Team focus on customer loyalty and satisfaction

Annual Report 2011

DUCROIRE | DELCREDERE
CREDIT INSURANCE

Our vision

Understanding differences

makes the difference.

Our 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 trade.

Ducroire | Delcredere SA.NV insures and reinsures the political and commercial risks of current trade transactions. It also issues legal and contractual bonds. Ducroire | Delcredere SA.NV offers its services to all businesses within the European Union and insures clients for their trade sales at home and in markets across the world.

Contents

Key figures

Key Figures over the past seven years (in millions EUR)

	2005	2006	2007	2008	2009	2010	2011
Outstanding real commitments	2 309	2 743	3 761	5 731	4 951	6 837	8 667
Equity	106	115	123	101	130	141	147
Turnover	36	40	48	62	70	86	95
Technical result (after reinsurance)	6	7	9	-11	-22	6	8
Financial result	5	6	4	-14	10	8	3
Net result	6	9	8	-22	-21	11	6

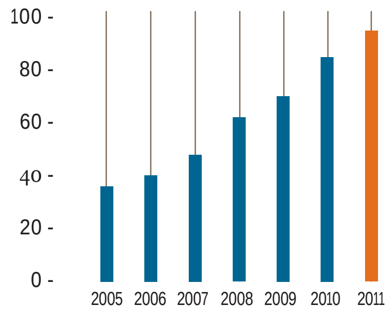
41%

Gross loss ratio

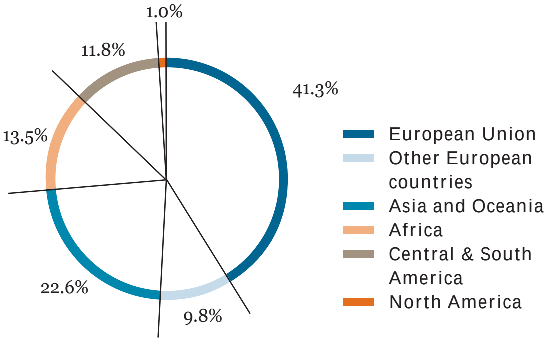
34%

Gross cost ratio

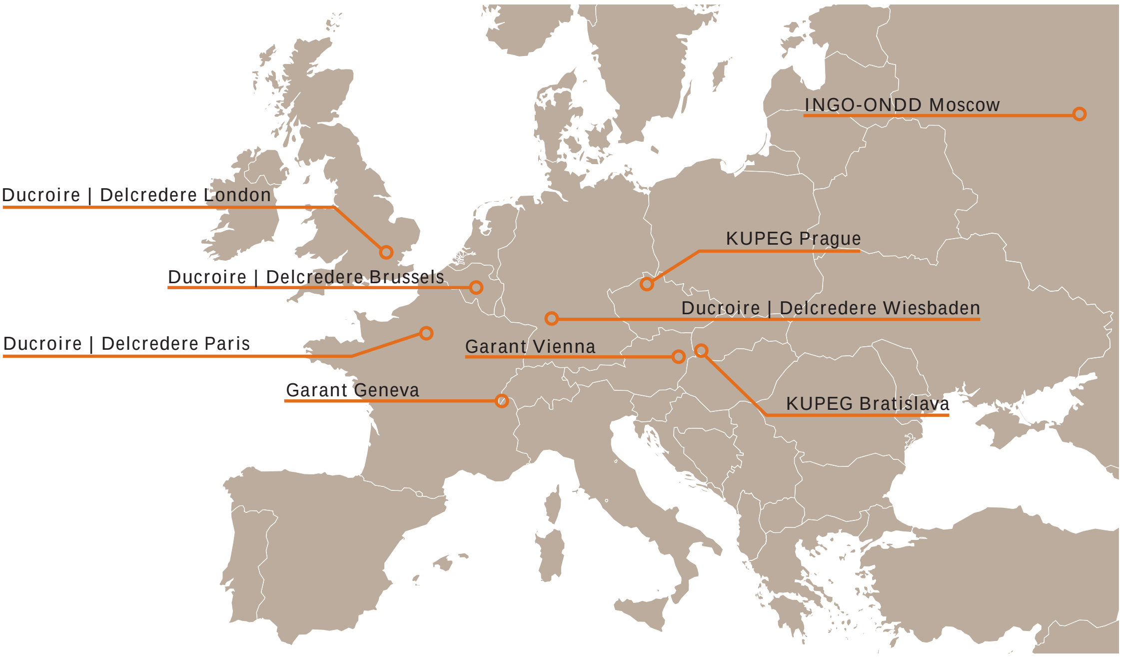
Turnover (in millions EUR)



Geographical spread of the outstanding real commitments



Our European reach



Our daughter, branches and sister companies build strong working relationships with exporters in the countries they serve.

+11%

Growth in net written premiums for whole turnover policies.

Message of the CEO of ONDD Group

2010 was a good year. What are your thoughts on 2011?

All things considered, I would say that we've had a positive year. Of course, in broad economic terms, the crises and the slowdown of growth across Europe and the world have created a difficult climate for business development. However, the ONDD Group has managed to remain on course as it navigates these testing waters. The Group turned in a net consolidated profit of EUR 48 million and collected EUR 315 million in premiums. We can also be proud that all our subsidiaries are currently in profit and contributing towards Group profits.

What about ONDD, the parent company?

ONDD held its ground in 2011. The volume of transactions insured was similar to the previous year, although premium income declined. The fall in the premium income of our traditional business in support of the medium- and long-term export market is explained partly by our adoption of a new OECD premiums system. But, of course, that has been beneficial for our customer businesses, who now pay less, on average, for their insurance cover.

In respect of market activity, which saw a slight growth in transaction volumes, the decline in premium income is mainly the result of competitive pressures, also related to the cost of funding of the commercial banks, which constrain the prices that we can charge.

What about the subsidiaries?

I am particularly satisfied to report that all of our subsidiaries were in profit in 2011. In a demanding environment, these results show that we have been pursuing the right strategy.

The insurance of short-term business saw strong increases in turnover across the Group. In several countries we increased our market share and we are making a real breakthrough in the United Kingdom and the Netherlands.

Has your strategy been vindicated?

The results for 2011 confirm the validity of our strategic choices and we are therefore continuing to press forward. We have increased the capital of INGO-ONDD and become the majority shareholder of TCRe. KUPEG has opened an office in Bratislava, Slovakia, a natural progression from our position in the Czech market. Garant has obtained an A.M. Best A- rating.

We have underpinned this expansion by consolidating and reinforcing the operational and risk management base that supports our activities.

Do you have a message for 2012?

The current trading environment is uncertain and unpredictable. In such conditions it really makes sense for businesses to use credit insurance. We shall continue to listen to the needs of our clients as we press forward with the development of the ONDD Group.

The positive results for 2011 were achieved in a difficult climate. I wish to highlight the professionalism and commitment that all 399 members of Group staff have shown. It is thanks to them that we have successfully tackled the many challenges that confront an insurer such as ONDD and I wish to express my deep appreciation of their work.

Dirk TERWEDUWE,
Chief Executive Officer
ONDD Group

Message to stakeholders

This is a time of challenge and uncertainty for the world economy, and Europe in particular. Rarely has the business environment presented such complex problems. No sector is immune.

However, Ducroire | Delcredere has navigated a safe course through this difficult period. In 2011 we sustained growth in our underwriting activity and our income, though at a slower pace than in the previous year. Our turnover rose by 10.9%, to EUR 95 million, and we achieved a EUR 5.7 million post-tax profit; our technical result before reinsurance more than doubled, to EUR 22.3 million. We reduced the claims paid to customers for buyer defaults to a net charge of EUR 37.6 million; our gross loss ratio declined to just 41.5%. Our surety and inward reinsurance activities have also contributed to our income.

A rigorous approach to risk management is the foundation of our activity. Difficult exposures are underwritten case by case and all members of staff are asked to analyse their own field of work and consider how to minimise the risks they identify.

These disciplines have given us the confidence to maintain strong support for our customers trading around the world, in spite of the challenges they have had to confront – the Eurozone crisis, political upheaval in many Arab countries and in Côte d'Ivoire as well as Belarus, commodity price surges and the slowing of growth in Asia and Brazil.

The diversity of these events has highlighted the value of credit insurance as a tool for the protection of business growth, especially in today's world, where it is hard to forecast the likely evolution of risk across countries or economic sectors.

Both longstanding clients and those who turned to Ducroire | Delcredere after the global crisis of 2008-9 have remained loyal. Many have asked us to underwrite additional business lines. We have seen significant turnover growth in Europe, particularly in the important United Kingdom and Netherlands credit insurance markets.

We have supported customers by maintaining a broad and consistent range of cover for international risks; for markets in difficulty we have looked for ways to maintain support, even if tighter controls are required. Visits to high risk markets by our claims team have assisted in the early recovery of overdue debts.

Throughout, we remain committed to providing personalised service, offering customers direct access to underwriters as well as account managers.

Internally, we have continued to reinforce risk controls and the IT systems that underpin our operations.

We have maintained a close dialogue with the regulator, explaining the specialist risk management systems that we have developed to meet our distinctive needs as a credit insurance company. This expertise and business discipline has enabled us to retain the strong support of our reinsurers.

We would like to thank the reinsurers and the credit insurance broking community for the confidence they have shown in us. We also wish to express our appreciation to our clients for their loyalty and valued support.

Finally, we particularly wish to thank our staff for their hard work and expertise and their dedication to the success of Ducroire | Delcredere and the provision of a thoroughly professional service for our customers.

