



Annual Report 2006

we understand
each other



DUCROIRE | DELCREDERE
CREDIT INSURANCE

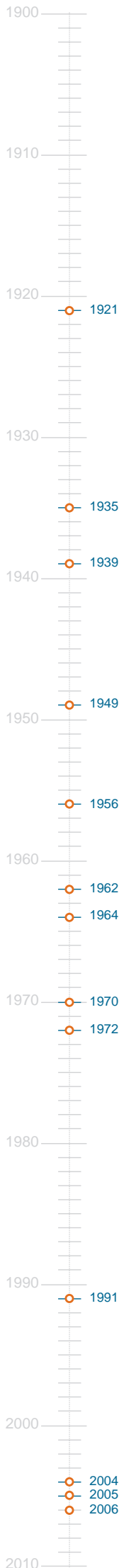
Mission

Ducroire | Delcredere SA.NV's mission is to protect its clients against the risks associated with domestic and international commercial transactions and to facilitate the financing of their foreign trade.

Scope of business

Ducroire | Delcredere SA.NV insures and reinsures the political and commercial risks of current trade transactions. It also issues legal and contract bonds. Ducroire | Delcredere SA.NV provides its services to companies within the European Union and insures the risks on their customers in domestic markets and anywhere in the world.

History



1921 ○ The Ministry for Economic Affairs sets up the **Delcredere Commission** to guarantee export transactions. Only political risks can be insured.

1935 ○ The Delcredere Commission is separated from the Ministry.

1939 ○ Reorganisation of the Delcredere Commission into an autonomous public financial institution with legal personality and guaranteed by the State. Birth of the Belgian export credit agency “**Office national du ducroire | Nationale Delcredere dienst**” (ONDD).

1949 ○ ONDD is empowered to cover import transactions and services.

1956 ○ ONDD starts to insure commercial risks.

1962 ○ ONDD obtains permission to contribute to the funding of the transactions it insures.

1964 ○ ONDD is authorised to insure certain transactions on behalf of the State.

1970 ○ ONDD starts to insure Belgian foreign direct investments.

1972 ○ Exchange rate risks relating to export transactions can be insured by ONDD.

1991 ○ The activities of ONDD are extended to international economic relations in the broadest sense.

2004 ○ ONDD creates a public limited company under private law. The objective is to continue to provide credit insurance in conformity with European rules.
Ducroire | Delcredere SA.NV is incorporated with a share capital of EUR 150 million.

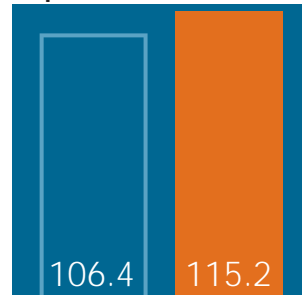
2005 ○ Ducroire | Delcredere SA.NV is licensed by the financial regulators to provide credit insurance and issue bonds under the free movement of services in the European Union. The company signs reciprocal cooperation agreements with the Chinese credit insurer Sinosure to cover local sales.

2006 ○ First branch opens in the UK. Ducroire | Delcredere SA.NV signs a cooperation agreement with Ingosstrakh, the leader in the Russian credit insurance industry. A credit insurance solution for Swiss customers is provided through the sister company Garant.

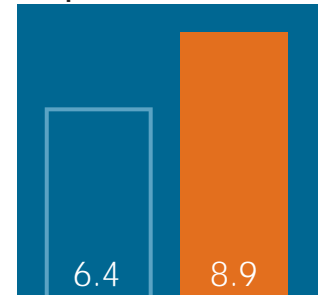
Key figures

■ in 2005 - ■ in 2006 (in millions of Euros)

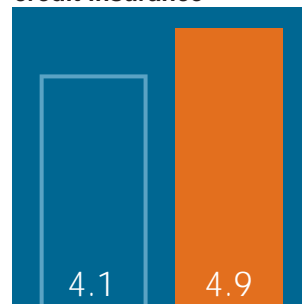
Capital & reserves



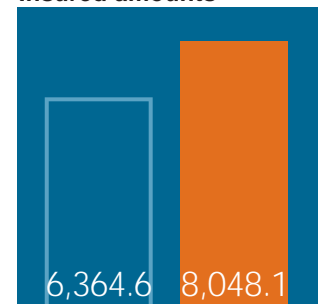
Net profit



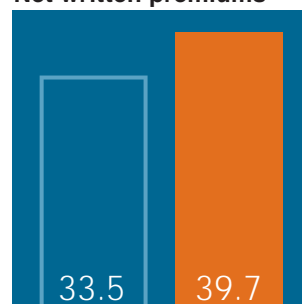
Technical result from credit insurance



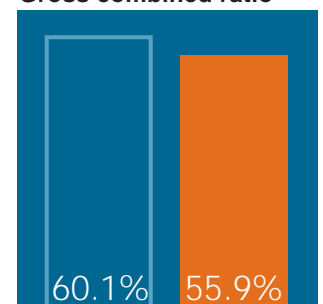
Insured amounts



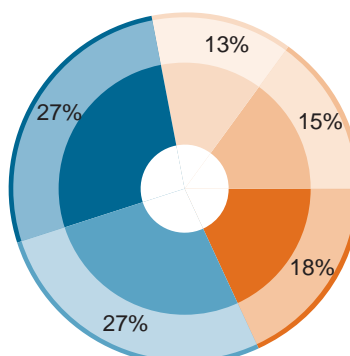
Net written premiums



Gross combined ratio



Geographical spread of insured amounts



- Asia
- Member States of the European Union
- Africa
- Other European countries
- America

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Jean-Pierre PAUWELS
Chairman

Alain HUART
Director

Dirk TERWEDUWE
Director

Yves WINDELINCX
Chief Executive Officer

Message from the Chairman and the Executive Committee

The year 2006 saw a marked increase in our activities. Insured amounts were up by more than 25% and net written premiums rose by 18.5% to EUR 39.7 million. Net profit grew by 38% to EUR 8.9 million. Return on equity was 7.7% and return on revenue 22.3%.

