

Paris, November 9<sup>th</sup> 2011.

**Euler Hermes' results for the first nine months of 2011**

**Turnover: €1,707 million**  
**Net technical result: €300.5 million**  
**Ordinary operating income: €391.0 million**  
**Net income: €276.0 million**

*In the first nine months of 2011, Euler Hermes posted excellent results, despite a highly uncertain economic environment.*

*The turnover reached €1,707 million, up 8% compared to 2010. The gross earned premiums were up 9.1% against last year, thanks to a good insured turnover volume in the first semester and a dynamic net new production as economic uncertainty is making credit insurance even more attractive.*

*The net combined ratio is still at a low level of 66.5% at end of September, reflecting the strong operational performance of the group. The net income amounts to €276.0 million, compared to €255.8 million for the first nine months of 2010.*

*“Our strategy to put our customers at the centre of our business development shows results. We have focused our commercial efforts on providing our policyholders with the best possible risk coverage, said Wilfried Verstraete, Chairman of the Euler Hermes Board of Management. The difficulties Europe faces to solve the intertwined debt and banking crisis in the Euro zone force close monitoring of the economic and financial situation. We have reshaped our group, ensuring that it is in the strongest position to face a further economic downturn. Our sound capital base, our strong risk governance and our successful client-centric strategy give our customers great confidence that by choosing Euler Hermes they have the best partner by their side to grow their business.”*

The Group Management Board presented the consolidated results as at 30 September 2011 to the Euler Hermes Supervisory Board on November 9<sup>th</sup>, 2011. The results have been reviewed by the Audit Committee.

**I. Results at the end of September 2011**

**A. Key figures**

For the first nine months of 2011, Euler Hermes posted a net income of €276.0 million against €255.8 million in 2010 for the same period. The main drivers of this improvement are the dynamic top line growth and a still low combined ratio.

<i>€ million</i>	<b>YTD Sept. 2011</b>	<b>YTD Sept. 2010</b>	<b>Change vs. YTD Sept. 2010</b>	
Gross written premiums	1,575.1	1,454.1	121.0	8.3%
Gross earned premiums	1,423.8	1,305.6	118.2	9.1%
Service revenues	282.9	275.2	7.6	2.8%
<b>Total turnover</b>	<b>1,706.7</b>	<b>1,580.8</b>	125.8	8.0%
Net technical result	300.5	255.9	44.7	17.5%
Net investment income	90.4	102.7	-12.3	-12.0%
<b>Ordinary operating income</b>	<b>391.0</b>	<b>358.6</b>	32.4	9.0%
<b>Non-ordinary operating expenses</b>	<b>-11.1</b>	<b>-10.9</b>	-0.2	2.2%
<b>Operating income</b>	<b>379.8</b>	<b>347.7</b>	32.1	9.2%
<b>Net income</b>	<b>276.0</b>	<b>255.8</b>	20.2	7.9%
Net claims ratio	42.1%	40.8%		
Net expense ratio	24.4%	28.1%		
Net combined ratio	66.5%	68.9%		

## B. Turnover

The Euler Hermes' turnover increased by 8% to €1,706.7 million compared to €1,580.8 million at the end of September 2010.

With constant perimeter and constant exchange rate, the top line growth is 8.5% driven by a strong net new production and a still dynamic insured turnover evolution.

### Breakdown of turnover by region (based on earned premiums)

<b>Turnover</b>	<b>YTD Sept. 2011</b>	<b>YTD Sept. 2010</b>	<b>Variation %</b>	<b>YTD Sept. 2010</b>	<b>Variation %</b>
<i>€ million</i>	<b>(1)</b>	<b>(2)</b>		<b>(3)</b>	
<b>Regions</b>					
Germany	572.0	560.1	2.1%	562.9	1.6%
France	308.1	282.6	9.0%	282.6	9.0%
Northern Europe	357.2	336.3	6.2%	336.5	6.2%
Mediterranean Region	199.1	155.5	28.0%	155.5	28.1%
Americas	160.6	152.9	5.1%	142.5	12.7%
Asia Pacific	50.1	44.4	12.8%	44.1	13.4%
EH Reinsurance + others	59.7	49.0	21.9%	49.0	21.9%
<b>Euler Hermes Group</b>	<b>1,706.7</b>	<b>1,580.8</b>	<b>8.0%</b>	<b>1,573</b>	<b>8.5%</b>

Group contribution : After inter-region eliminations & intra-region eliminations

(1) Turnover with geographical reclassification (average FX rate September 2011)

(2) Turnover with geographical reclassification (average FX rate September 2010)

(3) Turnover with geographical reclassification at constant exchange rate

Europe, which is Euler Hermes' core market, still experiences a solid growth despite rate decreases granted early this year (expected to be at 5.5% of total portfolio by year end).

