to the release of used restructuring provision for €22,518 thousand mainly for the Excellence project.
The other non-ordinary operating expenses are mainly due to restructuring expenses related to Excellence project for €32,189 thousand.

In 2014, the other non-ordinary operating expenses consist of:

- €17.8 million for depreciation of held-for-sale buildings (Hamburg headquarters) ;
- €7 million for restructuring expenses.

Note 27 Corporation tax

Breakdown of tax charge between current income tax and deferred income tax

The tax charge is split as follows:

(in € thousand)	December 31, 2014	December 31, 2013
Current income tax		
France	87 165	32 945
Other countries	121 291	100 351
Subtotal	**208 456**	**133 296**
Deferred income tax		
France	(71 645)	(1 666)
Other countries	(20 415)	5 366
Subtotal	**(92 060)**	**3 700**
Total Corporation tax as reported in the income statement	**116 396**	**136 996**

The increase in Current Income tax and the decrease in Deferred Income tax are mainly due to the release of the equalization reserve in Euler Hermes France, following the legal restructuring (cross-border merger in Euler Hermes SA (NV)), that results in the payment of Current Income tax to the French Tax administration.

Tax proof

The reconciliation between the theoretical tax charge to 34,43% (pre-tax profit multiplied by the applicable tax rate in France for the period concerned) and the effective tax charge to 27,68% is as follows:

	December 31, 2014	December 31, 2013
Consolidated income before taxes	**420 496**	**454 077**
Theoretical tax rate	34,43%	34,43%
Tax at theoretical tax rate	**-144 777**	**-156 339**
Contribution of companies booked at equity	5 545	2 668
Impact of differences between group and local tax rates	**37 145**	**33 860**
Local specific taxes	**-6 019**	**-4 710**
Net tax on other items non taxable or non deductible	307	1 882
Tax group boni	1 133	2 487
Dividends	-9 696	-9 520
Corrections and adjustements on prior years periods	286	-1 817
Allowance of provision for tax uncertainties	-2 322	-493
Other permanent differences	2 002	-5 013
Tax at effective tax rate	**-116 396**	**-136 996**
Effective tax rate	**27,68%**	**30,17%**

The main variances are due to:

- the differences in tax rates due to the presence of the Group in countries which have a different theoretical tax rates;
- dividends consist of taxable dividends outside the French Tax Group as well as the additional contribution of 3 % on dividends paid by Euler Hermes Group ;
- permanent differences (mainly taxation without basis and unrecognized tax losses) ;
- reduced rates;
- specific tax positions (mainly adjustments on prior year periods of tax losses).

Note 28 Earnings per share and dividend per share

Earnings per share

	December 31,	
	2014	**2013**
Distributable net income (in thousand of euros)	302 060	313 729
Weighted average number of ordinary shares before dilution	44 028 454	44 071 909
Earnings per share (in euros)	**6,86**	**7,12**
Distributable net income (in thousand of euros)	302 060	313 729
Weighted average number of ordinary shares after dilution	44 043 176	44 153 434
Diluted earnings per share (in euros)	**6,86**	**7,11**

The dilution impact takes into account the exercise of options.
The average number of shares resulting from dilution is 14,722 in 2014 (81,524 in 2013).
The net income, Group Share, is used as the basis for this calculation.

Dividend per share

The Management will propose to the Shareholder’s Meeting of May 27, 2015 the payment of a dividend of €4.40 per share concerning the 2014 period.

Note 29 Segment data

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

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

For the Group the primary segment is the geographical segment as it corresponds to the information presented to the Group’s management bodies.

A proforma analysis for Segment Data 2013 has been performed to take into account the change in Segment Allocation from January 1st, 2014 of a collection services entity previously shown in the Americas region, and now presented in the Group Services segment.

