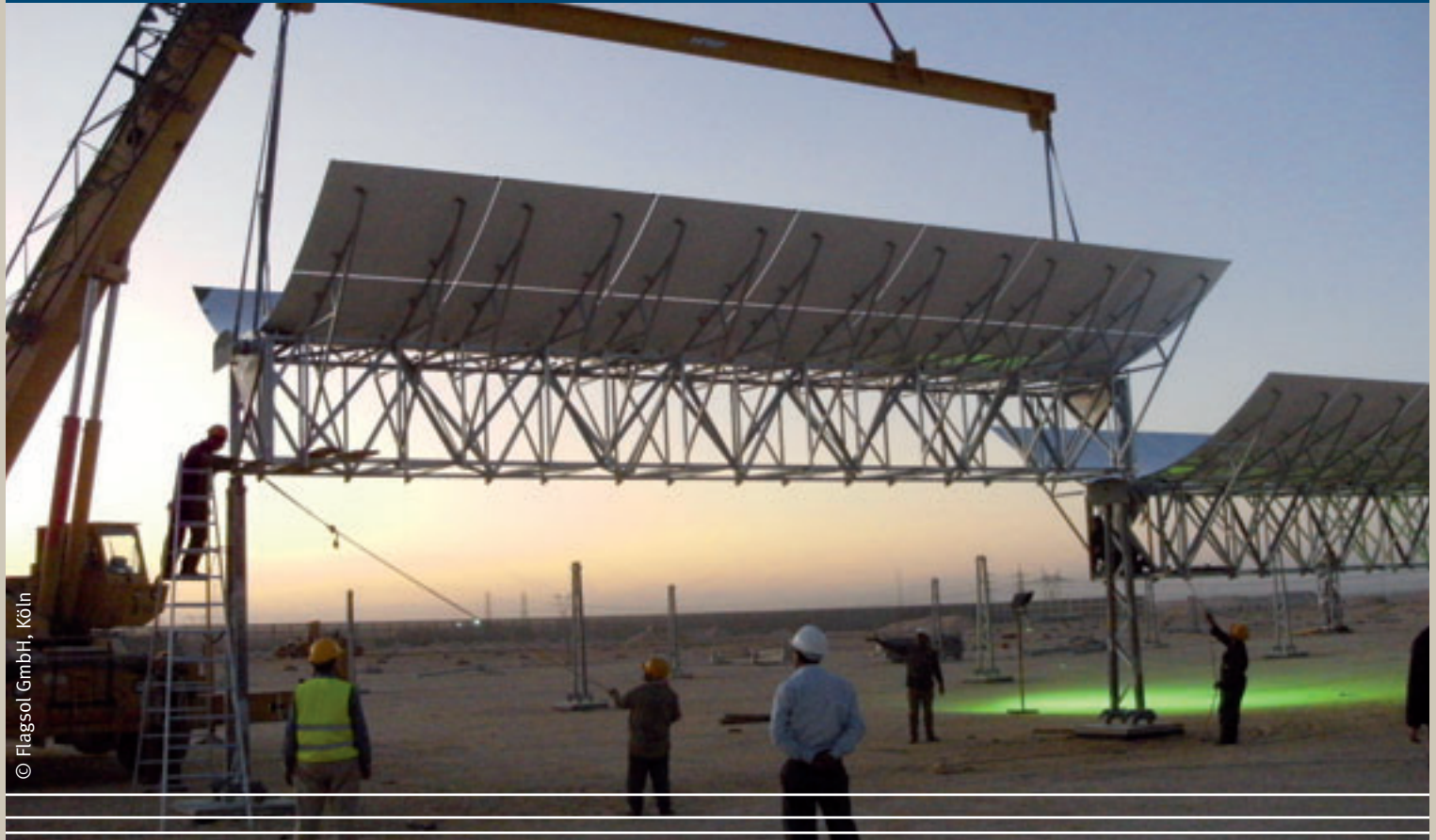


INTERIM REPORT 2009



© Flagsol GmbH, Köln

EXPORT CREDIT GUARANTEES OF THE
FEDERAL REPUBLIC OF GERMANY

► **Hermes Cover**

The volume of business covered by the government of the Federal Republic of Germany under its export credit guarantee scheme rose once again year-on-year in the first half-year of 2009. South Korea, the USA, Russia, China and Turkey are the countries with the highest cover volumes. As in the preceding years, the export credit guarantee scheme once again ended the first half-year 2009 with a surplus, which is transferred to the Federal Budget accounts.

