

Paris, 5 November 2008.

Euler Hermes quarterly financial results  
**Third quarter 2008 turnover growth of 5.6%**  
**Falling net result to 30 million Euros**

**On the first nine months of 2008: turnover Mio€ 1,624 (+4.0%) and net result Mio€ 152 (-57.8%)**

*“In the second half of 2008 the difficulty to react to negative economic implications accelerates sharply for all our customers and their business partners. Euler Hermes has taken measures to face this environment so that we can keep on accompanying our customers through this difficult period”, states Clemens von Weichs, President of the Management Board.*

The Board of Management established the results for the third quarter of 2008 and year-to-date results at the end of September 2008 and presented these results to the Euler Hermes Supervisory Board on 5 November 2008.

**A. Third quarter results**

During the first half of 2008 the world economy showed a severe slowdown, starting in the United States of America and spreading over to Europe, and, in the first instance, to the United Kingdom, Ireland, Spain and Italy, and secondly, to France and Germany. Recession scenarios were confirmed during the 3rd quarter for 2008 and 2009. The Eurozone economies are expected to be impacted drastically, due mainly to falling production and demand.

In spite of this severe economic crisis that impacted Euler Hermes’ results due to increase of payment defaults or business insolvencies, the group announces a net result of 30.0 million Euros for the third quarter 2008, however expectedly significantly below the net profit for the same period 2007.

**B. Third quarter of 2008 key data (non audited)**

<i>In million €</i>	<b>Q3 2008</b>	<b>Q3 2007</b>	<b>Delta</b>	<b>Delta in %</b>
Premiums	444	417	26	6.2%
Services revenues	97	93	3	3.2%
<b>Total turnover</b>	<b>541</b>	<b>510</b>	<b>31</b>	<b>5.6%</b>
Net technical result	23	106	-83	-78.3%
Net financial income	23	26	-3	-11.5%
<b>Operating profit</b>	<b>46</b>	<b>132</b>	<b>-86</b>	<b>-65.2%</b>
<b>Net result</b>	<b>30</b>	<b>128</b>	<b>-98</b>	<b>-76.6%</b>
Net loss ratio	70.8%	40.4%	30.4	
Net cost ratio	22.2%	24.3%	-2.1	
Net combined ratio	93.0%	64.7%	28.3	

Following premium rate increases and higher service revenues, Euler Hermes achieves a turnover growth of 7.4% in the third quarter of 2008. The net result of 30.0 million Euros for the third quarter 2008, as presented, is impacted by the increase of insolvencies due to the severe economic crisis, resulting in a strong increase (+30.4 points) of the net loss ratio to 70.8% in Q3 2008 from a historical low of 40.4% in Q3 2007. The deterioration of the loss ratio during the third quarter of 2008 is due to an increase in business insolvencies in France and in Germany during the past two months.

In spite of weak financial markets, Euler Hermes did not suffer from major impairment issues (less than 0.2%) on its global financial portfolio during this period. The Q3 2007 net result of 128 million Euros included a one time tax relief of 42 million Euros. The Q3 2008 net result of 30 million Euros benefits from no exceptional item.

### C. Key data at the end of September 2008 (non audited)

<i>In million €</i>	<b>YTD Sept. 2008</b>	<b>YTD Sept. 2007</b>	<b>Delta</b>	<b>Delta in %</b>
Premiums	1,335	1,286	49	3.8%
Services revenues	289	276	13	4.6%
<b>Total turnover</b>	<b>1,624</b>	<b>1,562</b>	<b>62</b>	<b>3.9%</b>
Net technical result	137	328	-191	-58.0%
Net financial income	111	163	-52	-31.9%
<b>Operating profit</b>	<b>248</b>	<b>491</b>	<b>-243</b>	<b>-49.5%</b>
<b>Net result</b>	<b>152</b>	<b>360</b>	<b>-208</b>	<b>-57.7%</b>
Net loss ratio	66.1%	44.0%	22.1	
Net cost ratio	19.9%	19.8%	0.1	
Net combined ratio	86.1%	63.8%	22.2	

#### 1. Turnover

As of 30 September 2008 the turnover of Euler Hermes was 1,623.9 million Euros, an increase of 3.9% compared to the first three quarters of 2007.

At constant exchange rates Euler Hermes achieved a business growth of 6.1% over the first nine months 2008.

#### 2. Operating profit

The operating profit of 248.1 million Euros by the end of September 2008 is below the level of the year 2007. The technical income stands at 137.5 million Euros (-58.0%).

Combined ratio at the end of September 2008 was 86.1%, to be compared with 63.8% at the end of September 2007. This increase of the combined ratio is the direct consequence of higher claims recorded during the year 2008. The claims ratio at the end of September 2008 was 66.1% to be compared with the exceptional low loss ratio of 44.0% at the end of September 2007.

The increase of the 2008 loss ratio is linked directly to a strong increase of the current year loss ratio (70% compared to 55.6% end of September 2007) in Europe and in Northern America. Euler Hermes expects the loss ratio to remain high in the coming months.

A strict control of costs is granting a stable net cost ratio equal to 19.9% to be compared with 19.8% during the first nine months 2007.

The financial result has not been impacted by impairments on the financial portfolio, in spite of weak financial markets. Euler Hermes benefitted from its cautious asset management policy implemented in 2006 and recorded important realised gains on the equities portfolio in 2007 (76 million Euros) and in 2008 (23 million Euros). Net of realised gains, the financial result (87 million Euros) is stable compared to end of September 2007.



After financial expenses and taxes, Euler Hermes posted a net profit of 152.3 million Euros over the first nine months 2008, down 57.7% over the first nine months 2007.

### 3. *Financial portfolio*

The financial portfolio end of September 2008 equals to 3,357 million Euros with limited exposure to equities (197 million Euros equivalent to 5.8% of global portfolio) as a consequence of the exit strategy already initiated in 2007. The main part of the portfolio (89.4%) is invested in bonds (58.1%) and cash (31.3%) on which impairment issues are not expected.

### D. Outlook

During the second half of 2008 the industrialised countries overall show further weakening economic indicators supporting recession scenarios which could become reality in 2009 for a number of countries. All in all the world economy should lose 1 point of growth on average over 2008 and almost another 0.5 point in 2009. A recovery of the real economy in the first half of the year 2009 is unlikely, in spite of the recapitalization of the banking system. As a consequence Euler Hermes expects no major improvement of its claims level during at least the next three quarters. In a worsening economic environment Euler Hermes expects a positive last quarter 2008 result. This estimation excludes events such as big claims or the collapse of the financial markets.

In these difficult times, Euler Hermes, worldwide leader in credit insurance, is taking part in all the initiatives aiming to secure business transactions and to support the real economy.

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**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 €2.1 billion in 2007.**

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 €800 billion.

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.

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