Notes to the consolidated financial statements

Profit & loss by segment – year-end December 2014

(in € thousand) — Twelve months ended December 31, 2014

	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Premiums written	636 765	360 795	497 972	261 469	250 121	106 237	1 550 858	-	(1 393 801)	2 270 416
Premiums refunded	(53 941)	(29 007)	(22 021)	5 255	(5 256)	(3 135)	(77 466)	-	74 058	(111 513)
Change in unearned premiums	1 372	(4 003)	(7 465)	(3 210)	(6 615)	(17 840)	(14 390)	-	19 159	(32 992)
Earned premiums - non-Group	**584 196**	**327 785**	**468 486**	**263 514**	**238 250**	**85 262**	**1 459 002**	**-**	**(1 300 584)**	**2 125 911**
Services revenues - non-Group	175 585	71 240	82 254	59 145	28 236	22 983	-	130 254	(168 596)	401 101
Turnover - intra-sectoral	**759 781**	**399 025**	**550 740**	**322 659**	**266 486**	**108 245**	**1 459 002**	**130 254**	**(1 469 180)**	**2 527 012**
Investment income	27 121	24 206	9 761	5 628	5 421	(4 091)	26 178	241 630	(250 772)	85 082
Of which, dividends	*(4 164)*	*(1 281)*	-	-	-	-	-	*(241 130)*	*246 575*	-
Total ordinary income	**786 902**	**423 231**	**560 501**	**328 287**	**271 907**	**104 154**	**1 485 180**	**371 884**	**(1 719 952)**	**2 612 094**
Insurance services expenses	(242 703)	(142 319)	(254 658)	(138 770)	(107 895)	(41 502)	(654 192)	(3 767)	587 135	(998 671)
Outwards reinsurance income	269 894	173 836	292 423	147 565	138 810	56 981	455 933	-	(1 036 630)	498 812
Outwards reinsurance expenses	(383 153)	(221 151)	(332 446)	(188 015)	(171 731)	(66 635)	(581 329)	-	1 300 584	(643 876)
Other income and expenses	(305 933)	(157 929)	(222 292)	(124 158)	(101 660)	(63 019)	(512 421)	(162 865)	618 087	(1 032 190)
Total other income and expenses	**(661 895)**	**(347 563)**	**(516 973)**	**(303 378)**	**(242 476)**	**(114 175)**	**(1 292 009)**	**(166 632)**	**1 469 176**	**(2 175 925)**
CURRENT OPERATING INCOME	**125 007**	**75 668**	**43 528**	**24 909**	**29 431**	**(10 021)**	**193 171**	**205 252**	**(250 776)**	**436 169**
Other non ordinary operating expenses and income	(15 081)	97	502	(16)	-	-	-	(5 766)	(2 780)	(23 044)
OPERATING INCOME	**109 926**	**75 765**	**44 030**	**24 893**	**29 431**	**(10 021)**	**193 171**	**199 486**	**(253 556)**	**413 125**
Financing expenses	(275)	(1 920)	(116)	(721)	(10)	-	(532)	(8 971)	4 198	(8 347)
Share of Income from companies accounted by the equity method	5 345	8 894	(262)	-	-	-	-	1 741	-	15 718
Corporation tax	(34 177)	(25 490)	(10 830)	(8 599)	(9 878)	(3 758)	(33 460)	9 971	(175)	(116 396)
CONSOLIDATED NET INCOME	**80 819**	**57 249**	**32 822**	**15 573**	**19 543**	**(13 779)**	**159 179**	**202 227**	**(249 533)**	**304 100**
NET INCOME, GROUP SHARE	**79 028**	**57 762**	**32 822**	**15 070**	**19 543**	**(13 779)**	**159 179**	**201 968**	**(249 533)**	**302 060**
Non controlling interests	1 791	(513)	-	503	-	-	-	259	-	2 040

Profit & loss by segment – year-end December 2013 – Pro forma

(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
Premiums written	661 333	355 745	484 642	247 803	252 885	72 708	1 425 334	-	(1 297 954)	2 202 496
Premiums refunded	(49 028)	(28 697)	(22 229)	218	(5 161)	(2 313)	(74 325)	-	71 639	(109 896)
Change in unearned premiums	4 820	(891)	2 090	295	(11 286)	789	6 448	-	(15 845)	(13 580)
Earned premiums - non-Group	**617 125**	**326 157**	**464 503**	**248 316**	**236 438**	**71 184**	**1 357 457**	**-**	**(1 242 160)**	**2 079 020**
Services revenues - non-Group	176 095	71 718	86 813	60 494	32 044	20 565	-	150 008	(190 517)	407 220
Turnover - intra-sectoral	**793 220**	**397 875**	**551 316**	**308 810**	**268 482**	**91 749**	**1 357 457**	**150 008**	**(1 432 677)**	**2 486 240**
Investment income	30 657	27 520	15 124	7 614	8 478	(4 609)	25 431	228 842	(252 907)	86 150
Of which, dividends	*(2 847)*	*(1 281)*	-	-	-	-	-	*(246 269)*	*250 397*	-
Total ordinary income	**823 877**	**425 395**	**566 440**	**316 424**	**276 960**	**87 140**	**1 382 888**	**378 850**	**(1 685 584)**	**2 572 390**
Insurance services expenses	(291 215)	(153 371)	(297 503)	(164 538)	(84 816)	(37 453)	(639 137)	(5 311)	626 814	(1 046 530)
Outwards reinsurance income	320 699	180 731	310 374	165 534	111 992	41 713	434 207	-	(1 024 092)	541 158
Outwards reinsurance expenses	(405 759)	(219 198)	(328 848)	(178 986)	(174 391)	(49 644)	(528 798)	-	1 242 163	(643 461)
Other income and expenses	(309 247)	(154 431)	(220 162)	(119 075)	(109 267)	(52 536)	(438 996)	(176 225)	587 793	(992 146)
Total other income and expenses	**(685 522)**	**(346 269)**	**(536 139)**	**(297 065)**	**(256 482)**	**(97 920)**	**(1 172 724)**	**(181 536)**	**1 432 678**	**(2 140 979)**
CURRENT OPERATING INCOME	**138 355**	**79 126**	**30 301**	**19 359**	**20 478**	**(10 780)**	**210 164**	**197 314**	**(252 906)**	**431 411**
Other non ordinary operating expenses and income	(6 338)	25 683	186	1 139	17 645	-	-	(3 471)	(7 649)	27 195
OPERATING INCOME	**132 017**	**104 809**	**30 487**	**20 498**	**38 123**	**(10 780)**	**210 164**	**193 843**	**(260 555)**	**458 606**
Financing expenses	(109)	(436)	(74)	(166)	18	(1)	(523)	(12 176)	2 514	(10 953)
Share of Income from companies accounted by the equity method	6 992	6 567	-	-	-	-	-	(7 135)	-	6 424
Corporation tax	(39 440)	(45 662)	(5 624)	(8 019)	(9 883)	(485)	(43 546)	15 663	-	(136 996)
CONSOLIDATED NET INCOME	**99 460**	**65 278**	**24 789**	**12 313**	**28 257**	**(11 266)**	**166 095**	**190 196**	**(258 041)**	**317 081**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET INCOME, GROUP SHARE	**96 868**	**66 012**	**24 789**	**10 819**	**28 257**	**(11 266)**	**166 095**	**190 196**	**(258 041)**	**313 729**
Non controlling interests	2 592	(734)	-	1 494	-	-	-	-	-	3 352