We remain dedicated to providing our customers - companies established within the European Union - with a tailor-made and high-quality personalised service. We continue to specialise in covering buyers in emerging markets and developing countries. In addition, for the last three years, we have insured risks on buyers in the European Union. Our company currently covers 233 countries worldwide. We have also seen a substantial growth in the legal and contract bonds business that we started in 2005.

Our EUR 115.2 million equity will help us to sustain this development. It is an important safeguard in insuring political and commercial risks worldwide. Our reinsurance treaties with leading private reinsurers provide further security. High-frequency losses are protected by proportional treaties while exceptionally large risks are covered by non-proportional (excess of loss) treaties at both country and buyer level.

We believe that our strategy of differentiating our offerings from those of our sector peers enabled us to grow for the second year running:

- > cover on open account terms (without requirement for a payment guarantee) in more than 200 countries;
- > a dedicated service to the customer from the account manager and the underwriter;
- > expansion into key foreign markets by opening local branches, notably in London, setting up local partnerships and providing support to brokers;
- > extended product range, with special attention to small and medium-sized enterprises.

To achieve these results we rely upon the increased productivity of all our employees. We are grateful for their continued dedication in a rapidly changing environment. We also thank our brokers and customers for their loyalty. We look forward to pursuing the development of the company with your support.

Management of the company

BOARD OF DIRECTORS

Jean-Pierre Pauwels, Chairman

Koen Allaert

Jean-Pierre Arnoldi

Hans Bruyninckx

Ludo Cuyvers

Bernard De Cort

Pascale Delcominette

Silvana Flagothier

Alain Huart

Fabienne L'Hoost

Jean-Philippe Mergen

Georges Stienlet

Dirk Terweduwe

Daniel Van Daele

Michel Van der Stichele

Patrick Van Haute

Caroline Ven

Lambert Verjus

Jean-Jacques Westhof

Yves Windelincx



REMUNERATION COMMITTEE

Jean-Pierre Arnoldi
Jean-Pierre Pauwels
Jean-Jacques Westhof

AUDIT COMMITTEE

Jean-Pierre Arnoldi
Ludo Cuyvers
Fabienne L'Hoost
Georges Stienlet
Daniel Van Daele

EXECUTIVE COMMITTEE

Yves Windelincx, Chief Executive Officer
Alain Huart, Director
Dirk Terweduwe, Director

COMPLIANCE OFFICER

Karine Boussart

INTERNAL AUDITOR

Heidi Gombert

Mr Dominique Michel, Mr Mark Geleyn and Mr Eric Vandoorne resigned in 2006. The company thanks them for their substantial contribution to the year's achievements.



Highlights

NEW LOW-COST CREDIT INSURANCE NOW AVAILABLE TO ALL SMEs

Filling the gap

The latest EU market survey revealed a lack of credit insurance services available to SMEs. Since then, we have been working on a solution.

We commissioned IPSOS to conduct a survey among Belgian SMEs. Two hundred companies provided us with detailed information on how they manage their risk of non-payment.

The main findings were:

- > 83% of SMEs are aware of the risks involved in extending credit to their buyers;
- > 70% of these wish to protect themselves against this risk;
- > 41% of SMEs seeking such protection would definitely think about credit insurance first.

In focus groups organised in conjunction with their trade associations, we learned that SMEs want a low-cost product with a minimum of red tape. We believe we can fill this gap in the market by launching D|cover[®], a new product targeted at Belgian SMEs selling within the EU with a turnover of less than EUR 10 million.

D|cover[®] offers several advantages :

- > only one annual credit scoring of the buyer portfolio;
- > the same revolving credit limit applying to each buyer;
- > no requirement for regular reporting by the insured party to the insurance company;
- > quick granting of compensation;
- > pricing at half the market rate for a standard whole turnover insurance policy, thanks to low handling charges.

we care

Sinosure has operated as an export credit agency since 2001, with a registered capital of RMB 4 billion (+/- EUR 400 million) owned by the Chinese government. Their service network comprises 19 regional offices and 22 sub-provincial offices. They officially started offering domestic trade credit insurance in mid 2005, recording insured amounts of EUR 260 million after only one and a half years. They share common views with us on underwriting political and commercial risks.

INTERNATIONAL RECOGNITION

Becoming the new credit insurance player on the London market

We opened a branch in the UK in 2006 as part of our licence from the Banking, Finance and Insurance Commission, which allows us to write credit insurance in all EU countries under the free movement of services legislation.

We can now provide UK brokers with local support to help them market our core product. We insure credit risks on buyers in emerging markets and developing countries, mainly on open account terms.

Many brokers have already welcomed us as a new and complementary player on the market, since we enable them to provide a broader offer to their customers.

London is not only the leading financial centre in Europe; the UK is also among the top three

markets for credit insurance (with Germany and France). We focus on EUR 10 million-plus turnover companies with emerging market risks. The level of interest is high.

Strengthening our partnership in China

Our partnership with Sinosure is a unique opportunity for European companies to benefit from prevention, collection and compensation services for their domestic trade in China.

Sinosure is the only insurance company specialising in credit insurance in mainland China. We organised a first joint seminar at our Chinese partner's invitation in Shanghai in 2005. Local subsidiaries of European companies are extremely interested in our services regarding information gathering, risk analysis, management of receivables and monitoring of claim recovery data. In response to this interest, we concluded reciprocal cooperation agreements with Sinosure, backed by reinsurance treaties. We held a second joint seminar in Brussels in 2006 to



Ingosstrakh is the leading company in the Russian insurance market, including in the credit insurance business. It is rated BB+ outlook stable by S&P and Ba2 outlook positive by Moody's. Established in 1947, it has 240 offices in Russia and abroad. The main foreign subsidiaries and representatives' offices are located in the CIS countries, in particular Kazakhstan, Ukraine, Belarus, and Armenia. In 2005, Ingosstrakh's insurance premium totalled RUR 308 million (+/- EUR 9 million) in the credit insurance line.