Dirk TERWEDUWE,
Chief Executive Officer
Ducroire | Delcredere SA.NV

Jean-Pierre PAUWELS,
Chairman
Ducroire | Delcredere SA.NV

Corporate governance*

Board of directors

Jean-Pierre PAUWELS
Chairman
Civil engineer
Ph. D. in Economics
Appointed in 2004

Filip ABRAHAM
Master of Arts and
Ph. D. in Economics
Appointed in 2011

Julien COMPERE
Master of Law
Appointed in 2009

Niko DEMEESTER
Master of Arts
in Economics
Appointed in 2009

Yves GOLDSTEIN
Master of Law
Appointed in 2010

Marc MONBALIU
Master of Arts
in Economics
Appointed in 2010

Georges STIENLET
Master of Arts
in Economics
Appointed in 2004

Baudouin VELGE
Master of Arts and
Ph. D. in Economics
Appointed in 2009

Dirk TERWEDUWE
Master of Arts
in Economics
Appointed in 2004

Karin DEESEN
Master of Law
Appointed in 2009

Stefaan VAN BOXSTAEL
Master of Arts
in Economics
Appointed in 2010

* Situation on March 21st 2012.

Remuneration committee

Jean-Pierre PAUWELS, Chairman
Niko DEMEESTER
Yves GOLDSTEIN

Audit committee

Baudouin VELGE, Chairman
Julien COMPERE
Georges STIENLET

Executive committee

Dirk TERWEDUWE,
Chief executive officer
Karin DEESEN,
Deputy chief executive officer
Stefaan VAN BOXSTAEL,
Deputy chief executive officer











External auditor

PricewaterhouseCoopers,
represented by
Roland JEANQUART,
Reviseur d'entreprise –
Bedrijfsrevisor

Chief financial officer

Ronny MATTON

Internal auditor

Heidi GOMBERT

Compliance officer

Bart VANDERGOTEN

Chief risk officer

Hans SLOCK

Actuary

Christophe CROCHET

Group structure

ONDD

address: rue Montoyerstraat 3, BE-1000 Brussels
staff: 154

Parent company

100% subsidiary

Ducroire I Delcredere SA.NV

address: rue Montoyerstraat 3, BE-1000 Brussels
staff: 125
products: whole turnover short-term credit insurance (domestic and export), surety (legal and contractual bonds), credit and surety reinsurance
incorporation: 2004

- Branch - London (United Kingdom)
- Branch - Paris (France)
- Branch - Wiesbaden (Germany)

66% subsidiary

KUPEG

address: Na Pankráci 1683/127, CZ-140 00 Prague 4
staff: 54
products: whole turnover credit insurance (domestic and export), surety (legal and contractual bonds)
incorporation: 2005

83% subsidiary

Garant AG

address: Wohllebengasse 4, AT-1040 Vienna
staff: 23
products: single buyer short-term credit insurance, single contract credit insurance, investment insurance, credit and political risk reinsurance
incorporation: 1958

- Branch - Geneva (Switzerland)

products: export credit insurance, insurance of import prefinancing, credit insurance for domestic projects of exporting companies, investment insurance, insurance of contract guarantees (bonds), financial guarantees, credit and surety and political risk reinsurance

incorporation: 1939

67% subsidiary

INGO - ONDD

address: Paveletskaya Square, 2/1,
Business Centre 'Paveletskaya Plaza',
RU-115054 Moscow
staff: 19
products: whole turnover short-term credit insurance (domestic and export)
incorporation: 2009

55% subsidiary

TCRe

address: avenue Rogier Vandendriessche 18,
BE-1150 Brussels
staff: 24
products: excess of loss and top up cover for short-term credit insurance
incorporation: 2004

- Branch - Versailles (France)
- Branch - Cologne (Germany)
- Branch - Bergamo (Italy)
- Branch - Luxembourg (Luxembourg)
- Branch - Paterna (Spain)

Flexibility

Belgium and The Netherlands – Sophie Lecluselle, risk underwriter, Inge Goddé, account manager and Barbara Declercq, policy administrator.

"We can adjust our product in various ways to suit each situation."

— Personal service and pragmatic flexibility are essential attributes of the way Ducroire | Delcredere provides credit insurance. So a central role falls not only to the account manager – in this interview Inge Goddé for Belgium and the Netherlands – but also to risk underwriter Sophie Lecluselle and policy administrator Barbara Declercq.

Their job is to maintain direct contact with each client and to deliver our cover and support services in a way that is adapted, as far as possible, to the individual needs of that particular customer.

And Ducroire | Delcredere's ability to provide this support is based on an understanding of the customer's business experience, as Mrs Lecluselle explains:

"Our response to a new request from a client cannot always be based on analysing the balance sheets and income statement data, since we do not always dispose of this information."

"In such cases, rather than simply declining the request, we turn to other qualitative elements - for example the track record of the sales relationship that we are being asked to underwrite. If the customer can give us the history of payments from the buyer, this may give us enough confidence to provide the cover required."

Resurgence of political risks

The events of 2011 show that although political risk has become less frequent, it is still present and remains hard to predict.

As a credit insurer with an appetite for exposure worldwide, Ducroire | Delcredere knows that every year may bring its share of unexpected economic crises and political upheavals. There will always be some markets that suffer a sudden deterioration in risk and payment performance.

Crises in some markets produce echoes worldwide

"We live in interesting times." Rarely has this old saying felt so true as today, following the dramatic events of the "Arab Spring" and at a time when Eurozone countries are still trying to plot a path out of danger and back to market confidence.

"As a credit insurer with an appetite for exposure worldwide, Ducroire | Delcredere knows that every year may bring its share of unexpected economic crises and political upheavals. There will always be some markets that experience a sudden deterioration in risk and payment performance," says Ben Deboeck, country and sector risk coordinator.

"However, what distinguished 2011 was the scale and extent of instability that suddenly broke out. It had always been clear that Middle Eastern and North African countries faced long term development challenges such as corruption and a shortage of jobs; but nobody anticipated the wave of mass protests and revolutionary change that the region has experienced over the past dramatic year."

And he points out that the uncertainties affecting the Arab world are only part of a complex wider picture – in which many of the world's large economies also face major risks, whereas some poor countries have continued to enjoy stability and growth.

"The events of 2011 show that although political risk has certainly become less frequent, it is still present and remains hard to predict," says Ducroire | Delcredere's head of risk management, Hans Slock. "Meanwhile, the Eurozone crisis has shown us that systemic economic or business environment risk is still a big issue."

Overall, the evolution of Ducroire | Delcredere's country risk portfolio in 2011 was characterised by three big themes in terms of macro-economic performance and country risk: one-country crises in Côte d'Ivoire and Belarus, upheaval and tension across much of the Middle East region, and critical ongoing problems in the Eurozone.

"A stable authoritarian regime looks calm and non-risky. But the Middle East-North Africa crisis has shown how in fact these systems can harbour very big risks of instability, often driven by socio-economic factors – for example, youth unemployment in Tunisia," notes Mr Deboeck.

"But while the impacts of Ivorian instability and the Arab Spring were mainly confined to their home regions, Europe's difficulties have had much wider international consequences," he adds.

"By late 2011 India and China were feeling the effects of the Eurozone crisis and the threat of an abrupt fiscal tightening in the US. They were starting to see a slowdown in business, while in Brazil growth had actually come to a halt."

Crises in some markets produce echoes worldwide, but the effects can be complex and contrasting.

"The turmoil in Arab countries coincided with rising demand for energy in Asia, stimulating a rise in commodity prices. This benefitted the oil, grain and mineral exporting countries in sub-Saharan Africa and Latin America, but caused problems for those low-income countries that have to import energy and food.

"Now, as the global economy slows down, commodity exporters are exposed to the risk of a slide in the price of their exports."

Meanwhile, some emerging markets that continued to enjoy rapid growth in 2011, such as Turkey and Brazil, face the prospect of a sharp fall in short-term capital inflows as global confidence weakens.

Central and eastern Europe could also suffer an investment slowdown. Indeed, because of their close trade and financial links to Western Europe, these regions are the ones most directly exposed to events in the Eurozone.

"The Eurozone crisis has shown us that systemic economic or business environment risk is still a big issue."

The past year has reminded us that no country is immune from the risk of crisis, but some cope better than others. Experienced and finely tuned risk assessment is therefore essential.

A consistent stance

Faced with these testing and unpredictable conditions, Ducroire | Delcredere has sought to steer a steady course, controlling its risk exposure with care but maintaining a stable underwriting stance wherever possible.

“We did not close for business in Tunisia or Egypt. When full-scale war broke out in Libya we had to suspend cover; however, after a few months we were able to restore support, subject to some conditions,” says Mr Deboeck. “We maintained cover for Syria through much of last year, but eventually had to halt support for new sales as economic policy became erratic, and the situation in the country deteriorated, leading to tighter European Union sanctions, including a ban on purchases of Syrian oil.”

In the case of Côte d’Ivoire, Ducroire | Delcredere suspended cover days before the country’s banking system, ports, and cocoa and coffee export trade had been shut down in early 2011, as the post-election crisis deepened.

“However, once the new elected president had finally taken office and the banking system had restarted we were quick to restore cover. And Ivorian debtors were quick to clear outstanding blocked payments.”

“Belarus suffered a dramatic liquidity squeeze last year. Low foreign exchange reserves had been a concern for some time, but by early 2011 erratic economic policy management had pushed the country into a precarious position. This forced the National Bank to weaken the rouble and introduce administrative measures and Ducroire | Delcredere was therefore left with little option but to suspend cover.”

Outlook

Looking forward to this year, we expect conditions in Europe to be particularly challenging. There is a risk of renewed recession in sectors that depend on non-essential consumer spending, such as electronics, white goods and house construction.

Prospects for the US seem somewhat more favourable, given the high flexibility inherent to an economy that remains the world's largest. Nevertheless, the threat of a sharp fiscal tightening persists, because political stalemate hampers decisive policy-making.

In the past, risk concerns were often dominated by political risk issues in developing and emerging economies. But in the current climate it is the trading environment in OECD countries that may be the greatest concern.