Profit & loss by segment – year-end December 2013 – Published

(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
Premiums written	661 333	355 745	484 642	247 803	252 885	72 708	1 425 334	-	(1 297 954)	2 202 496
Premiums refunded	(49 028)	(28 697)	(22 229)	218	(5 161)	(2 313)	(74 325)	-	71 639	(109 896)
Change in unearned premiums	4 820	(891)	2 090	295	(11 286)	789	6 448	-	(15 845)	(13 580)
Earned premiums - non-Group	**617 125**	**326 157**	**464 503**	**248 316**	**236 438**	**71 184**	**1 357 457**	**-**	**(1 242 160)**	**2 079 020**
Services revenues - non-Group	176 095	71 718	86 813	60 494	38 494	20 565	-	143 558	(190 517)	407 220
Turnover - intra-sectoral	**793 220**	**397 875**	**551 316**	**308 810**	**274 932**	**91 749**	**1 357 457**	**143 558**	**(1 432 677)**	**2 486 240**
Investment income	30 657	27 520	15 124	7 614	8 478	(4 609)	25 431	228 842	(252 907)	86 150
Of which, dividends	*(2 847)*	*(1 281)*	-	-	-	-	-	*(246 269)*	*250 397*	-
Total ordinary income	**823 877**	**425 395**	**566 440**	**316 424**	**283 410**	**87 140**	**1 382 888**	**372 400**	**(1 685 584)**	**2 572 390**
Insurance services expenses	(291 215)	(153 371)	(297 503)	(164 538)	(87 413)	(37 453)	(639 137)	(2 714)	626 814	(1 046 530)
Outwards reinsurance income	320 699	180 731	310 374	165 534	111 992	41 713	434 207	-	(1 024 092)	541 158
Outwards reinsurance expenses	(405 759)	(219 198)	(328 848)	(178 986)	(174 391)	(49 644)	(528 798)	-	1 242 163	(643 461)
Other income and expenses	(309 247)	(154 431)	(220 162)	(119 075)	(117 000)	(52 536)	(438 996)	(168 492)	587 793	(992 146)
Total other income and expenses	**(685 522)**	**(346 269)**	**(536 139)**	**(297 065)**	**(266 812)**	**(97 920)**	**(1 172 724)**	**(171 206)**	**1 432 678**	**(2 140 979)**
CURRENT OPERATING INCOME	**138 355**	**79 126**	**30 301**	**19 359**	**16 598**	**(10 780)**	**210 164**	**201 194**	**(252 906)**	**431 411**
Other non ordinary operating expenses and income	(6 338)	25 683	186	1 139	17 645	-	-	(3 471)	(7 649)	27 195
OPERATING INCOME	**132 017**	**104 809**	**30 487**	**20 498**	**34 243**	**(10 780)**	**210 164**	**197 723**	**(260 555)**	**458 606**
Financing expenses	(109)	(436)	(74)	(166)	(23)	(1)	(523)	(12 135)	2 514	(10 953)
Share of Income from companies accounted by the equity method	6 992	6 567	-	-	-	-	-	(7 135)	-	6 424
Corporation tax	(39 440)	(45 662)	(5 624)	(8 019)	(8 362)	(485)	(43 546)	14 142	-	(136 996)
CONSOLIDATED NET INCOME	**99 460**	**65 278**	**24 789**	**12 313**	**25 858**	**(11 266)**	**166 095**	**192 595**	**(258 041)**	**317 081**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET INCOME, GROUP SHARE	**96 868**	**66 012**	**24 789**	**10 819**	**25 858**	**(11 266)**	**166 095**	**192 595**	**(258 041)**	**313 729**
Non controlling interests	2 592	(734)	-	1 494	-	-	-	-	-	3 352

