



Annual Report **2007**



DUCROIRE | DELCREDERE
CREDIT INSURANCE

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Mission

Ducroire | Delcredere SA.NV's mission is to protect its clients against the short-term credit risks of domestic and international commercial transactions and facilitate the financing of foreign trade.

Business scope

Ducroire | Delcredere SA.NV insures and reinsures political and commercial risks of current trade transactions. In addition, it issues legal and contractual bonds.

Ducroire | Delcredere SA.NV targets all companies within the European Union and insures the risks on their customers in their domestic markets and anywhere in the world.

€11 billion

Total amount of insured commercial transactions, up by 37% in 2007.

€48 million

Turnover; an increase by 20% on the previous year.

€7.6 million

Net result. Ducroire | Delcredere SA.NV records a profit for the third consecutive year since it was set up.

61.3%

Gross combined ratio. It illustrates the ability to run a profitable insurance business. On the one hand, productivity is up. On the other hand, claims remain under control, even if the loss ratio goes up compared with that of 2006, which was exceptionally low.

Message from the Chairman and the Executive Committee

2007 was in many respects a satisfactory year. Despite lower premium rates, turnover went up by 20% as the volume of insured transactions grew significantly. The end result of these figures is a EUR 7.6 million net profit.

As for operational performance, our operating result before ceded reinsurance came to EUR 17.6 million. Both the cost ratio and the loss ratio remain under control. The cost ratio is testimony to our employees' productivity. They managed to handle the increase in insured amounts and turnover without a proportionate raise of staff numbers. The loss ratio demonstrates the quality of our risk management.

We put this good result down to the relationship of trust we have with our clients and brokers. The volume of transactions they have entrusted to us has risen continuously. The cover we provide is not limited to risks on debtors in emerging and developing countries, which is our core business. We also offer insurance for commercial transactions within the European Union and in other OECD member states. The market's response to our offer has been good, hence the sharp rise in insured amounts.

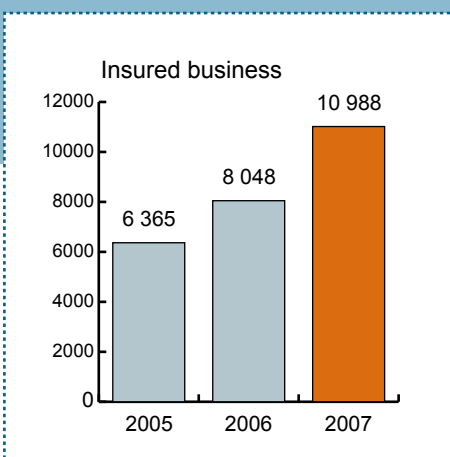
By positioning our company as a European credit insurer, we have managed to attract an increasing number of new customers outside Belgium. We have also rewarded the loyalty of our traditional clients by providing them with the insurance capacities they need for developing their business in over 200 countries.

In line with our strategy of internationalisation, we have opened a first branch in London, where we collaborate successfully with brokers. We plan to open a similar representative office in Paris in 2008. The main event of 2007 was undoubtedly our acquisition of a 66% stake in KUP EGAP (the main short-term credit insurer in the Czech Republic), in conjunction with SACE BT, the Italian credit insurance company. This company will serve as a bridgehead for clients that are active in Central Europe. This acquisition is part of our drive to internationalise our company within credit insurance partnerships. We aim to become part of a network of credit insurers that allows each member to retain its autonomy and ability to cater for the needs of its local clients, while enjoying economies of scale, e.g. in IT investments and the gathering of buyer information.

For 2008, we expect a heightening of the customer risk, with longer payment delays and higher levels of unpaid debt. The harsher financial climate combined with heightened political and default risk, will in time spark a rise in insurance premium rates, which have been historically low. However, we do not consider an increased global risk as a threat, but as an opportunity to persuade businesses to turn to Ducroire | Delcredere SA.NV for controlling their customer risk. ■

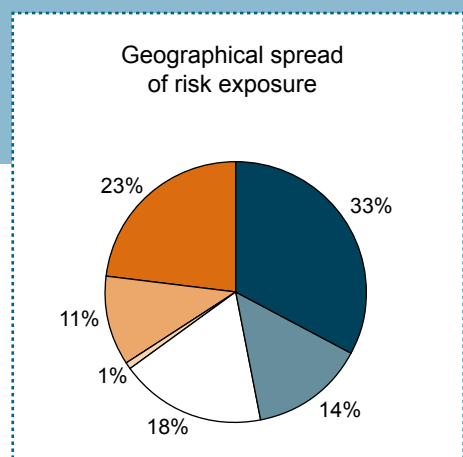
Key figures

AMOUNTS OF THE TRANSACTIONS INSURED (in millions of euros)



