

Paris, November 4<sup>th</sup>, 2010

**Euler Hermes' results for the first nine months of 2010**

**Turnover: €1,581 million**  
**Technical result: €256 million**  
**Operating income: €359 million**  
**Net income: €256 million**

*“Turnover recovery is confirmed in Q3 2010 as Euler Hermes achieved a quarterly turnover of 542 M€ after 533 M€ in the second quarter and 505 M€ in the first. Q3 2010 turnover grew by 5.8% compared to Q3 2009. For the first nine months of the year, turnover reached €1,581 million, gaining momentum towards 2009 as gross earned premiums showed again a positive growth of 1% towards the first nine months of 2009. The combined ratio continued to improve in Q3 2010 dropping to 68.9% end of September 2010” stated Wilfried Verstraete, Chairman of the Euler Hermes Group Management Board. He added: “These good results significantly strengthen our capital base, securing our S&P AA- rating and offering a strong capital protection to our policyholders. Over the last nine months, Euler Hermes has focused its commercial efforts on providing the best possible risk coverage to our customers. As a result, our renewal rate climbed back above 90%, generating a 6% growth of gross written premiums and confirming our strategy to put our policyholders at the centre of our business development”.*

The Group Management Board presented the results as at September 30<sup>th</sup>, 2010 to the Euler Hermes Supervisory Board on November 4<sup>th</sup>, 2010. The results have been reviewed by the Audit Committee.

**I. Results at the end of September 2010**

**A. Key figures**

2010 confirms an ongoing global economic recovery which accelerates in Q3 2010. In this environment, Euler Hermes recorded a net income of €255.8 million for the first nine months of 2010, compared to €0.9 million at the end of September 2009. The strong recovery towards 2009 is mainly driven by an improved combined ratio which dropped from 107.4% to 68.9%, profiting from the fact that the net claims ratio has been divided by more than half over the last twelve months. This strong improvement of the claims ratio is driven by the risk and commercial action plans that Euler Hermes has initiated since the beginning of the crisis in 2008, during which global insolvency index has increased by more than 50% in the period 2008-2009 with only a slight decrease of 3% in 2010.

€ million	YTD Sept. 2010	YTD Sept. 2009	Change vs 2009	
Gross Written Premiums *	1,454.1	1,377.8	76.3	6%
Gross Earned Premiums	1,305.6	1,295.9	9.7	1%
Services revenues	275.2	301.3	-26.0	-9%
<b>Total Turnover</b>	<b>1,580.8</b>	<b>1,597.2</b>	<b>-16.4</b>	<b>-1%</b>
<i>* excluding rebates</i>				
Net technical result	255.9	-71.1	326.9	nr
Net investment income	102.7	118.9	-16.2	nr
<b>Operating income</b>	<b>358.6</b>	<b>47.9</b>	<b>310.7</b>	<b>nr</b>
<b>Net income</b>	<b>255.8</b>	<b>0.9</b>	<b>255.0</b>	<b>nr</b>
Net claims ratio	40.8%	85.0%		
Net expense ratio	28.1%	22.4%		
Net combined ratio	68.9%	107.4%		

## B. Turnover

Due to a 5.8% growth in Q3, gross earned premiums end of September 2010 renewed with a positive growth compared to 2009 (+1%) while services revenues has been impacted by negative growth of 9% mainly driven by lower debt collection fees.

Due to lower services revenues, Group's turnover still show a slight decrease of -1% compared to the first nine months of 2009.

All regions are back to a positive growth end of September 2010 except South Europe which continues to be impacted by the portfolio reduction initiated by Euler Hermes in 2009.

