

Paris, 15 February 2008

**2007: a good year for Euler Hermes
Strong growth in results**

The Directoire presented its consolidated financial results for 2007, reviewed and audited by the Audit Committee, to the Euler Hermes Supervisory Board on 15 February 2008.

Key figures

| In € millions | 2007 | 2006 | Variation in amount | Variation in % |
|---|--------------|--------------|---------------------|----------------|
| Turnover | 2,099.4 | 2,011.8 | 87.6 | 4.4% |
| Ordinary Operating income excluding investment income | 392.5 | 340.1 | 52.4 | 15.4% |
| Net investment income (excluding interests) | 185.2 | 149.8 | 35.4 | 23.6% |
| Operating income | 577.7 | 489.9 | 87.8 | 17.9% |
| Net consolidated result | 407.0 | 326.1 | 80.9 | 24.8% |
| Global net combined ratio | 67.9% | 67.3% | | |

« 2007 is not only an excellent year for Euler Hermes, as all financial objectives have outperformed, but it is also an outstanding year in terms of business development around the world » declares Clemens von Weichs, Chairman of the Management Board. « We are witnessing an increasing demand for credit insurance outside Western Europe. I am delighted about the outcome of the different initiatives we took in countries like Israel, Russia, Turkey, the United Arab Emirates or in Argentina. We feel confident that demand from companies to cover their risks associated with trade receivables will remain sustained in 2008 ».

1. Business review

Euler Hermes 2007 turnover rose 4.4% over 2006. This increase was even more marked at constant consolidation perimeter and constant exchange rates (+ 5.6%).

Growth in turnover was more buoyant in the fourth quarter 2007 than the third quarter amounting to 10.5% over Q4 2006 at constant consolidation, exchange rates and restated of changes in the principles of turnover IFRS interpretation in Poland, which resulted in Euler Hermes posting annual growth in line with first half 2007 growth of 4.6%.

In the Euro zone, growth in Euler Hermes turnover was supported by a business growth of 7.2% in France, a 9.8% in Italy and a 9.5% in the Nordic countries.

Germany lagged behind other European countries with a flat growth in 2007. This was due to a highly competitive environment leading to pressure on premium rates. Policyholders on the other hand preferred to return to self insurance or asked for increased rebates as they were faced with a soft claims environment during the last three years. The Netherlands also suffered from a tough competitive environment, which led to negative growth caused by lost policies to local competitors.

After several years of slow commercial growth, the UK business posted a strong growth of 8.6% in 2007. This turnaround was fuelled by very successful sales efforts reflected by a surge in new business and by strong turnover of policy holders.

In the United States, the business is growing fast with turnover up by 11.4% compared to 2006 at constant consolidation perimeter and exchange rates.

In the new markets of Eastern Europe, Southern Europe, Latin America and Asia, turnover was very buoyant, up 9.4% at constant consolidation and exchange rates.

Revenues by country (based on earned premiums):

| In € millions | 31/12/2007 | 31/12/2006 (1) | 31/12/2006 (2) | Change 2007/2006 | Change |
|-------------------------------------|------------------|------------------|------------------|---------------------|-------------|
| Germany | 700.035 | 695.784 | 697.644 | 0.6% | 0.3% |
| France | 410.750 | 383.117 | 383.117 | 7.2% | 7.2% |
| Italy | 247.757 | 225.727 | 225.727 | 9.8% | 9.8% |
| United Kingdom | 215.937 | 200.358 | 198.790 | 7.8% | 8.6% |
| United States | 147.748 | 138.826 | 132.683 | 6.4% | 11.4% |
| Belgium | 76.426 | 74.525 | 74.525 | 2.6% | 2.6% |
| Netherlands | 46.613 | 47.783 | 47.783 | -2.4% | -2.4% |
| Nordic countries | 44.758 | 40.931 | 40.881 | 9.3% | 9.5% |
| Poland | 43.028 | 53.769 | 38.776 | -20.0% | 11.0% |
| Switzerland (internal reinsurance) | 15.660 | 9.329 | 10.024 | 67.9% | 56.2% |
| Sub-total for main countries | 1,948.712 | 1,870.148 | 1,849.949 | 4.2% | 5.3% |
| - eurozone share | 1,526.339 | 1,467.867 | 1,469.676 | 4.0% | 3.9% |
| Sub-total for new markets | 150.735 | 141.671 | 137.762 | 6.4% | 9.4% |
| Euler Hermes | 2,099.447 | 2,011.820 | 1,987.711 | 4.4% | 5.6% |