The Office du Ducroire acts as the single point of contact for exporters from Luxembourg. It was established in 1961 and has equity of EUR 77 million. With a turnover of EUR 2.95 million for the short-term business, it booked 24% growth in 2005.

provide valuable information to European head offices. Their credit managers, especially those with centralised risk management, showed a particular interest in the harmonisation of the general terms and conditions we try to achieve with Sinasure's help.

Creating a partnership with the leading Russian insurance company

Our new cooperation with Ingosstrakh in the field of underwriting and credit recovery improves our service to exporters active on the promising Russian market.

The partnership between Ingosstrakh and Ducroire | Delcredere is strong: the Russian firm and our parent company each have a 50% stake in Garant, the Austrian credit insurer. Garant specialises in export credit risk and political risk in emerging countries and has had a strong presence in Russia and Eastern Europe for 50 years. Under our cooperation agreement

with Ingosstrakh, we exchange commercial information and loss records in our respective markets. Both partners benefit from increased capacity for underwriting Russian risks and from local assistance for the collection of bad debts.

Consolidating our ties with the Luxembourg Office du Ducroire

Cooperation between companies from Luxembourg and Belgium has always been close. We signed a reinsurance agreement with the Luxembourg credit insurance company Office du Ducroire (ODL) in 2006.

ODL entrusted us with underwriting their credit insurance risks. Moreover, we reinsure all of ODL's whole turnover insurance policies on a 50/50 basis to increase insurance capacity and avoid risk concentration. In return, ODL reinsures the Luxembourg content in Ducroire|Delcredere's whole turnover policies on the same basis.

we listen

ICISA's members provide credit insurance and surety to millions of small, medium-sized and large businesses worldwide, directly supporting over USD 2 trillion worth of trade in more than 150 countries. ICISA provides a forum for experts to meet and discuss industry issues, product innovation and regulatory developments. It also organises training in credit insurance and surety to further the professionalism of its members, so that policyholders are provided with solutions of the highest quality.

Joining the n° 1 network of private credit insurers and surety companies

We joined the International Credit Insurance and Surety Association (ICISA) in 2006. ICISA is the leading professional association, grouping the major private credit insurers, surety companies and their reinsurers. We were admitted to the Association by a unanimous decision of ICISA's President and Management Committee, following consultation of all members.

INTEGRITY POLICY

Following clear professional ethical guidelines

The compliance officer drew up an integrity policy memorandum. All staff members will be trained on their integrity obligations regarding credit insurance and surety.

The guidelines cover a wide range of issues: customer protection and information, prevention of money laundering, financing of terrorism, tax evasion and corruption, protection of privacy, anti-discrimination measures and environmental protection.

Ducroire | Delcredere also adheres to good governance principles, observes professional ethics and pursues a clear policy preventing conflicts of interest.



An even greater focus on the customer

Bonds and guarantees secure obligations of principal debtors. We provide the beneficiary with security against default of principal debtors up to the limit of the bonds issued. By taking out surety from Ducroire | Delcredere SA.NV, the beneficiary avoids using his bank credit line and so increases his working capital.

STRENGTHENED ACCOUNT MANAGEMENT

In line with our business model, which encourages close client relationships, we have changed our internal organisation in order to further improve account management. Today, account managers can spend more time meeting the needs of their customers, prospects and brokers, and answering their specific requests.

What has not changed is the way underwriters and back office staff service their customers. They are still in charge of a limited number of accounts whose business they understand thoroughly. It remains of utmost importance that our underwriters can assist the customer from an early stage in the negotiations so that they can help him win the sale. Our staff members recognise the importance of the customer's business opportunities and work closely with him to grant the cover he needs whenever possible.

We launched Credelnet® as a platform for Internet-based applications and instant credit limit responses in 2005. It has been very successful, with one third of our customers now registered as users.

EXTENDED SURETY PRODUCT RANGE

We received a licence from the Banking, Finance and Insurance Commission in 2004 to practise surety and started to offer customs, tax and similar legal bonds in 2005. One year on, the track record for this type of product has been excellent. We have also started offering contract bonds.

We have issued customs and VAT bonds, bonds in accordance with the regulations of the Belgian Federal Public Service for Transport and other legal bonds since we have been active in the surety market. They helped to raise our turnover significantly between 2005 and 2006.

we feel

Reinsurance means sharing risks underwritten by insurance companies. The risk of a major claim cannot be borne by a single insurance company. Reinsurance smoothes loss impact and is an alternative to issuing equity. In recent years, reinsurance capacity for credit risks and surety has increased substantially.

In addition, we have issued advance payment, bid, retention money and performance bonds. Contract bonds are generally required under the terms of construction and engineering contracts.

INCREASED INSURANCE CAPACITY

In 2006, we freed up capacity by negotiating better terms and conditions with our reinsurers and by further increasing our reserves. We also assumed more reinsurance from other credit insurers and surety companies.

We are always looking to underwrite new risks, including for exporters to emerging and developing countries. We do so while protecting our portfolio from risk concentration and our capital from catastrophe by means of reinsurance cessions. The first-line protection for our political and commercial risk portfolio is provided by a 50/50 proportional quota share treaty with a

pool of leading private reinsurers, while the second line is a non-proportional (excess of loss) protection per debtor and per country.

During the year, we assumed reinsurance for both political and commercial credit insurance risks worldwide and for surety. We also signed reinsurance treaties with key partners. We use assumed reinsurance regularly to maximise the allocation of our available capacities in terms of risk taking and to improve the quality of our portfolio. It also helps us to develop our international network and share knowledge with our partners.

All these activities demonstrate the trust that other private insurers and reinsurers place in our ability to fulfil our commitments and in our skills regarding risk selection modelling, underwriting and claims management.



Financial review

we analyse

Comments on the financial figures

For our second year of operations, we are able to report a EUR 8.9 million profit, up by 38%. Return on equity is 7.7%.