"For industrial countries we will look even more carefully at buyer risk and vulnerability to any economic downturn as well as currency mismatches," says Mr Slock.

Ducroire | Delcredere is therefore reinforcing its analysis of industrial sector risks . And the fragility of confidence in the financial sector raises awkward questions too.

"Because of the financial crisis and worries about their exposure to weaker Eurozone markets, banks need to strengthen provisions and protect their capital. This reduces the funds that they have available for business lending needs such as trade finance and small business credit."

The situation is most acute in parts of central, eastern and southern Europe, whereas bank confidence is more resilient in Germany and also in Poland.

Staying alert

In such a difficult international environment, it is not enough to rely on trusted analytical techniques. These need to be regularly reviewed, to ensure that they are taking full account of the fast-changing nature of systemic risks, Mr Slock explains.

"We carry out regular spot check reviews of our country, sector and buyer risk assessment system to ensure that it continues to fully reflect today's business conditions. And each month we publish a new and extended country risk assessment update for our staff, customers and stakeholders; each issue includes a detailed assessment of conditions in a particular market."

"In such a difficult international environment, it is not enough to rely on trusted analytical techniques. These need to be regularly reviewed, to ensure that they are taking full account of the fast-changing nature of systemic risks."

Dialogue

United Kingdom – Hywel Griffiths, risk underwriter and Feargal Tierney, account manager.

“We always try to look for ways to provide some form of support, after a rethink on all sides.”

—— Instead of dealing with a call centre, client firms talk with the Ducroire | Delcredere account manager and the risk underwriter who are looking after their business.

Hywel Griffiths, underwriter in the United Kingdom branch, points out that his customers value our willingness to offer an open and direct dialogue with the person who actually makes the underwriting decisions about their insurance cover.

“I had a customer who felt that we were setting test limits at a lower level than he really needed. The buyer and country risk situation prevented us from increasing the limits, but the exporter said he still appreciated the underwriter’s readiness to discuss the issue openly with him.”

And, says Mr Griffiths, there are cases where extra information provided through exchanges of this kind does allow us to increase the credit limits we approve.

Ducroire | Delcredere cannot always say yes to requests for cover. But it does try to look for ways to provide some form of support after a rethink on all sides.

Another strength appreciated by United Kingdom customers is Ducroire | Delcredere’s readiness to accept exposure in South America.

“For example, in Venezuela the flow of payments is effectively run by a State agency – *CADIVI* – which controls allocations of foreign exchange,” says Feargal Tierney, account manager at the United Kindom branch.

“We now have one policyholder who had been preparing to complete a sale to Venezuela under cover issued by another insurer – who then withdrew cover. This exporter was struggling to find an insurer prepared to issue the credit limit needed, until we stepped in and confirmed that we were happy to back the deal.”

Rigorous approach to risk management

This discipline has given us the confidence to maintain strong support for our customers trading in markets around the world.

Risk management

We have been building an internal capital model to measure and manage our underwriting risks and the benefits of this are reflected in our operations during the current year.

Beyond the requirements of Solvency II

"Insurance is a regulated industry and Europe's 'Solvency II' rules establish the minimum level of economic capital that we must hold in order to protect our risk exposure. However, at Ducroire | Delcredere we believe that we must set the bar higher," explains Hans Slock, head of risk management."

"As the events of 2011 have shown, we are operating in an uncertain and difficult business environment. As a company we have therefore adopted internal standards that are much tougher than the legal minimum.

"We do this in a way that goes beyond quantitative measures and the simple accumulation of financial resources; we see risk management as a much more far reaching and comprehensive process. The identification, assessment, monitoring, control and reporting of risk is part of all our operations; it embraces every element of the business and every member of staff is involved."

Mr Slock explains that each year Ducroire | Delcredere carries out an internal risk survey. This asks the staff of each department to identify the risks that they encounter, assess their frequency and impact and consider whether they are effectively controlled; they are encouraged to look at how they could improve risk defences and incorporate a culture of risk management into the way they carry out their jobs.

"The development of this thinking has produced satisfying results. It is a valuable complement to the technical quantitative controls and risk approaches that we maintain. Risk management is the business of everyone in the company."

Risk categorisation

The management of risk at a day to day level is the practical implementation of the overall risk management principles and standards that Ducroire | Delcredere has adopted as a company.

"Strategy is set by the Board of Directors. The Board determines the overall levels of exposure that we should accept and the main quantitative limits on country and buyer risks," says Mr Slock. "The Board also sets the goals for our investment portfolio and decides what the principle elements of our portfolio should be and it defines the roles of different committees within the company in overseeing and controlling our risk position."

The Executive Committee is responsible for carrying out the strategy and translating the principles and targets that the Board has set into the way that Ducroire | Delcredere operates as a commercial credit insurance business. The Executive Committee delegates the practical implementation of this work to the risk management department.

This is a complex task, explains Mr Slock.

"It is not too difficult to quantify country, sector and buyer risks, drawing on our own analysis and the system of ratings that we have gradually developed. However, it is harder to define and measure operational risks, such as losses from fraud or a failure of information systems or internal processes.

"Our Board sets our capital and solvency objectives; we are then responsible for translating these into detailed target figures, risk concentration limits and insurance premium rates."

“We have been building an internal capital model to measure and manage our underwriting risks and the benefits of this are reflected in our operations during the current year. Our Board sets our capital and solvency objectives; we are then responsible for translating these into detailed target figures, risk concentration limits and insurance premium rates.”

Mr Slock outlines how his team categorises risks under nine broad categories set out in the Solvency II principles. Risk categorisation includes underwriting, asset and liability management (ALM), market, credit, liquidity, concentration, operational, strategic and reputation risks.

But for Ducroire | Delcredere underwriting exposure to buyers, sectors and countries accounts for much the largest element of the aggregate risk profile. The company is convinced that a credit insurer that is covering exposures worldwide, and not just within OECD economies, needs to go beyond the requirements of Solvency II in setting its risk parameters.

“The manner in which instability and change has spread across a wide range of Arab states, moving far beyond any single ‘country crisis’ – and quite apart from the serious risk of recession in developed economies – highlights the need for strong risk management systems that are suited to the demands of our own business”, Mr Slock notes.

However, there are many other risk factors to consider, beyond underwriting exposure, such as any potential threat to the strategy or the reputation of the company or the trade credit insurance sector.

And in the present global economic climate it is of course important to monitor and guard against factors that could imperil the economic value of Ducroire | Delcredere and its investments – such as a fall in the value of equities or currencies, pressure on the reinsurance market or a contraction in the volume of liquidity available in money markets.

Mr Slock outlines how the company’s solvency position is assessed each year by the supervisor – the Financial Services and Markets Authority in Belgium – and by the external auditor. Reinsurers are also invited to give their opinion.

Internally Ducroire | Delcredere carries out regular stress tests, examining the potential consequences of various underwriting worst-case scenarios or operational or financial problems. The risk team also looks at their potential impact on the cost of capital and reinsurance; it applies the risk model right across the company’s activities: direct credit insurance, surety and inward reinsurance business.

Once Ducroire | Delcredere has established a significant track record of using the new approach, the model will be submitted to the supervisor, for formal regulatory endorsement.

Reinforced and updated underwriting guidelines

Cover decisions tailor-made to the circumstances of each debtor and every business relationship are a vital tool for Ducroire | Delcredere as we seek to maintain support for our customers through a period of economic uncertainty and serious financial risk.

"Our risk underwriting system provides a rating for every debtor – and each is revised at least annually, and up to four times a year, where justified by the size of the company concerned and the volume of cover requests from our customers," explains Stefaan Van Boxstael, the deputy chief executive responsible for risk underwriting.

"We have reinforced and updated our underwriting guidelines. Continuous investment in information technology has enabled us to improve the productivity of our underwriting teams."

"Detailed knowledge of buyer risks, developed to underpin the rating system, allows us to semi-automate cover decisions in routine cases and for small amounts. This frees up our expert underwriters to give their personal attention to the more difficult and complex cases that have to be examined individually."

"There is a further bonus, too: the development of a detailed rating on each individual buyer has deepened our company by company understanding of the business community in each country and each trading sector. And that has helped us to create new tools for assessing and monitoring risk and providing our insurance service to customers."

For example, the ratings for individual operating businesses in different countries provide the basis for Ducroire | Delcredere to take a wider view of large multinational entities. This is necessary in an era when economic problems know no national boundaries and the problems affecting a large corporation in one market can therefore have a profound impact on the overall strength and risk status of that group in other parts of the world.

"Cover decisions tailor-made to the circumstances of each debtor and every business relationship are a vital tool for Ducroire | Delcredere as we seek to maintain support for our customers through a period of economic uncertainty and financial risk."

"We have now set transnational group limits for several large companies. For example, we have set a EUR 125 million limit on exposure to a major heavy industrial group that has more than 50 individual subsidiaries," says Mr Van Boxstael. "By taking a view of a group as a whole we can sometimes provide cover even when country conditions are unfavourable."

Underwriting teams develop specialist knowledge of certain sectors – for example, chemicals, contract engineering, pharmaceuticals and steel – and key debtors in these industries. This complements our country risk expertise.

The focus on buyer and sector detail often enables Ducroire | Delcredere to maintain cover on the basis of case by case assessments at a time when the wider risk climate is particularly difficult.

"For instance, as crisis developed in Greece, we drew on our detailed ratings database to look at the largest debtors in the country, one by one, to see how the risk status of each was altered by the new conditions. We were then able to decide where we could maintain existing cover capacity for loyal customers and where we had to reduce exposure," recalls Mr Van Boxstael.

"We spoke with those customers who were trading with the less well-rated buyers and asked them to accept a reduction in cover limits to the level of business they were actually engaged in at the time. This meant that their current transactions were still protected, but prevented them from adding to the total risk exposure."

