

Paris, 17 February 2010.

Euler Hermes 2009 results  
**Turnover: €2,085.7 million**  
**Technical result: €-64.8 million**  
**Operating income: €83.6 million**  
**Net income: €19 million**

*In a still-difficult economic environment, in 2009 Euler Hermes achieved turnover of €2,085.7 million, down 3.7% from 2008. The end of the downturn combined with the effectiveness of the actions carried out enabled the group to achieve net income of €19.0 million, down 77.3%.*

The Group Management Board presented the consolidated results for 2009, as reviewed and audited by the Audit Committee, to the Euler Hermes Supervisory Board on February 17, 2010.

"The rise in claims resulting from the economic crisis is weighing on the Group's profitability and has led to a sharp fall in its technical result. However, thanks to the efforts made by all employees, its careful management of the crisis, its proactive approach with clients and higher financial income than in 2008, the group posted net income of €19.0 million in 2009," stated Wilfried Verstraete, Chairman of the Euler Hermes Group Management Board.

**I. Results for the fourth quarter of 2009**

**Key figures**

<i>In € million</i>	<b>Q4 2009</b>	<b>Q4 2008</b>	<b>Change</b>	Change as a %
Earned premiums	398.5	439.4	-40.8	-9.3%
Services	90.0	103.1	-13.2	-12.8%
<b>Total turnover</b>	<b>488.5</b>	<b>542.5</b>	<b>-54.0</b>	<b>-10.0%</b>
Net technical result	6.3	-102.0	108.2	-106.2%
Net financial income	29.5	22.3	7.2	32.1%
<b>Operating income</b>	<b>35.8</b>	<b>-79.6</b>	<b>115.4</b>	<b>-144.9%</b>
<b>Net income</b>	<b>18.1</b>	<b>-68.7</b>	<b>86.8</b>	<b>-126.4%</b>
Net loss ratio	71.8%	112.9%		
Net cost ratio	24.4%	16.5%		
Net combined ratio	96.2%	129.4%		

Despite continuing to be hampered by the current economic environment, at €18.1 million net income for the fourth quarter of 2009 was significantly up from the previous quarters.

Insured sales continued to fall faster in the fourth quarter of 2009 in most countries, leading to an 8.6% fall in Euler Hermes' turnover for the quarter year-on-year, at constant scope and exchange rates.

The net loss ratio, which fell from 88.4% in the first half-year of 2009 to 77.1% in the third quarter and then to 71.8% in the fourth, continued to improve, reflecting the increasing effectiveness of the actions Euler Hermes carried out.

Despite falling interest rates, Euler Hermes generated net financial income of €29.5 million, a 32.1% increase relative to the fourth quarter of 2008, mainly thanks to capital gains of €11.5 million.

While there were no exceptional items affecting fourth quarter 2009 net income, it suffers from high taxation (46.4%) on account of significant tax rate differences between the parent company and its subsidiaries and specific tax scenarios that did not allow for the recognition of deferred tax assets.

## II. 2009 results

### A. Key figures

<i>In € million</i>	<b>31/12/2009</b>	<b>31/12/2008</b>	<b>Change</b>	<b>Change as a %</b>
Earned premiums	1,694.5	1,774.0	-79.5	-4.5%
Services	391.2	392.5	-1.3	-0.3%
<b>Total turnover</b>	<b>2,085.7</b>	<b>2,166.5</b>	<b>-80.7</b>	<b>-3.7%</b>
Net technical result	-64.8	35.6	-100.4	-282.2%
Net financial income	148.4	132.9	15.5	11.6%
<b>Operating income</b>	<b>83.6</b>	<b>168.5</b>	<b>-84.9</b>	<b>-50.4%</b>
<b>Net income</b>	<b>19.0</b>	<b>83.6</b>	<b>-64.6</b>	<b>-77.3%</b>
Net loss ratio	82.1%	78.1%		
Net cost ratio	22.6%	19.1%		
Net combined ratio	104.7%	97.2%		

### 1. Business activity

Turnover in 2009 came to €2,085.7 million, down 3.7% from 2008 (€2,166.5 million), or 2.5% at constant scope and exchange rates.

While turnover continued to grow in new markets, the traditional European and North American markets were faced with a sharp contraction in insured sales, which depressed earned premiums. This translated into a 3.4% fall in the Group's turnover in these markets at constant scope and exchange rates, despite dynamic new business.