Depreciation, amortization and provisions by segment

(in € thousand)	Twelve months ended December 31, 2014									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(150)	(3 088)	(1 002)	(24)	(25)	(24)	(50)	583	-	**(3 780)**

(in € thousand)	Twelve months ended December 31, 2013									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Provisions for loans and receivables	(112)	(1 722)	(1 016)	-	21	12	(261)	(4 543)	-	**(7 621)**

Balance sheet by segment – year-end December 2014

(in € thousand)	December 31, 2014									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	67 566	5 936	27 937	3 403	-	3 547	-	108 389
Other intangible assets	53 566	20 245	23 895	10 708	1 197	2 250	344	4 125	(3 827)	112 503
Investments - insurance businesses	899 321	962 499	(378 434)	34 286	140 304	61 670	1 029 851	1 691 692	(452 183)	3 989 006
Investments accounted for by the equity method	72 797	54 063	-	-	-	-	-	72 568	-	199 428
Share of assignees and reinsurers in the technical reserves and financial liabilities	271 666	123 214	272 370	256 990	116 781	22 105	372 018	110	(870 975)	564 279
Insurance and reinsurance receivables	55 401	69 650	174 215	79 979	90 734	55 680	260 298	(47)	(181 040)	604 870
Other assets	287 843	115 301	1 604 984	277 400	73 713	19 403	62 222	155 038	(1 814 692)	781 212
Total assets	**1 640 594**	**1 344 972**	**1 764 596**	**665 299**	**450 666**	**164 511**	**1 724 733**	**1 927 033**	**(3 322 717)**	**6 359 687**
	-	-	-	-	-	-	-	-	-	-
Technical reserves	543 804	241 963	515 131	274 185	274 847	197 275	1 004 720	48	(874 727)	2 177 246
Liabilities related to inward insurance and reinsurance transactions	24 836	69 740	49 332	39 702	7 431	15 163	94 716	1 439	(75 367)	226 992
Liabilities related to outward reinsurance transactions	35 288	12 349	52 539	25 880	38 672	2 268	94 360	43	(129 922)	131 477
Other liabilities	1 088 401	878 603	329 400	165 086	45 270	81 697	55 731	683 242	(2 146 125)	1 181 305
Total liabilities	**1 692 329**	**1 202 655**	**946 402**	**504 853**	**366 220**	**296 403**	**1 249 527**	**684 772**	**(3 226 141)**	**3 717 020**

Balance sheet by segment – year-end December 2013 – Pro forma

(in € thousand)	December 31, 2013									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	62 768	5 936	24 533	3 136	-	3 116	-	99 489
Other intangible assets	48 026	18 508	7 072	7 148	1 266	2 616	553	5 823	(2 027)	88 985
Investments - insurance businesses	536 952	758 372	191 498	44 564	76 364	35 516	843 021	1 702 303	(438 682)	3 749 908
Investments accounted for by the equity method	73 565	48 634	-	-	-	-	-	71 654	-	193 853
Share of assignees and reinsurers in the technical reserves and financial liabilities	259 706	128 875	254 405	207 027	80 616	52 324	279 756	110	(732 943)	529 876
Insurance and reinsurance receivables	57 355	73 957	187 846	56 818	69 758	31 844	319 397	(47)	(161 573)	635 355
Other assets	308 935	117 251	244 785	251 632	58 427	(34 777)	59 717	142 112	(382 892)	765 190
Total assets	**1 284 539**	**1 145 597**	**948 374**	**573 125**	**310 964**	**90 659**	**1 502 444**	**1 925 071**	**(1 718 117)**	**6 062 656**
Technical reserves	534 460	253 066	487 084	323 877	214 034	94 306	857 844	48	(736 037)	2 028 682
Liabilities related to inward insurance and reinsurance transactions	19 933	70 402	50 513	33 293	5 820	10 001	77 669	1 043	(76 533)	192 141
Liabilities related to outward reinsurance transactions	36 668	4 269	48 815	33 345	18 737	891	107 782	43	(105 250)	145 300
Other liabilities	425 696	251 632	272 950	154 292	28 267	13 172	62 200	665 394	(705 522)	1 168 081
Total liabilities	**1 016 757**	**579 369**	**859 362**	**544 807**	**266 858**	**118 370**	**1 105 495**	**666 528**	**(1 623 342)**	**3 534 204**

