

Paris, February 15th, 2011

<p>Euler Hermes' 2010 results</p> <p>Turnover: €2,148 million</p> <p>Net technical result: €349 million</p> <p>Ordinary operating income: €472 million</p> <p>Net income: €294 million</p>

Turnover increased for the fourth consecutive quarter to €567 million showing a 4.6% growth towards Q3 2010 (€542 million). Q4 2010 turnover grew by 16% compared to Q4 2009, when turnover was at its lowest during the crisis. For year 2010, turnover reached €2,147.7 million growing by 3% compared to 2009. 2010 net result amounts to €294 million. *“Our strategy to put our policyholders at the centre of our business development shows results. Euler Hermes’ customers enjoyed an increase in cover granted and the group benefited from a continuous topline recovery throughout 2010. As a consequence the Group posted a record in new business -€259 million- and customers’ retention grew from 82% to 85% in the credit insurance business. Improved loss ratio and solid financial result pushed the operating profit up from €84 million in 2009 to €472 million end of 2010”,* stated Wilfried Verstraete, Euler Hermes Group CEO.

The Group Management Board presented the consolidated results for 2010, as reviewed by the Audit Committee and audited by the external auditors, to the Euler Hermes Supervisory Board on February 15th, 2011.

I. Results at the end of December 2010

A. Key figures

2010 confirmed an ongoing global economic recovery. In this environment, Euler Hermes recorded a net income of €294.5 million, compared to €19.0 million at the end of December 2009. This strong increase is mainly driven by an improved combined ratio which dropped from 104.7% to 68.7%, thanks to the net claims ratio, which fell by 40 points over the last twelve months. This strong drop in claims, both on current and previous attachment years is the result of the risk and commercial action plans that Euler Hermes initiated since the beginning of the crisis.

€ million	YTD Dec. 2010	YTD Dec. 2009	Change vs 2009	
Gross written premiums	1,770.4	1,673.1	97.2	6%
Gross earned premiums	1,775.2	1,694.5	80.7	5%
Services revenues	372.5	391.2	-18.7	-5%
Total turnover	2,147.7	2,085.7	62.0	3%
Net technical result	348.6	-64.8	413.4	638%
Net investment income	123.2	148.4	-25.2	-17%
Ordinary operating income	471.9	83.6	388.2	464%
Non-ordinary operating expenses	-82.9	-8.8	-74.1	842%
Operating income	389.0	74.7	314.3	421%
Net income	294.5	19.0	275.5	
Net claims ratio	42.1%	82.1%		
Net expense ratio	26.5%	22.6%		
Net combined ratio	68.7%	104.7%		

B. Turnover

Turnover 2010 amounts to €2,147.7 million, 3.0% above last year and 1.4% at a constant exchange rate, mainly due to a stronger US dollar and British pound.

Compared to last year, turnover is increasing in all markets except in the Southern Europe region which continued to be impacted by the portfolio reduction initiated by Euler Hermes in 2009. This increase is driven by a record new business of €259 million, an increase of customers' retention from 82% to 85% and a rise in premium rates initiated over the last two years, which more than compensates the negative impact of lower insured turnover. Since second quarter 2010, Euler Hermes registers a continuous volume recovery of the insured turnover in all Euler Hermes core markets, although weaker in Germany.

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)
Region					
Germany	764.5	743.7	2.8%	744.0	2.8%
France	384.2	364.7	5.3%	364.7	5.3%
Northern Europe	454.4	431.2	5.4%	448.7	1.3%
Southern Europe	209.2	241.2	-13.3%	241.2	-13.3%
Americas	209.7	193.7	8.3%	206.5	1.5%
Asia Pacific	59.3	54.3	9.3%	55.1	7.6%
EH Re + others	66.5	57.0	16.6%	58.3	14.1%
Euler Hermes	2,147.7	2,085.7	3.0%	2118.5	1.4%

(1) Turnover with geographical reclassification (average rate December 2010)

(2) Turnover with geographical reclassification (average rate December 2009)

(3) Turnover with geographical reclassification at constant exchange rate

C. Ordinary operating income

The net technical result, before financial income, reached €348.6 million at the end of December 2010, compared with a loss of €64.8 million at the end of December 2009. This improvement is mainly driven by the decrease in the net claims ratio.

Net claims decreased to €480.3 million, down by 47% compared to previous year. The net claims ratio dropped to 42.1% compared to 82.1% at end of December 2009 thanks to positive run-offs for €194.9 million combined with improved loss ratios for the 2010 attachment year.

Claims frequency dropped significantly in 2010 compared to the crisis year 2009 and bottomed out in third quarter 2010. During the last quarter 2010, covered claims' amounts increased again, showing that the very low level of claims observed on average in 2010 is not sustainable in the long run.

Gross technical expenses increased by 3.9% between 2009 and 2010, to €870 million in 2010. The net expense ratio deteriorated by 3.9 points from 22.6% to 26.5% at the end of year 2010, linked to the higher level of expenses (impact +2.9 points) and lower service fees (impact +1.6 point), and despite the increase in net premiums (impact -0.6 point).

The combined ratio after reinsurance equals 68.7% in 2010, improving by 36.1 points compared with 2009.

Net investment income for year 2010 reached €123.2 million, €25.2 million below 2009 net investment income. The main reason for this income decline is linked to the decrease in realised gains (€46.6 million) partially compensated by the positive impact of foreign exchange gains (€22.5 million). 2010 capital gains equal €25.6 million and are mainly realised on the asset categories real estate, bonds and equities.