"We had to ask existing clients selling to the weakest Greek buyers to accept a cut in their cover limit. But at least we were able to provide continuing support for the bulk of their sales, despite the country's financial crisis and the impact of government spending cuts and the slump in consumer spending."

Outward reinsurance strategy

Rarely have credit insurers faced such a risky economic environment. Yet this also presents opportunities for business expansion, as exporters seek the protection they need to carry on safely trading in today's uncertain world.

Ducroire | Delcredere therefore pursues an outward reinsurance strategy that will enable us to meet the contrasting requirements of risk control and growth.

"We felt that it was important to review our approach and our broking arrangements," explains Virginie Moens, who is in charge of outward reinsurance.

"We decided to supplement our traditional excess of loss and quota share reinsurance with a new stop loss facility. Our reinsurance structure for this year maintains loss ceilings for each buyer and country risk, but the stop loss now places an overall ceiling on the level of loss that we can incur."

"However, we have also sought to increase our underwriting capacity, so that we can respond to the demand for more cover from our loyal customers."

Ms Moens reports that this approach met with a positive response from the reinsurance community.

"Our reinsurers and our broker, Willis Re, have helped us this year to put in place a reinsurance programme that we believe enhances the protection of our capital and our financial viability, while still enabling us to grow. Indeed, both our lead reinsurers, in their specialist fields, were ready to provide reinforced support for Ducroire | Delcredere."

Although this is a testing time for the whole insurance industry, there is an understanding that credit risk offers scope for carefully managed growth.

"SCOR Global P&C SE continues to lead a quota share treaty under which we cede 40% of our exposure but which substantially increases the maximum exposure limit for each individual debtor."

"As crisis developed in Greece, we drew on our detailed ratings database to look at the largest debtors in the country, one by one, to see how the risk status of each was altered by the new conditions. We were then able to decide where we could maintain existing cover capacity for loyal customers and where we had to reduce exposure."

Claims

Our customers have benefitted from the strong payment morality of their buyers in most crisis-affected countries.

No fresh surge in buyer defaults

As 2011 opened, the credit insurance sector appeared poised to benefit from a continuing slow but steady recovery in the global economy after the financial crisis. Underwriters hoped for improving business conditions and a decline in claims.

Events have not turned out like that, with major problems in the Eurozone and upheaval across much of the Arab world, and in Côte d'Ivoire.

However, despite this difficult international context, Ducroire | Delcredere has not suffered any renewed surge in buyer defaults and consequent exporter claims.

Across all business lines, the value of indemnities paid has actually fallen by 20% from the level seen in 2010, to just EUR 46 million, says head of claims Alexandra Nicoletti. This continues a trend of steady improvement since 2009.

Contrasting situations

A striking feature was the wide contrast in payment behaviour between buyers in the various countries in crisis.

In Côte d'Ivoire the political crisis led to the shutdown of the banking system in early 2011, blocking all payments, yet most Ducroire | Delcredere customers did not rush to submit indemnity claims. Thanks to the strength of their Ivorian commercial relationships, they were confident that the buyers wanted to pay once conditions permitted.

And the buyers did indeed keep this promise as soon as an internationally recognised post-crisis government was in place and bank operations could restart, Mrs Nicoletti reports: "We didn't have to pay a single claim on Côte d'Ivoire in 2011."

In Libya the conflict was more prolonged and trade and payments were badly disrupted.

"We had to pay one major claim. However, trade and payments have now resumed and, thanks to the economic significance and financial strength of the local counterparty, the problem is gradually being sorted out. Even before the end of 2011 we had been able to partially recover some of the debt relating to the claim we had paid."

"However, in Egypt, our experience has been less encouraging with regards to payment morality. We have become concerned about the persistent delays in payment, even at a time when much economic activity continues."

European experience

The crisis in Greece has generated a number of claims. Ducroire | Delcredere has had to pay one large indemnity; but recovery of the debt remains a possibility as the debtor has secured legal protection to restructure and rebuild. But the problems in other weak European Union markets have not produced any upsurge in claims; and there have been only two major claims – worth a combined EUR 2 million – in central Europe.

Mrs Nicoletti explains that, besides rescheduling, we continue to use a "recycling" system – where, stage by stage, we approve limited blocks of capacity for new business, as overdue payments for past debts flow in – to help troubled debtors continue trading while they steadily clear their overdue payments.

The claims team have also stepped up their programme of visits to buyers in key markets.

Recalling recent trips to Russia, Ukraine and Turkey, Mrs Nicoletti notes that such visits to defaulting debtors "definitely bring benefits" in terms of payment performance. So the travel programme is being accelerated this year.

"Visits to defaulting debtors definitely bring benefits in terms of payment performance."

Innovation

Germany – Karsten Koch, risk underwriter and Jürgen Schnorrenberger, account manager.

"We visit buyers. This sometimes enables us to maintain cover, even when local trading conditions have become more risky."

—— In some cases we will ask the customer to obtain extra detailed financial and business information from their buyers. And where possible, we will meet debtors themselves, to get a better understanding of their company and their trading sector."

Karsten Koch, risk underwriter in the German branch office of Ducroire | Delcredere, recently visited buyers in Serbia and Slovenia. Such trips may allow Ducroire | Delcredere to maintain cover, even if local trading conditions have become more risky.

"This sort of research is particularly worthwhile in the Balkans, where up to date financial information on companies is in fact often available, if you know where to look. For example, many companies in former Yugoslav republics had already released detailed figures for the first half of 2011 by the end of November," Mr Koch explains.

Jürgen Schnorrenberger, account manager in the German branch, highlights the extent to which we focus on individual customer needs. "One of my key accounts needed a policy to protect sales by its subsidiary in Bosnia-Herzegovina. Unfortunately, no European credit insurer had a licence to cover Bosnian companies. However, we have established a fronting agreement under which Ducroire | Delcredere reinsures the cover provided to the subsidiary by a local credit insurer. Furthermore, this arrangement provides the Ducroire | Delcredere policy terms and conditions that my client is familiar with. The credit limits service and customer relations follow-up are also provided by us."

Through the fronting agreement, Ducroire | Delcredere has become the first underwriter able to offer all Bosnian subsidiaries of European companies access to full credit insurance support for their local trading activity.

Sales

In 2009 and 2010 Ducroire | Delcredere attracted many new clients impressed by our commitment to maintaining cover throughout the crisis. In 2011 we were able to build on this and we continued the upward trend.

Premium income growth in whole turnover credit insurance

Despite a renewal of competition in the trade credit insurance market, a continued focus on service and a strong risk appetite enabled Ducroire | Delcredere to consolidate its position in whole turnover credit insurance policies during 2011.

"In 2011 we have benefited from the loyalty of our established customers, who have responded to a risky trading environment by placing more business with us. This shows that the commitment we have demonstrated during recent difficult years has earned their trust", reports Jean-Paul Steenbeke, head of sales and account management.

"We have seen continued growth in the volumes of trade that we underwrite and in the premium income generated by this activity, albeit at a slower pace than in 2010, when the European economy was rebounding from the financial crisis."

During the previous year Ducroire | Delcredere had attracted many new clients impressed by our commitment to maintaining cover throughout the crisis, when some insurers had cut back. This produced a spectacular one-off 46% surge in our sales in 2010.

"In 2011 we were able to build on this and we continued the upward trend. We attracted new clients but we were also particularly encouraged by the ongoing support of both recent customers and those who have been working with us for many years," says Mr Steenbeke. "A number of major clients chose to entrust us with underwriting substantial extra lines of business or geographical markets. This has enabled us to boost premium income by 11%."

Our continuing readiness to accept a wide range of international risks, our tailor-made personal service and the strong relations we have built with broking communities in markets that we serve are the key foundations for our future development.

Demand drivers

The evolving economic climate has helped to fuel exporters' need for cover.

Throughout 2011 the world witnessed widespread political and economic tension, notably in Côte d'Ivoire, Belarus and countries that experienced the "Arab Spring" – Tunisia, Egypt, Libya, Syria, Yemen and Bahrain.

"Closer to home, EU markets have suffered problems. A number of companies that had previously used credit insurance mainly as a protection for their sales in emerging and developing markets now seek to safeguard their exposure to debtors in southern Europe as well," notes Mr Steenbeke.

"Ducroire | Delcredere is able to respond to this demand, because it has taken care to maintain a broad geographical spread of business.

"Besides our longstanding appetite for non-OECD risk, we also have a strong portfolio of exposure to the more resilient European economies such as Germany and Poland. This means that we have the strength to accept some extra Mediterranean risk for loyal customers without upsetting the overall balance of our activity."

Account managers: the problem solvers

Our team of account managers plays a crucial role in maintaining our service at a high level, dealing with a wide range of issues and working with each customer's dedicated underwriter to ensure an adequate availability of cover. They are responsible for maintaining Ducroire | Delcredere's constant direct contact with clients; they know that a quick response to any question often makes all the difference for a customer.

"It is essential that our client knows who is taking the decisions that relate to their account and that they can speak to the account manager or dedicated underwriter whenever they wish," says Mr Steenbeke.

> "We have benefited from the loyalty of our customers, who have responded to a risky trading environment by placing more business with us. This shows that the commitment we have demonstrated during recent difficult years has earned their trust."

Ability to react very quickly

Surety, a valuable niche activity for Ducroire | Delcredere, enjoyed strong growth in 2011, with premium income climbing by almost 30%. But we also faced an increased bill for claims payouts, as our loss ratio for this business line rose to around 40%.

“Road haulage is one of the first trade sectors to feel the chill when the economy catches a cold – and that has an impact on our operations, because many of our clients are trucking companies,” says Eric Georgy, head of the surety team.

“Last year was a difficult one, and these new pressures arrived at a time when many firms had not yet fully recovered from the problems they experienced in 2008-9. We saw several defaults among transport clients.”

