

Paris, 26 July 2011.

**Euler Hermes' results for the first half of 2011**

**Turnover: €1.127 billion**  
**Net technical result: €203 million**  
**Ordinary operating income: €271 million**  
**Net income: €192.5 million**

*During continued uncertain times, Euler Hermes produced outstanding results in the first semester 2011.*

*The group posted a turnover of €1.127 billion, up 8.5% compared to the first semester 2010. Premiums alone are up 9.7% against last year and benefited from economic recovery, together with a sustained appetite for credit insurance reflected in its client retention rate which is on the rise for the third consecutive year. The positive operational performance is reflected in the combined ratio (65.8%), which is low for both claims and expenses. As a result, the group recorded a net income of €192.5 million, compared to €147.4 million in the first semester 2010.*

*The lack of visibility on the future market conditions and continued pressure on pricing lead Euler Hermes to confirm initial growth expectations for the full year.*

*“Operational performance will remain solid in the second half of the year although run-off releases are traditionally lower in the second semester, as both the level of net claims and costs will stay low. It will be supported by the implementation of the Excellence transformation plan, which is on track. In addition, the group launched some key initiatives - with China Pacific Insurance Group in China and with Mapfre in the Iberian peninsula and Latin America - to strengthen its position in growth markets”, declared Wilfried Verstraete, Chairman of the Euler Hermes Board of Management.*

The Group Management Board presented the consolidated results as at 30 June 2011 to the Euler Hermes Supervisory Board on 26 July 2011. The results have been reviewed by the auditors and the Audit Committee.

**I. Results for the first-half 2011**

**A. Key figures**

In the first half of 2011, Euler Hermes recorded a net income of €192.5 million, compared to €147.4 million for the first half of 2010. The main driver of this improvement is the low combined ratio.

€ million			Change	
	H1 2011	H1 2010	vs H1 2010	
Gross written premiums	1,085.0	992.1	92.8	9.4%
Gross earned premiums	938.0	855.4	82.7	9.7%
Service revenues	188.5	183.3	5.2	2.9%
<b>Total turnover</b>	<b>1,126.5</b>	<b>1,038.6</b>	<b>87.9</b>	<b>8.5%</b>
Net technical result	202.9	120.3	82.6	68.7%
Net investment income	68.1	73.9	-5.8	-7.8%
<b>Ordinary operating income</b>	<b>271.1</b>	<b>194.2</b>	<b>76.9</b>	<b>39.6%</b>
<b>Non-ordinary operating expenses</b>	<b>-3.9</b>	<b>0.0</b>	<b>-3.9</b>	
<b>Operating income</b>	<b>267.2</b>	<b>194.2</b>	<b>73.0</b>	<b>37.6%</b>
<b>Net income</b>	<b>192.5</b>	<b>147.4</b>	<b>45.1</b>	<b>30.6%</b>
Net claims ratio	42.2%	47.7%		
Net expense ratio	23.6%	29.8%		
Net combined ratio	65.8%	77.5%		

## B. Turnover

For the first six months of 2011, Euler Hermes' turnover amounts to €1,126.5 million, increasing by 8.5% compared to €1,038.6 million for the first half of 2010. With constant perimeter and constant exchange rate, the commercial activity of the group has increased by 8.9% during the first six months of the year which confirms an ongoing global economic recovery already observed during the second part of 2010 and shows the positive influence of Euler Hermes new customer approach.

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

Turnover	H1 2011	H1 2010	Variation %	H1 2010	Variation %
€ million	(1)	(2)	(1)/(2)	(3)	(1)/(3)
<b>Regions</b>					
Germany	374.1	363.3	3.0%	363.4	2.9%
France	205.1	190.6	7.6%	190.6	7.6%
Northern Europe	241.7	222.5	8.6%	224.8	7.5%
Med. Countries & Africa	129.1	104.7	23.4%	104.7	23.4%
Americas	105.2	98.2	7.2%	91.4	15.1%
Asia Pacific	32.3	27.9	15.7%	27.9	15.6%
EH Reinsurance + others	39.0	31.5	23.8%	31.5	23.7%
<b>Euler Hermes Group</b>	<b>1,126.5</b>	<b>1,038.6</b>	<b>8.5%</b>	<b>1,034.2</b>	<b>8.9%</b>

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

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

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

(3) Turnover with geographical reclassification at constant exchange rate

In mature markets, the growth is still strong, ranging from 3.0% in Germany to 8.6% in Northern Europe.