The relatively lower performance in Germany is due to a slow commercial start early in 2011 and to a pressure from competitors on rates, which were not completely compensated by the positive evolution in the insured turnover volume.

The good performance in the Mediterranean region is due to dynamic insured turnover combined with relatively low rate decreases. The increase towards last year is also due to negative premium run-offs posted in 2010 linked to 2009 turnover adjustments. Growth in the region is done at high rates to preserve profitability.

### **C. Ordinary operating income**

The net technical result reached €391.0 million over the period, compared to €358.6 million last year.

The main driver of the increase is the lower combined ratio, down by 2.4 points against the same period last year.

The claims ratio for the 2011 attachment year is slightly lower than last year (62.2% against 62.6%) but the contribution of positive run-offs in the total claims ratio is lower so that the ratio all attachment years stands at 42.1% compared to 40.8% last year.

The claims ratio is still very low, although the number and amount of claims increased after having reached a bottom in the third quarter 2010. However, both the number and amount of claims are still significantly lower than pre-crisis levels.

To keep the claims ratio low, the Group stands firm on pricing and has made its risk governance more effective: all warning signals are in place in case of sudden economic deterioration, first restrictive measures have been taken in risky countries and sectors.

The net expense ratio improved by 3.7 points from 28.1% to 24.4% between September 2010 and September 2011. The increase in gross expenses was overcompensated by higher reinsurance commissions on current and past attachment years, thanks to the favorable claims environment, and, to a lesser extent, by the increase in net premiums and a higher service margin.

As a result, the combined ratio stands at 66.5% at the end of September 2011 compared to 68.9% at end of September 2010 and 68.7% at year-end 2010.

The net investment income stands at €90.4 million.

Putting aside foreign exchange effects, financial income has reached €86.3 million at the end of September 2011, down by €5.4 million from last year's level.

The negative difference is due to lower net realized gains for € 8.4 million and to depreciation on the investment portfolio (€2.4 million). Greek sovereign bonds were impaired by €1.9 million (up €1.1 million from June) from a nominal value of €4.3 million.

In addition, foreign exchange had a negative impact of €6.9 million.

The ordinary operating income stands at €391.0 million at end of September 2011, up 9% against last year.

### **D. Investment portfolio**

At end September 2011, the market value of the group's investment is up €99 million from the end of year 2010 level, at €3,866 million, mainly due to net cash inflows.

The group maintains its very conservative financial strategy with limited investments on the stock market and with 93% of its bond investments in AAA/AA rated issuers. Its positioning on quality issuers enabled its bond portfolio to increase in value since the beginning of the year. The exposure to the riskiest European economies is very limited (at the end of September, €39 million to Italy and €2 million to Greece).

## E. Non ordinary expenses

At the end of September 2011, €11.1 million of restructuring charges were booked on the legal restructuring project and on the project Excellence.

## F. Outlook

Euler Hermes expects delayed consumption of key durable goods for households and postponed critical productive investments for companies. At the same time, the global level of country risk is deteriorating. In this context, corporate insolvencies will stop decelerating and may even increase in some countries.

However, Euler Hermes maintains its 2011 target of a 5-6% gross earned premium growth and a net combined ratio in the low seventies provided no exceptional high loss occurs. The group is indeed well prepared for future challenges thanks to its strong capitalization and the quality of its portfolio. In addition, the customer centricity initiative launched in the framework of project Excellence, will be key to identify promptly warning signals and to preserve the group's strong franchise with its clients in this uncertain period.