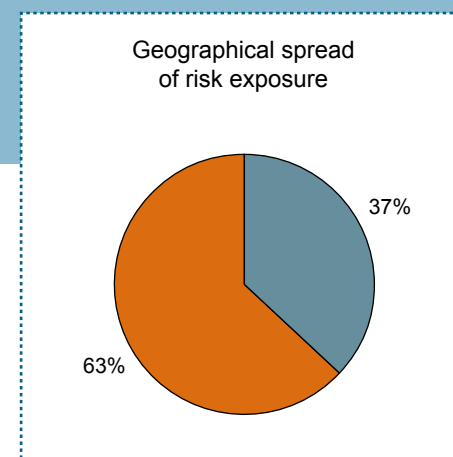
Insured amounts once again showed a sharp increase. The difference in growth rate between insured amounts (+37%) and turnover (+20%) is due to two reasons. Firstly, premium rates are historically low. This fall in premium rates reflects improved risks and the fierce competition in our sector. Secondly, our company is successfully entering the market segment of underwriting risks in OECD countries where premium rates are lower than in our traditional activity of underwriting risks in emerging countries. ■

BREAKDOWN OF RISKS



■ European Union
 ■ Other European countries
 ■ Africa
 ■ Northern America
 ■ Latin America
 ■ Asia and Oceania

Though Ducroire | Delcredere SA.NV has traditionally focused on emerging countries, 33% of its current activity relates to debtors located in the 27 member states of the European Union.



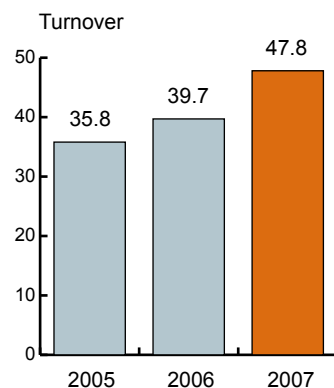
■ OECD countries
 ■ Non-OECD countries

The share of risks covered in OECD countries is on the rise, but our portfolio is still mainly exposed to risks in non-OECD countries.

Nonetheless, our risk exposure (EUR 3.7 billion) is highly diversified because of the geographical spread of debtors. ■

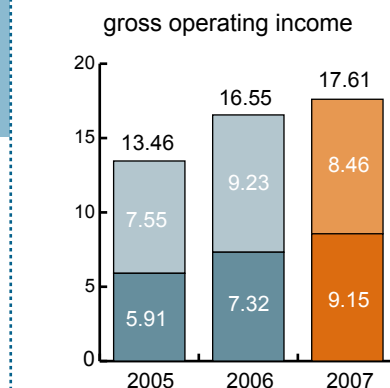
Key figures

TURNOVER (in millions of euros)



In 2007, we recorded a EUR 47.8 million turnover. Our insurance premiums have kept growing by more than 10% since our company was set up in 2004. This demonstrates the appeal of our insurance policy to businesses across the European Union. Ducroire | Delcredere SA.NV is licensed to operate in the 27 member states under the freedom to provide services. We have also seen a special interest in our bond activity. Contractual bonds have attracted the most interest, while demand from our traditional credit insurance clients has been buoyant. ■

OPERATING RESULT (in millions of euros)



■ Income ceded to reinsurers
■ Net operating income

Our operating result before and after ceded reinsurance keeps showing regular growth. Of EUR 17.6 million, we ceded EUR 8.46 million to reinsurers in 2007.

Ducroire | Delcredere SA.NV protects its equity by ceding part of the underwritten risks to the private reinsurance market.

In 2007, we raised the retention of commercial risk from 40% to 50% in our quota

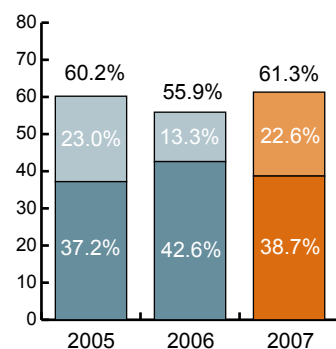
share reinsurance treaties, while we maintained the retention of political risk at 50%. This retention is in turn protected by excess-of-loss reinsurance treaties per debtor and per country.

Similarly to credit rating agencies, we assess the result of our activity in terms of economic return on revenue (operating insurance result after ceded reinsurance/turnover), i.e. without taking into account the financial result and the transfer for equalisation and disasters. This ratio stands at 19.2%, which is a source of satisfaction.



