ANNUAL REPORT 2013

Diverse needs, diverse solutions

GARANT

MEMBER OF THE CREDENDO GROUP

CONTENTS

1. ANNUAL REPORT

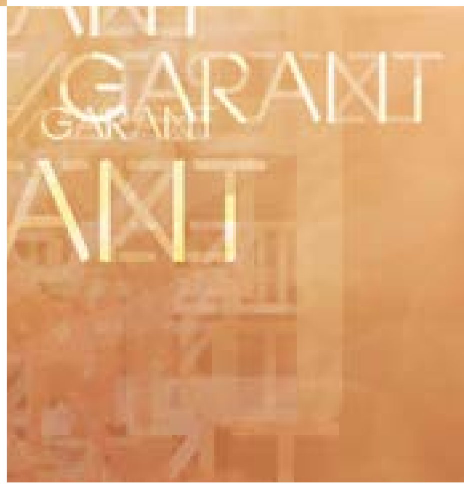
2. FINANCIAL REPORT

ABOUT GARANT

Garant AG provides credit and political risk insurance to support international companies in their international trade activities and overseas investments.

Specialized in emerging countries, Garant is the best partner to help you mitigate commercial and political risks arising from your contracts or projects worldwide.
Our risk experts will customize state-of- the-art insurance solutions to your specific needs. They will give you access to our intelligence networks devised with local partners in order to create a risk-controlled-environment. Managing and monitoring risks together will be the key to achieving your business expectations.

NEW IDENTITY, NEW DIMENSION



In June 2014, Garant introduced the new brand identity common to all credit insurance companies within the Credendo Group. Launched in November 2013 by the parent company Delcredere Ducroire, this new brand language seeks to articulate and cement a unified vision of the group and drive real competitive advantage in the long term.

Closer to markets and clients, for bespoke cover that's tailored to every solution. Behind this slogan stands the demand that the Credendo Group makes of itself and its companies. The Credendo Group is a federation of bespoke, specialist businesses, comprising the Belgian Export Credit Agency, Delcredere Ducroire and a number of short/mixed-term coverage companies across different geographies and specialisms, including Credimundi, INGO-ONDD, KUPEG, Trade Credit (formerly TCRe) and Garant. Retention of the freedom to act independently within the framework of the group strategy, while benefiting from the backing of a financially strong, philosophically unified group – that is the essence of this unique European group, which is now the fourth largest global credit insurer in terms of premium volume. This approach ensures the most tailored knowledge and coverage for client needs – "whatever we do is better, because it's bespoke".

This new dimension is excellent news for Garant, not only because it is aligned with our vision and business values, but also because it gives the opportunity to better meet, quantitatively and qualitatively, the growing needs of political and credit risk coverage worldwide. The vision behind Garant's brand is to meet the world's growing demand for trade and investment insurance in emerging countries against commercial and political risks .

A leading specialist provider of single risk insurance in the private market, Garant has succeeded in establishing itself as a global player in potentially challenging countries. Within the Group, Garant is a strong brand with a corporate culture, an international positioning and a specific risk approach. Our philosophy is to find innovative coverage schemes for all complex cross-border operations, with a rapid delivery to meet client needs and expectations in a fast-shifting business environment.

"Our strength lies in the expertise, skills and innovative spirit of our underwriters."

CREDENDO
GROUP

MEDIUM-LONG-TERM TRADE CREDIT INSURANCE

SHORT-TERM TRADE CREDIT INSURANCE

SPECIALITY INSURANCES

DELCREDERE
DUCROIRE

CREDIMUNDI

INGO-ONDD

KUPEG

GARANT

TRADE
CREDIT

MEMBER OF THE CREDENDO GROUP

MEMBER OF THE CREDENDO GROUP

MEMBER OF THE CREDENDO GROUP

FOREWORD FROM THE CEO OF CREDENDO GROUP

CELEBRETING OUR UNITY IN DIVERSITY

I'm delighted to introduce the Credendo Group – the new common identity for our family of specialist credit risk insurance businesses. Almost a century has passed since the world's second credit export agency was founded – in Belgium, in 1921. ONDD, as it became known, proved a lasting success, acquiring a reputation for solidity, client service, and a nuanced approach to risk.

But we needed to express ourselves more clearly as belonging to one group, but to keep our independent specialisms. Launched in November 2013, our new identity achieves this balance.

Delcredere | Ducroire returns as the name of our core long-term business – customers will no longer confuse it with the private limited liability company, which takes the new name CREDIMUNDI.

Now with GARANT, KUPEG, INGO-ONDD and TRADE CREDIT we are all one group expressing common visual identity, values and mission. As a group of specialist trade credit insurers, our goal is to get closer to clients and markets. This means thinking smarter about their needs- and deliver.

At Credendo, we continue to embrace diversity- preserving our historic specialisms and talent pools across the world, emphasing specialist knowledge and geographic proximity. I believe this gives to our customers more expertly tailored service and cover than a « one size fits all' approach ».

We will make the difference.

Dirk Terweduwe,
CEO of Delcredere | Ducroire,
CEO of Credendo Group

MESSAGE FROM THE CEO OF GARANT

GLOBALIZATION AND ECONOMIC PATRIOTISM

Will 2014 be the year of an increasing contrast in international trade between the positive aspects of globalisation, mainly in the emerging markets, and a perceived need to better protect national interests?

That globalisation is an accelerating factor of economic growth is widely admitted and the fact that a continent such as Africa, historically known as the weak part of economic development, has now become one of the fastest growth areas in the world seems to confirm the positive impact of globalisation.

But, on the other hand, because this economic world is far more open than it ever was, many countries are wondering – more and more loudly – whether their national interests, commercial and political, are not at threat because of the increased competition facilitated by such an open game.

The ongoing changes are a bit more complex to assess. Some national protection measures result from the natural evolution of national regulations that have expanded in fields of activities almost non-existent a few years ago and which because of their ongoing development call for such regulations. This trend has nothing to do with protectionism and will continue in the coming years. Health, environment and security regulatory legislation are bound to increase all around the planet as will consumer protection and cultural matters.

Beyond this 'normal' trend, many countries, whether developed or emerging, increasingly feel that globalisation is not regulated enough and generates too much disorder for people and international relations. The view that medium and small enterprises are at a disadvantage in contrast to the happy few is widespread, and has triggered protests and civil demonstrations, mainly against governments accused of not protecting their citizens, whether in Brazil, the EU or on Arab streets.

Even worse, diplomatic divergences for political or for economic reasons generate strong tensions at a regional level, whether, to take the most salient conflicts, in the Far East or Eastern Europe.

Commercial competition may even become a strong driver of international tensions, as witnessed in the recent debates in Iran or Ukraine.

It's no surprise then that political risk is at the forefront, as policy makers systematically trigger economic sanctions when they do not succeed in solving political problems through normal diplomatic means.

Whether deliberate or not, such an attitude, mainly by western countries, is paving the way for new alliances that may lead to the emergence of new blocks, not separated by ideologies as in the post-war era but reflecting the gap between a weakening West and the new emerging economies looking for an alternative. Currencies are bound to become the new battlefield in coming years with a number of potential consequences for trade flows.

Credit and political risk insurers in general , and Garant more specifically, have to adapt rapidly and anticipate the consequences of this expected evolution.

The global environment will remain volatile, as Garant experienced in 2013, whether on the liability side with a few unexpected potential losses declared in the last quarter, which hopefully will be mitigated in the course of 2014, or on its assets with an increasing gap between investment attractiveness and regulatory constraints.

Here again it is expected that the two coming years will increase uncertainty and volatility due to the enforcement of new rules that are still uncertain; these will generate a major bureaucratic burden for medium and small institutions with no evidence yet that the cure will not be worse than the pain.

On the positive side, however, demand for coverage has been growing fast, particularly in the first weeks of 2014; even better, business is growing with the most experienced and expert customers, thanks to an increased mutual understanding of risk management between insured and insurer.

In this environment, Garant posted a profit in 2013, lower than in 2012 but still a demonstration of the reliability of the company.

Garant will enhance its dependability in the private market, strengthening its relations with its customers and creating new synergies with its network of partners.

In November 2013, Garant shareholders launched a new brand for the Group – Credendo Group – the core values of which are a client's geared approach, diversity in business solutions and strong synergies between Group entities operating autonomously in their field of activity. Garant, as the single risk private market entity of the Credendo Group, expects Group synergies to support its successful historical business model and enhance its development.

In such a volatile landscape, it is essential to stick to fundamentals – the importance of each trade flow and the quality of business partners. These qualitative criteria do not fit well with theoretical approaches, quantitative matrixes and arithmetic models, but they remain key to the performance of the risk portfolio as witnessed by the excellent level of recoveries made on claims declared during the 2008/2009 crisis.

More than ever, political risk calls for experience, understanding and anticipation, and a strong ability to negotiate crisis situations. In other words, expertise – Garant's most important investment!