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

€ million	YTD 2010 (1)	YTD 2009 (2)	Change (1)/(2)	YTD 2009 (3)	Change (1)/(3)
Germany	565.3	564.4	0.2%	564.8	0.1%
France	285.1	284.2	0.3%	284.2	0.3%
Northern Europe	331.1	326.2	1.5%	339.3	-2.4%
Southern Europe	153.1	188.8	-18.9%	188.8	-18.9%
Americas	152.9	146.1	4.7%	153.7	-0.5%
Asia	44.4	43.3	2.5%	43.9	1.1%
EH Re + others	48.9	44.2	10.6%	45.4	7.7%
<b>Euler Hermes</b>	<b>1,580.8</b>	<b>1,597.2</b>	<b>-1,0%</b>	<b>1,620.1</b>	<b>-2.4%</b>

Notes: (1) Turnover with geographical reclassification (average rate September 2010)

(2) Turnover with geographical reclassification pro forma (average rate September 2009)

(3) Turnover with geographical reclassification pro forma corrected from exchange rates and perimeter effects

## C. Operating income

The net technical result, before financial income, reached €255.9 million at the end of September 2010, compared with a loss of €71.1 million at the end of September 2009. This improvement is mainly driven by a sharp decrease in the net claims ratio.

Net claims decreased to €341.1 million, down by 54%, compared to the previous year. The net claims ratio dropped to 40.8% compared to 85.0% at end of September 2009.

In the first nine months of 2010, Euler Hermes benefited both from higher positive run-offs from previous underwriting years and a decreasing current year loss ratio. End of September 2010, the net run-offs totalled €182.3 million, mainly driven by a sharp drop in claims notifications (more than 50% compared with the first nine months of 2009). The run-off ratio end of September equals to 21.8% of the net earned premiums.

Taking into account that claims notifications have reached a low point in August 2010, Euler Hermes foresees that the contribution of positive run-offs to the net technical result should decrease in fourth quarter 2010.

The net expense ratio deteriorated by 5.7 points from 22.4% to 28.1% at the end of September 2010. The main factors of this deterioration are lower net premiums (-0.9 points), lower service revenues (-3.1 points) and higher gross expenses (-2.9 points) balanced partially by an increase in reinsurance commission (+1.2 points).

The combined ratio after reinsurance equals to 68.9% end of September 2010, improving by 38.5 points compared with the first nine months of 2009.

Net investment income for the first three quarters reached €102.7 million, €16.2 million less than at the end of September 2009 (€118.9 million) mainly due to lower capital gains (€-30.8 million), partly offset by positive foreign exchange variances towards last year (€+18.6 million).



Thanks to the strong recovery of the 2010 net technical result, operating income has increased from €47.9 million at the end of September 2009 to €358.6 million at the end of September 2010.

This strong operational performance is also reflected in net income which reached €255.8 million at end of September 2010 compared to break-even at end of September 2009.

#### D. Investment portfolio

At end of September 2010, the fair value of the investment portfolio, including cash and cash equivalents, came to €3,714 million, compared with €3,339 million at year-end 2009, increasing by €375 million, mainly due to a strong operational cash flow generation.

Unrealised capital gains and revaluation reserves amount to €96 million at end-September 2010, up from €70 million at end-December 2009.

#### E. Outlook

The first nine months of 2010 saw a recovery in the world economy despite low GDP growth in many of the group's core markets. Euler Hermes expects the world economy to grow at a lower pace in 2011 than in 2010. Corporate insolvencies should continue to decline worldwide next year. However, this decline is likely to be moderate (-3% in 2010 and -5% in 2011) as insolvency levels continue to remain much higher than before the crisis.

In the current economic environment, lacking visibility, Euler Hermes aims to run its business in the most efficient way by launching the transformation program "Excellence" to improve the group's long term competitive edge both on market and cost side over the next three years. On market side, Euler Hermes targets to enable growth through a new global customer segmentation and a service model granting higher client satisfaction. On cost side, Euler Hermes targets to build an efficient global platform able to generate operational productivity gains through harmonised processes and simplified legal structures. Euler Hermes has engaged discussions with employee representatives in order to present the "Excellence" programme in detail. Euler Hermes will communicate and book the potential reorganisation costs once negotiations are finalised. The group expects to finalise discussions before year end.