Key figures

gross combined ratio



■ Loss ratio
■ Costs ratio

COSTS

Thanks to the productivity efforts of all our staff, costs did not increase to the same extent as insured amounts and earned premiums. The slight increase in general costs (2.5%) compared with the rise in insured amounts is indicative of the productivity gains achieved in 2007. As a result,

we recorded a better cost ratio compared with the previous year. Our cost ratio is now lower than 40%.

The increase in commissions paid for accepted reinsurance is in line with the earned premiums for this new activity. ■

CLAIMS

Claims remain under control with a loss ratio of 22.6%. Most of the claims stem from payment defaults by private debtors (commercial risk). These risks reflect the diversification of the portfolio: they are dispersed over many debtors in several countries.

We anticipate a rise in the number of claims in 2008. We expect that the high risk of a recession, or at least of a strong slowdown

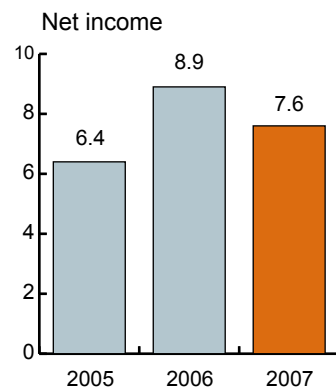
in the US economy, will slightly affect growth in emerging and developing countries, where we have the highest risk exposure. As a result of this trend, companies will probably change their attitudes to the pricing of risk. Premium rates have reached an all-time low and may, in our opinion, be expected to rise in 2008.

Moreover, we continue to extend and enhance the quality of our network of local intermediaries that carry out debt collection. This enables us to provide an excellent service to our clients, while continuously improving return.

Finally, we pursue a highly prudent provisioning policy with regard to potential claims. For instance, we book very high provisions with a view to withstanding a possible systemic risk in certain sectors in Russia. ■

Key figures

NET RESULT (in millions of euros)



We close the year 2007 with a net profit, as we have done since the end of 2004, when Ducroire | Delcredere SA.NV was established. Without the extraordinary cost of EUR 1.5 million in 2007, the result would have been similar to 2006. ■

2004

ONDD sets up Ducroire | Delcredere SA.NV to continue the historical activity of ONDD to provide short-term credit insurance, in compliance with European rules. The company is licensed by the financial regulatory authorities to conduct the activities of branches 14 "credit" and 15 "bonds" on 30 November and to operate in all member states of the European Union on 17 December.

2005

Ducroire | Delcredere SA.NV launches its operations.

2006

The company becomes a member of ICISA (International Credit Insurance and Surety Association). Ducroire | Delcredere SA.NV opens its first branch in London.

2007

Ducroire | Delcredere SA.NV acquires, in conjunction with SACE BT, a 66% stake in KUP EGAP, the main short-term credit insurer in the Czech Republic.

Accounts

BALANCE SHEET (thousands EUR)

Assets	note	Dec. 31 st 2007	Dec. 31 st 2006
B. Intangible assets		768	545
I. Preliminary expenses	1	283	437
II. Intangible fixed assets	2	485	108
2. Other intangible fixed assets	2	485	108
C. Investments		150 478	134 954
II. Investments in linked companies and participations		13 529	0
Other companies with a participation link		13 529	0
3. Participations		13 529	0
III. Other financial investments	3	136 543	134 749
1. Shares, shareholdings and other tangible securities		104 707	90 758
2. Bonds and other fixed-income securities		30 221	40 186
6. Deposits with other credit institutions		1 615	3 805
IV. Deposits with reinsurers		406	205
D^{bis}. Part of reinsurers in technical provisions		10 965	8 606
I. Provision for unearned premiums and variation of risk	9	3 540	2 837
III. Provision for claims	9	6 842	5 219
IV. Provision for profit sharing and refunds	9	583	550
E. Accounts receivable		16 720	12 243
I. Accounts receivable from direct insurance operations		13 790	8 732
1. Insured parties		5 461	4 910
3. Others		8 329	3 822
II. Accounts receivable from reinsurance operations	4	1 536	1 472
III. Other accounts receivable	5	1 394	2 039
F. Other assets		2 372	2 246
II. Available cash and cash equivalent	6	2 372	2 246
G. Deferred charges and accrued income	7	2 101	424
I. Earned, not yet expired interests and rent	7	144	225
III. Other deferred charges and accrued income	7	1 957	199
TOTAL		183 404	159 018

Accounts

BALANCE SHEET (thousands EUR)