Louis Habib-Deloncle
Chairman of the Managing Board

GARANT IN CONTEXT

2013 RESULTS HIGHLIGHTS

Aggregate exposure increase by 37.7% to reach EUR4.962 billion **Stronger diversification of Garant's risk porfolio**	Gross premium increase by +13% to EUR33.292 million **50% coverage demand increase in 2013**
15% growth in single risk business **The increase of net premium is a major improvment in Garant's revenues structure**	Pre-tax profit for the fiscal year EUR418.422 **Claim deterioration and decreased investment porfolio have impacted the 2013 profit**
Net retained profit EUR2.180 million **Good level of profitability, maintained despite weak business environment**	Claims increase during the third quarter 2013 **Expectations of very high recovery**

LATEST DEVELOPMENTS

Increased coverage

Since January 2013, Garant can provide insurance coverage for up to 7 years. With extensive emerging countries knowledge, Garant's underwriters apply their expertise to tailor bespoke insurance solutions that meet the needs of global corporates.

New underwriting reorganization at Garant

In January 213, Garant has reorganized its risk analysis and underwriting activity to improve closer internal coordination and enhance marketing actions towards our clients and brokers, due to the substantial increase of demand for coverage during last year.

Christian Hendriks assumes responsibility for the coordination of underwriting activities across the company to further optimize our policy underwriting process between the offices in Vienna and Geneva.

New partnership with EXIAR

In November 2013, Export Insurance Agency of Russia (EXIAR) and Garant have signed a cooperation agreement in Moscow to enhance their capabilities to cover trade export transactions and investment worldwide. An increasing number of Russian companies are established in third countries, such as Switzerland where Garant has a branch, and this new cooperation is expected to expand business opportunities for Russian and international corporates.

New partnership with Türk Eximbank

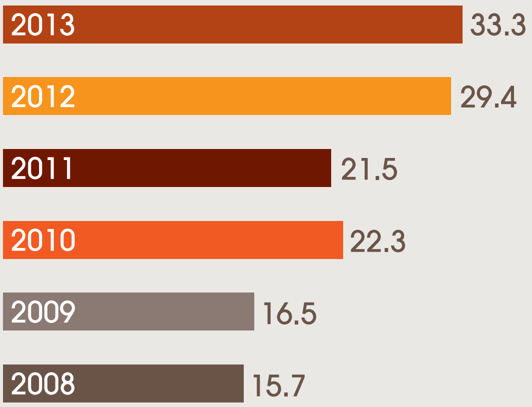
In April 2014, Türk Eximbank and Garant have entered into new partnership for credit and political risk insurance coverage. The purpose of this signed cooperation agreement is to combine capacities to address the growing need for credit and political risk coverage in that region. The agreement provides scope for enhanced exchange of expertise and information, co-insurance and debt collection management. Garant could also provide reinsurance on business covered by Turk Eximbank.

Through this partnership, Turk Eximbank and Garant may address together the growing demand in the region and offer their clients advanced insurance solutions to meet their expectations.

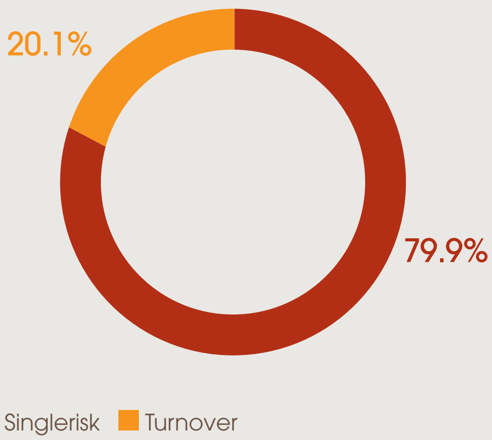
GARANT IN CONTEXT

PREMIUM INCOME

Premium income development
2008-2013 in million €



Split by type of products
as per 31.12.2013



MILESTONES

DECADES OF DIFFERENCE

1958

Ingosstrakh, the Russian leading insurance company, created GARANT AG, in Austria, to cover credit and political trade risks between Russian companies and western exporters operating in the Eastern block.

2004

New international management is appointed. After recapitalization, Garant implements a new international strategy committed solely to credit and political risk coverage WORLWIDE with a strong focus on emerging countries.

2007

Garant opens its capital to ONDD*, which, after a capital increase, owns 50% of the shares on a equal basis with Ingosstrakh. The company opens its first branch in Switzerland

2010

ONDD increases its shareholding interest to 83%.

2011

A.M Best assigns Garant's A- "Excellent" Rating with a "stable outlook".

2012

Fitch assigns Garant's A- Rating with a "stable outlook" in September 2012

2013

ONDD's shares rise from 83% to 95.6% after purchase of Ingosstrakh's shares in Garant

2014

Garant adopts the new brand identity common to all members of Credendo Group

* In Nov. 2013, ONDD changed its name to Delcredere Ducroire .
Delcredere Ducroire is the Belgian Export Credit Agency

GARANT'S NETWORK

BETTER TOGETHER

In addition to being part of the Credendo Group, we enter into partnership agreements with key regional players in Asia, the Middle East, Africa and Latin America because we believe that our partners provide critical added value in the assessment and management of your risks – so that you can take on the new challenge of winning the next market.

ASEI

Indonesia

Banco Exterior de Cuba

Cuba

CAGEX

Algeria

DHAMAN

Kuwait

EXIAR

Russia

Eximbank of Malaysia

Malaysia

Eximbank of Turkey

Turkey

ICIEC

Saudi Arabia

SACE

Italy

CORPORATE GOVERNANCE

OUR GUIDING PRINCIPLES

Our shared values continue to shape our original mission and reflect our ability to deliver on our commitments. Deeply rooted within the company, these values guide our behaviour, business decisions and relationships.

Ethics:

We will be well informed of the regulations, rules and compliance issues that apply to our business around the world. We will apply this knowledge to our conduct as responsible Garant employees and will adhere to the highest standards of ethical conduct in all that we do.

Integrity and Honesty:

We treat people in a fair and consistent way. We trust and respect all our fellow employees. We build trust and respect by keeping to commitments made. We are open and honest with people and engage in fair and honest business practices. "Our word is our bond"

Drive:

We demonstrate energy, enthusiasm and commitment to the business. We remain resilient and optimistic when dealing with uncertainty and take responsibility for making things happen. We understand the need for change and value it as opportunity, remaining positive at all time.

Teamwork:

We share information, knowledge and experience freely with others. We adapt influencing style to suit different situations and individuals. We work collaboratively with others, leveraging the expertise of our colleagues to achieve individual and team objectives.

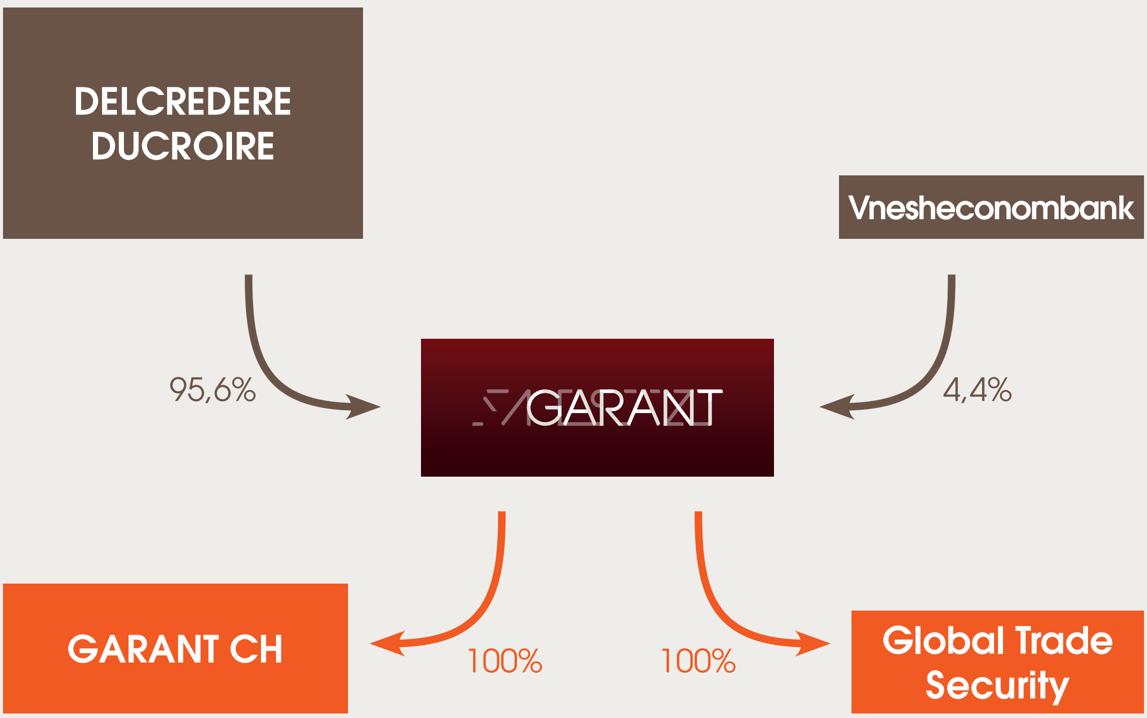
Self-development:

We are self-critical, questioning and welcome constructive feedback. We create an environment where people take risks in full accountability

These values endow also Garant with a personality that allow us to attract highly motivated professionals who are experienced, dedicated and inventive.