Written premiums, net of rebates, total EUR 39.7 million, up by 18.5% compared with 2005, despite the overall downward pressure on premium rates. Claims remain stable, both on political and commercial risk, with a gross loss ratio of 13.3%. Operating costs, inclusive of brokerage, amount to EUR 18.1 million, i.e. a gross cost ratio of 42.6%.

The technical result before reinsurance cession comes to EUR 16.6 million, which produces a more than decent combined ratio of 55.9%.

Part of this result (EUR 9.2 million) is ceded to our reinsurers, who share our risks on a 60% basis for commercial credit insurance risks and on a 50% basis for political risks and public debtors.

The transfer to the provision for equalisation and disasters complies with the first method of the CBFA's specific regulations on credit insurance.

After transfer to this provision, the technical result comes to EUR 4.9 million.

The financial result amounts to EUR 5.7 million. The company carries out its investments (EUR 137 million at the end of the financial year, including cash) in accordance with prudential guidelines, laid down by the Board of Directors. On December 31st 2006, investments in stocks


(17.2%), corporate bonds (3.7%) and real estate (2.2%) accounted for less than a quarter of the portfolio in market value terms. Investments in government bonds made up 32.4% of this portfolio, while cash and short-term investments accounted for 21.5%. Longer-term investments with guaranteed capital on maturity represented a further 25.6%.

In addition to income from investments in 2006, we recorded unrealised gains of EUR 4.8 million at the end of the financial year.

Taxes are estimated at EUR 1.8 million, or a rate of 16.6%. The company reduced its tax base by the notional interest, under the new measures on tax allowance for risk capital.

The result of the financial year (EUR 8.9 million) is entirely transferred to equity: the legal reserve is increased by EUR 0.4 million, with the balance being added to the profit carried forward.

Equity reached EUR 115.2 million at the end of the financial year. It made up 8.1% of commitments net of reinsurance at the year end (EUR 1.413 million) and guarantees a high degree of solvency.



Statutory auditor's report to the general shareholders' meeting on the annual accounts of the company DELCREDERE NV/DUCROIRE SA

Financial Year closed on 31 December 2006

As required by law and the company's articles of association, we report to you in the context of our appointment as statutory auditor. This report includes our opinion on the annual accounts and the required additional comments.

UNQUALIFIED AUDIT OPINION ON THE ANNUAL ACCOUNTS

We have audited the annual accounts of DELCREDERE NV/DUCROIRE SA for the year ended 31 December 2006, prepared in accordance with the financial reporting framework applicable in Belgium, and which show a balance sheet total of € 159.017.721,00 and a profit for the year of € 8.851.089,00.

The company's board of directors is responsible for the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the annual accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the company's internal control relating to the preparation and fair presentation of the annual accounts, in order to design audit procedures that were appropriate

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the annual accounts taken as a whole. Finally, we have obtained from the board of directors and company officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the annual accounts of give a true and fair view of the company's net worth and financial position as of 31 December 2006 and of its results for the year then ended in accordance with the financial reporting framework applicable in Belgium.

ADDITIONAL COMMENTS

The company's board of directors is responsible for the preparation and content of the management report, and for ensuring that the company complies with the Companies' Code and the company's articles of association.

Our responsibility is to include in our report the following additional comments, which do not have any effect on our opinion on the annual accounts:

- > The management report deals with the information required by the law and is consistent with the annual accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the company, the state of its affairs, its foreseeable development or the significant influence of certain events on its future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.
- > Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- > There have been no transactions undertaken or decisions taken in breach of the company's statutes or the Companies' Code such as we would be obliged to report to you. The appropriation of results proposed to the general meeting is in accordance with the relevant requirements of the law and the company's articles of association.

Brussels, March 2007

GOOSSENS GOSSART JOOS SCPRL
REVISEURS D'ENTREPRISES

Auditor represented by Chantal JOOS

Balance sheet

(thousands EUR)

Assets	note	December 31 st 2006	December 31 st 2005
B. Intangible assets		545	675
I. Preliminary expenses	1	437	591
II. Intangible fixed assets	2	108	84
2. Other intangible fixed assets	2	108	84
C. Investments		134,954	120,317
III. Other financial investments	3	134,749	120,219
1. Shares, shareholdings and other tangible securities		90,758	46,047
2. Bonds and other fixed-income securities		40,186	40,186
6. Deposits with other credit institutions		3,805	33,986
IV. Deposits with reinsurers		205	98
Dbis. Part of reinsurers in technical provisions		8,606	8,106
I. Provision for unearned premiums	9	2,837	2,566
III. Provision for reported losses	9	5,219	5,249
IV. Provision for profit participation and refunds	9	550	291
E. Accounts receivable		12,243	9,280
I. Accounts receivable from direct insurance operations		8,732	6,167
1. Insured parties		4,910	3,917
3. Others		3,822	2,250
II. Accounts receivable from reinsurance operations	4	1,472	767
III. Other accounts receivable	5	2,039	2,346
F. Other assets		2,246	2,435
II. Available cash and cash equivalent	6	2,246	2,435
G. Accrued charges		424	441
I. Accrued interests and rent	7	225	275
III. Other accrued charges	7	199	166
TOTAL		159,018	141,254

Liabilities	note	December 31st 2006	December 31st 2005
A. Capital and reserves		115,249	106,398
I. Subscribed capital or equivalent fund after deduction of the uncalled capital	8	100,000	100,000
1. Subscribed capital	8	150,000	150,000
2. Uncalled capital (-)	8	-50,000	-50,000
IV. Reserves		762	320
1. Legal reserve		762	320
V. Result carried forward		14,487	6,078
1. Profit carried forward		14,487	6,078
C. Technical provisions		26,975	20,706
I. Provision for unearned premiums	9	6,333	4,676
III. Provision for claims	9	15,426	13,672
IV. Provision for profit sharing and rebates	9	980	503
V. Provision for equalisation and disasters	10	4,236	1,855
F. Deposits from ceded reinsurance		4,874	4,391
G. Debts		11,915	9,759
I. Debts from direct insurance activities		1,194	1,005
II. Debts from reinsurance operations	11	4,805	4,115
V. Other debts		5,916	4,639
1. Debts due to taxes, remunerations and social security	12	1,205	136
a) taxes	12	1,205	136
2. Others	12	4,711	4,503
H. Accrued charges and deferred income		5	0
I. Deferred income		3	0
II. Accrued charges	11	2	0
TOTAL		159,018	141,254