Mr Georgy reports that there was also one important claim in the construction sector – where Ducroire | Delcredere issues the performance bonds that underpin contractors’ commitments to complete projects on time and to the required standard.

“However,” he points out, “the size of the claim has to be measured against our premium income for this activity.”

Despite the complexities, surety remains a useful specialist adjunct to Ducroire | Delcredere’s main business.

“Premium rates are not under pressure. Customer loyalty is unusually strong. Belgian law obliges companies in some sectors to put surety in place; and, of course, in construction it is a standard feature of many contracts,” says Mr Georgy.

“Surety is used to underpin customs business and bids for municipal forestry concessions in villages in the Ardennes hills. The service also facilitates companies’ access to bank finance.”

The Belgian market still accounts for the vast majority of Ducroire | Delcredere’s surety business, but we do have a significant number of French customers too.

“One of our strengths in this activity is that we have a large risk capacity and ability to react very quickly. There have been cases where we have issued sureties of EUR 30 million or even more, instantaneously,” Mr Georgy reports.

Committed long-term view in inward reinsurance

“The economic climate is difficult and this has been a time for caution. So we have renewed our support for existing inward reinsurance business but we have been wary of taking on new clients,” says Paul Balthasart. “We have been particularly wary of increasing our exposure to southern Europe and the US.”

As head of the reinsurance team, Mr Balthasart has a window on to the wider mood in the credit underwriting market, because of Ducroire | Delcredere’s participation in support for other insurers, both in Europe and in the important emerging economies of Asia and Latin America.

"Loss levels will increase again, but probably not to the levels seen during the financial crisis; indeed, 2012 is likely to be a difficult year," he reports.

Ducroire | Delcredere now has a substantial number of reinsurance clients. It is the leader of a limited number of targeted reinsurance treaties and participates in the treaties for many others.

We do have a number of strong cards to play:

"We take a committed long-term view, so for our key clients we will sometimes stretch our support beyond the norm; although we are cautious, we are willing to take on new business when the risk and the price are right," says Mr Balthasart.

"Our specialist knowledge of surety and credit can be a major plus for potential reinsurance clients in Latin America and Asia. And our company's long experience of underwriting risk in the emerging and developing countries gives us an understanding of the business environment that faces our reinsurance clients in these parts of the world."

Mr Balthasart reports that reinsurance brokers also appreciate Ducroire | Delcredere's specialist strengths, such as its capacity to accept complex political risks or longer term single risk exposures.

"Ducroire | Delcredere has a number of strong cards to play in the surety and inward reinsurance fields."

Listening

France – Philippe Delignières and Danaé Queyrel, risk underwriters.

"Our capacity for cover is rooted in our desire to really understand the business risks at stake."

— Philippe Delignières, risk underwriter in our French branch, stresses the importance of listening to a customer, to get a good understanding of their business:

"We say to the client: we know the country and the sector, so let's look at the history of your own trading there. Explain to us the specific features of your activity and tell us why you believe in this market and these particular customers. This will help us to reach a positive view."

Know your customer's customer. This is a guiding principle for Ducroire | Delcredere, as it builds up a distinctive position in the highly competitive French credit insurance market, explains Danaé Queyrel, a fellow underwriter.

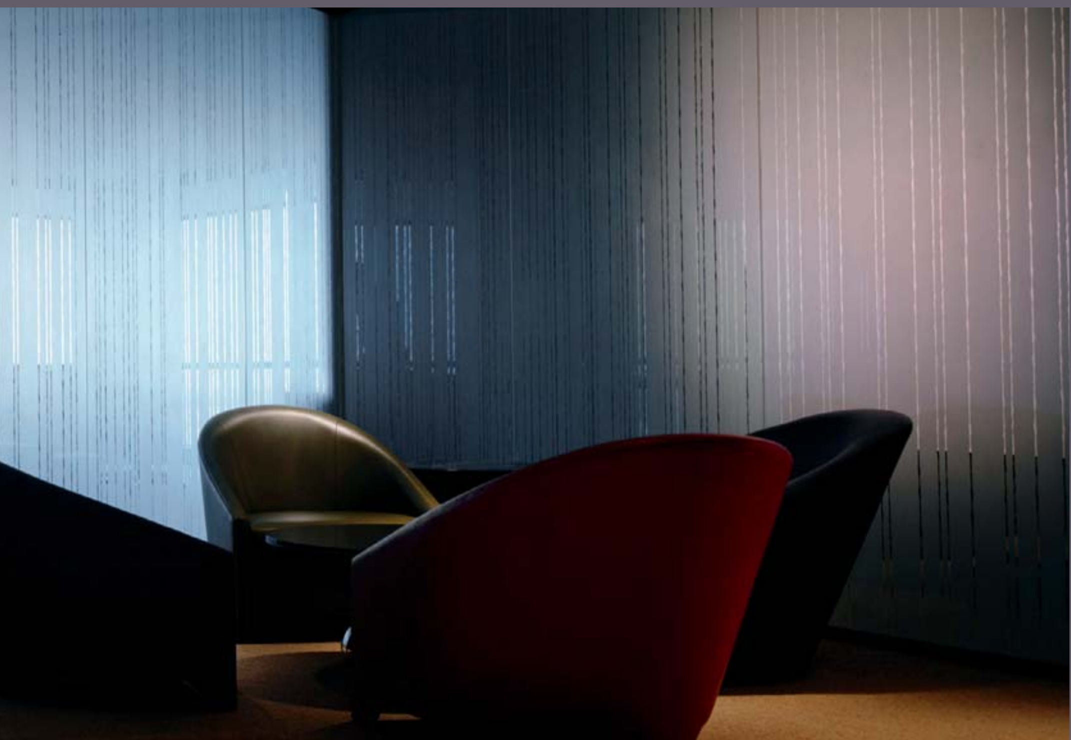
For instance, direct contact with overseas buyers helps the team maintain strong support for our French export clients selling to sub-Saharan Africa.

"Whenever their buyers come to Paris we meet them. The buyers brief us on their business performance and trading conditions in their countries and often they can give us market data or internal company figures that would not be publicly available," says Mrs Queyrel.

"We then have a direct ongoing contact with the buyers. This enables us to better understand the risk position and the likely pattern of payments to the French suppliers, whom we insure. As a result, we can often rapidly approve new credit limits when needed."

Claims decline despite tough climate

Earned premium income continued to grow, while rigorous risk control and management of recoveries reduced our loss ratio, despite difficult business conditions.



Comment on income statement

Revenue at our whole turnover credit insurance business rose by 11%. The gross loss ratio came down to 41.5%.

Strong operating profits

In 2011 Ducroire | Delcredere built on the progress made during the previous year. The company achieved a post-tax profit of almost EUR 5.7 million. The finance and risk results for our operating business improved in all main respects.

We continued to increase our sales of credit insurance, surety and inward reinsurance. Earned premiums rose by 10.8%, to EUR 90.6 million, yet the charge for claims fell by more than 10% to EUR 37.6 million.

Our gross loss ratio – a key performance measure for an insurer – showed clear improvement, sinking to 41.5%, compared with 51.1% in 2010. This is an encouraging outcome after political upheaval in some important international markets and at a time of continuing economic difficulties in Europe.

Despite a slight increase in operating costs, our technical result before reinsurance more than doubled, to EUR 22.3 million. There was also an increase in our surplus after cession to our reinsurers; this rose by 39% to EUR 8.5 million.

From 2011 onwards we no longer act as the conduit for the reinsurance of Kupeg's business. The accounts for the past year reflect these changed arrangements, in particular through a reduced volume of inward reinsurance activity.

We have also made a number of technical changes to our accounting procedures, to bring these into line with IFRS standards or to simplify IFRS implementation.

As we continued our recovery from the challenges of 2008 and 2009 we made a further substantial contribution – of EUR 5.7 million – to our equalisation provision, in line with Belgian regulatory requirements. The provision now stands at more than EUR 9 million.

The earnings from our financial portfolio were sharply reduced, at just EUR 2.8 million. This was due to market conditions. In 2010 we benefitted from a substantial shift in exchange rates in our favour; but last year there was no such windfall gain.

"Moreover, in the current challenging financial climate Ducroire | Delcredere continues to pursue a conservative investment strategy that gives priority to the protection of our capital base," says chief financial officer Ronny Matton.

"Revenue from our investments fell by a third, to EUR 4.1 million. We have focussed on the protection of existing value rather than income."

"We have established a claims reserves control committee which scrutinises all potential losses and the level of provisions that have been set aside."

A solid underwriting performance

Ducroire | Delcredere has earned the loyalty of customers through a commitment to maintaining cover for a wide range of risks in markets around the world. And despite competitive pressure, we continue to charge premium rates that reflect the levels of risk that we insure. This combination of growing business and stable pricing is reflected in the rise in our earned premium income, and the increase in turnover.

We enjoyed growth across all areas of activity: our main business, whole turnover credit insurance, enjoyed an 11% rise in net written premiums. Our specialist surety business saw a 29% rise in income.

The January 2011 restructuring of the inter-company reinsurance flow between Kupeg and Ducroire | Delcredere reduced our inward reinsurance sales by 23%, to EUR 19 million. But the volume of our core inward reinsurance activity showed an increase of 10%.

Despite the difficult economic conditions prevailing in the Eurozone, and the instability that affected a number of emerging and developing economies, credit insurance achieved an impressive loss ratio of around 43%.

Careful underwriting, with specific analysis of difficult risks, enabled us to reduce the cost of buyer payment failures where we had to indemnify our clients. Furthermore, buyers in several countries affected by the crisis made great efforts to settle overdue debts and avoid outright default.

We have established a claims reserves control committee which scrutinises all potential losses and the level of provisions that have been set aside against these. And the effort we put into the case-by-case oversight of delayed payments and old debts was reflected in a 6% rise in the value of recoveries.