> The needs to question our own practices and look for ways to do better.

GARANT GROUP OVERVIEW



The branch Garant CH delivers policy wordings in compliance with the Swiss Law to the local clientele.

GTS is a service company specialising in commercial and political risk management.

CORPORATE GOVERNANCE

OUR CORPORATE MANAGMENT

A decade of accountability

Since our restructuring in 2003, we have been guided by a set of values that defines Garant's management. A decade later, these values remain as strong. Our approach to corporate management goes beyond regulatory compliance.

Our corporate vision expresses the needs to question our own practices and looks for ways to do better. This is essential for the long-term performance and sustainability of Garant, and to protect and enhance the interests of our global clients. WE review our governance policy on a regular basis as well as developments in market practices and expectations.

We are committed to excellence in corporate governance, transparency and accountability.

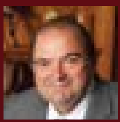
Changes in the Supervisory Board's composition:

At the meeting of 30 April 2014, the following changes were made:

The Board has appointed Mr. Nabil Jijakli, Deputy CEO of Delcredere | Ducroire and Mr. Ronny Matton, Group CFO, as members of the Supervisory Board of Garant.

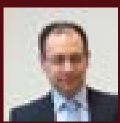
They replaced Mr. Dominique Meessen and Mr. Gert Van Melkebeke.

MANAGEMENT BOARD AND EXECUTIVE MANAGEMENT

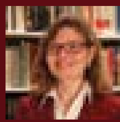


Louis HABIB-DELONCLE
Chairman of
the Managing Board

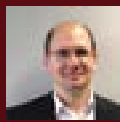
Michael FRANK
Member of
the Managing Board



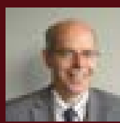
Dmitri LOKSHIN
Member of
the Managing Board



Brigitta AYASCH
Chief Financial Officer

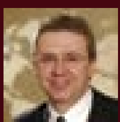


Christian HENDRIKS
Head of Sales Development
and Underwriting

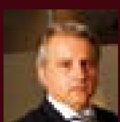


Christian TORCHE
Head of Reinsurance,
Swiss Branch Manager

SUPERVISORY BOARD

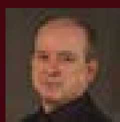


Dirk TERWEDUWE
CEO of Delcredere | Ducroire

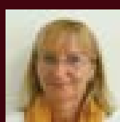


Frank VANWINGH
Deputy CEO of
Delcredere | Ducroire

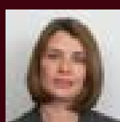
Nabil JIJAKLI
Deputy CEO of
Delcredere | Ducroire



Ronny MATTON
Group CFO of
Delcredere | Ducroire



Beatrix PISCHA-GREIGERITSCH
Workers` Council
Garant



Daniela ROUSSENOVA
Workers' Council
Garant

ACTIVITY REPORT

A DECADE OF GROWTH

A company's success is built over time, as it makes the right strategic decisions, starting with its mission. After a decade of consolidation and growth, Garant has emerged as one of the leading political and credit risk insurers operating mainly in the emerging markets. Thanks to its well-defined strategy and to sound underwriting practices, the growth of Garant demonstrates again the great resilience of its business model to the five-year international financial and economic crisis.

During 2013, the international context remained unstable, both from a political and financial standpoint. Global economic growth continued to be weak, while deceleration in some emerging countries, which are nevertheless still growing, is perceptible. However, south-south trade flows have undergone a remarkable development over the last few years, representing today 25% of global trade compared with 13% in 2001. Currency volatility, mainly related to the US dollar, still appears as a major hurdle for European economies, as well as the BRICs' economies. More generally, global trade remains impacted by limited financing options, which represent both opportunities and challenges for the credit insurance market.

Nevertheless, some signs of improvement have shown up recently, with some analysts believing that the foundations are being laid for a global recovery at different speeds throughout the world.

On the short-term side, political risks remain on the rise. These include governmental control over natural resources, the expropriation of foreign investors' assets and popular uprising. Growing levels of conflict, acts of terrorism, political violence and changes in government in the MENA, Africa and Asia have increased political instability worldwide, exacerbated by economic hardship and social unrest in a growing number of countries.

In that difficult context, Garant continues to perform well and achieved its ambitious targets of premium development with a 15% growth in single risk business activity, and 13% growth for total premium volume, at the end of 2013. Garant reported EUR 33.292 million in gross premiums, while net earned premium rose by 26.4%, over 200% more than gross written premium. Inward facultative grew to EUR 5.641 million while inward treaty business reported a slight decrease to EUR2.255 million in 2013 compared with EUR2.883 in 2012. On the direct side, single risk amounted to EUR14.523 million, growing by 52.6% in 2013. The increase of net premium is a major improvement in Garant's revenues structure; it now represents 39% of GWP versus 34.95% in 2012. The Swiss activity of the branch is booming and accounted for 25.7% of the direct single risk premium. Borne by a strong increase in demand (+33% over 2012), the growth of premium reflects the much larger customer base and diversification of our distributions channels.

ACTIVITY REPORT

Garant's strong performance enables us to keep on growing in a stable and sustainable way with positive prospects:

1. Greater diversification of our portfolio exposure

At the end of the year, total aggregate exposure of Garant's portfolio increased by 37.7% to reach EUR 4.962 billion. On a net of reinsurance cession basis, the increase amounted to 30.7% to reach EUR 1.355 billion. Exposure by country category remains adequate for our line of business. In 2013, Brazil topped the list of Garant's largest exposures with Russia in second place, followed by China, Egypt, Turkey, Italy, Algeria, South Africa, Spain and Ukraine.

Compared with 2012, Garant's risk exposure significantly increased in South America to represent 21% of our global exposure in 2013 (15% in 2012), on quasi-equal terms with Eastern Europe, Russia and CIS countries. The greater diversification of Garant's risk exposures in term of duration, sector and types of risks is also a sign of maturity.

Over the years, the quality of Garant's risk portfolio continues to improve, boosted by the high standards of underwriting practices and clear underwriting strategy. Garant continues to target priority deals in emerging markets where demand is growing and where we have strong expertise.

2. Solid financial position

Garant remains very strongly capitalised, as noted by our rating agencies, which both maintain an A-rating with stable outlook. At the end of 2013, Garant ended the reporting 2012 with a solvency margin of 450.9%; i.e. 4.5 times higher than required. As part of the financial stability, we continue to make extensive use of reinsurance and cooperate with a number of highly rated reinsurance companies. We devote great attention to diversifying our reinsurance placement in order to minimise default risks. In 2013, our self-retention share was protected by a Per Risk Excess of Loss (XL) contract with a priority of EUR 1.7 million and three additional layers representing a total capacity of EUR 15 million. We maintain our complementary reinsurance coverage through a Country XL contract and a Stop Loss contract.

In 2013, total acquisition costs represented 15.4% of gross premium, showing a slight improvement over 2012. This figure indicates a significant achievement as Garant had a marked increase in its direct single risk business and inward facultative business. Operating costs also showed a slight decrease to represent 15.85% of gross premium in 2013, 2% less than the previous year, while close customers contacts were intensified to improve efficiency and boost business development.

Nevertheless, despite the 2013 underwriting performance and cost control, Garant's net profit decreased to EUR 364,000 from EUR 3.8 million in 2012 due to reduced investment income and higher claims arising at the end of the year. But recovery expectations are high and in line with our claim experience since 2003. Despite a deterioration of the loss ratio, we are still in position to allocate an additional 66TEUR to the equalisation reserve in 2013.

The company is maintaining its prudent investment strategy, but our 2013 result has been affected by value adjustments and foreign exchanges losses, which have penalised the whole insurance market. The major reason is the unattractiveness of the existing bonds circulating in the market caused by the low interest rate context. The outlook for 2014 remains unfavourable for a significant improvement in investment conditions. Nevertheless, Garant has a significant buffer of technical provisions amounting to EUR 19.225 million.

3. Expansion of our global network

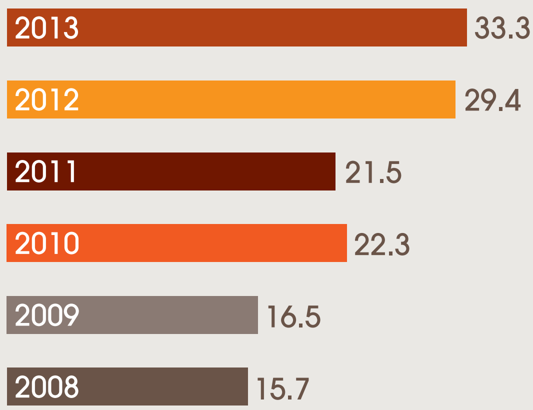
Our challenge is to generate greater value by focusing on our customers and attracting new clients. Our network plays an instrumental role in helping to set the stage for customer linkage. Garant continues to sign alliances with strategic partners to develop capacity and risk sharing, and improve quality of information on debtors. In 2013, Garant entered into a partnership with two major insurers.