Liabilities	note	Dec. 31 st 2007	Dec. 31 st 2006
A. Capital and reserves		122 870	115 249
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		1 143	762
1. Legal reserve		1 143	762
V. Result carried forward		21 727	14 487
1. Profit carried forward		21 727	14 487
C. Technical provisions		37 028	26 975
I. Provision for unearned premiums and variation of risk	9	7 929	6 333
III. Provision for claims	9	20 529	15 426
IV. Provision for profit sharing and refunds	9	1 252	980
V. Provision for equalisation and disasters	10	7 318	4 236
F. Deposits from ceded reinsurance		4 780	4 874
G. Debts		16 572	11 915
I. Debts from direct insurance activities		1 565	1 194
II. Debts from reinsurance operations	11	7 353	4 805
V. Other debts		7 654	5 916
1. Debts due to taxes, remunerations and social security		1 724	1 205
a) taxes	12	1 687	1 181
b) remunerations and social security		37	24
2. Others	12	5 930	4 711
H. Accrued charges and deferred income		2 154	5
I. Deferred income		2 151	3
II. Accrued charges		3	2
TOTAL		183 404	159 018

Accounts

INCOME STATEMENT (thousands EUR)

		note	2007		2006	
			gross transactions	ceded to reinsurers	gross transactions	ceded to reinsurers
Gross Written Premiums			48 193	-22 509	41 217	-21 372
No claim bonuses and rebates			-1 729	987	-1 504	882
Net Written Premiums	13		46 464	-21 522	39 713	-20 490
Variation in provision for profit sharing and refunds	9		-272	34	-477	259
Variation in provision for unearned premiums	9		-704	242	-1 657	272
Earned Premiums	A		45 488	-21 246	37 579	-19 959
Investigation revenues	B		2 291		2 090	
Turnover			47 779	-21 246	39 669	-19 959
Claims paid	14		-11 393	5 677	-6 402	3 537
Recoveries of claims paid	14		2 131	-635	1 414	-848
Variation in expected recoveries of claims paid	15		2 075	-1 255	1 727	-969
Variation in provision for the variation of the risk	9		-1 306	645	380	-166
Variation in provision for expected claims	9		1 626	-2 025	-2 728	545
Variation in prospects of recovery on expected claims	15		-3 419	1 957	594	-409
Charges of claims	C		-10 286	4 364	-5 015	1 690
<i>Loss Ratio</i>	C/A		22.6%	20.5%	13.3%	8.5%
Gross margin			37 493	-16 882	34 654	-18 269
Salaries and general expenses			-12 532		-12 228	
Broker fees			-2 609		-2 528	
Investigation costs			-2 634		-2 099	
Commissions for assumed reinsurance			-2 110		-1 243	
Commissions from ceded reinsurance				8 426		9 036
Operating costs	D		-19 885	8 426	-18 098	9 036
<i>Cost Ratio</i>	(D+B)/A		38.7%	39.7%	42.6%	45.3%
Technical result	16		17 608	-8 456	16 556	-9 233
<i>Combined ratio</i>			61.3%	60.2%	55.9%	53.7%
Financial result allocated to the technical account	3				899	
Variation in provision for equalisation and disasters					-3 082	
Result of the technical account					6 969	5 889
Financial result	3				3 326	
Extraordinary result					-1 486	
Result before taxes					8 809	10 617
Taxes					-1 188	
Result of the period					7 621	8 851
Transferred profit						
Transfer to the legal reserve					381	
Profit carried forward					7 240	

Accounts

CASH FLOW (thousands EUR)

	note	2007	2006
Net written premiums (*)	13	24 942	19 223
Investigation revenues		2 291	2 090
Claims paid (*)	14	-5 716	-2 865
Recoveries of claims paid (*)	14	1 496	566
Operating costs		-11 459	-9 062
		11 554	9 952
Recovered rescheduling interest (*)		15	1
Result from financial investments		4 241	5 494
Advance payment of taxes		-630	-630
Other income and expenses		-1 703	-539
		1 923	4 326
Gross cash flow		13 477	14 278
Variation in net working capital		2 431	116
Variation in fixed assets			
increase in the intangible fixed assets		-461	-49
Net operational cash flow after investments		15 447	14 345
Variation of cash and cash equivalent and investments		15 447	14 345

(*) after reinsurance cession

OFF-BALANCE SHEET RIGHTS AND COMMITMENTS (thousands EUR)

	note	December 31 st 2007		
		gross transactions	ceded to reinsurers	net transactions
Branch 14 - credit insurance	direct credit insurance	3 273 656	-1 663 224	1 610 432
	assumed reinsurance	393 202		393 202
Branch 15 - surety		93 819	-54 235	39 584
Commitments from issued policies	17	3 760 677	-1 717 459	2 043 218
Deposits of reinsurers in our favour		2 125		
Deposits 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.