## Turnover by country (based on earned premiums)

In € million	31/12/2009 (1)	31/12/2008 (2)	Change (1)/(2)	31/12/2008 (3)	Change (1)/(3)
Germany	711.1	715.4	-0.6%	709.8	+0.2%
France	365.2	402.6	-9.3%	403.6	-9.5%
Italy	200.4	246.2	-18.6%	246.2	-18.6%
UK	178.8	205.5	-13.0%	185.3	-3.5%
US	150.7	141.3	6.6%	149.1	1.1%
Belgium	76.2	80.5	-5.3%	80.5	-5.3%
Netherlands	53.4	51.2	4.3%	51.2	4.3%
Nordics	52.2	46.3	12.7%	42.4	23.1%
Poland	57.5	51.7	11.1%	42.0	37.0%
<b>Sub-total core countries</b>	<b>1,845.6</b>	<b>1,940.9</b>	<b>-4.9%</b>	<b>1,910.1</b>	<b>-3.4%</b>
<b>- of which euro zone</b>	<b>1,406.3</b>	<b>1,496.0</b>	<b>-6.0%</b>	<b>1,491.3</b>	<b>-5.7%</b>
<b>Sub-total new markets</b>	<b>240.1</b>	<b>225.6</b>	<b>6.5%</b>	<b>229.0</b>	<b>4.9%</b>
<b>Euler Hermes</b>	<b>2,085.7</b>	<b>2,166.4</b>	<b>-3.7%</b>	<b>2,139.1</b>	<b>-2.5%</b>

Notes: (1) Turnover taking into account geographic reclassifications (average rate as at December 2009)

(2) Turnover taking into account pro forma geographic reclassifications (average rate as at December 2008)

(3) Turnover taking into account pro forma geographic reclassifications corrected for exchange rate and scope effects

## 2. Operating income

Operating income for the Euler Hermes group declined by 50.4% to €83.6 million. This change is attributable to the combined ratio's 7.6 point rise in 2009 to 104.7%, up from 97.2% in 2008.

The loss ratio and the cost ratio – the two components of the combined ratio – behaved similarly in 2009:

- the net loss ratio deteriorated, rising from 78.1% in 2008 to 82.1% in 2009;
- the net cost ratio increased from 19.1% to 22.6%.

The deterioration in the loss ratio breaks down in an improved loss ratio for the year under review and increased cost of claims in the previous years.

Despite the 3.9% fall in net operating expenses, the net cost ratio deteriorated by 3.5 points (to 22.6%, down from 19.1% in 2008) due to the lower level of net earned premiums.

Financial income for the period came to €148.4 million, owing principally to the €71.3 million of capital gains recorded on the bond and property portfolios, despite a marked fall in interest rates in 2009.

Financial income thus offset the negative technical result, leading to positive operating income of €83.6 million to end-December 2009. Operating income was, however, down by a sharp 50.4% compared with that of 2008.

## 3. Exceptional charges and corporation tax

In the 12 months to 31 December 2009, Euler Hermes recognised exceptional charges totalling €8.9 million in connection with the restructuring plan for its Italian subsidiary, which has now been finalised.

The 67.6% rate of taxation applied as at 31 December 2009 was particularly high on account of significant tax rate differences between the parent company and its subsidiaries and specific tax scenarios that did not allow for the recognition of deferred tax assets.

#### 4. Investment portfolio

With poor visibility on the financial markets, Euler Hermes maintained its very cautious investment management policy. The annualised financial performance of the investment portfolio held steady at 4.5%. At the end of December 2009, the fair value of the investment portfolio, including cash and cash equivalents, was stable at €3,339.9 million (€3,339.1 million at year-end 2008).

Despite the year's sales and market movements, unrealised capital gains and revaluation reserves stood at €101,8 million, equivalent to almost 3.05% of the investment portfolio.

#### 5. Net income

Euler Hermes' net income after tax and financial expenses came to €19.0 million, a 77.3% decrease compared with 2008.

Earnings per share came to €0.43, compared with €1.92 in 2008.

#### 6. Dividend

Based on earnings per share of €0.43, Euler Hermes intends to make no dividend payment this year. "This measure is the logical consequence of our first priority to safeguard our capital for the benefit of our customers, our business and its future growth", stated Wilfried Verstraete.

#### 7. Shareholders' equity

The group's shareholders' equity came to €1,816.5 million, representing a decrease of 2.1% from the €1,855.3 million at 31 December 2008.

#### B. Outlook

The actions implemented in 2009 will achieve their full effects in 2010 and should enable Euler Hermes to improve its results considerably.

The recovery in the world economy that is forecast for 2010 will be fragile, since domestic demand in the major industrialised countries will be weakened by the rise in unemployment and uncertainty regarding households' purchasing power. As a direct consequence of this weak recovery, company failures, which peaked in 2009, will continue at a high level in 2010. However, while caution remains the watchword in the current environment, Euler Hermes will partner its clients through the recovery and increase its risk exposure wherever this is justified.

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

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