## II. Results for the third quarter of 2011

### A. Key figures

€ million	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Change vs Q3 2010	
Gross earned premiums	485.8	485.4	452.6	469.6	450.2	35.6	7.9%
Services revenues	94.4	97.0	91.5	97.3	92.0	2.4	2.6%
<b>Total turnover</b>	<b>580.2</b>	<b>582.4</b>	<b>544.1</b>	<b>566.9</b>	<b>542.2</b>	<b>38.0</b>	<b>7.0%</b>
Net technical result	97.6	132.4	70.5	92.8	135.6	-38.0	-28.0%
Net investment income	22.3	35.2	32.9	20.5	28.9	-6.6	-22.8%
<b>Ordinary operating income</b>	<b>119.9</b>	<b>167.6</b>	<b>103.4</b>	<b>113.3</b>	<b>164.5</b>	<b>-44.6</b>	<b>-27.1%</b>
<b>Non-ordinary operating expenses</b>	<b>-7.3</b>	<b>-2.6</b>	<b>-1.2</b>	<b>-72.0</b>	<b>-10.9</b>	<b>3.6</b>	<b>-33.0%</b>
<b>Operating income</b>	<b>112.6</b>	<b>165.0</b>	<b>102.2</b>	<b>41.2</b>	<b>153.6</b>	<b>-41.0</b>	<b>-26.7%</b>
<b>Net income</b>	<b>83.5</b>	<b>117.2</b>	<b>75.3</b>	<b>38.6</b>	<b>108.4</b>	<b>-24.9</b>	<b>-22.9%</b>
Net claims ratio	41.9%	35.9%	49.1%	45.9%	27.3%		
Net expense ratio	25.8%	21.5%	25.9%	22.3%	24.6%		
Net combined ratio	67.8%	57.4%	75.0%	68.2%	51.9%		

Euler Hermes posted again a very strong turnover in the third quarter 2011, at €580.2 million.

The net combined ratio is at 67.8% in Q3 2011, up 15.9 points against Q3 2010.

The claims ratio for the 2011 attachment year is higher in Q3 2011 than it was in Q3 2010 (64.2% against 58.6%) and the contribution of positive run-offs in the total claims ratio for the quarter is lower than it was in the same quarter last year. As a consequence, the claims ratio all attachment years stands at 41.9% in Q3 2011 compared to 27.3% in Q3 2010 which was the lowest point in post-crisis claims development.

The difference in combined ratios is reflected in the net technical result which stands at €97.6 million in Q3 2011 against €135.6 million in Q3 2010.

The net investment income amounted to €22.3 million in Q3 2011, down by € 6.6 million against Q3 2010. This decrease is mostly due to lower realized gains.

As a combination of net technical result and financial income, the operating income amounts to €112.6 million in Q3 2011 compared with €153.6 million in Q3 2010.

## B. Breakdown of turnover by region (based on earned premiums)

<i>Turnover</i>	<b>Q3 2011</b>	<b>Q3 2010</b>	<b>Variation %</b>	<b>Q3 2010</b>	<b>Variation %</b>
<i>€ million</i>	<b>(1)</b>	<b>(2)</b>		<b>(3)</b>	
<b>Regions</b>					
Germany	198.0	200.8	-1.4%	203.4	-2.7%
France	102.9	92.8	10.9%	92.8	10.9%
Northern Europe	115.4	109.9	5.0%	107.7	7.1%
Mediterranean Region	70.0	50.1	39.8%	50.0	39.8%
Americas	55.4	54.7	1.3%	51.1	8.4%
Asia Pacific	17.8	16.5	7.9%	16.2	9.7%
EH Reinsurance + others	20.7	17.5	18.5%	17.5	18.6%
<b>Euler Hermes Group</b>	<b>580.2</b>	<b>542.2</b>	<b>7.0%</b>	<b>538.8</b>	<b>7.7%</b>

*Group contribution : After inter-region eliminations & intra-region eliminations*

*(1) Turnover with geographical reclassification (average FX rate September 2011)*

*(2) Turnover with geographical reclassification (average FX rate September 2010)*

*(3) Turnover with geographical reclassification at constant exchange rate*

All financial information is available on Euler Hermes website

<http://www.eulerhermes.com/en/finance/finance.html>

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**Euler Hermes** is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,000+ employees in over 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and **posted a consolidated turnover of €2.15 billion in 2010.**

Euler Hermes has developed a credit intelligence network that enables it to analyze the financial stability of 40 million businesses across the globe.

The group insured worldwide business transactions totaling €633 billion exposure end of December 2010.

Euler Hermes, subsidiary of Allianz, is listed on Euronext Paris. The group is rated AA- by Standard & Poor's.

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The company assumes no obligation to update any forward-looking statement.