

Chartis Europe SA

**STATUTORY AUDITORS' REPORT ON THE  
ANNUAL FINANCIAL STATEMENTS**

**For the year ended 31 December 2009**

*Certified copy*



*Julius A Protoban*

*President of Chartis EUROPE SA*



**PricewaterhouseCoopers Audit**  
63 rue de Villiers  
92208 Neuilly-sur-Seine Cedex

**S & W Associés**  
8 avenue du Président Wilson  
75116 Paris

**STATUTORY AUDITORS' REPORT  
ON THE ANNUAL FINANCIAL STATEMENTS**

**For the year ended 31 December 2009**

The shareholders,  
**Chartis Europe SA**  
Tour Chartis  
34, Place des Corolles  
92400 Courbevoie  
France

To the shareholders,

In accordance with the assignment entrusted to us by the Shareholders' General Meeting, we hereby present our report for the year ended 31 December 2009 on:

- the audit of the annual financial statements of Chartis Europe as attached to this report;
- the basis of our assessments; and
- the specific checks and information prescribed by law.

These annual financial statements have been drawn up by the Management Board. It is our responsibility, based on our audit, to express an opinion on these financial statements.

**I- Opinion on the annual financial statements**

We conducted our audit in accordance with the auditing standards applicable in France. These standards require that we perform such tests and procedures so as to obtain reasonable assurance that the annual financial statements are free from material misstatement. An audit includes an examination, on the basis of tests or any other sampling method, of items supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made in the preparation of the financial statements, and an evaluation of the overall presentation of these statements. We believe that the information we collected is sufficient and appropriate for us to form an opinion.

In our opinion, with regard to French accounting standards and principles, the annual financial statements give a true and fair view of the assets, liabilities and financial position of Chartis Europe at the year end and of its results for the year.



## II- Basis of our assessments

The deterioration of the economic environment and the aftermath of the financial crisis continue to significantly affect companies, and their activity in particular. This situation has once again this year created very particular conditions for the preparation of the financial statements, particularly as regards the accounting estimates required due to the application of current accounting principles. It is in this context that we conducted our assessments, which, in accordance with the requirements of Article L.823.9 of the French Commercial Code, we bring to your attention below:

- Certain technical accounts, both assets and liabilities, specific to the Company's insurance and reinsurance operations are estimated based on statistical and actuarial data, notably in the case of technical reserves, deferred acquisition costs and their amortisation, and portfolio securities. The methods used to establish these items are disclosed in Notes 3.3.1 and 3.3.2 to the financial statements.

We have satisfied ourselves as to the reasonableness of the assumptions applied in the calculation models used, particularly with regard to the Company's experience and its regulatory and economic environment. We are also satisfied as to the overall consistency of these assumptions.

Your Company details in Note 3.2.2 to the parent company financial statements the valuation methods it applies to financial assets. The provisions for long-term impairment of investments are calculated in accordance with the methods set out in Note 3.2.3 to the financial statements. We have assessed the appropriateness of the mechanism put in place for the valuation of financial assets, as well as the information disclosed in the abovementioned Notes.

The assessments formed part of our audit approach to the annual financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first section of this report.

## III- Specific checks and information

We also performed the specific checks required by law in accordance with the auditing standards applicable in France.

We have no observations to make regarding the fair presentation and the consistency with the annual financial statements of the information provided in the Management Board's management report and in the documents addressed to the shareholders with respect to the company's financial situation and annual financial statements.



Pursuant to the law, we have satisfied ourselves that the various information relating to the acquisition of participating interests and controlling interests has been disclosed in the management report.

Neuilly-sur-Seine and Paris, 15 June 2010

The Statutory Auditors

**PricewaterhouseCoopers Audit**

**S & W Associés**

[Signature]

Eric Dupont

[Signature]

Vincent Young



**CHARTIS**  
**Your world, insured**

**Chartis Europe SA**

**Annual Report**

**Year ended 31 December 2009**



(in € thousands)

BALANCE SHEET - ASSETS		2009	2008
1. Capital subscribed but not called up & Branches			
2. INTANGIBLE ASSETS		10,985	680
3. INVESTMENTS		4,035,578	2,194,663
3a. Land and buildings		131,232	92,375
3b. Investments in affiliated undertakings and participating interests		75,666	106,266
3c. Other financial investments		3,823,571	1,992,171
3d. Deposits with ceding undertakings		5,089	3,751
4. INVESTMENTS - unit-linked policies			
5. SHARE OF CESSIONS AND RETROCESSIONS IN TECHNICAL PROVISIONS			
5a. Unearned premiums and unexpired risks		2,355,644	3,300,664
5b. Claims		657,164	1,033,845
5c. Rebates		1,698,480	2,266,809
5d. Equalisation			
5e. Other provisions			
5f. Unit-linked policies			
6. DEBTORS			
6a. Debtors arising from direct insurance operations		858,422	906,934
6aa. Earned premiums not yet written		608,826	677,560
6ab. Other		273,782	313,795
6b. Debtors arising from reinsurance operations		335,044	363,765
6c. Other debtors		98,487	158,757
6ca. Staff		151,109	70,617
6cb. Tax and social security		864	406
6cc. Sundry debtors		89,648	7,101
6d. Subscribed capital called but not paid		60,577	63,110
7. OTHER ASSETS			
7a. Tangible operating assets		564,778	163,609
7b. Cash at bank and in hand		31,555	34,817
7c. Own shares		323,183	118,792
8. PREPAYMENTS AND ACCRUED INCOME			
8a. Accrued interest and rent		345,482	277,415
8b. Deferred acquisition costs		74,937	31,660
8c. Other prepayments and accrued income		245,815	234,724
9. TRANSLATION DIFFERENCE		24,705	11,031
Total assets		7,960,859	6,833,865