Income statement

(thousands EUR)

		2006			2005		
	note	gross trans- actions	ceded to rein- surers	net trans- actions	gross trans- actions	ceded to rein- surers	net trans- actions
Gross Written Premiums		41,217	-21,372	19,845	34,866	-19,411	15,455
No-claim bonuses and rebates		-1,504	882	-622	-1,343	751	-592
Net Written Premiums	13	39,713	-20,490	19,223	33,523	-18,660	14,863
Variation in provision for profit sharing and refunds	9	-477	259	-218	-270	160	-110
Variation in provision for unearned premiums	9	-1,657	272	-1,385	509	-222	287
Earned Premiums	A	37,579	-19,959	17,620	33,762	-18,722	15,040
Investigation revenues	B	2,090		2,090	2,038		2,038
Turnover		39,669	-19,959	19,710	35,800	-18,722	17,078
Claims paid	14	-6,402	3,537	-2,865	-6,095	3,595	-2,500
Recoveries of claims paid	14	1,414	-848	566	707	-425	282
Variation in expected recoveries of claims paid	15	1,727	-969	758	2,133	-1,277	856
Variation in provision for claims	9	-1,754	-30	-1,784	-4,502	1,330	-3,172
Charges of claims	C	-5,015	1,690	-3,325	-7,757	3,223	-4,534
<i>Loss Ratio</i>	C/A	13.3%	8.5%	18.9%	23.0%	17.2%	30.1%
Gross margin		34,654	-18,269	16,385	28,043	-15,499	12,544
Salaries and general expenses		-12,228		-12,228	-10,111		-10,111
Broker fees		-2,528		-2,528	-2,105		-2,105
Investigation costs		-2,099		-2,099	-1,958		-1,958
Commissions for assumed reinsurance		-1,243		-1,243	-411		-411
Commissions from ceded reinsurance			9,036	9,036		7,946	7,946
Operating costs	D	-18,098	9,036	-9,062	-14,585	7,946	-6,639
<i>Cost Ratio</i>	(D+B)/A	42.6%	45.3%	39.6%	37.2%	42.4%	30.6%
Technical result before reinsurance	16	16,556	-9,233	7,323	13,458	-7,553	5,905
<i>Combined Ratio</i>		55.9%	53.7%	58.4%	60.1%	59.7%	60.7%
Variation in provision for equalisation and disasters				-2,382			-1,855
Technical result after provision for equalisation and disasters				4,941			4,050
Result from the financial investments	3			5,911			4,826
Other financial result				-235			-60
Financial result				5,676			4,766
Result before taxes				10,617			8,816
Taxes				-1,766			-2,418
Result of the period				8,851			6,398
Transferred profit							
Transfer to the legal reserve				443			320
Profit carried forward				8,408			6,078

Cash flow

(thousands EUR)

	note	2006	2005
Net written premiums (*)	13	19,223	14,863
Investigation revenues		2,090	2,038
Claims paid (*)	14	-2,865	-2,500
Recoveries of claims paid (*)	14	566	282
Operating costs		-9,062	-6,639
		9,952	8,044
Recovered rescheduling interest (*)		1	2
Result from financial investments		5,494	4,199
Advance payment of taxes		-630	-1,800
Transfer of non-monetary assets and liabilities of ONDD		0	7,710
Other income and expenses		-539	125
		4,326	10,236
Gross cash flow		14,278	18,280
Variation in net working capital		116	5,235
Variation in fixed assets			
increase in preliminary expenses		0	-771
increase in intangible fixed assets		-49	-90
Net operational cash flow after investments		14,345	22,654
Capital paid			100,000
Variation of financial investments, cash and cash equivalent		14,345	122,654

(*) after reinsurance cession

Off-balance sheet rights and commitments

(thousands EUR)

		December 31 st 2006		
	note	gross transactions	ceded to reinsurers	net transactions
Branch 14 - credit insurance :				
direct credit insurance		2,481,529	-1,276,154	1,205,375
assumed reinsurance		182,424		182,424
Branch 15 - surety		79,048	-42,294	36,754
Commitments from issued policies	17	2,743,001	-1,318,448	1,424,553
Deposits of reinsurers in our favour		1,498		
Deposits of reinsurers in favour of reinsurers		0		

The full accounts of Ducroire | Delcredere SA.NV, in the format laid down by the Banking, Finance and Insurance Commission and defined by the Royal Decree of 17 November 1994 on the annual accounts of insurance undertakings, have been filed with the National Bank of Belgium and can be consulted there.

Notes

(thousands EUR)

NOTE 1 - PRELIMINARY EXPENSES

The preliminary expenses comprise costs of the company's incorporation (registration duties and notarial fees) and are amortised over 5 years.

Acquisition value	
At the end of the previous financial year	771
At the end of the financial year	771
Amounts written off and depreciations	
At the end of the previous financial year	-180
Variations during the financial year	
- Booked	-154
At the end of the financial year	-334
Net book value at the end of the financial year	437

NOTE 2 - INTANGIBLE FIXED ASSETS

The other intangible fixed assets include IT developments carried out for Credelnet®, the new electronic management tool for the comprehensive policy.