The sustained growth in earned premium (+9.7%) is the result of a positive net new production and insured turnover evolution over the period, thus overcompensating price decreases of -5.5% on the renewed portfolio.

### C. Ordinary operating income

The net technical result, before financial income, reached €202.9 million on the first six months of 2011, compared to €120.3 million on the same period in 2010. Net claims ratio and net expense ratio improved by 5.5 points and 6.2 points, respectively, in comparison with the first semester 2010.

Net claims (both current and previous years) decreased to €256 million, down by 3% compared to the first semester 2010. The net claims ratio on the current attachment year is 61.2% against 64.7% last year, despite the booking of the Miro claim (Spanish IT retailer) for €19.5 million net. With a positive contribution of additional run-off (19 points at June 2011 vs. 17 points at June 2010), the net claims ratio all attachment years was down to 42.2% from 47.7% at end of June 2010.

After reaching bottom in the third quarter 2010, claim amounts covered increased, as the risk underwriting policy was eased to support customer demands. However, apart from the Miro claim, the number and amount of mid-size and large claims has not reached pre-crisis levels, leading to this exceptionally low claims ratio.

The group is following closely the evolution in each of the European countries. A very selective risk underwriting approach has been applied specifically in Greece since the beginning of the financial crisis in 2008, and is adapted continuously in line with ongoing developments.

The net expense ratio improved by 6.2 points from 29.8% to 23.6% between June 2010 and June 2011. The increase in gross expenses was overcompensated by higher reinsurance commissions on current and past loss attachment years, thanks to the favourable claim environment (+7.5 points), and to a lesser extent by the increase in net premiums and higher service margins.

Combined ratio stands at 65.8% at June 2011 compared to 77.5% at June 2010 and 68.7% at year-end 2010.

Net investment income settles at €68.1 million. Putting aside foreign exchange effects, financial income at 30 June 2011 reached €66.9 million, up €4.9 million above last year's level. The additional income was mostly generated on bonds partially balanced by lower realized net gains for €1 million. However the change in foreign exchange had a negative impact of €10.7 million.

Euler Hermes group is exposed to Greek sovereign debt through its local subsidiary up to nominal of €4.3 million for a market value of €3.4 million. An impairment was recorded in the accounts at 30 June 2011 for €0.8 million.

As a result of the higher turnover, lower net claims and net expenses, ordinary operating income has increased from €194.2 million at the end of June 2010 to €271.1 million at the end of June 2011.

### D. Investment portfolio

For the six months to June 2011, the market value of the group's investment portfolio increased by €45 million with year end of 2010, at €3,812 million, due to net cash inflows.

The Group is maintaining a very conservative investment strategy: its exposure to debt in Southern Europe is very limited (at end of July, €83 million on Italy, €0 on Spain, €3 million on Greece, €5.5 million on Portugal).

### E. Non ordinary expenses

As at 30 June 2011, €3.9 million of additional restructuring charges were booked on the project Excellence. At the same time, Euler Hermes had spent €5 million out of the €56.6 million provision recorded at end of December 2010.

### F. Net result

Euler Hermes' strong operational performance is also reflected in net income which reached €192.5 million at end of June 2011 compared to €147.4 million at end of June 2010.

## G. Outlook

Even with more moderate growth in the second half of the year and despite price decreases which should reach -6% of the total portfolio by year end, Euler Hermes is still confident to be able to deliver a 5 to 7% growth in its premiums for 2011.

Going forward, and as a further example of the group's commitment to reach out for growth in the development markets, Euler Hermes signed a memorandum of understanding with Mapfre to jointly develop their credit and bond insurance business in the Iberian and Latin American markets.

On the operations side, the Excellence transformation programme is starting to yield efficiency gains and will thereby further positively contribute to Euler Hermes' results.