Our rigorous approach to underwriting and claims management has reduced the level of future claims costs that we expect to incur, as well as the value of claims that we have actually paid in 2011 – which fell by more than 20% to EUR 45.6 million.

The rise in our operating costs, compared with 2010, is due partly to further investments in information technology. Staff numbers have not significantly changed.

Ducroire | Delcredere has also increased the level of fees paid to brokers. Moreover, the volume of broking fees has grown because our activity is expanding in countries such as the United Kingdom, The Netherlands and Germany – where brokers are our predominant source of business.

Moreover, we strongly value the support that reinsurance partners have maintained for us through both good and bad times. Our treaties with reinsurers are therefore framed to reward them for this loyalty when our improved performance generates rewards, as it did last year.

We have shown that even during the difficult times we have managed risk effectively – and this is once again evident in both our technical insurance results and our final results.

In 2011, in a tough environment, Ducroire | Delcredere built on the previous year's strong growth to further reinforce turnover, while reducing the cost of insurance claims paid. We have thus strengthened the protection of our capital and laid a solid foundation for the development of our commercial activity in 2012.

"The combination of growing business and stable pricing is reflected in the rise in our earned premium income, and the increase in turnover."

Staying in touch

Belgium and The Netherlands – Vincent Baken, account manager, Stéphanie Pantusa, risk underwriter and Joëlle Demeus, claims officer.

“We try to take account of the specific needs of the insured.”

—— Adapting to the realities of local business operation in different markets around the world is a constant challenge for a credit insurer.

But at Ducroire | Delcredere we respond by considering how to adjust our service to suit the practical demands that face our customer. Vincent Baken, an account manager for Belgian and Dutch clients, cites the example of a leading state-owned company in North Africa that has an excellent record of paying our customers, but has now begun to settle invoices months after they have fallen due for payment.

“There is no doubt that this buyer’s settlement performance is now in formal breach of the payment terms,” explains Stéphanie Pentusa.

“However, we have underwritten sales to this particular risk for many years, without problems, and if we withdraw cover this will jeopardise sales worth several million euros to our clients. We know that the delays are only caused because the buyer needs to keep spare equipment in reserve and then test it before installation.”

“So we are looking at ways to adapt our cover terms to allow for the four or five months storage and testing period, without triggering a report of default and the suspension of our support for new transactions.”

Of course, sometimes a buyer delays payment for so long that a customer feels they have no choice but to submit a claim for indemnity under their insurance policy.

“When this does happen, we take an individualised approach in working to recover funds in partnership with our client,” explains claims officer Joëlle Demeus.

“We try to find out about the specific needs of the insured and then take the first steps towards recovery without automatically resorting to formal legal action that could damage their long-term relationship with the defaulting buyer.

We remain in close touch as we seek to reconcile the commercial needs of our exporting customers with our requirements as an insurer. Often our customers’ own sales personnel will have an important role to play; we are happy to get them directly involved if this can help in recovering a debt while maintaining their relationship with a foreign buyer.”

A solid foundation for the development of our activity in 2012

We have shown that even during the difficult times we have managed risk effectively – and this is once again evident in both our technical insurance results and our final results.

Audit opinion

Unqualified audit opinion with an emphasis of matter paragraph on the annual accounts.

The full accounts of Ducroire | Delcredere S.A. N.V., prepared in accordance with the Royal Decree of November 17th 1994 on the annual accounts of insurance undertakings, as well as the statutory auditor's report, have been filed with the National Bank of Belgium and can be consulted there.

PricewaterhouseCoopers, Reviseurs d'Entreprises - Bedrijfs-revisoren, has audited the company's annual accounts as of and for the year ended December 31st 2011, in accordance with the legal and regulatory requirements applicable in Belgium. It has issued an unqualified audit opinion with an emphasis of matter paragraph on these financial statements.

Without calling into question the present opinion, PricewaterhouseCoopers wishes to point out an uncertainty which is mentioned in the management report and which pertains to the investigation launched by the European Commission. Taking into account the current elements, the Board of Directors of the company is unable to say how probable an unfavourable decision on the part of the Commission would be. The Board of Directors is however convinced that the investigation procedure poses no current threat to the continuity of the company. The establishment of the annual accounts of the company, in the assumption that the company will carry on with all its operations, is only justified if the outlook of the Board of Directors as set out in the management report is actually fulfilled.

Income statement (thousands EUR)

	Note	Dec. 31st 2011			Dec. 31st 2010		
		Gross transactions	Outward reinsurance	Net transactions	Gross transactions	Outward reinsurance	Net transactions
Gross written premiums		**87 310**	**-34 658**	**52 652**	**88 958**	**-37 299**	**51 659**
No claim bonuses and rebates		-2 974	1 486	-1 488	-2 318	1 052	-1 266
Net written premiums	13	**84 336**	**-33 172**	**51 164**	**86 640**	**-36 247**	**50 393**
Variation in provision for profit sharing and rebates	9	-427	169	-258	-766	231	-535
Variation in provision for unearned premiums	9	6 652	-1 996	4 656	-4 104	1 413	-2 691
Earned premiums	A	**90 561**	**-35 000**	**55 561**	**81 770**	**-34 603**	**47 167**
Investigation revenues	B	3 786		3 786	3 320		3 320
Miscellaneous Fees(1)		750		750	654		654
Total Other income	B	**4 536**	**0**	**4 536**	**3 974**	**0**	**3 974**
Turnover		**95 097**	**-35 000**	**60 097**	**85 744**	**-34 603**	**51 140**
Claims paid	14	-45 635	16 437	-29 198	-57 229	22 745	-34 484
Recoveries of claims paid	14	10 116	-3 596	6 520	9 533	-4 197	5 336
Variation in expected recoveries of claims paid	15	-4 319	1 959	-2 360	-2 333	1 605	-729
Variation in provision for deterioration of the risk	9	-2 470	1 367	-1 103	5 010	-308	4 702
Variation in provision for expected claims	9	10 569	-4 995	5 574	22 864	-7 076	15 788
Variation in prospects of recovery on expected claims	15	-5 692	2 008	-3 684	-15 381	5 558	-9 823
Variation in provision IBNR (incurred but not reported)	9	1 629	-1 403	226	-5 471	1 872	-3 599
Variation in provision for costs of claims management	9	-1 759		-1 759	1 229		1 229
Charges of claims	C	**-37 560**	**11 777**	**-25 783**	**-41 778**	**20 197**	**-21 581**
Loss Ratio	*C/A*	*41.5%*	*33.6%*	*46.4%*	*51.1%*	*58.4%*	*45.8%*
Gross margin		**57 538**	**-23 223**	**34 315**	**43 967**	**-14 406**	**29 559**
Salaries and general expenses		-18 135		-18 135	-16 081		-16 081
Broker fees		-6 897		-6 897	-5 706		-5 706
Investigation costs		-4 232		-4 232	-3 956		-3 956
Commissions for inward reinsurance		-5 833		-5 833	-7 893		-7 893
Commissions from outward reinsurance			9 358	9 358		10 084	10 084
Other Provisions		-115		-115	82		82
Operating costs	D	**-35 212**	**9 358**	**-25 854**	**-33 554**	**10 084**	**-23 470**
Cost Ratio	*(D+B)/A*	*33.9%*	*26.7%*	*38.4%*	*36.2%*	*29.1%*	*41.3%*
Technical result	16	**22 326**	**-13 866**	**8 460**	**10 413**	**-4 321**	**6 091**
Combined ratio		*75.3%*	*60.4%*	*84.8%*	*87.3%*	*87.5%*	*87.1%*
Financial investment result allocated to the technical account	4			1 707			2 812
Other financial result allocated to the technical account	4			-327			
Variation in provision for equalisation and disasters				-5 703			-3 070
Result of the technical account				**4.137**			**5 833**
Result from financial investments	4			2 435			3 957
Other financial result	4			-1 032			1 354
Financial result	4			**1 403**			**5 311**
Extraordinary result				**0**			**0**
Result before taxes				**5 540**			**11 145**
Taxes				116			84
Result of the period				**5 656**			**11 229**
Transfer to the legal reserve							
Profit carried forward				5 656			11 229
Transferred profit				**5 656**			**11 229**

(1) Previously reported in Operating Costs, including Minimum Premiums, Management Fees… 2010 restated accordingly.

Balance sheet (thousands EUR)

		Note	Dec. 31st 2011	Dec. 31st 2010
Assets				
B.	**Intangible assets**		**1**	**3**
	I. Preliminary expenses	1	0	0
	II. Intangible fixed assets	2	1	3
	2. Other intangible fixed assets	2	1	3
C.	**Investments**		**184 793**	**184 541**
	II. Investments in linked companies and participations	3	13 029	13 029
	Other companies with a participation link		13 029	13 029
	3. Participations		13 029	13 029
	III. Other financial investments	4	166 403	163 580
	1. Shares, shareholdings and other tangible securities		79 118	80 855
	2. Bonds and other fixed-income securities		74 187	72 611
	6. Deposits with other credit institutions		13 098	10 114
	IV. Deposits with reinsurers		5 361	7 932
Dbis.	**Part of reinsurers in technical provisions**		**21 643**	**28 204**
	I. Provision for unearned premiums and deterioration of the risk	9	4 393	5 000
	III. Provision for claims	9	16 293	22 416
	IV. Provision for profit sharing and rebates	9	957	788
E.	**Accounts receivable**		**56 189**	**61 479**
	I. Accounts receivable from direct insurance operations		39 668	45 385
	1. Insured parties		8 047	7 436
	3. Others		31 621	37 949
	II. Accounts receivable from reinsurance operations	5	15 535	12 854
	III. Other accounts receivable	6	986	3 240
F.	**Other assets**		**7 270**	**7 954**
	I. Tangible fixed assets	7	151	207
	II. Available cash and cash equivalent		7 119	7 747
G.	**Deferred charges and accrued income**		**873**	**630**
	I. Earned, not yet expired interests and rent		69	32
	III. Other deferred charges and accrued income		804	598
Total			**270 769**	**282 811**

