

Paris, 6 May 2009

**Euler Hermes first quarter 2009 results**  
**Turnover up 4.1%**  
**Technical result negative by €11.1 million**  
**Net income of €16.5 million**

*“The economic climate remained unfavourable in the first quarter of 2009. Therefore the number of claims was high and continued to depress group profitability, leading to a negative technical result of €11.1 million. However solid financial income enabled Euler Hermes to record a net income of €16.5 million for the first quarter of 2009,” said Wilfried Verstraete, Chairman of the Group Management Board.*

On 6 May 2009, the Management Board submitted the first quarter 2009 results to the Euler Hermes Supervisory Board.

**A. Key figures – First quarter 2009 (unaudited)**

The first three months of 2009 confirmed that the global economy is slowing sharply; Euler Hermes is forecasting a 1.7% contraction over the full year. The downturn in international trade is likely to be the sharpest in 50 years (-8.0% in 2009). At the same time, Euler Hermes expects corporate bankruptcies to increase by a further 38% in 2009, following a 26% rise in 2008.

Despite this challenging environment, Euler Hermes recorded net income of €16.5 million in the first quarter of 2009, compared with €38.4 million in the three months to end-March 2008. The first-quarter net result does not include any exceptional items.

€ millions	Q1 2009	Q1 2008	Change	Ch. (%)
Premiums	448.3	436.7	11.6	2.7%
Service revenues	100.2	90.4	9.8	10.8%
<b>Total turnover</b>	<b>548.5</b>	<b>527.1</b>	<b>21.4</b>	<b>4.1%</b>
Net technical result	-11.1	53.1	-64.2	-120.9%
Net investment income	54.2	21.3	32.9	154.6%
<b>Operating income</b>	<b>43.1</b>	<b>74.4</b>	<b>-31.3</b>	<b>-42.1%</b>
<b>Net income</b>	<b>16.5</b>	<b>38.4</b>	<b>-21.9</b>	<b>-56.9%</b>
Net loss ratio	83.8%	62.9%		
Net expense ratio	19.2%	20.3%		
Net combined ratio	103.0%	83.2%		

## B. Turnover

Euler Hermes recorded a 4.1% rise in turnover in the first quarter of 2009. At constant exchange rates, turnover was up 5.2% over the first three months of the year.

### Breakdown of turnover by country (based on earned premiums)

€ million	31/03/2009 (1)	31/03/2008 (2)	Change (1)/(2)	31/03/2008 (3)	Change (1)/(3)
Germany	181.8	178.3	2.0%	178.3	2.0%
France	100.8	99.1	1.7%	99.1	1.7%
Italy	57.8	58.8	-1.7%	58.8	-1.7%
United Kingdom	47.5	51.9	-8.4%	44.0	8.0%
United States	41.9	33.5	25.0%	39.6	5.7%
Belgium	19.3	19.8	-2.8%	19.8	-2.8%
Netherlands	13.8	12.8	7.7%	12.8	7.7%
Nordic countries	12.7	11.9	6.7%	10.2	24.6%
Poland	11.9	12.6	-5.6%	9.7	22.4%
<b>Subtotal main countries</b>	<b>487.5</b>	<b>478.8</b>	<b>1.8%</b>	<b>472.4</b>	<b>3.2%</b>
- o/w euro zone	373.5	368.9	1.3%	368.9	1.3%
<b>Subtotal new markets</b>	<b>61.0</b>	<b>48.3</b>	<b>26.2%</b>	<b>49.2</b>	<b>24.0%</b>
<b>Euler Hermes</b>	<b>548.5</b>	<b>527.1</b>	<b>4.1%</b>	<b>521.6</b>	<b>5.2%</b>

Note: (1) Turnover adjusted for geographic reclassifications (average rate, March 2009)  
 (2) Turnover adjusted for geographic reclassifications, pro forma (average rate, March 2008)  
 (3) Turnover adjusted for geographic reclassifications, pro forma, adjusted for currency effects and changes in the consolidation scope

The 5.2% rise in turnover (at constant exchange rates) was driven by a 2.7% increase in earned premiums coupled with a sharp 10.8% rise in service revenues.

Earned premium growth was fuelled by buoyant new production and the application of higher premium rates to contracts, offset in part by a downturn in insured sales attributable to the economic slowdown and the termination of certain policies.

## C. Operating income

Operating income for the three months to end-March 2009 (€43.1 million) was below the first quarter 2008 level, and the technical result was a negative €11.1 million, compared to €53.1 million at 31 March 2008.

The combined ratio reached 103.0% at the end of March 2009, up from 83.2% at end-March 2008. This deterioration in the combined ratio was a direct result of the increase in the number of claims since the second quarter of 2008. The loss ratio thus reached 83.8% at end-March 2009, up from 62.9% during the first quarter of 2008 and 112.9% during the last quarter of 2008. It is worth noting that the last quarter of 2008 was impacted by a major claim.

The net expense ratio stood at 19.2% at end-March 2009, in line with the ratio for the 2008 full year and down slightly from the 20.3% recorded for the first three months of 2008.

Net financial income was boosted by capital gains realised on the bond and property portfolios. It was not affected by impairment of the financial portfolio, despite the weakness of financial markets. Excluding capital gains on the portfolio, financial income was €22.4 million, slightly below the result at end-March 2008, reflecting lower rates.



Net income after interest expense and tax was €16.5 million for the first three months of 2009, or 56.9% less than for the first three months of 2008.

#### D. Financial portfolio

At end-March 2009, the investment portfolio stood at €3,449 million, up 3.3% on the end-December 2008 level. Equity exposure remains very moderate (€121.6 million, or 3.5% of the portfolio), the bulk of the portfolio being invested in bonds and cash.

#### E. Outlook

Economic indicators deteriorated further in all countries in the first quarter of 2009. The real economy is not expected to start recovering before the end of the year. Against this backdrop, Euler Hermes does not expect to see any significant improvement in claims levels for the next quarters.

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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 6,200 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 €2.2 billion in 2008.**

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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