In October 2013, Garant signed a cooperation agreement with the Arab Investment and Export Credit Guarantee Corporation (DHAMAN), which includes a wide range of cooperation areas. In November 2013, Garant signed an agreement with EXIAR, the new Russian export credit agency, to enhance capabilities to cover trade export transactions and investments worldwide.

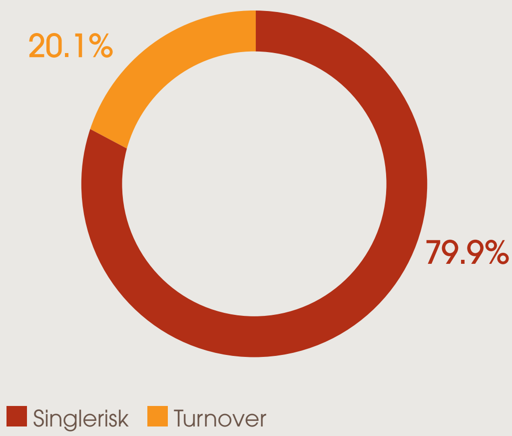
In November 2013, Garant also became a member of the Credendo Group, newly formed by its majority shareholder Delcredere/Ducroire to become a pan-European trade credit insurance group offering cover worldwide. The Credendo Group consists of specialist trade credit that benefits from strong backing, while retaining the advantages of autonomy within the framework of the group strategy. Fostered by its size and structure, the purpose of this network is to move closer to clients and markets and offer bespoke cover to fit every situation and customer. As a consequence, Garant adopted the new brand identity, common to all members of the Credendo Group, in June 2014. Together, Garant and Credendo Group are laying the groundwork for another decade of growth.

PREMIUM INCOME

Premium income development 2008-2013 in million €



Split by type of products as per 31.12.2013



ACTIVITY REPORT

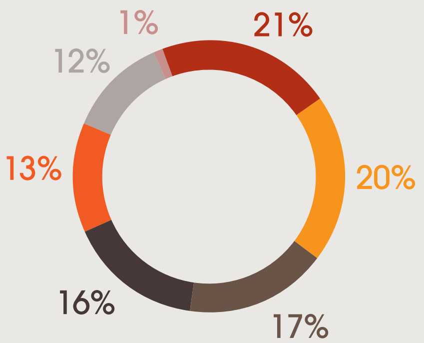
FUTURE VISION

The many developments of recent years have given Garant new assets and a new future in a strategic partnership with the Credendo Group that will increase our strength. Garant's strategic position will enable it to seize new development opportunities in political and credit risk coverage.

Acknowledged as one of the leading political risk providers in the marketplace and an innovative thinker, Garant is a financially sound, diversified and reliable operator. Its solid expertise, experience and network make Garant the partner of choice in trade and investment business, with solutions in response to the trends and evolution of global trade.

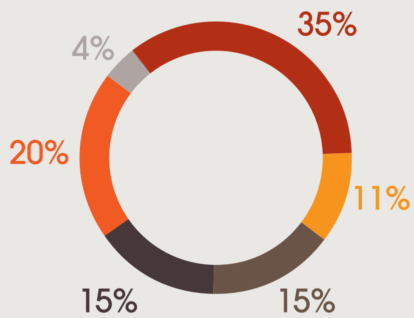
HIGHLY DIVERSIFIED PORTFOLIO STRUCTURE

AGGREGATE EXPOSURE BY REGION as per 31.12.2013



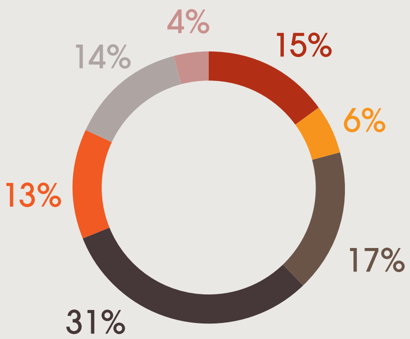
- Eastern Europe, Russia and CIS
- Latin America & South America & Carribeans
- Western Europe
- Middle East & North Africa
- Asia
- Africa
- North America, Japan

AGGREGATE EXPOSURE BY TENOR - SINGLE RISKS as per 31.12.2013



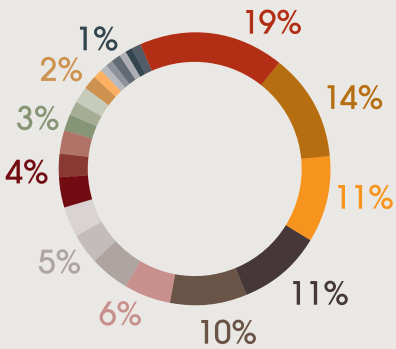
- 01 to 12 months
- 13 to 18 months
- 19 to 24 months
- 25 to 36 months
- 37 to 60 months
- 61 months and above

AGGREGATE EXPOSURE BY RANGE OF LIMIT as per 31.12.2013



- A (up to 1mEUR)
- B (>1mEUR, up to 2mEUR)
- C (>2mEUR, up to 5mEUR)
- D (>5mEUR, up to 10mEUR)
- E (>10mEUR, up to 15mEUR)
- F (>15mEUR, up to 25mEUR)
- G (>25mEUR, up to 34mEUR)

AGGREGATE EXPOSURE BY ECONOMIC SECTOR as per 31.12.2013



- Trading
- Metals
- Pharmaceuticals
- gas/Oil/Electricity
- Banking
- Construction and Engineering
- Automobiles
- E ectronic equipment
- Chemicals
- Defense
- Energy
- Services
- Insurance
- Pulp & Paper
- Alimentary
- Agriculture
- Timber and Wood
- Machinery
- Transportation
- Aeronautics
- Electric equipment
- Industrial equipment
- Textile

THE GARANT WAY

The major goal of Garant has always been to satisfy the needs of our clients by providing the coverage they need. And even though the insured is one of the key factors in our risk assessment, we try to implement a system of underwriting that allows us to assess risks better than even our competitors in some areas, and to bring added value for our clients by advising them on how to make the risk less risky, more secure and more acceptable.

This approach was developed by Garant when the political risk insurance market did not really exist and Garant was among the very few political risk insurers acting on a commercial basis. More than 40 years ago, Garant decided to use its local partners to improve the risk assessment and share the risk with them. We saw the first practical result of such an approach in the early 1980s when Poland started to collapse economically and Garant was forced to pay a loss on a level never experienced before or since. Furthermore, the political context at that time did not help either as western creditors supported democratic reform in Poland by giving up their claims. As nearly all Garant's colleagues in the credit insurance market were predominantly state export credit agencies, they were caught in the same political agenda by their governments. But the fact that our risk was shared with our local insurance partner in the end played its part. Just one year after its biggest ever loss, Garant had recovered it in full.

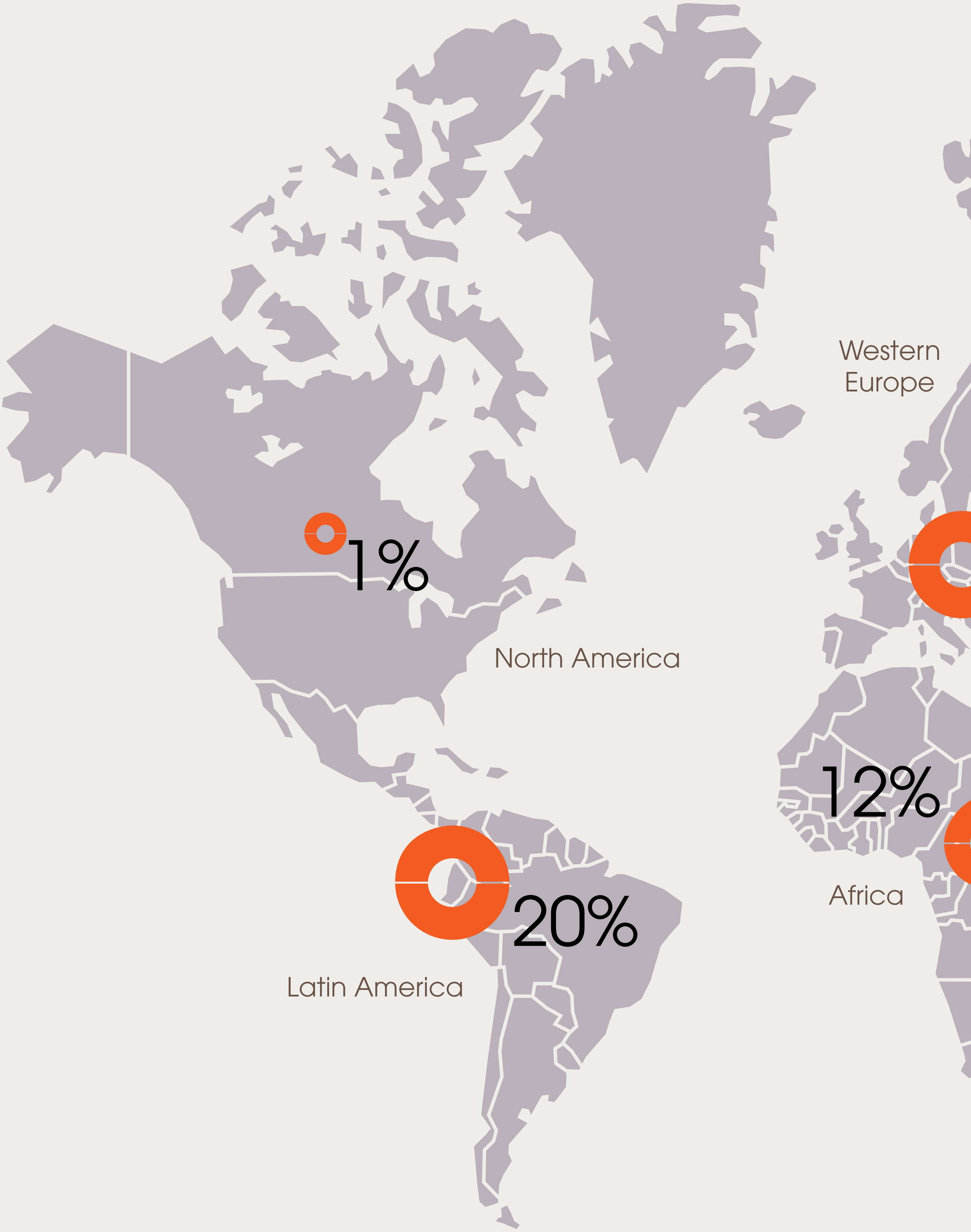
Tough a relative small company, Garant has been able in recent years to develop a very effective network in the countries and destinations where our clients see a need for risk enhancement, using our long experience of collaboration with local partners. It works at all stages of insurance activity from risk assessment to crisis management and help with recovery actions. Even in tough environments, we see many examples where contracts are performed smoothly. Our task is to find a way together with our client and our partners' network to bring the insured contract to the level that allows that kind of performance. Many aspects can be assessed quickly and accurately based on generally available information. But some areas, such as the local political agenda or legal environment, are not easy to analyse from our offices in Vienna and Geneva. Thanks to our network, we get the local view on the points of interest for our client and the optimal situation in which to insure the deal.

