

Hamburg, April 26, 2006

Further improvement in earnings in fiscal 2005¹

Despite an increasingly intense level of competition, Euler Hermes Kreditversicherungs-AG managed to boost its 2005 gross sales revenues by 6.7 per cent in 2005, to 694.0 million euros. This growth was generated in particular by the company's robust international operations as well as domestic export activities of its German clients.

Hamburg, April 26, 2006: Euler Hermes Kreditversicherungs-AG, Germany's leading credit insurer, again managed to boost its sales revenues in 2005. Prior to allocation to the equalization reserve, the operating result for the insurance business amounted to 73.9 million euros, following 70.4 million euros in the previous year. This slight increase was achieved in spite of a deteriorated claims situation year-on-year. The gross claims ratio for fiscal 2005 in relation to earned premium income was up by 2.5 percentage points, to reach 57.8 per cent. The combined ratio, i.e. the ratio of claims reserves and costs in relation to premium income, rose to 72.7 per cent in fiscal 2005. A sum of 83.2 million euros was added to the equalization reserve (previous year: 39.0 million euros).

Even though the insolvency situation eased slightly in fiscal 2005, as credit insurers we continued to face substantial challenges on behalf of our clientele. Accordingly, it is encouraging to note that, in spite of an increased claims ratio, our consistent cost management enabled us to increase our operating result", comments Dr. Gerd-Uwe Baden, Chairman of the Board of Management of Euler Hermes Kreditversicherungs-AG on the results for fiscal 2005.

Technical insurance net profit/loss

As a consequence of an increase by 44.2 million euros in the mandatory allocation to the equalisation reserve, the technical insurance result amounts to -9.3 million euros,

¹ Data of Euler Hermes Kreditversicherungs-AG according to German GAAP (Euler Hermes Group according to IFRS)

following 31.3 million euros in the previous year. In addition, 79.0 million euros (previous year: 28.1 million euros) income from capital investments was generated, including payouts from subsidiaries as well as 14.9 million euros (previous year: 10.5 million euros) derived from other business. In total, the operating result came to 47.7 million euros (previous year: 37.1 million euros) after taxes.

Earnings of the most important business divisions

Almost all lines of business of Euler Hermes Kreditversicherungs-AG managed to boost their turnover in 2005.

In the del-credere insurance, the biggest business division, gross premium written increased by 4.5 per cent (previous year: 2.0%), to 438.9 million euros. Encouraging business trends in credit insurance for capital goods, increases in sales revenues among insured enterprises and positive foreign operations were the reasons for the higher premium income generated. An increase was also recorded in the cover volume of risks assumed, by 6.8 per cent, as well as the number of risks covered, which rose from 661,000 in 2004 to 727,000 in 2005.

As in the previous year, our fidelity insurance division again achieved the highest premium growth in fiscal 2005, up by 8.4 per cent, to reach 74.0 million Euros. One third of the increase in premium income by 4.6 million euros was attributable to the balance of new and canceled policies and two thirds to the expansion of insurance cover under existing policies.

Our surety business, with a 2.5 per cent increase to 69.6 million euros in premium income, also made a substantial contribution to our successful results overall.

Euler Hermes Group

The Euler Hermes Group, a member of the Allianz Group and a subsidiary of AGF headquartered in Paris, also achieved very good results in fiscal 2005. Sales revenues were up by 6.9 per cent, to approx. 2 billion euros; net income pro-forma soared by as much as 31.7 per cent, to reach 286.1 million euros. Lower claims for the current year, improved reinsurance structures and a reduction in net expenses resulted in an improved combined ratio of 67.6 per cent (following 69.5 per cent in 2004).

Outlook for 2006

2006 has started in a more favorable macroeconomic environment than 2005. Also, even the evolution of the claims experience during 2005, the claims costs in 2006 are expected to rise slightly as it is estimated to have less run-off compared to 2005. Euler Hermes remains confident with profitable growth in 2006 despite a more competitive environment.

Euler Hermes is the world-wide leader in credit insurance and one of the leaders in bonding and guarantees. With 5,400 employees in 41 countries, Euler Hermes offers a complete range of services for the management of customer receivables. Euler Hermes, subsidiary of AGF and a member of Allianz, is listed on Euronext Paris. The group and its principal credit insurance subsidiaries are rated AA- by Standard & Poor's.

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