	Note	Dec. 31st 2011	Dec. 31st 2010
Liabilities			
A. Capital and reserves		**146 816**	**141 160**
I. Subscribed capital or equivalent fund after deduction of the uncalled capital	8	150 000	150 000
1. Subscribed capital	8	150 000	150 000
2. Uncalled capital (-)	8	0	0
IV. Reserves		1 144	1 144
1. Legal reserve		1 144	1 144
V. Result carried forward		-4 328	-9 984
1. Profit carried forward		0	0
2. Loss carried forward (-)		-4 328	-9 984
C. Technical provisions		**93 160**	**100 926**
I. Provision for unearned premiums and deterioration of the risk	9	11 194	15 322
III. Provision for claims	9	70 547	80 315
IV. Provision for profit sharing and rebates	9	2 401	1 974
V. Provision for equalisation and disasters	10	9 018	3 315
E. Provisions for other risks and charges		**115**	**0**
III. Other provisions		115	0
F. Deposits from outward reinsurance		**8 249**	**8 027**
G. Debts		**20 780**	**31 892**
I. Debts from direct insurance activities		2 578	2 293
II. Debts from reinsurance operations	11	14 176	23 732
V. Other debts		4 026	5 867
1. Debts due to taxes, remunerations and social security		2 280	1 760
a) taxes	12	787	359
b) remunerations and social security		1 493	1 401
2. Others	12	1 746	4 107
H. Accrued charges and deferred income		**1 649**	**806**
I. Deferred income		1 637	805
II. Accrued charges		12	1
Total		**270 769**	**282 811**

Cash flow (thousands EUR)

	Note	Dec. 31st 2011	Dec. 31st 2010
Net written premiums (*)	13	51 164	50 393
Investigation revenues		3 786	3 387
Claims paid (*)	14	-29 198	-34 484
Recoveries of claims paid (*)	14	6 520	5 336
Operating costs		-18 135	-22 882
Subtotal		**14 137**	**1 750**
Recovered rescheduling interest (*)		24	55
Result from financial investments		4 142	6 769
Non-monetary depreciations on investments		-3 052	-581
Advance payment of taxes		0	0
Other income and expenses		-1 180	535
Subtotal		**-66**	**6 778**
Gross cash flow		**14 071**	**8 528**
Variation in net working capital		-8 808	13 794
Variation in fixed assets			
Increase (-) / decrease (+) in the intangible fixed assets		0	0
Increase (-) / decrease (+) in the tangible fixed assets		-16	-91
Net operational cash flow after investments		**5 247**	**22 230**
Variation of investments in linked companies and participations		0	1
Liberation of the uncalled capital		0	0
Variation of other financial investments		5 875	17 069
Variation of available cash & cash equivalent		-628	5 160

(*) After reinsurance cession

Off-balance-sheet rights and commitments (thousands EUR)

	Note	Dec. 31st 2011 Gross transactions	Outward reinsurance	Net transactions
Branch 14 - credit insurance				
Direct credit insurance		7 445 222	-2 879 597	4 565 625
Inward reinsurance		831 294		831 294
Branch 15 - surety		390 018	-250 973	139 045
Commitments from issued policies	17	**8 666 534**	**-3 130 570**	**5 535 964**
Deposits of reinsurers in our favour		**2 619**		
Deposits in favour of reinsurers		**0**		

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 five 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	-771
Variations during the financial year:	
Booked	0
At the end of the financial year	**-771**
Net book value at the end of the financial year	**0**

Note 2 - Intangible fixed assets

The other intangible fixed assets comprise IT developments by third parties. They are amortised over five years.

Acquisition value	
At the end of the previous financial year	13
Variations during the financial year	
Acquisitions, including own construction	0
Transfers and disposals	0
At the end of the financial year	13
Amounts written off and depreciations	
At the end of the previous financial year	-10
Variations during the financial year:	
Booked	-2
At the end of the financial year	-12
Net book value at the end of the financial year	1

Note 3 - Investments in linked companies and participations

	Participation percentage held on Dec. 31st 2011	Participation percentage held on Dec. 31st 2010
KUPEG úvěrová pojišťovna	66%	66%
Na Pankraci 1683/127 - Praha 4, Post Code 14000		
Czech Republic		
Reg. No.: 272 45 322		

On Oct. 11th 2007, a stake of 33% in the Czech company KUPEG was taken by Ducroire I Delcredere S.A. N.V.
On Feb. 25th 2009, Ducroire I Delcredere S.A. N.V. increased its stake by acquiring the 33%-stake held by SACE BT.
Ducroire I Delcredere S.A. N.V. therefore now holds a 66%-stake in KUPEG and exercises control over the company.

Note 4 - Other financial investments, available cash and cash equivalent

	Acquisition value	Depreciation on investments	Book value	Market value	Result from financial investments	Variation in unrealised capital gains not booked on Dec. 31st 2011
Equity	11 409	-1 071	10 338	10 775	-204	53
Real Estate	1 647	-68	1 579	1 579	273	0
Corporate bonds	18 427	-122	18 305	19 055	805	709
Government bonds	19 981	-320	19 662	19 774	743	153
Monetary funds	27 114	-2	27 112	27 112	338	0
Variable investments with guaranteed capital on maturity	10 000	-891	9 109	9 109	-395	0
Funds managed according to the target volatility technique	65 000	-1 172	63 828	63 828	2 509	0
Commodities	3 818	-445	3 373	3 240	-488	0
Term deposits	13 098	0	13 098	13 098	380	0
Investments	**170 494**	**-4 091**	**166 403**	**167 569**	**3 960**	**916**
Cash and cash equivalent	**7 119**	**0**	**7 119**	**7 119**	**182**	**0**
Investments, cash and cash equivalent	**177 613**	**-4 091**	**173 522**	**174 688**	**4 142**	**916**

Unrealised capital gains/(losses) not booked on Dec. 31st 2010	**6 446**
– Depreciation booked on investments on Dec. 31st 2010	-1 039
Unrealised capital gains/(losses) on Dec. 31st 2010	**5 408**
+ Variation in unrealised capital gain/losses during the financial year on investments still in portfolio	-8 583
Unrealised capital gains/(losses) on Dec. 31st 2011	**-3 175**
+ Depreciation booked on investments on Dec. 31st 2011	-4 091
Unrealised capital gains/(losses) not booked on Dec. 31st 2011	**916**

	Total	Allocated to the technical result	Remaining financial result
Result from financial investments	4 142	1 707	2 435
Other financial result	-1 359	-327	-1 032
Financial result	**2 783**	**1 380**	**1 403**

Note 5 - Accounts receivable from reinsurance operations

Receivables from outward reinsurance	2 169
Receivables from inward reinsurance	5 990
Expected recoveries of claims paid - inward reinsurance (see note 15)	4 720
Prospects of recovery on expected claims - inward reinsurance (note 15)	2 656
	15 535

Note 6 - Other accounts receivable

Receivables from the parent company	662
VAT to be recovered	0
Corporation tax	0
Other receivables	324
	986

Note 7 - Tangible fixed assets

The tangible fixed assets comprise technical installations and other investments for the head office in Belgium and branches in France, Germany and the United Kingdom.

Acquisition value	
At the end of the previous financial year	724
Variations during the financial year	
Acquisitions, including own construction	109
At the end of the financial year	**833**
Amounts written off and depreciations	
At the end of the previous financial year	-517
Variations during the financial year:	
Booked	-165
At the end of the financial year	**-682**
Net book value at the end of the financial year	**151**

Note 8 - Capital status on Dec. 31st 2011

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

Note 9 - Technical provisions

		Outstanding on Dec. 31st 2011			Outstanding on Dec. 31st 2010	Variation 2011	Unrealised exchange difference*	Total variation 2011
		Gross transactions	Outward reinsurance	Net transactions	Net transactions	Net transactions	Net transactions	Net transactions
Branch 14 - credit insurance	direct credit insurance	4 236	-1 592	2 644	5 436	-2 792	0	-2 792
	inward reinsurance	569	-121	448	2 143	-1 695	0	-1 695
Branch 15 - surety		889	-493	397	565	-168	0	-168
Provision for unearned premiums		**5 695**	**-2 206**	**3 488**	**8 144**	**-4 656**	**0**	**-4 656**
Branch 14 - credit insurance	direct credit insurance	3 074	-1 230	1 844	1 551	293	31	262
	inward reinsurance	2 425	-957	1 468	627	841	0	841
Branch 15 - surety		0	0	0	0	0	0	0
Provision for the deterioration of the risk		**5 500**	**-2 187**	**3 312**	**2 178**	**1 134**	**31**	**1 103**
Branch 14 - credit insurance	direct credit insurance	24 226	-9 854	14 371	17 192	-2 821	132	-2 953
	inward reinsurance	17 021	-1 414	15 606	18 244	-2 638	196	-2 834
Branch 15 - surety		1 045	-378	666	454	212	0	212
Provision for expected claims		**42 291**	**-11 647**	**30 644**	**35 890**	**-5 246**	**328**	**-5 574**
Branch 14 - credit insurance	direct credit insurance	6 673	-2 677	3 996	5 875	-1 879	16	-1 895
	inward reinsurance	13 655	-1 969	11 687	9 966	1 721	52	1 669
Branch 15 - surety		0	0	0	0	0	0	0
IBNR provision		**20 328**	**-4 646**	**15 683**	**15 841**	**-158**	**68**	**-226**
Branch 14 - credit insurance	direct credit insurance	7 321	0	7 321	5 327	1 994	0	1 994
	inward reinsurance	480	0	480	781	-301	0	-301
Branch 15 - surety		128	0	128	61	67	0	67
Provision for claims management costs		**7 928**	**0**	**7 928**	**6 169**	**1 759**	**0**	**1 759**
Branch 14 - credit insurance	direct credit insurance	38 219	-12 531	25 688	28 394	-2 706	148	-2 854
	inward reinsurance	31 156	-3 383	27 773	28 991	-1 218	248	-1 466
Branch 15 - surety		1 172	-378	794	515	279	0	279
Provision for claims		**70 547**	**-16 293**	**54 255**	**57 900**	**-3 645**	**396**	**-4 041**
Branch 14 - credit insurance	direct credit insurance	2 149	-856	1 293	1 111	182	0	182
	inward reinsurance	252	-101	151	75	76	0	76
Branch 15 - surety		0	0	0	0	0	0	0
Provision for profit sharing and rebates		**2 401**	**-957**	**1 444**	**1 186**	**258**	**0**	**258**

* See note p. 64 - Preparing for IFRS

Note 10 - Provision for equalisation and disasters

This provision has been constituted in accordance with the Royal Decree of Feb. 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 n°1 under Regulations n°8 of the Financial Services and Markets Authority.

