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Credit insurer Euler Hermes' outlook revised to positive after improvements 'A+' Ratings affirmed by Standard & Poor's

Standard & Poor's Ratings Services announced Wednesday 26 May 2004 it revised its outlook on the core operating entities of the world n°1 credit insurer Euler Hermes Group to positive from stable, following operating and capital improvements. At the same time, Standard & Poor's affirmed its 'A+' long-term counterparty credit, insurer financial strength, and insurer financial enhancement ratings on the core operating entities of Euler Hermes.

Clemens von Weichs, new Chairman of the Euler Hermes Board comments: "we are pleased that our efforts are honored by this encouraging comment on our rating. This is first of all good news for our insured clients. Euler Hermes is a solid partner to rely on".

Indeed, despite a difficult economic climate with a high level of insolvencies Euler Hermes posted very good 2003 results. Standard & Poor's also mentions that in spite of the improvements that restored the group's capitalization to a strong level, "Euler Hermes still faces challenges of maintaining this performance in the medium term".

"We highly focused on improving our operating performance and capitalization", explains Nicolas Hein, the Group Chief Financial Officer. He continues: "our improved 2003 results show the strength of our approach to markets, clients and risks".

The affirmed ratings on the Euler Hermes core operating entities are based on:

- very strong competitive position,
- very strong financial flexibility (defined as the ability to source capital relative to capital requirements),
- strong capitalization,
- Euler Hermes's strategic importance to Allianz. Euler Hermes, being the Allianz worldwide center for credit and surety insurance, is important to Allianz's long-term strategy. Its strengths are partly offset by a significant reliance on reinsurance capacity but this weakness is apparent to all credit insurance and surety underwriters,
- the group's very strong operating performance.

The rating agency "expects Euler Hermes's operating performance to continue to improve: the net combined ratio is expected to be 85% or less in 2004, the capitalization is expected to continue to improve in the medium term, and quality of capital is expected to remain strong". This could lead to raise Euler Hermes' ratings. Clemens von Weichs, is confident in the success of the group: "our strategy materialised in our business model has proven how efficient it is. We are now ready to proceed further in the same direction. We will take full advantage of the coming economic recovery to continue improving our results".

Euler Hermes is the world leader in credit insurance, an integrated factoring group in Europe and a leader in bonding and guarantees. With 6,000 employees operating in 36 countries, Euler Hermes holds 36% of the global market for credit insurance and offers a comprehensive range of services for the management of trade receivables. Member of the Allianz Group, subsidiary of the AGF, Euler Hermes, is listed on the Premier Marché of Euronext Paris. The Group and its principal credit insurance subsidiaries are rated A+ by Standard & Poor's.

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