

Paris, 9 November 2007

A dynamic third quarter for Euler Hermes and solid growth in net profit at the end of September 2007

- **Operating profit: + 33.3% to 491 million euros**
- **Net profit: + 51.6% to 360 million euros**

The Management Board established the results for the third quarter of 2007 and year-to-date results at the end of September 2007 and presented them to the Euler Hermes Supervisory Board on 9 November 2007.

The results for the third quarter of this year as presented below confirm the solid performance already achieved at the end of June 2007 and record net profit of 359.8 million euros at the end of September 2007, up 10% over net profit for the year 2006.

A. Key data – 3rd quarter 2007 ⁽¹⁾

in millions of euros	Q3 2007	Q3 2006	Change in amount	Change as %
Turnover	510.4	513.7	-3.4	-0.7%
Ordinary operating profit excluding financial income	105.6	80.1	25.5	31.8%
Net financial income (excluding financing costs)	26.2	26.9	-0.7	-2.5%
Operating profit	131.8	107.0	24.8	23.2%
<i>Gains and losses realised</i>	2.2	6.4	-4.2	-65.6%
<i>Net of gains and losses realised</i>	129.6	100.6	29.0	28.9%
Net consolidated income	128.6	67.0	61.5	91.8%

⁽¹⁾ Figures not audited.

The third quarter of 2007 confirms the solid trend with net profit up substantially (+91.8%) over the third quarter of 2006. This growth was driven by operating profit that rose sharply (+23%) reflecting the solid performance of the combined ratio. This ratio was 64.7% in the third quarter of this year, compared with 70.7% in the third quarter of 2006.

Along with the strong performance in operating profit, net profit was driven by the positive impact of reversals of deferred tax liabilities in Germany (totalling 42 million euros) following the tax reform initiated by the German government in early July 2007, effective as of 1 January 2008, which reduces the federal tax rate from 39% to 31%.



B. Key data at the end of September 2007

in millions of euros	Sept 2007 YTD	Sept 2006 YTD	Change in amount	Change as %
Turnover	1,562.4	1,519.9	42.4	2.8%
Ordinary Operating profit excluding financial income	327.7	244.3	83.4	34.1%
Net financial income (excluding financing costs)	163.4	124.2	39.3	31.6%
Operating profit	491.1	368.4	122.7	33.3%
<i>Gains and losses realised</i>	78.8	52.6	26.2	49.8%
<i>Net of gains and losses realised</i>	412.3	315.9	96.5	30.5%
Net consolidated income	359.8	237.3	122.4	51.6%
Net combined ratio (insurance)	73.9%	78.4%		
Net combined ratio (including service margin)	63.8%	69.7%		

1. Turnover

At 30 September 2007, the **turnover** recorded by Euler Hermes was 1,562.3 million euros, an increase of **2.8%** over the first three quarters of 2006.

On a like-for-like basis, the group's business rose **3.8%** over the first nine months of 2006.

2. Operating profit

The solid performance of technical income and the growth in financial income contributed to **operating profit** of 491.1 million euros, an increase of 33.3% from the end of September 2006.

The **combined ratio** at the end of September 2007 was 63.8%, in line with the combined ratio at the end of June 2007, and a strong improvement over the end of September 2006 (69.7%).

This improvement is primarily due to a very favourable claims rate in the first three quarters of 2007. The **claims rate** at the end of September 2007 was 44.0%, down from 51.4% at the end of September 2006.

The **ratio of costs after reinsurance** was 19.8% at 30 September 2007 compared with 18.3% at 30 September 2006. The increase in the cost ratio was primarily driven by a decline in the volume of commissions received from reinsurers. Excluding the impact of reinsurance commissions, **the ratio of gross costs** improved to 24.1%, down from 25.0% at the end of September 2006.

Financial income for the first three quarters of this year amounted to 163.4 million euros, up 31.6% from 124.2 million euros at the end of September 2006.

After financial expenses and taxes, Euler Hermes posted **net profit of 359.8 million euros**, up 51.6% over the first nine months of 2006. This result reflects 42 million euros in an extraordinary reversal of deferred tax liabilities in Germany following the tax reform initiated in July 2007 that becomes effective on 1 January 2008.



3. Financial portfolio

The market value of the financial portfolio was 3,457 million euros at the end of September 2007, compared with 3,349 million euros as at 31 December 2006. At the end of September 2007, the unrealised gains from the portfolio totalled 132.3 million euros, compared with 126.6 million euros at the end of June 2007. The portfolio was not impacted by the impairment which affected certain financial assets such as "dynamic" cash funds or "subprime" investments in which Euler Hermes has no exposure.

4. Outlook

After the very strong results of the first three quarters in 2007, the Management Board of Euler Hermes is reiterating its confidence in the group's ability to exceed 2006 net profit substantially.

On the basis of its own projections for changes in the global economic situation in 2008, the group is projecting an economic slow down, primarily in the United States, without a significant decline in world growth. In this less favourable economic context, Euler Hermes will remain alert and continue to proactively manage, together with its clients, their covered commitments on a case by case basis. The current financial difficulties of the banking sector and their potential consequences for the economic activity should boost the demand for credit insurance solutions, as companies are increasingly aware of the trade receivables risk.

Euler Hermes is the worldwide leader in credit insurance and one of the leaders in bonding, guarantees and B-to-B trade receivable collections. With 5.900 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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