  

BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES		2009	2008
1. CAPITAL AND RESERVES		1,318,824	1,195,610
1a. Share capital		45,025	34,614
1b. Share premium account		524,674	535,084
1c. Revaluation reserves			
1d. Other reserves		12,530	3,926
1e. Retained earnings brought forward		689,688	490,790
1f. Profit for the year		45,907	131,196
2. SUBORDINATED LIABILITIES		200,000	200,000
3. TECHNICAL PROVISIONS		5,631,098	4,650,250
3a. Unearned premiums and unexpired risks		1,172,539	1,319,760
3b. Claims		4,413,229	3,191,692
3c. Rebates			
3d. Equalisation		45,330	38,798
3e. Other technical provisions			
4. TECHNICAL PROVISIONS - unit-linked policies			
5. PROVISION FOR RISKS AND CHARGES		64,666	41,279
6. DEPOSITS RECEIVED FROM REINSURERS		3,406	54,812
7. OTHER CREDITORS		559,429	551,414
7a. Creditors arising from direct insurance operations		57,160	56,449
7b. Creditors arising from reinsurance operations		209,771	318,582
7c. Debenture loans			
7d. Amounts owed to credit institutions		292,486	174,383
7e. Other creditors			
7ea. Negotiable debt instruments		262	681
7eb. Other deposits and security received		22,784	16,479
7ec. Staff		45,284	59,305
7ed. Tax and social security		223,168	97,918
7ee. Sundry creditors			
8. ACCRUALS AND DEFERRED INCOME		183,260	240,506
9. TRANSLATION DIFFERENCE		176	194
Total shareholders' equity and liabilities		7,960,859	6,833,865

Chartis Europe S.A. parent company financial statements for the year ended 31 December 2009

bp 26807 - 180 rue Charles Dubois - 80088 AMIENS cedex 2  
Karen RENEL-KING  
Expert-Traducteur  
ASSERMENTÉ  
près les tribunaux  
karen.king@wanadoo.fr

(in € thousands)

Technical account – non-life insurance business	Gross	Cessions and retrocessions	Net 2009	Net 2008
1. Earned premiums	3,154,945	1,427,217	1,727,728	978,227
1a. Premiums	2,848,041	941,438	1,906,603	1,018,438
1b. Change in unearned premiums and unexpired risks	(308,904)	(485,779)	178,875	40,211
2. Allocated investment return	111,878		111,878	47,261
3. Other technical income	13,850		13,850	12,773
4. Claims incurred	1,917,119	640,084	1,277,035	422,380
4a. Claims paid and related expenses	1,407,726	1,745,321	(337,595)	310,545
4b. Change in claims provision	509,393	(1,105,237)	1,614,630	111,835
5. Other technical provisions				
6. Profit sharing				
7. Acquisition costs and administrative expenses	786,946	255,238	531,708	343,382
7a. Acquisition costs	711,239		711,239	679,811
7b. Administrative expenses	75,707		75,707	38,228
7c. Reinsurance commissions		255,238	(255,238)	(374,657)
8. Other technical charges	115,197		115,197	90,945
9. Change in equalisation provision	6,532		6,532	4,045
Balance on the technical account for non-life insurance business	454,879	531,895	(77,016)	177,509

Non-technical account – non-life insurance business	Net 2009	Net 2008
1. Balance on the technical account – non-life insurance business	(77,016)	177,509
3. Investment income – non-life	315,768	113,435
3a. Investment income	245,783	65,203
3b. Other investment income	12,400	575
3c. Gains on disposals of investments	57,585	47,657
5. Investment charges – non-life	71,051	38,824
5a. Internal and external investment management charges, including interest	850	928
5b. Other investment charges	45,040	20,068
5c. Losses on disposals of investments	25,161	17,828
6. Income from non-life investments transferred	111,878	47,261
7. Other non-technical income	3,361	5,722
8. Other non-technical charges	7,339	3,629
9. Exceptional items	(2,497)	(3,726)
9a. Exceptional income	2	2,411
9b. Exceptional charges	2,499	6,137
10. Employee profit sharing	(160)	1,020
11. Tax	2,601	71,010
12. Profit for the financial year	46,907	131,196



Je, soussignée, Karen RENEL  
Traductrice Expert près la Cour d'Appel  
d'Amiens certifie que la traduction qui  
précède est conforme à l'original  
libellé en langue *française*  
visé ne varietur sous le n° *6390*  
Fait à *Amiens*, le *24/6/10*  
(signature exempte de légalisation  
Décret n° 53914 Art. 8 du 26.9.1953).

*Renel*

TRANSLATION  
THE COURT OF APPEALS  
AND CERTIFIED TRUE  
BY DECRET NUMBER *6390*  
*24/6/10*