Acquisition value	
At the end of the previous financial year	90
Variations during the financial year	
- Acquisitions, including own construction	49
At the end of the financial year	139
Amounts written off and depreciations	
At the end of the previous financial year	-6
Variations during the financial year	
- Booked	-25
At the end of the financial year	-31
Net book value at the end of the financial year	108

NOTE 3 - OTHER FINANCIAL INVESTMENTS

	Book value	Market value	Result from financial investments
Equity	23,804	24,392	3,946
Real Estate	2,605	3,138	292
Corporate bonds	5,090	5,285	0
Government bonds	45,279	45,947	535
Monetary funds	23,980	24,504	376
Variable investments with guaranteed capital on maturity	30,186	32,512	298
Savings accounts	386	386	344
Term deposits	3,419	3,419	81
Investments	134,749	139,584	5,872
Cash and cash equivalent	2,246	2,246	39
Investments, cash and cash equivalent	136,995	141,830	5,911
Unrealised gains at the start of the financial year			1,274
+ Capital gains booked during the financial year			5,437
- Capital gains realised on the transfer of securities during the financial year			-1,876
Unrealised gains on December 31st 2006			4,835

NOTE 4 - ACCOUNTS RECEIVABLE FROM REINSURANCE OPERATIONS

Receivables from ceded reinsurance	1,048
Receivables from assumed reinsurance	347
Expected recoveries of claims paid -	
Assumed reinsurance (see note 15)	77
	1,472

NOTE 5 - OTHER ACCOUNTS RECEIVABLE

Receivables from the parent company	1,556
Advance on premium taxes	234
VAT to be recovered	245
Other receivables	4
	2,039

NOTE 6 - AVAILABLE CASH AND CASH EQUIVALENT

Available cash and cash equivalent comprises current accounts held with various banking institutions.

NOTE 7 - ACCRUED CHARGES AND DEFERRED INCOME

Earned and unpaid interests	225
Deferred charges	199

NOTE 8 - CAPITAL AND RESERVES ON DECEMBER 31ST 2006

AUTHORISED CAPITAL	thousands EUR	number of shares
Subscribed capital		
At the end of the last financial year	150,000	150,000
At the end of the financial year	150,000	150,000
Capital composition		
Categories of shares according to corporate law		
Without nominal value	150,000	150,000
Registered or bearer shares		
Registered		150,000
UNPAID CAPITAL		
	uncalled amount	called unpaid amount
Shareholders who still have to pay up		
Immo Montoyer	0	0
ONDD	50,000	0
Total	50,000	0

NOTE 9 - TECHNICAL PROVISIONS

		outstanding on December 31 st 2006		outstanding Dec. 31 st 2005		variation 2006
		gross transactions	ceded to reinsurers	net transactions	net transactions	net transactions
branch 14 - credit insurance	direct credit insurance	5,362	-2,812	2,550	1,906	644
	assumed reinsurance	880	0	880	174	706
branch 15 - surety		91	-25	66	31	35
Provision for unearned premiums		6,333	-2,837	3,496	2,111	1,385
Provision for the variation of the risk		-414	185	-229	-15	-214
branch 14 - credit insurance	direct credit insurance	-329	185	-144	-13	-131
	assumed reinsurance	-85	0	-85	-2	-83
branch 15 - surety		0	0	0	0	0
IBNR provision		3,357	-1,872	1,485	1,696	-211
branch 14 - credit insurance	direct credit insurance	3,185	-1,872	1,313	1,503	-190
	assumed reinsurance	172	0	172	193	-21
branch 15 - surety		0	0	0	0	0
Provision for expected claims		12,785	-6,995	5,790	5,355	435
branch 14 - credit insurance	direct credit insurance	12,615	-6,995	5,620	5,228	392
	assumed reinsurance	134	0	134	127	7
branch 15 - surety		36	0	36	0	36

NOTE 9 - TECHNICAL PROVISIONS - CONTINUED

	outstanding on December 31 st 2006		outstanding Dec. 31 st 2005		variation 2006
	gross transactions	ceded to reinsurers	net transactions	net transactions	net transactions
Expected recoveries on expected claims	-6,314	3,463	-2,851	-2,667	-184
branch 14 - credit insurance					
direct credit insurance	-6,249	3,463	-2,786	-2,604	-182
assumed reinsurance	-65	0	-65	-63	-2
branch 15 - surety	0	0	0	0	0
Provision for claims management costs	6,012	0	6,012	4,054	1,958
branch 14 - credit insurance					
direct credit insurance	6,012	0	6,012	4,054	1,958
assumed reinsurance	0	0	0	0	0
branch 15 - surety	0	0	0	0	0
Provision for claims	15,426	-5,219	10,207	8,423	1,784
branch 14 - credit insurance					
direct credit insurance	15,234	-5,219	10,015	8,168	1,847
assumed reinsurance	156	0	156	255	-99
branch 15 - surety	36	0	36	0	36
branch 14 - credit insurance					
direct credit insurance	980	-550	430	212	218
assumed reinsurance	0	0	0	0	0
branch 15 - surety	0	0	0	0	0
Provision for profit sharing and rebates	980	-550	430	212	218

NOTE 10 - PROVISION FOR EQUALISATION AND DISASTERS

This provision has been constituted in accordance with the Royal Decree of February 22nd 1991 with the aim of either offsetting the non-recurrent loss or levelling the claims charges or covering special risks in years to come.

It complies with method no.1 under Regulations no.8 of the Banking, Finance and Insurance Commission.