DEVELOPMENT OF NEW BUSINESS

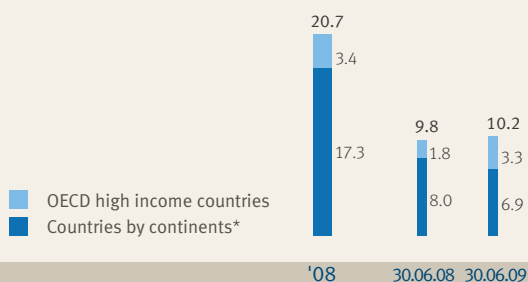
The Federal Government assumed cover for export business with an order volume of 10.2 billion euros during the first six months of 2009. The volume is thus 4.1 % up on the same period of the previous year. The marked increase in demand against the backdrop of the

economic and financial crisis was reflected in an increase in the volume of applications by 45.9 %. The Federal Government continues to make adequate cover available under the Hermes Guarantees and has introduced a number of temporary modifications to the Hermes underwriting tools in response to the financial crisis as part of its Stimulus Package II (www.agaportal.de).

The emerging economies and developing countries accounted unchanged for the lion's share of cover volume, 67.8 % or 6.9 billion euros. The major part of this, 3.2 billion euros (+8.4 % compared with the same period one year before), went to the Asian countries, followed by the European countries with 1.9 billion euros (-25.3 %). Exports to the Americas were insured by the Federal Government to the tune of 1.2 billion euros, representing a rise of 12.2 %. Business with buyers in African states had a cover volume of 0.6 billion euros (-57.6 %).

As a result of several large-scale projects, 32.2 % or 3.3 billion euros of cover was accounted for by exports to OECD high income countries¹. In the same period of 2008, export credit guarantees for 1.8 billion euros (18.2 %) had been granted for these.

VOLUME OF COVER BY COUNTRY GROUPS
IN BILLION EUR



* excl. OECD high income countries

¹ OECD high income countries (according to the World Bank definition: GNI per capita as per July 2008 above 11,456 US dollars):

Austria, Australia, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Slovak Republic, South Korea, Spain, Sweden, Switzerland, United Kingdom, United States.

In the first half of 2009 too, the development of business was dominated by a few major projects. Projects of this type frequently require long lead times. The development of business in the individual countries is therefore heavily dependent on large-scale transactions such as infrastructure projects and the point of time at which the deal is signed, as well as the time at which the cover comes into effect. Major fluctuations in the volume of newly granted export credit guarantees for specific countries should not, therefore, be taken as an indication of general changes in export flows. A series of further infrastructure projects is currently at the preparation stage.

The cover volume for **SOUTH KOREA** totalling 1.9 billion euros can be attributed to a single major deal on the construction of ships for the navy with an insured volume of 1.7 billion euros on short payment terms.