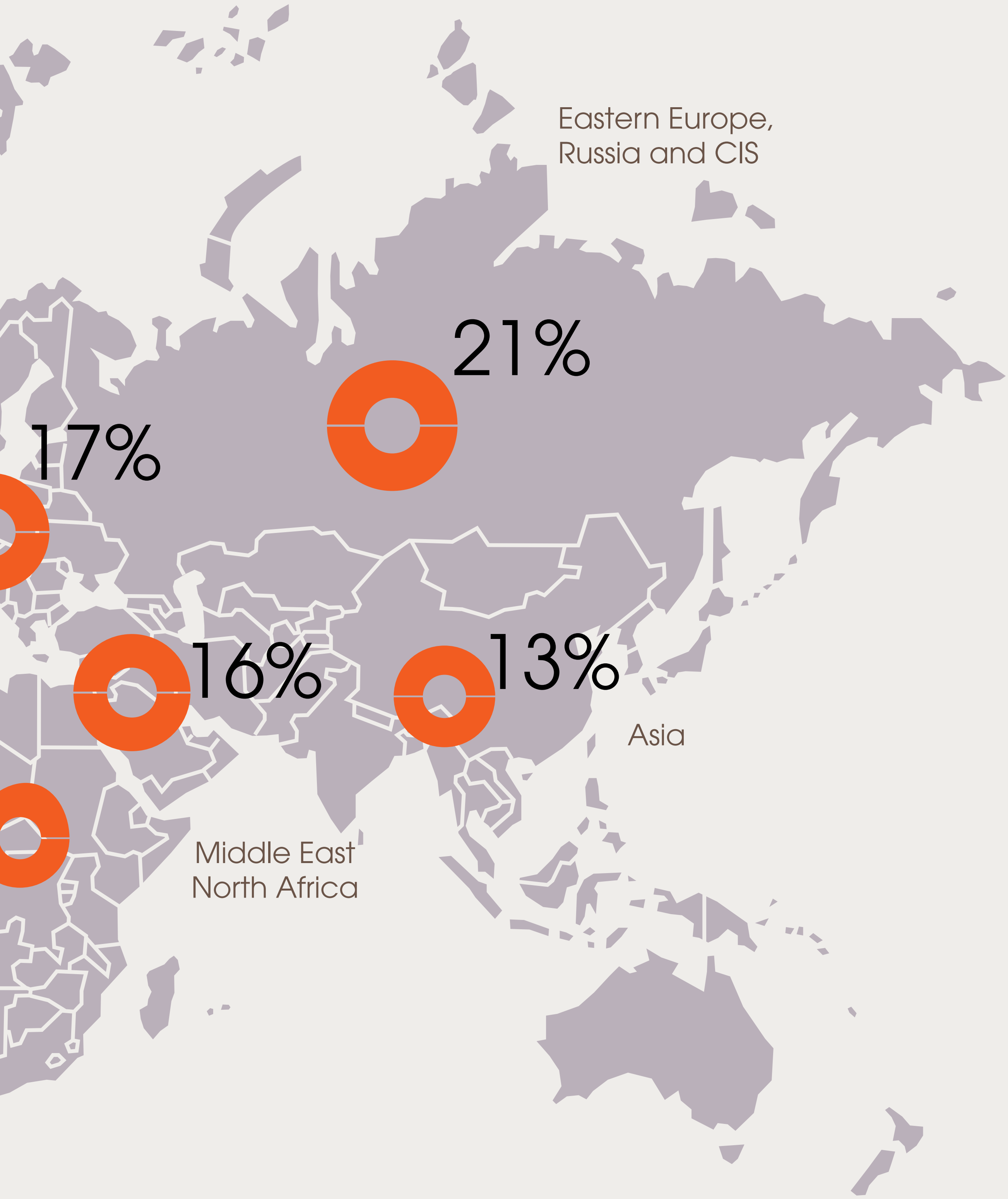
Probably a few words should be added about the impact on our clients of the political turmoil going on at the moment in Ukraine. Even though we did not predict the magnitude of the crisis, we have avoided a number of losses for our clients in this area. Again thanks to our network, we knew already quickly after Mr. Yanukovich's elections in 2010 the policy that would be implemented and the disastrous effect it would have for any business community in opposition to him. As a result, Garant was reluctant to accept risks in Ukraine, unless we were able to come to the conclusion that the project would be affected only to a limited extent by the political moves of the then president. So, we can proudly report that so far the ongoing Ukrainian crisis has not had an impact on risks insured by us.

As a whole, our policy is designed to protect the mutual interests of our insured and ourselves in the best possible way. We always advise our existing and potential clients on all possible steps in order to secure their interests in the transactions insured by us in the most effective manner.

Dmitri LOKSHIN
Member of
the Managing Board

GLOBAL REACH





Eastern Europe,
Russia and CIS
21%
17%
16%
13%
Asia
Middle East
North Africa

TURNING REGULATIONS INTO OPPORTUNITIES

In the aftermath of the 2007-2008 financial crisis, the financial sector found itself at the centre of a heated public debate. Banks in particular were exposed to harsh criticism of their business models, behavioural patterns and corporate culture. The collapse of numerous banks, which either became insolvent or had to be bailed out with billions of public funds, triggered the full outbreak of the crisis and its spill-over into the real economy. After years of stellar profits, dividend payouts and bonus payments to management, it was the tax payer's turn to come to the rescue and pick up the bill. Terms like 'sub-prime loans', 'too big to fail', 'moral hazard', 'asset-backed securities', 'derivative exposures' – to name just a few – left their natural habitat of high finance and became buzz words in mainstream media and political debates. An industry widely perceived as having cashed in nicely during the good times but which socialised its losses when the going got tough became an easy target for public anger.

Discussions about how all this could have happened also brought legislators and regulators into the spotlight. Finance, after all, is an industry that has been under regulatory supervision for a long time and as a result blame was laid on legislators and regulators for not having properly performed within their responsibilities. But the scope and stringency of financial supervision has varied over time: deregulation and liberalisation of the markets took place from the 1980s until the outbreak of the recent financial crisis. Since then the tide has turned as politicians with public opinion at their heels have passed new and tougher regulatory legislation. It is a reactive pattern that is not new: one just needs remember the US in 1933, when as a consequence of the Great Depression the Glass-Steagall Act was passed, which forced banks to separate investment banking from commercial banking activities in order to protect depositors from banks' losses in their securities trading and investment activities. In 1999, however, under the influence of deregulation and liberalisation, Glass Steagall was largely repealed. Clearly, any regulatory framework is a child of its time and today's battle cry is for more regulation.

Now with Basel III and Solvency II, banks and insurance companies have to adopt and digest complex regulatory frameworks that increase requirements in terms of capital adequacy, proper risk management, corporate governance and financial transparency with the aim of improving the proper and solid functioning of the financial system. This is a very desirable goal and clearly in the best interest of all serious market participants, stake holders and last but not least the taxpayer. Nonetheless, it should also be mentioned that regulations create huge administrative workloads for financial institutions and regulators alike. Smaller institutions are often overwhelmed by these additional administrative burdens and can find it hard to deploy the necessary resources to handle them. At the same time, national regulators have to adapt to a widely centralised regulatory regime that leaves little leeway for individual solutions. Parts of the new regulations have also been criticised for being too complex and formalistic, and there's a danger that regulation and supervision might overshoot. A disproportionate deluge of bureaucracy will not make financial institutions safer or more solid, nor will it be of any help to customers and the economy as a whole.

