

Paris, 27 July 2007

Very satisfactory first-half performance for Euler Hermes:

- **Turnover: + 4.6% to €1,052 million**
- **Net income, group share: + 36% to €231 million**

The Group Management Board presented Euler Hermes' results for the first half of 2007 to the Supervisory Board on 27 July 2007.

Key figures:

in million euros	H1 2007	H1 2006	variation in amount	variation in %
Turnover	1,052.0	1,006.1	45.9	4.6%
Technical income	222.1	164.2	57.9	35.3%
Net financial income (excluding financial costs)	137.2	97.3	39.9	41.0%
Operating income	359.3	261.4	97.9	37.5%
<i>of which realised gains and losses</i>	76.6	46.2	30.4	65.8%
<i>net of realised gains and losses</i>	282.7	215.2	67.5	31.4%
Net consolidated result	231.2	170.3	60.9	35.8%
Net combined ratio of insurance activity	73.5%	78.2%		
Global net combined ratio	63.3%	69.1%		

1. Activity

Turnover for the six months to 30 June 2007 came to **€1,052 million**, up by **4.6%** relative to the first half of 2006.

At constant consolidation scope and exchange rates, group turnover increased by **5.9%** compared with the first half of 2006.

The dynamic trend in turnover during the first half of 2007 is attributable to the strong rebound in activity from April 2007 onwards.

Within Europe, Germany, the United Kingdom, France and Italy boosted growth in Euler Hermes' turnover in the second quarter of 2007.

Outside Europe, the group recorded strong growth in the United States with a 21.3% increase in turnover (in USD), in line with the growth recorded in the first quarter of 2007.

Turnover grew strongly in new markets (Eastern Europe, Southern Europe, Latin America and Asia) with an increase of 17.9% at constant scope and exchange rates, in keeping with the trend observed in the first quarter 2007.

Revenues by country (based on earned premiums):

in millions of euros	30/06/2007 (A)	30/06/2006 ⁽¹⁾ (B)	30/06/2006 ⁽²⁾ (C)	Change 2007/2006 (A-B)/(B)	Change 2007/2006 (A-C)/(C)
Germany	352.8	345.7	346.0	2.1%	2.0%
France	202.4	193.3	193.3	4.7%	4.7%
Italy	123.7	115.9	115.9	6.7%	6.7%
United Kingdom	106.6	101.4	103.4	5.2%	3.2%
United States	77.6	69.0	63.9	12.5%	21.3%
Belgium	38.1	37.6	37.6	1.3%	1.3%
Netherlands	23.3	24.1	24.1	-3.3%	-3.3%
Nordic countries	22.1	19.9	20.1	11,1%	9.9%
Sub-total main countries	946.7	906.9	904.4		4.7%
<i>of which Euro zone</i>	<i>762.5</i>	<i>736.6</i>	<i>737.1</i>	3.5%	3.4%
Sub-total new markets	105.3	99.2	89.3	6.1%	17.9%
Euler Hermes	1,052.0	1,006.1	993.7	4.6%	5.9%

Note: (1) Turnover published as per 30/06/2006.

(2) Turnover as per 30/06/2006 adjusted for currency effects and changes in the consolidation scope.

2. Operating income

The firm trend in underwriting revenues on the one hand and in financial income on the other enabled the group to post **operating income** of **€359.3 million**, up by 37.8% compared with the first half of 2006.

The **net combined ratio** was **63.3%** at end June 2007, marking a significant improvement relative to end June 2006 when it stood at 69.2%. The improvement was mainly due to the low level of claims in the first half of 2007. The loss ratio was 45.8% at end June 2007 versus 51.4% at end June 2006.

The expense ratio after reinsurance stood at 17.5% at 30 June 2007 compared with 17.8% at 30 June 2006.

First-half **financial income** came to €137 million compared with €97 million in the same period the previous year, corresponding to an increase of 41%. This performance was due mainly to the increase in net capital gains on the portfolio, which amounted to €76.6 million in the first half of 2007 compared with €46.2 million in the first half of 2006.

The portfolio's market value stood at €3,374 million at end June 2007 compared with €3,349 million at 31 December 2006.

3. Net income, group share

After financing expense and tax, Euler Hermes posted **net income** of **€231.2 million**, up by 35.8% compared with the first half of 2006.



4. International development

Euler Hermes has stepped up the pace of international expansion since the beginning of the year, by:

- opening sales offices in Argentina and Dubai,
- acquiring a 33.33% stake in ICIC, Israel's leading credit insurer,
- raising its stake in Portugal's leading credit insurer, COSEC, from 42% to 50%,
- acquiring United Mercantile Agencies (UMA), one of the leading debt collection and trade receivable management companies in the United States,
- opening a debt collection agency in Ireland.

5. Outlook

The group's performance in the second half will be boosted by growth in net premiums. However, the Group Management Board stresses that the low claims activity cannot be guaranteed over the full year. Also, Euler Hermes is not planning to realise significant gains on its investment portfolio in the second half, which will slow growth in net income in the period. However, the slower growth will be to some extent offset by the write back of provisions for deferred tax in Germany following the tax reform approved by the German government on 6 July. The estimated impact of this reform on group share of net income in the second half is at least € 35 million.

Based on these elements and given the current economic environment, the Group Management Board is confident that the group will be able to achieve a significant increase in net income relative to 2006.

Euler Hermes is the worldwide leader in credit insurance and one of the leaders in bonding and guarantees. With 5,500 employees in 49 countries, Euler Hermes offers a complete range of services for the management of customer receivables. The group posted a 2.01 billion euros turnover in 2006.

Euler Hermes, a subsidiary of AGF and a member of Allianz, is listed on Euronext Paris. Standard & Poor's rates the group and its principal credit insurance subsidiaries AA-.

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