

Paris, 17 February 2009.

**Euler Hermes' 2008 results
Turnover grows by 3.2%
Net income of €83.6 million**

In a difficult economic climate, Euler Hermes recorded a 3.2% increase in turnover to €2,166.5 million and net income of €83.6 million (-79.5%).

The Group Management Board submitted the 2008 consolidated results, audited and reviewed by the Audit Committee, to the Euler Hermes Supervisory Board on 17 February 2009.

Key figures

€ million	31 Dec. 2008	31 Dec. 2007	Change (€ m)	Change (%)
Turnover	2,166.5	2,099.4	67.0	+3.2%
Technical result	35.6	392.5	-357.0	-90.9%
Investment income (excluding servicing of debt)	132.9	185.2	-52.2	-28.2%
Operating income	168.5	577.7	-409.2	-70.8%
Consolidated net income, group share	83.6	407.0	-323.4	-79.5%
Overall combined ratio	97.2%	67.9%		

“The severe economic crisis we are currently experiencing has resulted in a rise in payment defaults and corporate failures, resulting in an increase in the number and amounts of claims paid by Euler Hermes to its policyholders. This rise in claims weighs on the group’s profitability through a sharp fall in its technical result. Strict cost control and solid financial income nonetheless enabled Euler Hermes to record positive net income of €83.6 million in 2008”, said Clemens von Weichs, Chairman of the Group Management Board.

1. Activity

Turnover came to €2,166.5 million in 2008, up by 3.2% compared with €2,099.4 million in 2007.

Growth in turnover remained strong in 2008 given the difficult backdrop described above. At constant consolidation scope and exchange rates, turnover grew by 5.2%, only slightly lower than the level achieved in 2007 (5.6%) and in line with the group’s long-term growth objective of 5%.

The limited growth in turnover in the euro zone (1%) reflects on the one hand, a drop in premiums due to the decrease in insured sales linked directly to the economic conditions and, on the other hand, the firm performance of the services businesses.

The difficult situation in the euro zone leads Euler Hermes to cooperate directly with national governments within the framework of policies to stimulate the economies. For example, in France, Euler Hermes already signed 2,000 state-backed credit insurance policies (Compléments d’Assurance-crédit Publics – CAP). This measure was introduced in early December 2008.

At constant exchange rates, turnover in the UK recorded a second consecutive year of growth, up by 11.1% compared with growth of 8.6% in 2007. This performance is explained by the application of higher premium rates to all contracts that have expired.

After several years of strong growth, turnover growth in the US slowed, dropping to 2.1% at constant exchange rates. The slower growth was due to a contraction in premiums linked to a drop in insured sales arising from the more difficult trading conditions facing policyholders and to a firmer policy in terms of premium rates, resulting in a higher number of cancellations than in the recent past.

The trend remained very positive in Poland and Scandinavia, with growth excluding the currency effect of, respectively, 12.5% and 8.2%, sustained essentially by growth in demand.

Geographic breakdown of turnover (based on earned premiums):

€ million	31 Dec. 2008 (1)	31 Dec. 2007 (2)	Change (1)/(2)	31 Dec. 2007 (3)	Change (1)/(3)
Germany	715.4	699.5	2.3%	699.5	2.3%
France	402.6	410.8	-2.0%	410.8	-2.0%
Italy	246.2	247.8	-0.6%	247.8	-0.6%
United Kingdom	205.5	215.9	-4.8%	184.9	11.1%
United States	141.3	147.7	-4.3%	138.4	2.1%
Belgium	80.5	76.4	5.4%	76.4	5.4%
Netherlands	51.2	46.6	9.9%	46.6	9.9%
Nordic countries	46.3	44.8	3.5%	42.8	8.2%
Poland	51.7	43.0	20.2%	46.0	12.5%
Sub-total – main countries	1,940.9	1,932.5	0.4%	1,893.2	2.5%
- including Euro zone	1,496.0	1,481.1	1.0%	1,481.1	1.0%
Sub-total – new markets	225.6	166.9	35.1%	166.3	35.7%
Total Euler Hermes	2,166.5	2,099.4	3.2%	2,059.5	5.2%