When things go wrong in finance, it is due mainly to poor underwriting decisions, over-leverage and lax corporate governance. It is indeed high time to reflect on these well-known causes and abandon the purely opportunistic short-term outlook and pursuit of the quick one-off profit. The recent financial crisis was not triggered by a force majeure event, but by the actions and behaviour of parts of the financial industry itself.

The undisputed intention of the new regulations is to make the financial sector safer, and that is what we need. They are an opportunity to bring about real positive change, but this will also require an embrace of the intentions and spirit of the regulations rather than merely a focus on ticking boxes and meeting formal requirements. Without this change of attitude, it will end up as another example of plus ça change, plus c'est la meme chose. A new – or rather old – mindset is required in which decision making is guided by prudent medium to long-term considerations, with the target of creating sustainable growth and profitability. It is the management of financial institutions that ultimately will have to steer the industry in this direction, while regulators and legislation play their part in signposting and supervising this manoeuvre.

Currently, huge efforts are being made on all sides to implement and comply with the new regulations. This is a great opportunity to reflect on our mindsets as well and thus really create a safer and better financial industry that can properly serve its customers and the economy, and at the same time generate decent long-term returns for shareholders.

Michael FRANK
Member of
the Managing Board

RISK MANAGEMENT

Ever since the strategic shift of Garant´s business activities in 2004 which entailed the sole concentration of the company on credit and political risk insurance, risk management has played a crucial part at Garant. The target of Garant´s risk management is to ensure that all risks to which the company is exposed are comprehensively recognised, monitored and reported so that effective measures for risk avoidance or risk mitigation can be taken in a timely manner.

Precondition for this is the establishment of a risk management function which can operate independently from all risk taking functions of the company. In addition to that, risk management needs to become imbedded in the corporate culture of the company and form an integral part of the value chain.

Garant has a risk management system in place which comprises the necessary strategies,

processes and reporting procedures in order to detect, measure, monitor, manage and report on a permanent basis incurred risks or potential risks and their interdependencies. Garant´s risk management system is adequate, effective and proportionate to the nature, volume and complexity of its business and the inherent risks.

Risk management at Garant is well imbedded in the organisational structure and decision making processes. It is consistent with the business strategy and a focal point of the company´s strategic planning. Sustainable profitability has been defined as Garant´s business target and effective risk management lies at the core of it. The company´s risk management strategy is further specified and translated into written policies in order to ensure its implementation in actual day to day business. These policies are internal rules that constitute the framework within which risk related tasks have to be performed and achieved (e.g. responsibilities, procedures, processes). They must be adhered to by all employees when performing their duties

The executive management of Garant has a thorough understanding of how much risk the company can and shall accept. A central element within the strategic planning process is the correlation of all management decisions with a defined degree of risk appetite that determines what kinds of risks and to which extent they can be accepted to achieve sustainable and profitable growth. Risk management has thus also been allocated a core controlling function.

The robust financial strength of Garant is reflected in the risk assessment of the rating agencies A.M. Best and Fitch. In the reporting period both A.M. Best and Fitch confirmed their ratings with outlook "stable" (A.M. Best: A- "excellent", Fitch: A-). These assigned ratings also reflect the implicit support which Garant enjoys from its majority shareholder Delcredere/ Ducroire.

Solvency and Capital Adequacy

In the reporting year 2013 Garant again maintains a very solid risk-adjusted level of capitalisation. The company meets the current capital and solvency requirements to fulfil its obligations under foreseeable and unpredictable circumstances and to absorb any potential losses that might occur from technical or other risks.

Garant ended the reporting year 2013 with a solvency margin of 450.9% (i.e. 4.5 times higher than required).

At Garant, preparations for compliance with Solvency II rules and regulations have started already some time ago. These preparations comprise in particular the requirements of the columns 2 and 3 whose key elements will come into force in 2014 in the wake of the "phasing in" of Solvency II regulations. With a view to Solvency II Capital Requirements, simulations on capital requirements have been run on a regular basis and have recently been supplemented by forward looking assessments of own risks (FLAOR).

Solvency II triggers a vast and comprehensive set of regulatory requirements that poses a formidable challenge particularly for smaller insurance companies. The complexity of this regulatory framework and the extensive formal requirements will result in demand for additional internal and external resources. Only practice will show to which extent regulatory authorities will apply the principle of proportionality to a company´s risk profile, size and business volume when assessing the rules´ implementation.

RISK MANAGEMENT

Strategic Risk

Since 2003 Garant has successfully specialised in the insurance of credit- and political risks, with a clear focus on the insurance of single risks in emerging market countries.

In May 2013 Delcredere/ Ducroire (previously known as ONDD) underlined the strategic importance of Garant as a private market provider of single risk insurance within Credendo Group when it increased its shareholding in Garant to 95.63%.

Against the backdrop of a difficult economic environment demand for credit insurance solutions has remained high. The financial crisis of 2008/09 and its subsequent spill over into the real economy have demonstrated the value of comprehensive risk insurance. In international trade, apart from protection against interest rate- and foreign exchange risks, focus is on protection against credit and political risks. During the first years after the financial crisis, emerging markets could partly offset the weak economic condition of most industrialised countries because of strong demand for their commodities. By now many emerging market economies are facing weaker growth prospects.

Marketing Risk

In international trade with goods and services, protection against commercial and political risks remains a high priority. In the reporting year 2013 Garant succeeded in growing its business with a 13% increase in written premiums. The continuous positive development of the company, the stable external ratings and the solid shareholder background are all important preconditions for this success. Another key factor is Garant´s general attitude towards the provision of credit insurance. It is not by selling off- the-shelf products but rather by offering individual bespoke insurance solutions that Garant aims to keep and grow its loyal customer base. It goes without saying that this entails the permanent adaption of its insurance services to new or changed market and customer requirements. Starting in underwriting year 2014 Garant will be able to offer policies with tenors up to seven years.

Regular contact and exchange of information with insurance brokers is another priority of Garant. Brokers are considered an important link between insured and insurer and they do make a significant contribution to comprehensive customer service.

In order to promote its signature in the relevant markets, Garant is hosting seminars on single risk insurance relevant topics and acts as sponsor for international credit insurance conferences. Cooperation and partnership agreements with public and private credit insurance companies domiciled in emerging markets aim at promoting Garant´s name in these markets and facilitating the acquisition of new customers.

Underwriting Risk

All essential rules related to underwriting are laid down in the "Underwriting Policy", an internal set of rules which is binding for all employees of the company. The Underwriting Policy is revised at least once a year when necessary changes and amendments are made to reflect evolving market conditions, internal structures and reinsurance possibilities. At the core of all considerations regarding this policy lies the responsible use of the company´s capital resources and the best possible provision of insurance solutions in the interest of customers.

Garant´s assessment of underwriting risks is based on the comprehensive and holistic assessment of individual transactions whereby in addition to the assessment of quantitative risk factors special focus is put on qualitative risk factors and here again on the careful assessment of all parties involved in a transaction. The insured´s ability and experience in managing and mitigating risks in crisis situations is one important element in this. Another one is the assessment of the possibility and likelihood of recoveries in case of claims.

Reinsurance Risk

In 2013, the European countries suffered from the effects of the sovereign crisis and some claims affected insurers. By reaction, emerging markets noted a slow-down activity creating instable political and economic situations. Garant recorded therefore some medium size claims.

Thanks to a low level of large losses in Natural Catastrophe line, reinsurers succeeded in producing very good results in 2013, reinforcing their solvency ratio and indirectly our security in terms of financial risk.

The placement of Garant's reinsurance renewal 2014 was achieved on 7/01/2014. Basically, the 2014 reinsurance structure remains unchanged and has been only adapted to the company´s evolution. Like last year, Garant has experienced an over-placement due to an increase of interest in its reinsurance program. In order to minimize the risk of failure of one reinsurer, Garant has maintained the same panel of reinsurers, all of them presenting an S&P "A-" rating or AM best "A-" rating.

Though the reinsurance market has seen the arrival of additional capacities, Garant has still taken very seriously the risk of capacity tightening, due to the excessive concentration of the reinsurance market, notably in the credit branch. Garant does not neglect the risk that the decision of a leading reinsurer to withdraw from a treaty may generate a domino effect. That's why the company has decided to maintain the eleven reinsurers in its panel of 2014. Garant does also not neglect the risk that an increase in losses could result in the necessary revision of its reinsurance policy in order to keep the efficient protection of its capital.

As last year, Garant put special emphasis on the constant dialogue with its reinsurance partners including the exchange of knowledge and know-how about the specifics of the single risk insurance product. This also with the aim of providing active input into the decision making process of its reinsurers. In 2013, Garant observed the confirmation of the tendency among leading reinsurers to put more focus on risk analysis and aggregate exposure monitoring in order to avoid undue risk accumulation on per debtor or per country basis. Indeed, global economic and political instabilities have caused this development.