Accounts

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	-334
Variations during the financial year : - booked	-154
At the end of the financial year	-488
Net book value at the end of the financial year	283

Note 2 – Intangible fixed assets

The other intangible fixed assets comprise 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	139
Variations during the financial year	
- Acquisitions, including own construction	461
At the end of the financial year	600
Amounts written off and depreciations	
At the end of the previous financial year	-31
Variations during the financial year : - booked	-84
At the end of the financial year	-115
Net book value at the end of the financial year	485

Accounts

NOTES (thousands EUR)

Note 3 – Other financial investments

	Book value	Market value	Result from financial investments
Equity	27 200	26 484	2 307
Real Estate	2 648	2 052	329
Corporate bonds	6 292	6 092	1
Government bonds	42 482	42 499	1 191
Monetary funds	26 120	26 300	249
Variable investments with guaranteed capital on maturity	30 186	33 683	419
Term deposits	1 615	1 615	52
Investments	136 543	138 725	4 548
Cash and cash equivalent	2 372	2 372	37
Investments, cash and cash equivalent	138 915	141 097	4 585

Unrealised gains at the start of the financial year	4 835
+ Capital gains booked during the financial year	-3 739
- Capital gains realised on the transfer of securities during the financial year	1 086
Unrealised gains on December 31st 2007	2 182

	Total	Allocated to the technical result	Remaining financial result
Result from financial investments	4 585	988	3 597
Other financial result	-360	-89	-271
Financial result	4 225	899	3 326

Accounts

NOTES (thousands EUR)

Note 4 – Accounts receivable from reinsurance transactions

Receivables from ceded reinsurance	934
Receivables from assumed reinsurance	247
Expected recoveries of claims paid - assumed reinsurance (see note 15)	72
Prospects of recovery on expected claims - assumed reinsurance (note 15)	283
	1 536

Note 5 – Other accounts receivable

Receivables from the parent company	531
Advance on premium taxes	272
VAT to be recovered	389
Other receivables	202
	1 394

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	144
Deferred charges	1 957

Accounts

NOTES (thousands EUR)

Note 8 – Capital and reserves on December 31st 2007

AUTHORISED CAPITAL

thousands EUR

number of shares

Subscribed capital

At the end of the last financial year	150 000	150 000
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At the end of the financial year	150 000	150 000
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Capital composition

Categories of shares according to corporate law		
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Without nominal value	150 000	150 000
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Registered or bearer shares		
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Registered		150 000
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UNPAID CAPITAL

uncalled amount

called unpaid amount

Shareholders who still have to pay up		
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Immo Montoyer	0	0
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ONDD	50 000	0
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Total	50 000	0
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Note 9 – Technical provisions

	outstanding on Dec. 31 st 2007			outstanding on Dec. 31 st 2006	variation 2007
	gross transactions	ceded to reinsurers	net transactions	net transactions	net transactions
branch 14 - credit insurance direct credit insurance	6 038	-3 038	3 000	2 549	451
assumed reinsurance	765	0	765	880	-115
branch 15 - surety	234	-42	192	66	126
Provision for unearned premiums	7 037	-3 080	3 957	3 495	462
branch 14 - credit insurance direct credit insurance	899	-460	439	-144	583
assumed reinsurance	-7	0	-7	-85	78
branch 15 - surety	0	0	0	0	0
Provision for the variation of the risk	892	-460	432	-229	661

Accounts

NOTES (thousands EUR)

Note 9 – Technical provisions (continued)

	outstanding on Dec. 31 st 2007		outstanding on Dec. 31 st 2006		variation 2007
	gross transactions	ceded to reinsurers	net transactions	net transactions	net transactions
IBNR provision	5 287	-1 491	3 796	1 485	2 311
branch 14 - credit insurance direct credit insurance	2 991	-1 491	1 500	1 313	187
assumed reinsurance	2 296	0	2 296	172	2 124
branch 15 - surety	0	0	0	0	0
Provision for claims to be paid	10 805	-5 351	5 454	5 791	-337
branch 14 - credit insurance direct credit insurance	9 380	-5 351	4 029	5 621	-1 592
assumed reinsurance	1 215	0	1 215	134	1 081
branch 15 - surety	210	0	210	36	174
Provision for claims management costs	4 437	0	4 437	6 012	-1 575
branch 14 - credit insurance direct credit insurance	4 437	0	4 437	6 012	-1 575
assumed reinsurance	0	0	0	0	0
branch 15 - surety	0	0	0	0	0
Provision for claims	20 529	-6 842	13 687	10 207	399
branch 14 - credit insurance direct credit insurance	16 808	-6 842	9 966	10 015	-2 980
assumed reinsurance	3 511	0	3 511	156	3 205
branch 15 - surety	210	0	210	36	174
branch 14 - credit insurance direct credit insurance	1 252	-583	669	431	238
assumed reinsurance	0	0	0	0	0
branch 15 - surety	0	0	0	0	0
Provision for profit sharing and refunds	1 252	-583	669	431	238