## II. Results for the third quarter of 2010

### A. Key figures

€ million	Q3 2010	Q2 2010	Q1 2010	Q3 2009	Change vs Q2 2010		Change vs Q3 2009	
Gross Earned Premiums	450.2	438	417.4	414.5	12.2	2.8%	35.7	8.6%
Services revenues	92	95.1	88.2	98.2	-3.1	-3.3%	-6.2	-6.3%
<b>Total Turnover</b>	<b>542.2</b>	<b>533.1</b>	<b>505.6</b>	<b>512.7</b>	<b>-9.1</b>	<b>1.7%</b>	<b>29.5</b>	<b>5.8%</b>
Net technical result	135.6	95.8	24.5	-11.6	39.8	41.5%	147.2	nr
Net investment income	28.9	31.3	42.6	24	-2.4	-7.7%	4.9	20.4%
<b>Operating income</b>	<b>164.5</b>	<b>127.1</b>	<b>67.1</b>	<b>12.4</b>	<b>37.4</b>	<b>29.4%</b>	<b>152.1</b>	<b>nr</b>
<b>Net income</b>	<b>108.4</b>	<b>99.8</b>	<b>47.6</b>	<b>0.2</b>	<b>8.6</b>	<b>8.6%</b>	<b>108.2</b>	<b>nr</b>
Net claims ratio	27.3%	38,0%	58.1%	77.1%				
Net expense ratio	24.6%	27.8%	31.9%	26.2%				
Net combined ratio	51.9%	65.8%	90,0%	103.3%				

Euler Hermes recorded a turnover of €542.2 million in the third quarter of 2010, up by 1.7% compared to the previous quarter (€533 million), and up by 5.8% compared to the third quarter of 2009 (+3.8% at constant exchange rates). Due to the low claims environment Euler Hermes has booked additional rebates on profitable policies which limited premium increases in the third quarter.

Euler Hermes benefited from a favourable claims environment in the third quarter of 2010. The fall in net claims cost brought the net claims ratio to 27.3% in Q3 2010 compared with 38% in the second



quarter of 2010 and 77.1% in the third quarter of 2009. Net positive run-offs of €88.2 million were generated thanks to lower than expected claims notifications related to previous attachment years.

The net expense ratio improved by 1.6 points during the third quarter of 2010 compared with the same period in 2009 (from 26.2% to 24.6%). The improvement was primarily due to lower current claims ceded to reinsurers.

The net technical result reached €135.6 million in the third quarter of 2010, up by €39.8 million compared to the second quarter of 2010 and by €147.2 million compared with the third quarter of 2009.

Net investment income amounted to €28.9 million in the third quarter of 2010.

Supported by a strong operational performance, net income for the third quarter of 2010 rose to €108.4 million compared with €99.8 million in the second quarter of 2010.

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

€ million	Q3 2010 (1)	Q3 2009 (2)	Change (1)/(2)	Q3 2009 (3)	Change (1)/(3)
Germany	202	187	8,0%	187.3	7.8%
France	94.5	86.3	9.5%	86.3	9.5%
Northern Europe	108.6	108.4	0.2%	112.5	-3.5%
Southern Europe	48.4	57.2	-15.4%	57.2	-15.4%
Americas	54.7	45.5	20.2%	50.1	9.2%
Asia	16.5	16.1	2.5%	16.3	1.2%
EH Re + others	17.4	12.3	41.5%	12.4	40.3%
<b>Euler Hermes</b>	<b>542.2</b>	<b>512.7</b>	<b>5.8%</b>	<b>522.2</b>	<b>3.8%</b>

Notes: (1) Turnover with geographical reclassification (average rate September 2010)

(2) Turnover with geographical reclassification pro forma (average rate September 2009)

(3) Turnover with geographical reclassification pro forma corrected from exchange rates and perimeter effects

###

**Euler Hermes** is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,200 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 €2.1 billion in 2009.**

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 protects worldwide business transactions totalling €700 billion.

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 / Euler Hermes Group

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

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

#### Media relations / Euler Hermes Group

Raphaële Hamel: +33 (0)1 40 70 81 33

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

**These assessments are, as always, subject to the disclaimer provided below.**

Cautionary Note Regarding Forward-Looking Statements: Certain of the statements contained herein may be 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 Allianz SE's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults (vii) interest rate levels, (viii) currency exchange rates including the Euro-U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central



banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures and (xiv) 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 matters discussed herein may also involve risks and uncertainties described from time to time in Allianz SE's filings with the U.S. Securities and Exchange Commission. The Group assumes no obligation to update any forward-looking information contained herein.