Balance sheet by segment – year-end December 2013 – Published

(in € thousand)	December 31, 2013									
	Germany, Austria, Switzerland	France	Northern Europe	Mediterranean Countries, Middle East & Africa	Americas	Asia Pacific	Group reinsurance	Group services	Inter-segment eliminations	Group
Goodwill	-	-	62 768	5 936	27 649	3 136	-	-	-	99 489
Other intangible assets	48 026	18 508	7 072	7 148	1 266	2 616	553	5 823	(2 027)	88 985
Investments - insurance businesses	536 952	758 372	191 498	44 564	76 364	35 516	843 021	1 702 303	(438 682)	3 749 908
Investments accounted for by the equity method	73 565	48 634	-	-	-	-	-	71 654	-	193 853
Share of assignees and reinsurers in the technical reserves and financial liabilities	259 706	128 875	254 405	207 027	80 616	52 324	279 756	110	(732 943)	529 876
Insurance and reinsurance receivables	57 355	73 957	187 846	56 818	69 758	31 844	319 397	(47)	(161 573)	635 355
Other assets	308 935	117 251	244 785	251 632	65 655	(34 777)	59 717	134 884	(382 892)	765 190
Total assets	**1 284 539**	**1 145 597**	**948 374**	**573 125**	**321 308**	**90 659**	**1 502 444**	**1 914 727**	**(1 718 117)**	**6 062 656**
Technical reserves	534 460	253 066	487 084	323 877	214 034	94 306	857 844	48	(736 037)	2 028 682
Liabilities related to inward insurance and reinsurance transactions	19 933	70 402	50 513	33 293	5 820	10 001	77 669	1 043	(76 533)	192 141
Liabilities related to outward reinsurance transactions	36 668	4 269	48 815	33 345	18 737	891	107 782	43	(105 250)	145 300
Other liabilities	425 696	251 632	272 950	154 292	34 162	13 172	62 200	659 499	(705 522)	1 168 081
Total liabilities	**1 016 757**	**579 369**	**859 362**	**544 807**	**272 753**	**118 370**	**1 105 495**	**660 633**	**(1 623 342)**	**3 534 204**

Note 30 Related parties

Euler Hermes Group is mainly owned by Allianz France SA, which in turn is 100%-owned by the Allianz group.
The breakdown of 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	1 360 137	3,00%
Sub-total	**32 104 185**	**70,80%**
Public (bearer securities)	13 237 992	29,20%
Total	**45 342 177**	**100,00%**

Transactions

(in € thousand)	December 31,							
	2014				2013			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Operating revenues	53 264	-	-	151 265	52 156	-	-	77 327
Insurance services expenses	(6 691)	-	-	(62 364)	(2 371)	-	-	(84 840)
Net outward reinsurance income or expenses	(64 682)	-	-	(5 517)	(33 285)	-	-	3 603
Financing expenses	(157)	-	-	-	-	(4 818)	-	-
Other net income/(expenses)	(15 744)	-	-	(51 514)	(13 440)	-	-	(27 710)

Receivables and liabilities

(in € thousand)	December 31, 2014				December 31, 2013			
	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures	Allianz SE & other Allianz companies	Allianz Belgium	Allianz France SA	Related companies and joint ventures
Current accounts (accrued interests included)	58 515	-	-	-	37 125	-	-	4
Net operating receivables	6 893	-	153	4 107	2 672	-	-	857
Operating liabilities	(8 858)	-	-	921	(8 179)	-	-	2 639

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

Remuneration of senior executives

Board of Management members and Supervisory Board members represent key personnel to the Group.

The following table summarizes amounts due by the Group in respect of compensation and other benefits granted to the members of the Board of Management.

Group Board of Management members

	Year ended December 31,	
(in € thousand)	2014	2013
Salaries and other short term benefits for the year	5 456	5 365
Capital gain from SAR/RSU exercise	-	-
Benefits in kind	471	370
Other indemnities	285	255
Total	**6 212**	**5 991**
Share-based attribution (number)		
- Euler Hermes options & LTI EH	8 011	12 171
- AEI (ex RSU)	5 998	7 206

Details related to the stock-options plans are mentioned in Note 31.

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

In addition to being eligible for the AGIRC-ARRCO supplementary pension plan, Frédéric Bizière, Dirk Oevermann, Clarisse Kopff and Paul Overeem are eligible for a supplementary defined-contribution pension plan managed by AG2R/ARIAL Assurances.
Paul Overeem is eligible for a 401(k) pension plan in the United States.

Wilfried Verstraete and Gerd-Uwe Baden are eligible for the Allianz group supplementary defined-contribution retirement plan for senior executives.

The Chapter 2, Paragraph 2.3 of the Registration Document contains detailed disclosures on the various compensation and benefits paid to key management personnel of the Group.

The following table summarizes attendance fees paid by the Group to members of the Supervisory Board being part of Allianz France and/or the Allianz group.