Accounts

NOTES (thousands EUR)

Note 10 – Provision for equalisation and disaster

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	5 364
	assumed reinsurance	1 876
branch 15 - surety		78
Provision for equalisation and disasters		7 318

Note 11 – Debts from reinsurance operations

Debts from ceded reinsurance	2 427
Debts from assumed reinsurance	0
Expected recoveries of claims paid - ceded reinsurance (see note 15)	3 420
Prospects of recovery on expected claims - ceded reinsurance (note 15)	1 506
	7 353

Note 12 – Other debts

VAT	431
Corporation tax	1 084
Premium taxes	169
Other	3
Tax receivables	1 687

Debts with suppliers	3 529
Debts with the parent company	2 401
Other debts	5 930

Accounts

NOTES (thousands EUR)

Note 13 – Premiums

		gross transactions	ceded to reinsurers	net transactions
branch 14 - credit insurance	direct credit insurance	36 749	-21 248	15 501
	assumed reinsurance	9 051		9 051
branch 15 - surety		664	-274	390
Written premiums net of rebates		46 464	-21 522	24 942

Breakdown of premiums per country (gross transactions)

Russia	2 782	France	881	Senegal	635
Kenya	1 866	United Kingdom	859	Tunisia	616
Iran	1 814	Ukraine	842	Hungary	593
Turkey	1 724	India	794	Israel	587
Poland	1 466	Côte d'Ivoire	793	South Africa	586
Brazil	1 293	Mexico	753	Germany	551
Romania	1 292	Czech Republic	745	Dubai	547
Algeria	1 222	Egypt	682	Lithuania	443
Italy	986	Morocco	669	Ecuador	427
Saudi Arabia	982	China	665	Bulgaria	406
				<i>Other countries</i>	17 963
Written premiums net of rebates		46 464			

Note 14 – Claims paid and recoveries

		gross transactions	ceded to reinsurers	net transactions
branch 14 - credit insurance	direct credit insurance	9 575	-5 665	3 910
	assumed reinsurance	1 696	0	1 696
branch 15 - surety		122	-12	110
Claims paid		11 393	-5 677	5 716
branch 14 - credit insurance	direct credit insurance	1 173	-635	538
	assumed reinsurance	890	0	890
branch 15 - surety		68	0	68
Recoveries of claims paid		2 131	-635	1 496

Accounts

NOTES (thousands EUR)

Note 15 – Expected recoveries of claims paid and prospect of recovery on expected claims

	outstanding on Dec. 31 st 2007		outstanding on Dec. 31 st 2006		variation 2007
	gross transactions	ceded to reinsurers	net transactions	net transactions	net transactions
branch 14 - credit insurance direct credit insurance	5 951	-3 553	2 398	1 579	819
assumed reinsurance	72	0	72	77	-5
branch 15 - surety	18	-12	6	0	6
Expected recoveries of claims paid at historical exchange rate	6 041	-3 565	2 476	1 656	820
Unrealised exchange difference	-252	146	-106	-28	-78
Expected recoveries of claims paid	5 789	-3 419	2 370	1 628	742
branch 14 - credit insurance direct credit insurance	2 612	-1 506	1 106	2 786	-1 680
assumed reinsurance	283	0	283	65	218
branch 15 - surety	0	0	0	0	0
Prospect of recovery on expected claims	2 895	-1 506	1 389	2 851	-1 462

Note 16 – Reinsurance cessions

The risks for direct credit insurance (branch 14) were ceded to a pool of reinsurers at a rate of 50%. 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 8,456 thousand in favour of our reinsurers, i.e. 48.0% of the technical result before the cession.

Accounts

NOTES (thousands EUR)

Note 17 – Breakdown of commitments according to the country where the risk is located

Russia	233 025
United Kingdom	206 648
Poland	163 864
Turkey	160 534
France	133 421
Brazil	131 243
Algeria	127 269
Saudi Arabia	98 787
Belgium	97 320
Hungary	91 391
<i>Other countries</i>	<i>2 317 175</i>
Commitments from issued policies per country	3 760 677

Accounts

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 year.

