

Press release

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

PARIS – 20 JANUARY 2014 – [Euler Hermes](#) has received a AA- rating from leading Chinese credit rating agency Dagong, and is also the first insurance company in Europe to be rated by the agency.

The credit review referenced Euler Hermes' very strong and resilient financial profile, prudent risk management practices and large capital base to cover growing net credit risk exposure. It also noted the rating is supported by a leading competitive position in the credit insurance industry and a strong and coherent development strategy. The credit review was conducted by Milan-based [Dagong Europe](#).

"The AA- rating by Dagong is a particularly important milestone in our long-term growth plan," said [Wilfried Verstraete](#), chairman of the Board of Management of Euler Hermes. "As a geographically- and culturally-diverse group, Euler Hermes values perspectives on our business model from the countries where we operate. In this context, and as the global market leader in our sector, we welcome Dagong's recognition of the strength of our business strategy and our robust performance. For our clients in China, and across the 55 countries we are active in, it also reflects our financial solidity and best-in-class risk management that helps them develop their business safely."

The main considerations cited by Dagong Europe in affirming the Euler Hermes credit rating are:

- Successful strategy and strong competitive position: Successful execution of the strategy, with a leading 34% market share in the global credit insurance sector. Going forward, new opportunities are expected to come mainly from growth markets, in particular in Asia.
- Strong risk management: Prudent underwriting and sophisticated risk management tools, mitigating high tail risks and protecting from high volatility in earnings and capital. In addition, high geographic diversification also reduces sensitivity to economic downturns.
- Very strong capital: Large, stable and high-quality capital base, consisting primarily of shareholders' equity comfortably supporting growth needs and providing a buffer against unfavorable losses.

"The stable outlook reflects our expectations that Euler Hermes will maintain and strengthen its competitive position, deliver on a steady and controlled growth strategy in emerging markets, and maintain a large capital base and strong profitability over the cycle," said Carola Saldias, sector head, senior director Financial Institutions, Dagong Europe. "We anticipate return on equity to be above 12% and net combined ratio in the range of 75%-85%. In addition, Euler Hermes is strategically important to and a highly integrated member of Allianz Group, providing diversification, high returns and growth opportunities. With its specialized niche product, it enables Allianz to provide a full product range, from retail to risk management solutions, for its corporate clients segment."

Dagong was founded in 1994 with the joint approval of The People's Bank of China and the former State Economic and Trade Commission. It holds all qualifications for credit rating recognized by the Chinese government. Dagong Europe was established in March 2012. In June 2013 it received authorization and registration from the European Securities Market Authority ('ESMA') under Article 16 of the CRA regulation. It is both the first Chinese and the first Asian company to register and obtained its credit rating license in Europe.

"Every day we invest in our business in Asia - particularly in China - helping our clients grow and make strategic trading decisions in this most dynamic part of the world," said Fabrice Desnos, CEO, Euler Hermes APAC. "It is very encouraging to see this investment commitment and our country and industry sectors knowledge recognized in the Dagong report. This strong rating from experts in the Asian economic environment will be important to our banking and insurance partners here in China, and will support our continued penetration and growth in this key market for Euler Hermes."

Euler Hermes' presence in China began in 1999. Headquartered in Shanghai, it offers risk management and consulting services to local companies and insurance partners. It extended its footprint in 2012 with branches in Beijing and Shenzhen. In October 2013, Euler Hermes was named best credit service provider in China at the 10th China International Credit and Risk Management Conference held in Beijing.

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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 €2.4 billion in 2012. 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 €770 billion exposure end of December 2012. Euler Hermes, a company of Allianz, is listed on Euronext Paris. The Group is rated AA- by Standard & Poor's.

For more information visit www.eulerhermes.com or follow us on Twitter: [@eulerhermes](https://twitter.com/eulerhermes)

Euler Hermes Asia Pacific

Euler Hermes' Asia Pacific trade credit insurance activities were established in 2000 and today are present either directly or through local partners in Australia, China, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan and Thailand. More than 250 people are employed in trade credit, bonding and collection services across the Asia Pacific region. Euler Hermes' Asia Pacific headquarters are based in Hong Kong. For more information visit www.eulerhermes.hk.

Dagong Europe

Dagong was founded in 1994 with the joint approval of The People's Bank of China and the former State Economic and Trade Commission. It holds all qualifications for credit rating recognized by the Chinese government. After 18 years of development, it has established a complete system of credit rating theories, standards development and innovation mechanisms, credit information production and service systems. It also established the Dagong Credit Management School jointly with Tianjin University of Finance and Economics. Headquartered in Beijing, it has 34 branches domestically and two abroad, with about 600 employees. Dagong Europe is a joint venture between Dagong Global Credit Rating (60% ownership) and Mandarin Capital Partners (40% ownership). Established in March 2012 with headquarters in Milan, Italy, it received in June 2013 authorization and registration by the European Securities Market Authority ('ESMA') under Article 16 of the CRA regulation. For more information <http://www.dagongeuropa.com/>

Cautionary note regarding forward-looking statements: The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Euler Hermes Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) persistency levels, (v) the extent of credit defaults, (vi) interest rate levels, (vii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the European Monetary Union, (x) changes in the policies of central banks and/or foreign governments, (xi) the impact of acquisitions, including related integration issues, (xii) reorganization measures, and (xiii) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The company assumes no obligation to update any forward-looking statement.