Supervisory board members being part of Allianz France and/or the Allianz group:

	Year ended December 31,	
(in € thousand)	**2014**	**2013**
Attendance fees owed by Euler Hermes Group	225	185

Note 31 Stock option plans

Euler Hermes Group stock option plans

Characteristics of the stock option plans

Euler Hermes Group uses the Cox-Ross-Rubinstein model to measure the personnel expense related to options granted.
The assumptions used were as follows:

	Purchase plans	
	sept-2006	**juin-2008**
Fair value of options allocated	22,29	6,83
Characteristics		
Date of EGM (Extraordinary General Meeting)	22/05/2006	22/05/2006
Period of validity of options	8 years	8 years
Rights vesting period	2 years	2 years
Assumptions		
Risk-free interest rate	4,01%	4,72%
Expected volatiliy (1)	25%	33%
Rate of return on shares	3,74%	10,51%

(1) Expected volatility is calculated using historical market prices

Sundry restrictions

- Mixed plans adopted by the EGM of May 22,2006
  The beneficiaries of the scheme are all the employees and corporate officers of Euler Hermes Group and of more than 50%-owned subsidiaries, with permanent or fixed-term employment contracts and at least six months length of service on the options allocation date. The options may be freely exercised after a period of four years from the date of the offer, other than as provided for by Article 91 *ter* of Appendix II to the French General Tax Code (loss of employment , retirement, incapacity or death), depending on the country.

Information on plans currently in effect

As at December 31, 2014, the following options are potentially exercisable:

	Purchase plans (1)	
Allocation date	**September-06**	**June-08**
Number of options outstanding	0	34 906
End of subscription period	September-14	June-16
Exercise price of valid options at end of period	91,82	55,67

(1) The EGM of May 22, 2006 authorised the allocation of share purchase and/or subscription options to the Group's employees and possibly to its corporate officers. The options granted in September 2006 were purchase options only. The Group Management Board of June 20, 2008 approved the request from the Supervisory Board of June 15, 2008 related to the granting of a purchase plan (authorised by the Combined Shareholder's Meeting of May 22, 2006).

Transactions under the share option plans since January 1st, 2014 may be summarised as follows:

	Year ended December 31, 2014				
	Average exercise price (€)	Number of options	Average price of EH share on exercise dates (€)	Average residual term (years)	Exercise price range of options still outstanding at end of period (€)
Start of period	**81,36**	**163 993**			
Allocation	-	-			
Exercise	57,59	11 275	57,59		
Cancellation	91,24	117 812			
End of period	**55,67**	**34 906**		**1,47**	**55,67**

	Year ended December 31, 2013				
	Average exercise price (€)	Number of options	Average price of EH share on exercise dates (€)	Average residual term (years)	Exercise price range of options still outstanding at end of period (€)
Start of period	**71,31**	**417 750**			
Allocation	-	-			
Exercise	64,34	229 632	64,34		
Cancellation	69,36	24 125			
End of period	**81,36**	**163 993**		**1,19**	**55,67-91,82**

Allianz group Equity Incentive plans

The schemes set in place under the *Allianz group Equity Incentives* plan concern executives of Allianz and its subsidiaries worldwide. Starting in 1999, Allianz issued Stock Appreciation Rights (SAR) whose remuneration is entirely and directly a function of Allianz's share price performance. From 2003, Allianz issued Restricted Stock Units (RSU) with a vesting period of four or five years. The remuneration is granted by each entity concerned in accordance with the conditions set by Allianz. The reference price of SAR and RSU for the remuneration of the beneficiaries is the average trading price of Allianz shares over the ten trading days immediately preceding Allianz's Annual Shareholders' Meeting.

Characteristics of the SAR and RSU plans

	SAR Plans			
	06-Mar-08	12-Mar-09	11-Mar-10	Total
Fair value at 31 December 2014 (in euros)	**19,28**	**77,93**	**49,99**	
(in € thousand)				
Total commitment	**669**	**385**	**1 259**	**2 313**
Opening commitment	**371**	**916**	**1 255**	**2 542**
Charge recognised during the period	298	308	717	**1 323**
Exercise of SAR	-	(839)	(713)	**-1 552**
Closing commitment	**669**	**385**	**1 259**	**2 313**

	RSU Plans						
	12-Mar-09	11-Mar-10	10-Mar-11	8-Mar-12	7-Mar-13	13-Mar-14	Total
Fair value at 31 December 2014 (in euros)	**-**	**137,35**	**137,35**	**130,68**	**123,84**	**116,81**	
(in € thousand)							
Total commitment	**-**	**2 806**	**3 673**	**4 290**	**3 221**	**2 045**	**16 035**
Opening commitment	**956**	**1 467**	**2 005**	**1 758**	**809**	**-**	**6 995**
Charge recognised during the period	246	1 241	1 517	1 465	968	736	**6 173**
Exercise of RSU	-1 202	0	-	-	-	-	**-1 202**
Closing commitment	**-**	**2 708**	**3 522**	**3 223**	**1 777**	**736**	**11 966**

- SAR

After a vesting period of two years (except for the March 2009 and March 2010 plans, 4 years), the SAR can be exercised at any time between the second anniversary date and the seventh anniversary date under the following conditions:

- if the Allianz share price exceeds the reference price by at least 20% on the exercise date;
- if during the contractual period, the Allianz share price outperformed the Dow Jones index at least once for a period of five consecutive days;

If these conditions are met, the Allianz group companies must pay in cash the difference between the reference price and the Allianz share price on the exercise date.