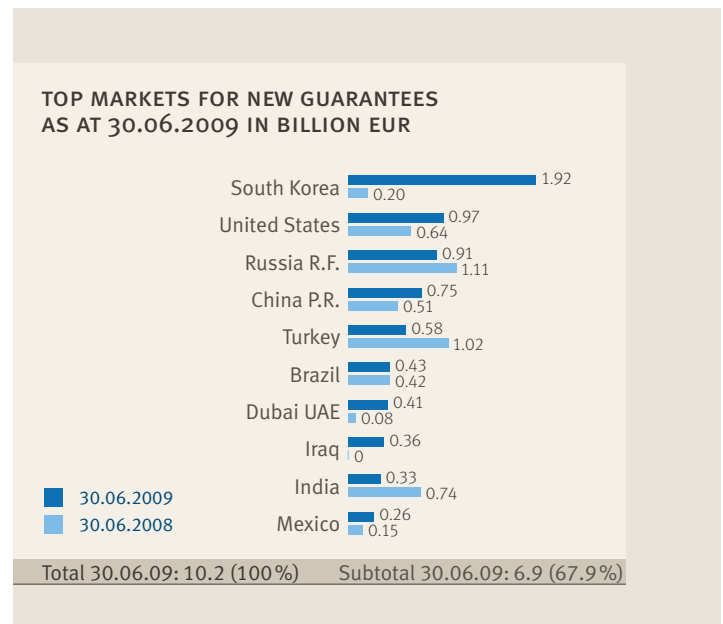
An export credit guarantee for the building of a steelworks for 772 million euros pushed the cover volume for the **USA** in the first six months of the year to 972.1 million euros.

RUSSIA is third in the league of the countries with the highest volume of new cover, with 907 million euros. This represents a decline of 18 % over the first half of 2008. The Federal Government granted large-volume

guarantees for equipment in the steelworks construction sector as well as for a paint finishing line. Besides transactions with a bank as guarantor, larger deals on credit terms can also be covered on the basis of corporate risk, i.e. the creditworthiness of the buyer, provided that financial statements drawn up to international accounting standards are available.

Export credit guarantees granted for business with **CHINA** went up year-on-year for the same period by 49 % to reach 749 million euros. As in preceding years, capital goods business was exclusively transacted on short payment terms. Major deals were for railway cranes and for the expansion and modernization of steelworks.

Covered business with buyers in **TURKEY** dropped by 43 % to 583 million euros. The Federal Government



here insured short-term trade receivables, but mostly exports of machinery and equipment on extended credit terms. High volumes of cover were granted for ferries and container ships as well as Airbus aircraft.

Cover for **BRAZIL**, which only rose by 0.4 % to 425 million euros, remained at the previous year's level. These exports were mostly (88 %) covered on short payment terms – predominantly under wholeturnover guarantees.

An export credit guarantee in respect of a gas power station in **DUBAI** for 320 million euros caused the cover volume here, 81 million euros in the same period a year before, to jump to 405 million euros. The volume of export credit guarantees for **IRAQ** in the first half of 2009 rose to 360 million euros.

For the same period year-on-year, covered exports to **INDIA** fell from 740 million euros to 331 million euros. German exporters also agreed payment with Indian buyers for capital goods business mostly (78 %) on short payment terms.

Export credit guarantees for **MEXICO** went up, thanks to a major plant construction deal, by 75 % to 264 million euros.

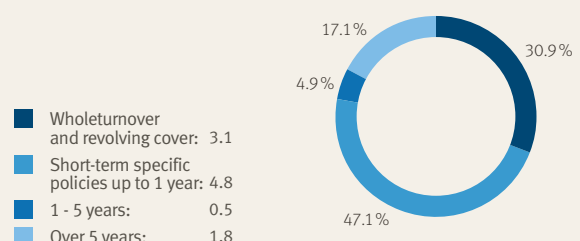
BREAKDOWN OF NEWLY GRANTED COVER BY HORIZON OF RISK AND TYPE OF BUSINESS

MEDIUM AND LONG-TERM GUARANTEES with credit periods exceeding one year decreased by almost half in the first half-year to 2.2 billion euros (same period in 2008: 4.1 billion euros). In particular, the volume of export credit guarantees with a credit period exceeding five years plummeted from 3.3 billion euros to 1.7 billion euros. This reduced the share of medium- and long-term guarantees in total cover to 22 % after 42 % in the equivalent period one year before.

No guarantees were granted for project finance or structured finance schemes in the first half of 2009, but applications for 13 projects with a total volume of 4.2 billion euros are currently being processed, while further projects are at the preparation stage.