During 2013, the financial strength of the reinsurance companies improved and represented appropriate levels to support Garant's insurance activities. Actually Garant restricted its choice of re-insurers to those who were rated at least A- and who also managed special teams dedicated to Credit and Political risk insurance.

Garant continues to build on a mutually satisfactory relationship with it reinsurers by keeping them permanently informed on its underwriting policy and risks as well as providing data transparency, information on capacity required and experience in the management of risks on a quarterly basis.

Claims Management Risk

Right at the time of underwriting attention is already paid to the assessment of the possibility and likelihood of obtaining recoveries in a claims scenario. The wording of Garant´s policies provides the respective contractual basis. Whenever claims are reported professional claims management comes to the fore. In cooperation with the insured, trusted specialists and partners, Garant succeeds in most cases by means of individual and clearly targeted actions in obtaining a considerable degree of recoveries.

Based on our experience and assessment we expect substantial recoveries for claims reported in 2013 after completion of adequate claims management.

RISK MANAGEMENT

Human Capital Risk

For Garant as a provider of bespoke credit insurance solutions employees are key. This is reflected by very careful recruiting in the first place and secondly by offering a good working environment. The structure of Garant´s staff can thus be characterized by two core elements: Loyalty to the company evidenced by long job tenures and the recruiting of young talents evidenced by a considerable number of young employees.

Growth of Garant´s business in combination with an ever demanding regulatory environment will keep recruitment of new talents on the company´s agenda. Garant is an attractive employer who offers interesting and adequately paid jobs in a good working environment. This should keep the company attractive in the respective job markets.

Reputational Risk

Protecting the company´s good reputation is an important task and responsibility for Garant´s management. A company´s good reputation is not only based on compliance with all applicable laws and legislation - which should go without saying - but beyond that also on integrity in performing its business operations and on adhering to a set of basic ethical principles when interacting with others and the environment.

During this reporting year Garant´s management board and supervisory board introduced and approved a new compliance policy which provides for the establishment of a designated compliance officer and contains among other regulations detailed compliance rules and a code of conduct. Though Garant has not experienced any compliance issue over the last years this is nonetheless, apart from the regulatory requirement, a very welcome instrument to remind all parties in a regular and institutionalised way of the importance of compliance with these rules and in the end of protecting the reputation of Garant.

IT Risk

Systems and data security have always been top priorities of Garant´s management and will continue to be so. 2013 saw the upgrading of Garant´s hardware including a virtualisation of its servers as well as a renewal and improvement of back-up systems in Vienna and Geneva.

The company´s new core-system "GILDA" could not be implemented in 2013 but has been advanced further so that a go-live in 2014 can be envisaged. GILDA will be the new integrated core IT system of Garant which will handle and process the whole insurance business of the company. Completion and implementation of GILDA will not only result in substantial synergies as far as processes are concerned but also enable more comprehensive and timely reporting to the management and thus support the continuous optimisation of controlling instruments

Financial Risk

Garant maintains a very conservative investment strategy. The aim is not only to meet legal and regulatory requirements regarding the coverage of technical reserves but also to incur minimal risks only on its asset base and provide the liquidity needed at any point in time. This prudent investment policy results in steady returns with relatively low volatility.

The current structure of the portfolio of securities, which is composed of government bonds, corporate bonds and to a minor extent also a bond fund, represents a positive diversification. In addition, due to our prudent approach there are only investment-grade securities in Garant's portfolio.

It is the target of risk management in the financial field to secure stable values and yields, especially due to the small size of the Company. One of our rules focuses on avoiding the kinds of risks on the assets side which we face on our liabilities side.
On the basis of current liquidity planning, it was determined to what extent new investment can be made. In doing so, special attention was paid to the development of premiums, claims and reinsurance as main criteria of liquidity.

Due to the conservative investment policy, the risks of default, liquidity and cash flow are estimated to be rather low. The liquidity and cash-flow risks are minimized by means of liquidity planning and the permanent monitoring of payment flows. Due to the growth of the insurance portfolio and the form of reinsurance contracts, a negative impact on liquidity is not to be expected. Investments are made in constant coordination with Cash Management, and ensure a safety stock of solvent funds.

As Garant earns 58 % of its premiums in foreign currencies in 2013, foreign currency management is of high significance to Garant. On the one hand, it has to be ensured that foreign currency items are covered according to the principle of congruency, and that there is enough liquidity in each foreign currency to be able to settle payments to insured's, reinsurers, and brokers. On the other hand, it is important to keep the foreign currency assets low in order to minimise the foreign currency risk.

Reports on the status of investments are presented to the Managing Board in principle on a weekly basis, as well as after the end of each quarter. The Managing Board in turn keeps the Supervisory Board updated on the financial yields and the status of investments.

RISK MANAGEMENT

Interest rate risk

In general it can be stated, that the interest risk is one of the most crucial financial risks for insurance companies. The actual situation concerning extremely low interest rates in the capital market results in high interest risks.

However, Garant hedges the risks of change in the value by keeping fixed-income securities until their maturity and adjusting, when purchasing, their duration to market situation and liquidity needs. We also diversify our investment portfolio through investments in time deposits, and privilege short tenors in placement.

In 2013 interest rate risk was the cause for a weak financial result. Due to the investment strategy and prevailing market environment, bonds had to be bought over par and market prices declined towards their nominal value at maturity. This devaluation does however not happen in a linear way but is also influenced by the respective interest rate environment and secondary market prices. In 2011 and 2012 this devaluation was protracted because of a continuing decline in interest rates. When in 2013 the bottom of interest rate levels was thought to be hit devaluation of market prices accelerated.

Increasing interest rates over the next years could result in further decreases of the market prices of the existing portfolio. We intend to mitigate this effect by investing in bonds with shorter tenors and by increasing placement in term deposits.

Currency risk

In the reporting year 58% of premium was written in foreign currencies and 60.8% of technical provisions by year-end are originally denominated in another currency than Euro. We strive to reach full congruence in assets and liabilities denominated in the respective currencies to minimize currency risk.

An analysis of sensitivity with a volatility of currencies by 5% versus Euro would result in an increase respectively decrease of the assets by 550 TEUR.

Liquidity risk

Risks from market volatility are recognized and mitigated in a timely manner by means of weekly updating of our liquidity planning and investments in comprehensive liquid funds. We consider the liquidity risk as low as we invest in highly liquid instruments with short tenors.

Default risk

Due to the fact that Garant insures credit risks, addressing default risks is part of the company´s business. These default risks are part of the insurance related technical risks and are thus not considered at this point.

Concerning the default risk of investments it should be noted that Garant follows the clear rule of investing only in investment grade securities. Consequently the ratings of the bonds in Garant´s portfolio as well as the ratings of banks with whom time deposits are placed are checked on a regular basis. Furthermore limits per counterparty were defined in the investment policy so that a potential default would not cause severe difficulties for Garant.

Another crucial focus in the management of default risk is on reinsurance receivables. Before signing reinsurance contracts special attention is paid to the quality of the potential reinsurance partners and risk mitigation through cooperation with a wider panel of reinsurance partners. In addition deposits are retained for the ceded part of technical provisions as a security.

Outlook

The first weeks of 2014 have shown increasing demand for Garant´s insurance services. At the same time total market capacity in 2014 has increased by around 13% over 2013 which will very likely result in more competition.

One consequence of this development is that more frequent and intense discussions are taking place between insurers, brokers and insured (mainly banks) about the extent of insurance cover that can be provided as well as possible cover for non trade related transactions. In addition risk exclusions and warranties are challenged which previously were near universally accepted.

Garant operates in an international environment which is subject to recurring but erratic economic and political volatilities. At the writing of this report the serious crisis in Ukraine constitutes the most recent proof. In spite of this or even because of this environment demand for credit- and political risk insurance solutions based on the cross border exchange of goods and services continues to grow.