- RSU

On the exercise date, after a five-year or four-year vesting period, Allianz can choose to remunerate the RSU in cash or to allocate Allianz shares or other securities granting access to the capital. If it opts for a cash remuneration, payment will be made based on the average price of the Allianz share over the ten trading days prior to the end of the vesting period.

Impact on the consolidated financial statements as of December 31, 2014

The fair value of the liabilities resulting from the SAR and RSU plans is reassessed at each balance sheet date based on the Allianz share price, until expiry of the obligation, and is calculated using the Cox-Ross-Rubinstein binomial valuation model. The charge is recognised as the rights are vested, and is thus spread over two years for the SAR (except for March 2009 and March 2010 plan, 4 years) and five years or four years for the RSU. At December 31, 2014, the liability relating to the SAR and RSU still to be exercised amounted to €14, 279 thousand.

Information on plans currently in effect

	Year ended December 31, 2014												
	SAR							RSU					
Allocation date	Rights vesting period (years)	Reference price (€)	SAR at the opening	SAR granted	SAR cancelled	SAR exercised	SAR transfered	Rights vesting period (years)	RSU at the opening	RSU granted	RSU cancelled	RSU exercised	RSU transfered
08/03/07	2	160,13	25 038	-	25 038	-	-	-	-	-	-	-	-
06/03/08	2	117,38	24 700	-	-	-	9 992	-	-	-	-	-	-
12/03/09	4	51,95	11 750	-	-	10 791	3 983	5	7 679	-	-	9 635	1 956
11/03/10	4	87,36	30 481	-	-	15 955	10 667	5	15 131	-	-	-	5 295
10/03/11	-	-	-	-	-	-	-	4	21 678	-	-	-	5 062
08/03/12	-	-	-	-	-	-	-	4	27 415	-	-	-	5 416
07/03/13	-	-	-	-	-	-	-	4	20 534	-	-	-	5 474
13/03/14	-	-	-	-	-	-	-	4	-	17 510	-	-	-

Euler Hermes group Long-Term Incentive plans

Euler Hermes group has implemented four Long-Term Incentive (LTI) plans (in March 2011, in March 2012, in March 2013 and in March 2014). The beneficiaries of the scheme are employees and members of the Board of Management of Euler Hermes Group (under Allianz grade 20 to 15). The Euler Hermes Long-Term Incentive is a variable, long-term equity based plan providing an opportunity for executives and key employees to benefit from the Group’s success over the long-term.

The general rules of granting, capping (200% share price growth) and paying out are identical to *Allianz group Equity Incentive Plan* rules.

Characteristics of Euler Hermes Group RSU plan

	EH RSU plans				
	01-mars-11	**01-mars-12**	**01-mars-13**	**01-mars-14**	**Total**
Fair value at December 31, 2014	**79,96**	**79,96**	**79,96**	**79,96**	
(in € thousand)					
Total commitment (w/o social contributions)	**3 924**	**5 878**	**4 660**	**2 979**	**17 441**
Opening commitment	**3 846**	**4 243**	**2 274**	**-**	**10 363**
Charge recognised during the period	(105)	159	383	1 162	1 599
Exercise of options	-	-	-	-	-
Closing commitment	**3 741**	**4 402**	**2 657**	**1 162**	**11 962**

The Euler Hermes Group LTI is granted in the form of RSU (Restricted Stock Units) of Euler Hermes Group with a four-year vesting period at the allocation date.

Euler Hermes Group RSU are allocated on the basis of a common Grant Price. This is calculated as the arithmetic average of the Euronext trading closing prices of the Euler Hermes Group stock over the ten trading days following the Euler Hermes Group financial press conference prior to and including the allocation date.

The number of Euler Hermes Group RSU granted to the participants equals the LTI allocation value divided by the fair value at allocation of a single Euler Hermes Group RSU.

The first Euler Hermes Group RSU were granted as of March 1, 2011, the second as of March 1, 2012, the third as of March 1, 2013 and the fourth as of March 1, 2014.

After the Vesting Date of the Euler Hermes Group RSU (March 2015 for the first Euler Hermes Group RSU granted, 2016 for the second plan, 2017 for the third plan and 2018 for the fourth plan), each participant will receive from the Company for each EH RSU, as elected by the Company, either

- one Euler Hermes Group share ("Share Settlement"); or
- a cash payment based on of average market value of the Euler Hermes Group share on the Vesting Date ("Cash Settlement").

In both cases, the payout is calculated on Euler Hermes share price at the end of the vesting period.