As long as it does not reach 150% of the highest annual amount of premiums net of ceded reinsurance over the previous 5 years, the provision for equalisation for each year is replenished by transferring 75% of any positive technical result, provided this transfer does not exceed 12% of the premiums net of ceded reinsurance. This provision serves to offset any technical loss at the year end.

branch 14 - credit insurance	direct credit insurance	3,415
	assumed reinsurance	790
branch 15 - surety		31
Provision for equalisation and disasters		4,236

NOTE 11 - DEBTS FROM REINSURANCE OPERATIONS

Debts from ceded reinsurance	2,533
Debts from assumed reinsurance	0
Expected recoveries of claims paid - ceded reinsurance (see note 15)	2,272
	4,805

NOTE 12 - OTHER DEBTS

VAT	226	Debts with suppliers	3,032
Corporation tax	804	Debts with the parent company	1,679
Premium taxes	146	Other debts	4,711
Other	29		
Tax receivables	1,205		

NOTE 13 - PREMIUMS

		gross transactions	ceded to reinsurers	net transactions
branch 14 - credit insurance	direct credit insurance	34,705	-20,294	14,411
	assumed reinsurance	4,604		4,604
branch 15 - surety		404	-196	208
Written premiums net of rebates		39,713	-20,490	19,223

BREAKDOWN OF PREMIUMS PER COUNTRY (GROSS TRANSACTIONS)

Russia	2,440	Iran	760	Hungary	608
Turkey	1,916	Dubai	736	Ivory Coast	606
Poland	1,818	Nigeria	730	Tunisia	585
Algeria	1,514	India	722	Bulgaria	497
Romania	1,400	Ukraine	718	Lebanon	479
Brazil	1,095	South Africa	681	Senegal	466
Mexico	962	Morocco	678	Chili	418
Saudi Arabia	955	Israel	657	Argentina	402
Czech Republic	884	China	645	Lithuania	331
Italy	784	Egypt	623	Thailand	324
				Other countries	14,279
Written premiums net of rebates					39,713

NOTE 14 - CLAIMS PAID AND RECOVERIES

		gross transactions	ceded to reinsurers	net transactions
branch 14 - credit insurance	direct credit insurance	5,837	-3,537	2,300
	assumed reinsurance	541	0	541
branch 15 - surety		24	0	24
Claims paid		6,402	-3,537	2,865

branch 14 - credit insurance	direct credit insurance	1,401	-848	553
	assumed reinsurance	0	0	0
branch 15 - surety		13	0	13
Recoveries of claims paid		1,414	-848	566

NOTE 15 - EXPECTED RECOVERIES OF CLAIMS PAID

		outstanding on December 31 st 2006		outstanding Dec. 31 st 2005		variation 2006
		gross transactions	ceded to reinsurers	net transactions	net transactions	net transactions
branch 14 - credit insurance	direct credit insurance	3,889	-2,311	1,578	890	688
	assumed reinsurance	77	0	77	7	70
branch 15 - surety		0	0	0	0	0
Expected recoveries of claims paid						
at historical exchange rate		3,966	-2,311	1,655	897	758
Unrealised exchange difference		-67	39	-28	7	-35
Expected recoveries of claims paid		3,899	-2,272	1,627	904	723

NOTE 16 - REINSURANCE CESSIONS

The risks for direct credit insurance (branch 14) were ceded to a pool of reinsurers at a rate of 60%.

The risks covered under the surety branch were also ceded to reinsurers, at a rate of 70% for customs surety and 50% for other sureties of more than EUR 1 million.

The result of the cession amounts to EUR 9,233 thousand in favour of our reinsurers, i.e. 55.8% of the operating result before the cession.

NOTE 17 - BREAKDOWN OF COMMITMENTS ACCORDING TO THE COUNTRY WHERE THE RISK IS LOCATED

Poland	152,468	Romania	80,467
Russia	129,709	Czech Republic	76,571
Turkey	107,505	Belgium	76,323
Algeria	85,151	China	71,870
Saudi Arabia	83,170	Brazil	71,096
		Other countries	1,808,671
Commitments from issued policies per country			2,743,001

Accounting principles

Preliminary expenses have been capitalised and are amortised at the rate of 20% per year.

Intangible fixed assets comprise computer software developed by third parties. They are amortised at a rate of 20% per annum.

Investments have been entered at acquisition value.

> **Shares and other variable-income securities** are impaired in the case of permanent losses.

> **Bonds and other fixed-income securities**, as well as **loans**, are impaired when repayment on maturity of such securities and receivables is wholly or partially uncertain or compromised.

> **Treasury bonds and other fixed-income securities** constituted for liquidity purposes are impaired when the market value is lower than the book value.

Receivables, cash and cash equivalent and other asset items are entered on the balance sheet at nominal value. These entries are impaired if the sale value at the year end is lower than the acquisition value.

Accounts receivable from reinsurance operations include, inter alia, expected recoveries of claims paid.

For claims that are paid as a result of debtor default, the expected recoveries are assessed by the claims manager on a case-by-case basis.

For claims that are paid as a result of political risk, expected recoveries are determined per country.

Expected recoveries expressed in foreign currencies are converted at the exchange rate applicable at the year end.

The **provision for unearned premiums** corresponds to the share of the premiums to be allocated to the period following the year end in order to cover claims charges and operating costs of insured risks not yet expired at the year end. This provision is calculated separately for each insurance policy.

The **provision for claims** comprises several elements:

> A provision for variation of the risk. It is constituted when for outstanding transactions insured by Ducroire | Delcredere SA.NV, the risk assessment is modified in comparison with the original assessment and, as a result, the unearned premiums do not correspond to the estimated future charges (claims charges and operating costs). This kind of provision is constituted:

>> in the case of variation in the country risk assessment (change in country classification);

>> when the deterioration in the macroeconomic situation in a country gives rise to an increased risk, of a systemic nature in respect of the private debtors in that country;

>> when the risk on a debtor deteriorates.

> An IBNR provision (incurred but not reported) for claims not yet reported: this provision is aimed at insuring on a statistical basis the final losses of claims incurred but not yet reported to Ducroire | Delcredere SA.NV at the year end. This provision is based on past experience.

> A provision for expected claims, which takes into account the expected recoveries on these expected claims, and gives an estimate of the expected final loss of the claim.

The following provision rates apply:

>> to expected claims in commercial risk: the rates are based on the probabilities of claim and recovery, are set by the claim managers, and are minimum 10%.

>> to expected claims in political risk: the rates are set per country. These rates apply to the amount of the insurer's commitments at the closing date for the claim in question.

> A provision for claims management costs. This provision is an estimate of the future external and internal costs to be incurred for the payment and/or recovery of claims. The provision is based on a percentage which is adjusted each year on the basis of past experience.