As long as it does not reach 150% of the highest annual amount of premiums net of outward reinsurance over the previous five 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 outward reinsurance. This provision serves to offset any technical loss at the year end.

Branch 14 - credit insurance	direct credit insurance	4 064
	inward reinsurance	4 409
Branch 15 - surety		545
Provision for equalisation and disasters		**9 018**

Note 11 - Debts from reinsurance operations

Debts from outward reinsurance	606
Expected recoveries of claims paid - outward reinsurance (see note 15)	10 619
Prospects of recovery on expected claims - outward reinsurance (note 15)	2 951
	14 176

Note 12 - Other debts

VAT	231
Corporation tax	0
Premium taxes	199
Other	358
Tax receivables	**787**

Debts with suppliers	1 488
Debts with the parent company	258
Other debts	**1 746**

Note 13 - Premiums

		Gross transactions	Outward reinsurance	Net transactions
Branch 14 - credit insurance	direct credit insurance	57 128	-28 632	28 496
	inward reinsurance	24 626	-3 128	21 498
Branch 15 - surety		2 582	-1 412	1 170
Written premiums net of rebates		**84 336**	**-33 172**	**51 164**

Breakdown of direct credit insurance premiums by country of the risk (gross transactions)					
France	2 555	Germany	1 307	Netherlands	789
Russia	2 439	United Kingdom	1 291	Greece	776
Brazil	2 352	China	1 090	Israel	765
Turkey	2 305	Czech Republic	1 065	Kenya	757
Poland	2 177	Romania	988	Dubai	734
Saudi Arabia	2 013	South Africa	984	Belgium	730
Ecuador	1 862	India	893	Ukraine	687
Italy	1 423	Singapore	889	Senegal	675
Korea (South)	1 320	Indonesia	833	Morocco	647
Egypt	1 313	Croatia	790	Ghana	638
				Other countries	*20 041*
Written premiums net of rebates					**57 128**

Note 14 - Claims paid and recoveries

		Gross transactions	Outward reinsurance	Net transactions
Branch 14 - credit insurance	direct credit insurance	32 869	-12 732	20 137
	inward reinsurance	12 530	-3 549	8 981
Branch 15 - surety		236	-156	80
Claims paid		**45 635**	**-16 437**	**29 198**
Branch 14 - credit insurance	direct credit insurance	7 752	-2 765	4 987
	inward reinsurance	2 364	-830	1 534
Branch 15 - surety		0	-1	-1
Recoveries of claims paid		**10 116**	**-3 596**	**6 520**

Note 15 - Expected recoveries of claims paid and prospects of recovery on expected claims

		Outstanding on Dec. 31st 2011			Outstanding on Dec. 31st 2010	Variation 2011
		Gross transactions	Outward reinsurance	Net transactions	Net transactions	Net transactions
Branch 14 - credit insurance	direct credit insurance	24 086	-10 146	13 940	15 668	-1 728
	inward reinsurance	4 720	-75	4 645	5 135	-490
Branch 15 - surety		345	-142	203	345	-142
Expected recoveries of claims paid at historical exchange rate		**29 151**	**-10 363**	**18 788**	**21 148**	**-2 360**
Unrealised exchange difference		803	-257	546	1 009	-463
Expected recoveries of claims paid		**29 954**	**-10 620**	**19 334**	**22 157**	**-2 823**
Branch 14 - credit insurance	direct credit insurance	6 605	-2 694	3 911	4 678	-767
	inward reinsurance	2 656	-257	2 399	5 214	-2 815
Branch 15 - surety		0	0	0	0	0
Prospects of recovery on expected claims at historical exchange rate		9 261	-2 951	6 310	9 892	-3 582
Unrealised exchange difference		-173	71	-102	0	-102
Prospects of recovery on expected claims		**9 088**	**-2 880**	**6 208**	**9 892**	**-3 684**

Note 16 - Outward reinsurance

The risk for credit insurance covered within whole turnover policies were ceded to a pool of reinsurers at a rate of 40%.

The risks covered under the surety branch were also ceded to reinsurers, at a rate of 70% for customs surety and 40% for other sureties.

The result of the cession amounts to EUR 13 866 000 in favour of our reinsurers.

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

Germany	403 749	Czech Republic	232 337	Danemark	146 880
France	394 218	Saudi Arabia	212 511	Singapore	143 510
Poland	389 875	Turkey	201 144	Hungary	130 678
Spain	318 686	Russia	200 489	South Africa	129 802
Italy	280 456	Greece	192 008	Argentina	114 141
South Korea	273 590	Romania	178 480	Mexico	106 526
Brasil	267 541	China	169 954	India	104 161
United Kingdom	251 842	Netherland	160 992	United States	100 043
				Other countries	*3 562 921*
Commitments from issued policies per country					**8 666 534**

Accounting principles

Preliminary expenses have been capitalised and are amortised at a 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.

Tangible fixed assets comprise computer hardware, amortised over three years and the other tangible fixed assets amortised over five years.

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, available 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 and prospects of recovery on expected claims.

When a claim has been paid, or when a claim is expected to be paid, the charge booked is an estimate of the loss given default, i.e. it takes into account not only the charge resulting from the probability of default but also the expected recoveries.

> When the default is due to the debtor, the expected recoveries are assessed by the claims manager on a case-by-case basis.

> When the default is due to political risks, expected recoveries are determined per country.

Expected recoveries of claims paid and prospects of recovery on expected claims 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 inward 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 taking into account the passage of time (prorata temporis).

The **provision for deterioration of the risk** is constituted when, for outstanding transactions insured by Ducroire | Delcredere S.A. N.V., the risk assessment is aggravated 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 deterioration in the country risk assessment (downgrading of the country classification). As from 2011, the provisions are no longer calculated on the premiums but on commitments as is the case for the items below;

> 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.

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

> 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 S.A. N.V at the year end. This provision is based on past experience.

> A provision for expected claims, which is based on the probability of default:

>> when the default is due to the debtor, the probability of default results from the assessment by the claims manager of the probability of payment of the claim and is determined on a case-by-case basis.

>> when the default is due to political risks, the probability of default is set per country. These probabilities of default apply to the amount of the insurer's commitments at the closing date for the expected 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 historic (previous 5 years) average internal cost incurred by the claims department, the number of opened files including the potential files in line with IBNR (incurred but not reported), the average life of these files and on a historic average of the external handling costs.

A **provision for profit sharing and rebates** is constituted for current policies with rebates, no-claim 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 rate of profit sharing and rebates which is adjusted each year on the basis of past experience.

B. For the activity related to the inward reinsurance under the form of treaties or facultative reinsurance (excluding the inward 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 risk has expired (generally two 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.

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 n°1 under Regulations n°8 of the Financial Services and Markets Authority. This provision is computed separately for non-life direct insurance and non-life inward reinsurance. As long as it does not reach 150% of the highest annual amount of premiums net of outward 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 outward reinsurance. This provision serves to offset any technical loss at the year end.

Investments, receivables, available 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 year end exchange rate. As from 2011, the exchange rate effect on provisions (except the provisions for unearned premiums for which no exchange rate difference is calculated) is reported in the other financial results.

Off-balance sheet rights and 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 applicable 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.

DUCROIRE | DELCREDERE

CREDIT INSURANCE

Preparing for IFRS

Because the company is readying itself for the implementation of IFRS consolidated statements the following changes to the accounting policies were made. The unearned premium reserve is now calculated on a pro rata temporis basis in line with the accepted provisioning and revenue recognition rules in the short-term reinsurance business. Also the provision for risk deterioration is now computed entirely on the basis of commitments instead of partly on premium, partly on commitments. The provision for the costs of claim management was also adapted by calculating the reserve on the basis of on an average of the real claims management costs of the last 3 years instead of only one year and including a provision for claims files where the risk event is incurred but not yet declared (Incurred But Not Reported). Last but not least, the reserves and provisions (except unearned premium reserves and provision for rebates) are now calculated and reported on the basis of their contractual currency. As a result the foreign exchange differences coming from provisions and reserves are now separated and included in "other financial result."

For reasons of simplification the intercompany reinsurance flow between Ducroire | Delcredere and KUPEG was modified in January 2011. Instead of KUPEG being 50% reinsured by Ducroire | Delcredere, which in turn retroceded to the quota share treaty, KUPEG is now ceding 10% in reinsurance to Ducroire | Delcredere with the other 40% ceded directly to the quota share treaty. There is no impact on the net technical result, but the different income statement items are affected – premiums, claims, cession to reinsurance and reinsurance commissions paid and received. Adding to this and in order to facilitate a proper comparison of the IFRS opening balance sheet the year 2010 statements included 5 quarters of the KUPEG reinsurance flow – the last quarter of 2009 and the full year 2010.

Publisher

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