## II. Results for the second quarter of 2011

### A. Key figures

€ million	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Change vs Q1 2011		Change vs Q2 2010	
Gross earned premiums	485.4	452.6	469.6	450.2	438.0	417.4	32.8	7.3%	47.4	10.8%
Services revenues	97.0	91.5	97.3	92.0	95.1	88.2	5.5	6.0%	1.9	2.0%
<b>Total turnover</b>	<b>582.4</b>	<b>544.1</b>	<b>566.9</b>	<b>542.2</b>	<b>533.1</b>	<b>505.5</b>	<b>38.3</b>	<b>7.0%</b>	<b>49.3</b>	<b>9.3%</b>
Net technical result	132.4	70.5	92.8	135.6	95.8	24.5	61.9	87.8%	36.6	38.2%
Net investment income	35.2	32.9	20.5	28.9	31.3	42.6	2.3	7.1%	3.9	12.5%
<b>Ordinary operating income</b>	<b>167.7</b>	<b>103.4</b>	<b>113.3</b>	<b>164.5</b>	<b>127.0</b>	<b>67.1</b>	<b>64.3</b>	<b>62.1%</b>	<b>40.7</b>	<b>32.0%</b>
Non-ordinary operating expenses	-2.7	-1.2	-72.0	-10.9	0.0	0.0	-1.5	122.1%	-2.7	
<b>Operating income</b>	<b>165.0</b>	<b>102.2</b>	<b>41.2</b>	<b>153.6</b>	<b>127.0</b>	<b>67.1</b>	<b>62.8</b>	<b>61.4%</b>	<b>38.0</b>	<b>29.9%</b>
<b>Net income</b>	<b>117.2</b>	<b>75.3</b>	<b>38.6</b>	<b>108.4</b>	<b>99.8</b>	<b>47.6</b>	<b>41.9</b>	<b>55.6%</b>	<b>17.4</b>	<b>17.4%</b>
Net claims ratio	35.9%	49.1%	45.9%	27.3%	38.0%	58.1%				
Net expense ratio	21.5%	25.9%	22.3%	24.6%	27.8%	31.9%				
Net combined ratio	57.4%	75.0%	68.2%	51.9%	65.8%	90.0%				

Euler Hermes recorded a turnover of €582.4 million in the second quarter of 2011, up by 7% compared with the previous quarter (€544.1 million – First quarter figures being traditionally lower than subsequent quarter) and up by 9.3% compared to the second quarter 2010.

The release of claims run-off occurred earlier in the year than in 2010 so that the net claims ratio, at 35.9%, is lower than in the second quarter 2010. The claims ratio for the current attachment year, at 59.9% in the second quarter 2011, is slightly down from the first quarter, mostly because of a higher level of premiums.

The net expense ratio improved by 6.3 points between the second quarter 2010 and the second quarter 2011 (from 27.8% to 21.5%), with a positive contribution from reinsurance commissions related to current and previous attachment years.

The net technical result reached €132.4 million in the second quarter of 2011, up by €61.9 million from the first quarter of 2011 and by €36.6 million from the second quarter of 2010.

Net investment income amounted to €35.2 million in the second quarter of 2011.

Supported by strong operational performance, operating income for the second quarter of 2011 rose to €165.0 million compared with €102.2 million in the first quarter of 2011.

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

€ million	Turnover	Q2 2011 (1)	Q2 2010 (2)	Variation % (1)/(2)	Q2 2010 (3)	Variation % (1)/(3)
<b>Regions</b>						
	Germany	191.2	187.8	1.8%	187.8	1.8%
	France	111.2	99.3	12.1%	99.3	12.1%
	Northern Europe	122.6	114.3	7.3%	113.9	7.7%
	Med. Countries & Africa	64.8	46.9	38.0%	46.9	38.1%
	Americas	52.4	53.0	-1.1%	46.7	12.0%
	Asia Pacific	16.0	13.4	19.0%	13.4	19.5%
	EH Reinsurance + others	24.2	18.3	32.1%	18.4	32.1%
	<b>Euler Hermes Group</b>	<b>582.4</b>	<b>533.1</b>	<b>9.3%</b>	<b>526.3</b>	<b>10.7%</b>

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

(1) Turnover with geographical reclassification (average rate June 2011 )

(2) Turnover with geographical reclassification (average rate June 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 analyse the financial stability of 40 million businesses across the globe.

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

Euler Hermes, subsidiary of Allianz, is listed on Euronext Paris. The group and its principal credit insurance subsidiaries are rated AA- by Standard & Poor's.

[www.eulerhermes.com](http://www.eulerhermes.com)

### Contacts

#### Investor relations

Nicolas Hein: +33 (0)1 40 70 54 65

[nicolas.hein@eulerhermes.com](mailto:nicolas.hein@eulerhermes.com)

Clarisse Kopff: +33 (0)1 40 70 51 38

[Clarisse.kopff@eulerhermes.com](mailto:Clarisse.kopff@eulerhermes.com)

#### Media relations

Raphaële Hamel: +33 (0)1 40 70 81 33

[raphaele.hamel@eulerhermes.com](mailto:raphaele.hamel@eulerhermes.com)

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