Note: (1) Turnover adjusted for geographic reclassifications (average rate Dec. 2008)

(2) Turnover adjusted for geographic reclassifications pro forma (average rate Dec. 2007)

(3) Turnover adjusted for geographic reclassifications pro forma and for currency effects, changes in the consolidation scope

2. Operating income

Operating income was down by 70.8% to €168.5 million in 2008. This is attributable to the deterioration in the combined ratio, which rose by 29.3 points from 67.9% in 2007 to 97.2% in 2008.

Trends in the loss and expense ratios, the two components of the combined ratio, contrasted sharply in 2008:

- the net loss ratio deteriorated sharply, rising to 78.1% versus 48.1% in 2007.
- the expense ratio, however, continued to improve, down to 19.1% compared with 19.9% in 2007, reflecting the group's strict control of costs.

The deterioration in the loss ratio is linked essentially to the severe crisis that affected all the world economies in 2008, resulting in a sharp increase in claims, both in numbers and amount.

The gross loss ratio for the year thus rose by 28.2 points to 81.7%. This rise includes a major claim in the last quarter linked to the bankruptcy of Woolworths in the United Kingdom, which had a gross impact on the financial statements of close to €59 million.

Reduced liquidation surpluses also contributed, although to a lesser extent, to the rise in the loss ratio.

Net financial income came to €132.9 million, consisting of:

- investment income, which continued to perform well with growth of 9.7%, reflecting Euler Hermes' investment policy which focused on low-risk investments, and
- realised capital gains net of changes in impairment. Against a backdrop of sharp falls in financial markets, Euler Hermes continued to generate realised capital gains net of changes in impairment of €16.5 million, while avoiding excessive impairment of its investment portfolio.

At end-December 2008, the market value of the group's investment portfolio was €3,339 million, down by only 4.5% from €3,498 million at end-December 2007. The decrease in the portfolio was due partly to lower cash flow from operating activities, directly attributable to the increase in claims, and partly to a dividend payout of €218 million ensuring shareholders a return of close to 10% based on the share price at end-May 2008.

Despite the capital gains realised and the negative market trends, unrealised capital gains and revaluation reserves came to €141 million, corresponding to 4.2% of the investment portfolio.

3. Net income, group share

After interest expense and tax, net income came to €83.6 million, down by 79.5% compared with 2007.

Earnings per share came to €1.92 versus €9.33 in 2007.

4. Dividend

Based on earnings per share of €1.92 and in view of its solid financial structure, Euler Hermes will propose to the General Meeting of Shareholders on 15 May 2009 to pay a dividend of €1.50 per share in respect of 2008, thus maintaining high returns for its shareholders.

5. Shareholders' equity

At 31 December 2008, the group's shareholders' equity came to €1,855.3 million compared with €2,077.9 million at the end of 2007, corresponding to a decrease of 10.7%. Return on equity came to 4.3%.

6. Outlook

Euler Hermes is expecting a contraction in economic activity in North America and Europe in 2009. Although this economic climate increases businesses' interest in credit insurance and favours better remuneration of risk through higher premium rates, it also affects Euler Hermes' loss ratio. The group therefore continues to adapt its risk and commercial underwriting policy.

Euler Hermes will also pursue a prudent investment portfolio management policy. The group expects the bond portfolio to sustain its financial income in 2009 and that financial income will continue to make a substantial contribution to pre-tax income.

The group has confidence in its strategy. This, together with a strong financial structure and efficient management tools puts it in a strong position to cope with the crisis.

Euler Hermes does not expect to see an improvement in the macroeconomic environment in the short term and forecasts a high level of claims for the coming two quarters. This situation makes it very difficult to provide a precise outlook for 2009, but management maintains its target of keeping the combined ratio under 100%, barring any major claim.

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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