Export credit guarantees for aircraft have almost tripled, going up to 970 million euros (same period in 2008:

GUARANTEES BY HORIZON OF RISK AS AT 30.06.2009 IN BILLION EUR



Total: 10.2

329 million euros). The volume of shipping guarantees reached a figure of just under 2.1 billion euros after 1.7 billion one year before.

SHORT-TERM COVER increased by 40 % to 7.9 billion euros (same period in 2008: 5.7 billion euros). Its share of new business thus rose to 78 % after 58 % a year before.

Short-term specific policies have more than doubled. The increase to 4.8 billion euros after 2.2 billion euros in the first half of the preceding year is mainly due to export credit guarantees for two major deals with South Korea and the USA. Spread cover, almost exclusively under wholeturnover policies, stood at 3.1 billion euros, 10 % down on the previous year's figure (just under 3.4 billion euros).

OUTSTANDING RISK

The maximum **OUTSTANDING RISK FOR THE FEDERAL GOVERNMENT** under all types of cover including interest rose slightly by 2.3 % and reached 61.6 billion euros (same period in 2008: 60.2 billion euros) as of 30.06.2009.

REVENUES

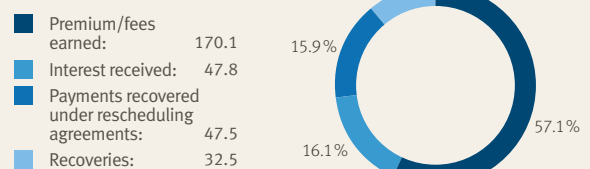
The revenues from **PREMIUMS AND FEES** decreased by 26.5 % to 170.1 million euros in comparison to the first half of 2008.

RECOVERIES under already indemnified claims for commercial losses shrank by more than half (-55.2 %) to 32.5 million euros (same period in 2008: 72.6 million euros). The highest recoveries were from South Korea (6.8 million euros) and Belgium (4.8 million euros).

Recoveries in respect of political claims and repayment of capital under **RESCHEDULING AGREEMENTS** came in 9 % lower, reaching 47.5 million euros. The Ukraine, with 14.6 million euros, had the largest share here, followed by Egypt with 10.0 million euros and Gabon with 9.6 million euros.

INTEREST INCOME went down by 18.6 % to 47.8 million euros after 58.7 million euros a year before. The highest payments were made by Egypt with 12.6 million euros, followed by Serbia with 9.1 million euros.

REVENUES AS AT 30.06.2009 IN MILLION EUR



Total: 297.9

EXPENSES

6 ■ Payments for **POLITICAL CLAIMS** declined by just under three quarters (-73.8 %) to 13.5 million euros after 51.6 million euros a year earlier. The highest amounts were once again for business in Argentina with 12.3 million euros (same period in 2008: 42.1 million euros).

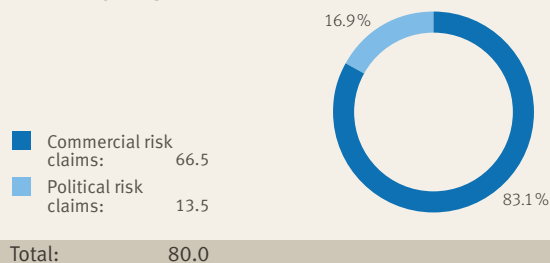
Payments for **COMMERCIAL CLAIMS** increased by 37.4 % to 66.5 million euros (same period in 2008: 48.4 million euros). The highest payments made were for claims in Turkey (14.7 million euros), Brazil (10.2 million euros) and Indonesia (8.8 million euros).