A **provision for profit sharing and rebates** is constituted for current policies with rebates, no-claims bonuses or profit sharing, which will be paid at the end of the closing date of the period for which the policy has been taken out. The provision is based on a discount rate which is adjusted each year on the basis of past experience.

The **provision for equalisation and disasters** is constituted in order to offset the non-recurrent operating loss or to level the claims charges or to cover special risks in years to come.

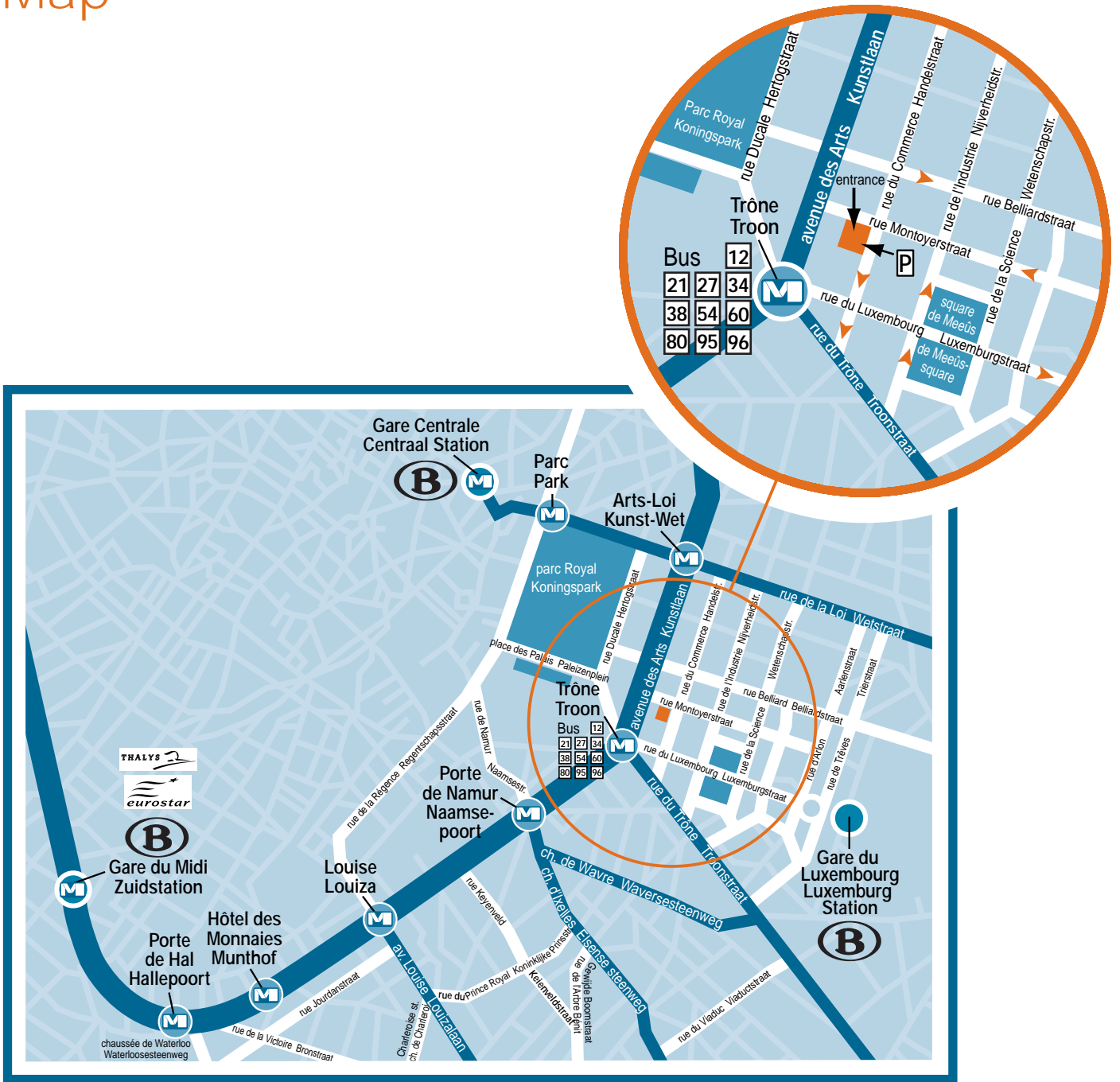
It complies with method no.1 under Regulations no.8 of the Banking, Finance and Insurance Commission. As long as it does not reach 150% of the highest annual amount of premiums net of ceded reinsurance over the previous five years, the provision for equalisation is replenished by transferring 75% of any positive technical result, while the transfer may not exceed 12% of premiums net of ceded reinsurance. This provision serves to offset any technical loss at the year end.

Investments, receivables, cash at bank and in hand and other asset items, debts and deferred and accrued charges and income expressed in foreign currencies are converted at the exchange rate applying at the year end.

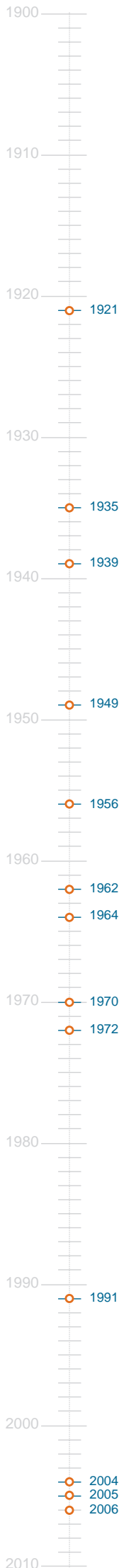
Off-balance sheet rights and commitments

Commitments for issued policies are equal to the outstanding risks covered by the insurer at the year end. These commitments are converted at the exchange rate applying at the date that the insurer provides cover in foreign exchange of the amounts insured. These commitments are entered at the historical exchange rate for transactions insured without cover in foreign exchange.

Map



History



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