FINANCIAL REPORT

BALANCE SHEET
AS OF DECEMBER 31, 2013

ASSETS

	31.12.2013	31.12.2012
	EUR	TEUR
A. Intangible assets		
Other intangible assets	423 336.23	304
B. Investments		
I. Land an buildings	33 608.67	
II. Assets of participating interests		
Participating interests	102 622.88	33
III. Other financial investments		
1. Shares and other non fixed income securities	482 828.88	483
2. Debt securities and other fixed income securities	35 346 387.00	37 185
3. Deposits with credit institutions	4 341 000.00	7 965
C. Receivables		
I. Receivables from direct insurance business		
1. policyholders	7 278 744.16	8 168
2. intermediaries	48 767.97	58
3. insurance companies	0.00	0
II. Receivables from reinsurance business	8 917 040.78	1 717
		1 040
III. Other receivables	290 204.53	
D. Accrued interest	773 818.22	896
E. Other assets		
I. Tangible assets (except land and buildings)	84 534.46	93
II. Cash at credit institutions and cash in hand	7 608 128.84	5 781
III. Other	110 831.16	178
F . Prepaid expenses	80 519.78	66
	65 922 373.56	**63 966**

BALANCE SHEET
AS OF DECEMBER 31, 2013

SHAREHOLDERS' EQUITY AND LIABILITIES

	31.12.2013	31.12.2012
	EUR	TEUR
A. Shareholders' equity		
I. Share capital		
Nominal amount	25 000 248.00	25 000
II. Revenue reserves		
Legal reserve	114 742.33	100
III. Risk reserve pursuant § 73 a VAG, taxed share	149 900.16	90
IV. Net retained profit thereof profit brought forward: EUR 1 798 765.20	2 180 002.41	1 892
B. Technical provisions, net of reinsurance		
I. Provision for claims outstanding		
1. Gross	26 658 113.30	25 689
2. Reinsurers' share	-13 005 644.08	-15 017
II. Provision for profit-unrelated premium refunds		
1. Gross	436 000.00	388
2. Reinsurers' share	-191 000.00	-193
III. Equalization provision	1 959 000.00	1 893
IV. Other technical provisions		
1. Gross	186 700.00	59
2. Reinsurers' share	-66 670.00	-23
C. Non-technical provisions		
I. Provisions for post-employment benefits	308 836.00	219
II. Provisions for pensions	2 188 530.00	2 115
III. Provisions for taxation	50 534.13	152
IV. Other provisions	253 484.49	528
D. Deposits from ceded reinsurance business	12 996 045.96	9 847
E. Other liabilities		
I. Liabilities from direct insurance business		
1. Policyholders	8 239.11	236
2. Intermediaries	1 661 922.56	1 411
3. Insurance companies	0.00	0
II. Liabilities from reinsurance business	4 534 264.32	9 319
III. Other liabilities	499 124.97	262
	65 922 373.56	**63 966**

PROFIT AND LOSS ACCOUNT FOR THE FISCAL YEAR 2013

TECHNICAL ACCOUNT

	2013		2012	
	EUR	EUR	EUR	EUR
1. Earned premiums				
a) Premiums written				
aa) Gross	33 292 409.48		29 429	
ab) Reinsurers' share	-20 645 528.22	12 646 881.26	-18 902	10 527
b) Change in the provision for unearned premiums				
ba) Gross	-128 00.00		-26	
bb) Reinsurers' share	484 092.20	356 092.20	-216	-242
2. Claims incurred				
a) Claims paid				
aa) Gross	-10 082 927.52		4 137	
ab) Reinsurers' share	6 196 967.74	-3 885 959.78	-4 905	-767
b) Change in the provision for claims outstanding				
ba) Gross	-969 138.41		-11 047	
bb) Reinsurers' share	-2 011 024.23	-2 980 162.64	8 736	-2 310
3. Expenses for profit-unrelated premium refunds				
a) Gross	-221 162.03		-921	
b) Reinsurers' share	138 154.48	-83 007.55	762	-158
4. Operating expenses				
a) Insurance acquisition cost	-7 535 313.88		-6 359	
b) Other operating expenses	-2 579 135.00		-3 253	
c) Reinsurance commissions & bonuses from reinsurance covers	4 835 268.19	-5 279 180.69	4 220	-5 393
5. Other technical charges		-294 318.45		-486
6. Change in the equalization provision		-66 000.00		1 203
7. Technical account balance		**414 344.35**		**2 374**

PROFIT AND LOSS ACCOUNT FOR THE FISCAL YEAR 2013

NON TECHNICAL ACCOUNT

	2013		2012	
	EUR	EUR	EUR	EUR
1. Technical account balance		414 344.35		2 374
2. Investment income and investment return				
a) Income from other investments	1 433 771.76		1 372	
b) Gains from disposal of investments	21 354.97		26	
c) Other investment income & investment return	4 216.44	1 459 343.17	119	1 517
3. Expenses for investments and interest expenses				
a) Asset management charges	-115 271.91		-95	
b) Write-offs on investments	-654 786.53		-201	
c) Interest expenses	-15 075.45		0	
d) Losses from disposal of investments	-114 418.09		-37	
e) Other investment expenses	-597 037.46	-1 496 589.44	-164	-496
4. Other non-technical income		224 008.48		723
5. Other non-technical charges		-182 684.47		-150
6. Profit on ordinary activities		**418 422.09**		**3 968**
7. Taxes on income		-54 873.88		-127
8. Profit for the financial year		**363 548.21**		**3 841**
9. Transfer to the Reserve				
a) Transfer to the risk reserve pursuant to Section 73a VAG		-60 178.31		-51
b) Transfer to the statutory reserve		-15 173.49		-100
10. Annual Profit		**288 196.41**		**3 691**
11. Profit/Loss brought forward		1 891 806.00		-1 799
12. Net retained profit		**2 180 002.41**		**1 892**

GLOSSARY

Arbitration
A process to settle a legal dispute in which the third party (the arbitrator) acts much like a judge, but in an out-of-court and less formal setting and does not actively participate in the discussions.

Breach of contract
Loss resulting from government termination of contracts without compensation for existing investments in a product or service.

Coinsurance
Insurance held jointly by two or more insurance providers.

Credit limit
The maximum exposure specifically approved or otherwise authorized by the insurer in respect of a buyer.

Creeping expropriation
A series of events by a government (or a sub sovereign entity) that results in a deprivation of the investor's rights.

Deposit premium
Premium paid in advance, to be adjusted upon receipt of the declaration of turnover or outstanding balances.

Export credit insurance
Insurance of credit risk related to the sale of goods to buyers in another country.

Expropriation
An action whereby a government seizes property of assets of the foreign investor without full compensation to the investor. This is also referred to as 'ownership risk' or nationalization.

Inconvertibility
An action taken by a government to prevent conversion of local currency to some form of foreign exchange. This is also referred to as 'transfer risk'.

Insured percentage
The percentage of each insured loss that is indemnified by the insurer.

Maximum liability
Maximum amount that the insurer is liable to pay with respect to all losses during a policy period.

Mediation
A process to settle a legal dispute through active participation of a third party (the mediator), who works to find points of agreement and make those in conflict agree on a fair result.

Non Binding Indication (NBI)
An insurer's written offer of policy terms and conditions, subject to change by the insurer.

Non payment risk
The risk that a buyer will default on its obligation to pay an invoice.

Payment default
Failure by a buyer to make payment for delivered good or services by the due date specified in the invoice or sales contract.

Political risk
Political risks are associated with government actions which deny or restrict the right of an investor/owner (i) to use or benefit from his/her assets; or (ii) which reduce the value of the firm. Political risks include war, revolutions, government seizure of property and actions to restrict the movement of profits or other revenues from within a country.

Policy holder
Party that purchases the insurance policy and assume responsibilities and obligation under the policy.

Political violence damage
Property or income losses arising from violence undertaken for political purposes, such as declared or undeclared war, hostile actions by national or international forces, civil war, revolution, insurrection and civil strife.

Post-shipment risk
Risk of non payment arising after the delivery of shipment of the goods or completion of the performance of services.

Reinsurance
The process of a political risk insurance provider issuing a guarantee with other providers in order to reduce exposure by spreading the risk among the institutions involved.

Tenor
The term of a political risk insurance contract.

Single buyer
Cover for all sales to one debtor or for single contract with one debtor (opposed to whole turnover buyer).

Single risk insurance
Commercial and/or political risk insurance provided in respect of one contract, one project, one obligor or one investor; or to the banks financing same.

Unfair Calling of Bonds
An illegal calling of a payment, bid or performance bond by a foreign government or governmentowned entity. (Also "Wrongful Calling of Bond".)

Waiting period
The period, usually starting from the due date of payment, after the expiry of which a claim may be submitted and the loss is assessed.

OUR PRODUCTS

COMMERCIAL RISK COVERAGE

Garant protects you against the risk that your foreign receivables might ultimately turn into bad debts. We insure your foreign receivables against slow payments of debtors (protracted default) or insolvency (bankruptcy) of debtors.

- Insolvency
- Protracted default

POLITICAL RISK COVERAGE

Garant protects your business from incurring unexpected financial losses due to political events or measures emanating from any public authority which can prevent the due performance of your contract or investment.
Coverage can be combined with the non-performance of a private entity, payment default and bankruptcy.

IMPORT RISKS

- Non delivery of pre-financed goods and non reimbursement of advance payment
- The confiscation of products belonging to the insured in countries of risk or in transit;
- The cancellation or non-respect of a contract by a government debtor;
- The cancellation or non-respect of a contract by a private sector debtor in the wake of government decisions or wars;
- Non honouring of arbitration awards.

EXPORT RISKS

- Contract repudiation by a public debtor;
- Contract frustration due to action or decision emanating from a public authority;
- Withdrawal of export approval and licenses;
- Inconvertibility and/or non transfer;
- Non-repatriation of goods;
- Confiscation or embargo of goods;
- Non honouring of arbitration awards;
- Change of law and/or regulations.

INVESTMENT

- The confiscation, expropriation, nationalisation, requisition or destruction of the company’s assets;
- Non-repossession of assets by the insured company following government restriction measures,
- Privatisation or halting operations; forced abandonment
- Non honouring of arbitration awards;
- Non-repatriation of dividends.

UNFAIR CALLING OF BONDS

- Unfair calling of bonds by the government beneficiary
- Non honouring of arbitration awards.

Where to find Garant

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