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 direct insurance or 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 **technical provisions** comprise several components :

A. For the activity related to the whole turnover policies (under the form of direct insurance or assumed reinsurance) :

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.

B. For the activity related to the assumed reinsurance under the form of treaties or facultative reinsurance (excluding the assumed reinsurance related to the whole turnover policies) :

A **provision for claims** is constituted, which comprises :

> A provision for IBNR. This provision is computed applying a prospective loss ratio to the written premiums, after deduction of the claims paid, the expected recoveries of claims paid and the provision for expected claims.

The provision is reversed when the risks has expired (generally 2 years after inception of the risks).

> 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.

C. 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.

Auditor's report

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF DUCROIRE | DELCREDERE SA.NV ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

In accordance with the legal and statutory requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the financial statements as well as the required additional statements.

Unqualified audit opinion on the financial statements

We have audited the financial statements of DUCROIRE | DELCREDERE SA.NV for the year ended 31 December 2007, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of € 183,404,494 and a profit for the year of € 7,621,042.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements 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 financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (*Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren*). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the company's accounting system, as well as its internal control procedures. We have obtained from management and the company's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the company as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

In our opinion, the financial statements for the year to 31 December 2007 give a true and fair view of the company's assets and liabilities, its financial position and the results of its operations in accordance with the financial reporting framework applicable in Belgium.

Additional statements

The preparation of the Director's report and its content, as well as the Company's compliance with the Company Code and its bylaws are the responsibility of management.

Our responsibility is to supplement our report with the following additional statements (and information), which do not modify our audit opinion on the financial statements:

- The Director's report includes the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the company is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.
- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- There are no transactions undertaken or decisions taken in violation of the company's statutes or the Company Code that we have to report to you. The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.

Brussels, 31 March 2008

GOOSSENS GOSSART JOOS SCPRL - REVISEURS D'ENTREPRISES
Statutory auditor represented by Chantal JOOS

Corporate governance

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
 Caroline Ven
 Lambert Verjus
 Jean-Jacques Westhof
 Yves Windelincx

REMUNERATION COMMITTEE

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

EXECUTIVE COMMITTEE

Yves Windelincx,
 Chief Executive Officer
 Alain Huart, Deputy CEO
 Dirk Terweduwe, Deputy CEO

AUDIT COMMITTEE

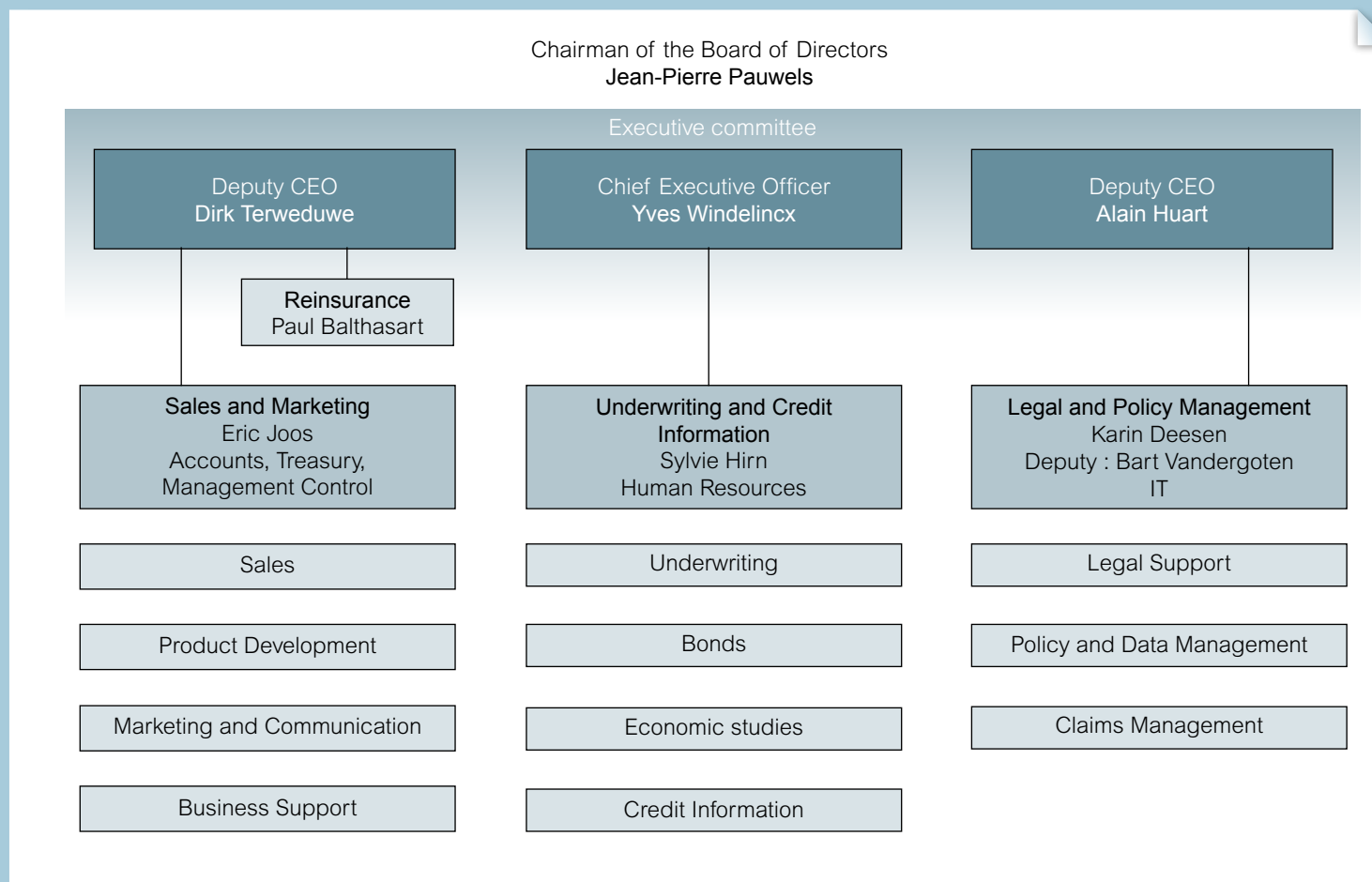
Georges Stienlet
 Fabienne L'Hoost
 Daniel Van Daele