Note: (1) Turnover 2006, published with geographical reclassification

(2) Turnover 2006, adjusted for currency translation differentials, changes in consolidation scope and including IFRS adjustments on the Polish IFRS turnover

2. Operating profit

The 17.9% increase in operating profit over 2006 was much stronger than the 4.4% turnover growth. This sharp increase is largely due to the Company's long-term policy over the last few years to gradually reduce the proportion of business it cedes to reinsurance companies. In 2007, the rate of business ceded once again fell by 6.6%. Consequently net premiums rose by 14.2% and the underwriting result by 15.4%.

Similar levels of growth in net premiums and in the underwriting result are directly linked to the fact that **2007 combined ratio** of 67.9% is only varying marginally towards 2006 combined ratio of 67.3%.

The claim ratio and the cost ratio, which together make up the combined ratio, had following evolution:

- The net claims rate improved by one point from -49.2% in 2006 to -48.1% in 2007, despite a sharp reduction in liquidation surpluses

- The net cost ratio, however, deteriorated marginally from 18.1% to 19.8% due to lower reinsurance commissions that was a direct result of a higher premium retention rate. Adjusting for this effect, the Company's gross costs are totally under control and increased by less than growth in turnover.

The claim ratio grew during the fourth quarter 2007 from 44% at the end of September 2007 to 48.1% at the end of December 2007. This evolution can be explained on one side by an increase in claims in North America and on the other side by a reduction of run-offs, which have been already announced during the presentation of the third quarter results. Since middle of 2007, Euler Hermes has put in place a detailed action plan insuring an accurate control of all its credit risks in North America.

2007 **net investment income** reflects a €12.8 million increase in net income from investments as well as a €22.6 million rise in net capital gains largely related to the equity portfolio.

As at 31 December 2007, the market value of the investment portfolio stood at €3,498 million, up €149 million from €3,349 million at 31 December 2006. This increase principally arose from reinvestment of operating cash-flow. Despite the realized capital gains, unrealized capital gains amounted to €211 million accounting for 6% of the investment portfolio.

Following the strong underwriting results and investment income, **operating profit** came in at **€577.7 million**, up 17.9% over 2006.

3. Net profit

After financial cost and tax, the company's **net profit** amounted to **€407.0 million**, up 24.8% over 2006. This 24.8% increase includes a €43 million write-back to deferred tax liabilities following the German tax reform in 2007, which will be applicable as from 2008. The impact of the reform will reduce corporation tax rates from 40.38% to 32.38% in 2008.

Earnings per share amounted to €9.33 up from €7.51 in 2006. Adjusting for the non-recurring gain in deferred tax stated above, earnings per share amounted to €8.33.

4. Dividend

On the basis of these earnings per share of 9.33 euros, Euler Hermes will propose to the Annual General Meeting of 16 May 2008 the payment of a cash **dividend of 5.00 euros per share**, up 25% from the dividend of 2006.

5. Shareholders' equity

The group's shareholders' equity totalled 2,077.9 million euros compared with 1,911.5 million euros at the end of 2006, representing growth of 8.7% and **return on equity of 20.6%**, above Euler Hermes' medium-term objectives.

6. Outlook

Since the beginning of 2008, the North American economy is affected by a strong slowdown. Euler Hermes controls its risk engagements in a very strict way by using all the credit risk prevention tools. Up to day, the economic environment in Europe, Euler Hermes' core market, is not confronted to the same type of economic slowdown, which could strongly affect the solvability of the European enterprises. Nevertheless, Euler Hermes has meantime put in place a number of prevention rules that allows an accurate management of an eventual rapid deterioration of the credit risk environment. Confident in its business model, Euler Hermes considers to own all prevention tools that allow to face a more difficult economic environment in 2008 without negative impact on its financial performance.

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 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and **posted a consolidated income premium of 2.1 billion euros in 2007.**

Euler Hermes, subsidiary of AGF and 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.

www.eulerhermes.com

Contacts:

Investor relations / Euler Hermes group:

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

nicolas.hein@eulerhermes.com

Press relations / Euler Hermes group:

Samuel Beauchef: +33 (0)1 40 70 56 19

samuel.beauchef@eulerhermes.com

Euler Hermes group: 1, rue Euler – 75008 Paris – France

www.eulerhermes.com

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