Information on plans currently in effect:

	Year ended December 31, 2014					
	EH RSU					
Allocation date	Rights vesting period (in years)	RSU at the opening	RSU granted	RSU cancelled	RSU exercised	RSU transfered
01/03/2011	4	51 320	-	- 2 250	-	-
01/03/2012	4	77 195	-	- 3 677	-	-
01/03/2013	4	61 185	-	- 2 906	-	-
01/03/2014	4	-	37 261	-	-	-

The attribution to the Group Management Board is as follows:

- RSU Allianz 5 745
- RSU Euler Hermes 7 673

The RSU fair value impact amounting to €1,063 thousand was reallocated to financial income.

Note 32 Other information

Group Employees (Contracted headcount)

The breakdown of Group employees is as follows:

	December 31, 2014	2013
Germany & Switzerland	2 110	1 847
France	866	916
Northern Europe	1 381	1 365
Mediterranean Countries & Africa	516	493
America	441	486
Asia Pacific	287	254
Captive of reinsurance	17	12
Service Group	793	767
Total Euler Hermes Group	**6 411**	**6 140**

The staff numbers shown correspond to the contracted headcount.
Employees of proportionately consolidated companies are included according to their percentage of consolidation. NV Interpolis Kreditverzekeringen held proportionately in 2013 is 100% owned by the Group in 2014. Employees of equity associates are not included.
The increase in headcount in Germany is due to the integration in the consolidation scope of three entities held by Bürgel Wirtschaftsinformationen.

Personnel Expenses

(in € thousand)	December 31, 2014	2013
Staff expenses	(512 339)	(503 195)
Employee profit-sharing and bonuses	(13 775)	(9 194)
Total personnel expenses	(526 114)	(512 389)

Staff costs totalled €526.1 million for the year ended December 31, 2014 against €512.4 million in 2013. The increase of employee profit-sharing and bonuses is mainly due to the release of the equalisation reserves in Euler Hermes France after the realization of the Blue Europe II project (cross border merger in Euler Hermes SA). This release explains most of increase in the net statutory taxable profit of Euler Hermes France, on which the profit-sharing is calculated.
Remuneration due to members of the Group Board of Management for the year 2014 came to €6,212 thousand (2013: €5,991 thousand).

Note 33 Commitments given and received

(in € thousand)	December 31, 2014	December 31, 2013
Commitments received	**6 975**	**6 870**
Deposits, sureties and other guarantees	6 975	6 870
Commitments given	**35 228**	**51 737**
Deposits, sureties and other guarantees	35 228	51 737
- Commitments to Société Générale	-	36 286
- Commitments to invest in a logistics fund	17 994	-
- Commitments to invest in Risk Mutual Fund	6 149	6 620
- Independent garantee CACIB	3 125	3 125
- Commitments related to offices and cars lease contracts	4 314	1 740
- Commitments to InvestionsBank Landes Brandeburg	1 857	1 857
- Commitments associated with membership of an EIG	33	42

In 2013, a guarantee of € 36.3 million has been granted to the Romanian Bank of Development, BRD, which is a subsidiary of Société Générale Group, in relation to the issuance of bond policies by the Nederland Branch of Euler Hermes SA (NV). This commitment was terminated during the last quarter of 2014.

In 2014, Euler Hermes SA (NV) and Euler Hermes Reinsurance A.G. are committed to investing in a logistics fund. The commitment of each company accounts for €8,997 thousand.

Euler Hermes France is committed to investing directly or through co-investment in Risk Mutual Fund. The commitment totals €6,149 thousand in 2014 against €6,620 thousand in 2013.

A commitment amounting to €3,125 thousand has been given since 2012 in the form of autonomous first demand guarantee in favor of the CACIB Company as a security deposit for rental of First Tower in *La Défense.*

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

Within the framework agreement relating to the Spanish joint-venture Solunion, the Group and MAPFRE have a mutual liability guarantee commitment.

Note 34 Auditors' fees

(in € thousand)	KPMG Audit FS II				ACE			
	Amount		%		Amount		%	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Audit								
o Statutory audit and report on company and consolidated financial statements								
-Issuer	354	354	10%	9%	189	189	43%	43%
-Fully-consolidated subsidiaries	2 800	2 827	76%	76%	229	230	52%	52%
o Other services directly related to appointment as statutory auditor								
-Issuer	106	139	3%	4%	19	22	4%	5%
-Fully-consolidated subsidiaries	121	311	3%	8%				
Sub total	**3 382**	**3 631**	**91%**	**97%**	**437**	**441**	**100%**	**100%**
Other services provided to fully-consolidated subsidiaries								
o Legal, tax and social	143	32	4%	1%				
o IT								
o Strategy	150	5	4%	0%				
o Human resources								
o Other	26	66	1%	2%				
Sub total	**318**	**103**	**9%**	**3%**				
TOTAL	**3 700**	**3 734**	**100%**	**100%**	**437**	**441**	**100%**	**100%**

Note 35 Subsequent events

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

Note 36 Risk Management

The paragraphs from the Risk Management 4.2 to 4.2.5 are part of the Group financial statements. They are included in the section 4 “Major risk factors and their management within the Group” of this Registration Document.