INTERNAL AUDITOR

Heidi Gombert

Mr Patrick Van Haute resigned in 2007. We thank him for his contribution to the results.

Organisation chart



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Geographical presence

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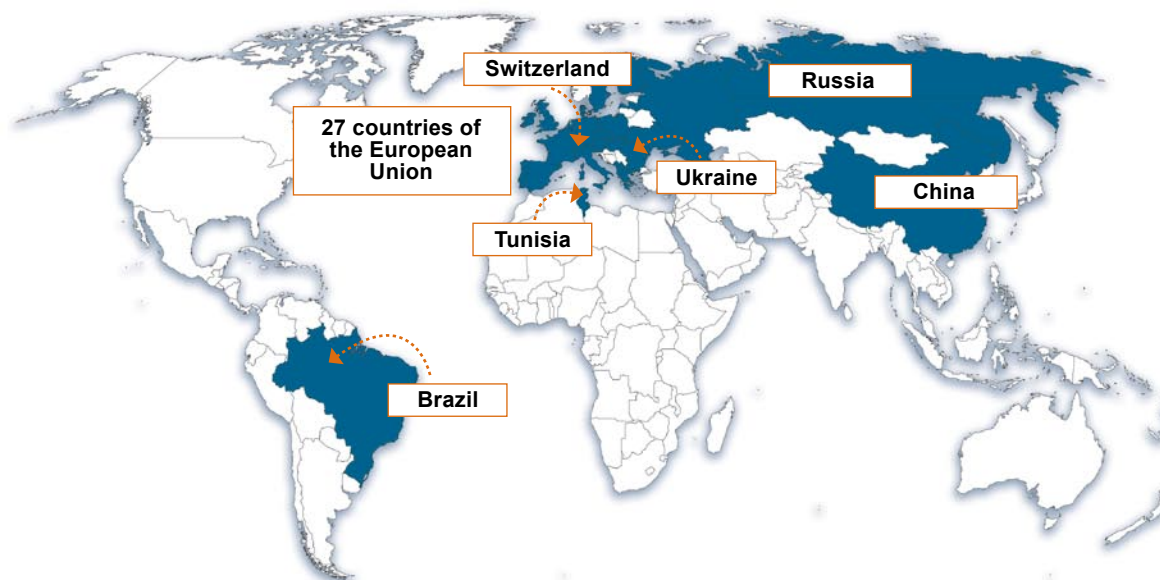
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FREEDOM TO PROVIDE SERVICES

> 27 countries of the European Union

INDIRECT PRESENCE THROUGH PARTNERSHIPS

- > Brazil
- > China
- > Russia
- > Switzerland
- > Tunisia
- > Ukraine





DUCROIRE | DELCREDERE
CREDIT INSURANCE

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