FINANCIAL RESULT

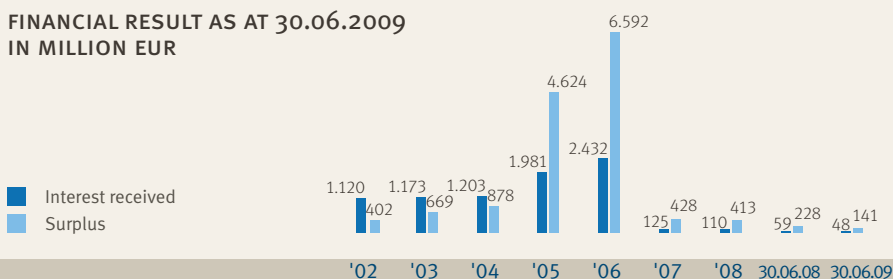
The first half of 2009 ended with a positive balance for the export credit guarantee scheme of 140.8 million euros (same period in 2008: 228.1 million euros).

The **INTEREST** of 47.8 million euros (same period in 2008: 58.7 million euros) received – predominantly in respect of rescheduling agreements – was also transferred to the Federal Budget accounts. For methodical reasons these sums are not included in the result of the scheme however, since the refinancing costs also incurred by the Federal Government in respect of claims payments are likewise not included when calculating the result.

CLAIMS PAYMENTS AS AT 30.06.2009
IN MILLION EUR



FINANCIAL RESULT AS AT 30.06.2009
IN MILLION EUR



The leadership function in the Interministerial Committee, which has the underwriting responsibility for Federal Export Credit Guarantees, is exercised by the **FEDERAL MINISTRY OF ECONOMICS AND TECHNOLOGY:**

Bundesministerium für Wirtschaft und Technologie
Referat VC2
Scharnhorststraße 34-37
10115 Berlin
www.bmwi.bund.de

The Federal Government has appointed a consortium formed by **EULER HERMES KREDITVERSICHERUNGS-AG**, Hamburg, as lead partner, and **PRICEWATERHOUSE-COOPERS AKTIENGESELLSCHAFT WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT**, Hamburg, to manage the official export credit guarantee scheme. Further details and information may be obtained by contacting the Head Office of Euler Hermes Kreditversicherungs-AG in Hamburg or one of the branch offices. Additional information on the official export guarantee scheme, e.g. current editions of the AGA-Report, the General Conditions and information leaflets as well as the Annual Reports and information on forthcoming events can also be accessed via Internet (www.agaportal.de). You may also request additional information material or raise your questions directly via e-mail.



HEAD OFFICE

Euler Hermes
Kreditversicherungs-AG
Friedensallee 254
22763 Hamburg
Phone +49 (0) 40/ 88 34 - 90 00
Fax +49 (0) 40/ 88 34 - 91 75
info@exportkreditgarantien.de
www.agaportal.de

BERLIN LIAISON OFFICE

Friedrichstadt Passagen – Quartier 205
Friedrichstraße 69
10117 Berlin
Phone +49 (0) 30 / 20 94 - 53 10
Fax +49 (0) 30 / 20 94 - 53 20
aga-berlin@exportkreditgarantien.de

www.agaportal.de

Cover from the Federal Republic of Germany for business transactions abroad

The German Government supports German business ventures abroad with its Export Credit and Investment Guarantee Schemes as well as the Untied Loan Guarantee Scheme, thus securing economic growth and safeguarding jobs. To this end, the Federal Republic of Germany provides guarantees against commercial and political risks in connection with export transactions and projects which secure the supply of raw materials to Germany as well as against the political risks of foreign direct investment.

The German Government has mandated a consortium formed by Euler Hermes Kreditversicherungs-AG (Euler Hermes) and PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC AG) to manage these promotion schemes.



Federal Ministry
of Economics
and Technology

OUR PARTNERS



**Euler Hermes
Kreditversicherungs-AG
Federal Export Credit Guarantees**

Postal address
22746 Hamburg

Visitors should call at
Gasstraße 27
Hamburg-Bahrenfeld

Phone +49 (0)40/88 34 - 90 00
Fax +49 (0)40/88 34 - 91 75

info@exportkreditgarantien.de
www.agaportal.de

Branch offices: Berlin, Frankfurt,
Hamburg, Köln, München, Stuttgart