Thanks to the strong recovery of the 2010 net technical result, ordinary operating income has increased from €83.6 million at the end of year 2009 to €471.9 million at the end of year 2010.

D. Investment portfolio

At end December 2010, the market value of the group's investment portfolio increased by €428 million to €3,768 million.

Unrealised capital gains reserves decreased by €25.3 million to €76.4 million, a decrease mainly driven by the capital gains of €25.6 million realised during 2010. The volatile bond market linked to difficult refinancing conditions of some European countries, did not impact Euler Hermes because of the group's low exposure to those countries and short portfolio duration. Unrealised capital gains end of 2010 correspond to 2.0% of the global investment portfolio.

E. Non ordinary expenses

In 2010 Euler Hermes booked restructuring charges, linked to project Excellence, for a global amount of €72.5 million. The transformation program "Excellence" targets to improve the group's long term competitive edge both on clients' satisfaction and productivity/flexibility over the next three years. A strong focus is made on customer centricity through a new service model providing higher client satisfaction. Euler Hermes also booked restructuring charges of €10.4 million, linked to the decision to put the retail business in run-off in Belgium.

F. Net result

Euler Hermes' strong operational performance is also reflected in net income which reached €294.4 million at end of 2010 compared to €19.0 million at end of 2009.

G. Dividends

On the basis of a net result of €6.73 per share, Euler Hermes Management Board will recommend to its Supervisory Board to distribute a dividend of €4 per share which represents a pay-out ratio of 59.4% of 2010 net result.

H. Shareholder's equity

At end of December 2010, consolidated shareholders' equity amounted to €2,148.4 million compared with €1,816.5 million at the end of 2009, mainly driven by the increase in net income.

I. Outlook

The start into 2011 still benefits from the 2010 recovery, although there were contrasts with an average 5.5% GDP growth in emerging countries against 1.7% in OECD countries. In this context, Euler Hermes trusts that demand for credit insurance will remain solid.

Euler Hermes believes that its customer centricity strategy will increasingly support customers' retention. However, price pressure may intensify and jeopardize risk price adequacy going forward. Euler Hermes' strategy is to defend the adequate pricing of risk which was achieved through various action plans during the crisis.

Despite an anticipated increase in claims frequency in 2011 and uncertain economic environment, Euler Hermes expects to post solid performance again this year.



II. Results for the fourth quarter of 2010

Key figures

€ million	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Change vs Q3 2010		Change vs Q4 2009	
Gross earned premiums	469.6	450.2	438.0	417.4	398.5	19.4	4.3%	71.1	17.8%
Services revenues	97.3	92.0	95.1	88.2	90.0	5.3	5.7%	7.3	8.1%
Total turnover	566.9	542.2	533.1	505.6	488.5	24.7	4.6%	78.4	16.0%
Net technical result	92.8	135.6	95.8	24.5	6.3	-42.8	-31.6%	86.5	nr
Net investment income	20.5	28.9	31.3	42.6	29.5	-8.4	-29.1%	-9.0	-30.5%
Ordinary operating income	113.3	164.5	127.1	67.1	35.8	-51.2	-31.1%	77.5	216.4%
Non-ordinary operating expenses	-72.0	-10.9	0.0	0.0	-1.2	-61.1	560.6%	-70.8	nr
Operating income	41.2	153.6	127.1	67.1	34.5	-112.4	-73.2%	6.7	19.4%
Net income	38.6	108.4	99.8	47.6	18.1	-69.8	-64.4%	20.5	113.3%
Net claims ratio	45.9%	27.3%	38.0%	58.1%	71.8%				
Net expense ratio	22.3%	24.6%	27.8%	31.9%	24.4%				
Net combined ratio	68.2%	51.9%	65.8%	90.0%	96.2%				

Euler Hermes recorded turnover of €566.9 million in the last quarter of 2010, up by 4.6% compared to the previous quarter (€542 million), and up by 16% compared to the fourth quarter of 2009. Thanks to the group's proactive approach to customers, Q4 2010 turnover actually reached an historical high and confirmed the growth recovery observed from Q1 2010, Q4 2009 being historically low.

On the claims side, most run-offs were released in Q2 and Q3, net run-off for Q4 amounts to €12 million, so that the claims ratio of all attachment years is higher than in Q2 and Q3. However, the net claims ratio attachment year 2010 was 50% in Q4 against 59% in Q3, and 60% in Q2.

The net expense ratio improved by 2.1 points during the fourth quarter of 2010 compared to the same period in 2009 (from 24.4% to 22.3%). The improvement was primarily due to higher premiums and higher services fees (-5.9 and -2.4 points impact, respectively), which more than compensated the effect of lower reinsurance commission and higher gross expense variation (+4.1 and +2.1 points impact, respectively).

The net technical result reached €92.8 million in the last quarter of 2010, up by 86.5 million compared with the last quarter of 2009.

Net investment income reached €20.5 million in the fourth quarter of 2010, lower than in previous quarters because most of the realized gains were achieved early in the year.

Supported by strong operational performance, but impacted by absence of major positive run-offs and the booking of exceptional restructuring costs linked to the Excellence project, net income for the fourth quarter of 2010 equals €38.6 million.

All documents relating to the communication of Euler Hermes' 2010 annual results are available on <http://www.eulerhermes.com/en/finance/finance.html>



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.

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