



Annual report 2005

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 thereof.

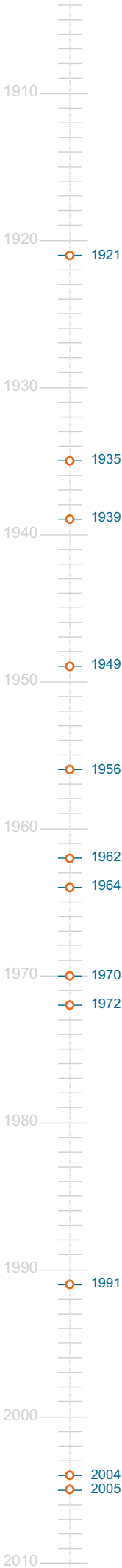
Business scope

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 in their domestic market and in all other countries across the world.



DUCROIRE | DELCREDERE
CREDIT INSURANCE

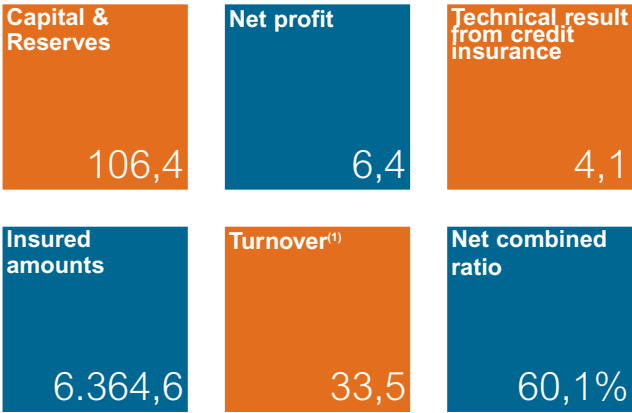
History



- 1921 ◦ The creation within the Ministry for Economic Affairs of a **Delcredere Commission** which was assigned the guaranteeing of the performance of export transactions. Only political risks can be insured.
- 1935 ◦ The Delcredere Commission is separated from the government.
- 1939 ◦ Reorganisation of the Delcredere Commission in the form of an autonomous public financial institution with legal personality and guaranteed by the State. Birth of the Belgian Export Credit Agency “Office national du ducroire | Nationale Delcredere dienst” (ONDD).
- 1949 ◦ ONDD is empowered to cover import transactions and the provision of services.
- 1956 ◦ The scope of transactions for which Ducroire | Delcredere can provide cover is extended to commercial risks.
- 1962 ◦ ONDD is given powers to contribute to the funding of the transactions it insures.
- 1964 ◦ ONDD is given the possibility of insuring certain matters on behalf of the State.
- 1970 ◦ The scope of the insurance activities of ONDD is extended to political risks associated with Belgian investments in foreign countries.
- 1972 ◦ Exchange-rate risks linked to export transactions are insurable by ONDD.
- 1991 ◦ The activities of ONDD are extended to international economic relations in the broad sense.
- 2004 ◦ ONDD creates a public limited liability company under private law. The objective is to ensure the continued provision of credit insurance in conformity with European rules. Ducroire | Delcredere SA.NV is incorporated with a share capital of 150 million euros.
- 2005 ◦ Ducroire | Delcredere SA.NV is licensed by the financial regulators to carry on the business of credit insurance and bond issuance under the freedom to provide services in the European Union.

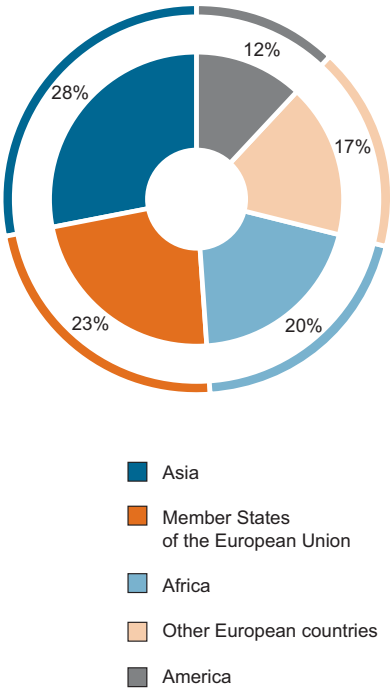
Key figures

on 12-31-2005 (in mio EUR)



(1) net of discounts

Geographical spread of insured transactions





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Yves WINDELINCX
Chief Executive Officer

Dominique MICHEL
Vice-Chairman

Alain HUART
Director

Dirk TERWEDUWE
Director

Jean-Pierre PAUWELS
Chairman



Message from the Chairman and the Management Committee

In 2004, the Office national du ducroire | Nationale DelcredereDienst (ONDD) created a public limited liability company under private law to ensure its continued provision of credit insurance in conformity with European regulations.

One year later, and Ducroire | Delcredere SA.NV is now operational. It covers the risks of all companies established in the European Union, whether their commercial transactions are directed toward their domestic market or toward the export market. Its initial results are encouraging, at both a technical and a financial level. Ultimately, its net profit stands at 6.4 million euros.

This positive figure is a credit to our experienced teams. Thanks to their efforts, the sums insured increased by 25% over the comparable activities previously carried out by ONDD. To achieve this, they have been able to rely on a cover policy of open account for 190 countries, a management model that encourages dialogue between risk underwriters and insured parties, an online management tool for the comprehensive policy and for products that are either new (such as bonds) or adapted to client requirements (such as bespoke management of the recovery of receivables).

The company is also founded on sound financial bases with a subscribed share capital of 150 million euros and the confidence of its reinsurers.

Despite these positive factors, one must not forget the difficult context for credit insurance in general. The risks are very present, whilst premium rates are on the wane.

On the market, the availability of credit insurance remains limited for small and medium-sized enterprises and cover for political and commercial risks in 'difficult' countries remains the privilege of a few insurers only. The creation, and what is more the development, of Ducroire | Delcredere SA.NV in such a context are highly appreciated by exporters. Their loyalty and recognition as expressed in the testimonials that support this business report give us confidence in the future of Ducroire | Delcredere SA.NV.



Be all ears to **advice**

Management of the company

BOARD OF DIRECTORS

Jean-Pierre Pauwels, Chairman
Dominique Michel, Vice-Chairman
Koen Allaert
Jean-Pierre Arnoldi
Hans Bruyninckx
Ludo Cuypers
Bernard De Cort
Pascale Delcominette
Silvana Flagothier
Mark Geleyn
Alain Huart
Fabienne L'Hoost
Jean-Philippe Mergen
Georges Stienlet
Dirk Terweduwe
Daniel Van Daele
Michel Van der Stichele
Eric Vandoorne
Patrick Van Haute
Caroline Ven
Lambert Verjus
Jean-Jaques Westhof
Yves Windelincx



COMPENSATION COMMITTEE

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

AUDIT COMMITTEE

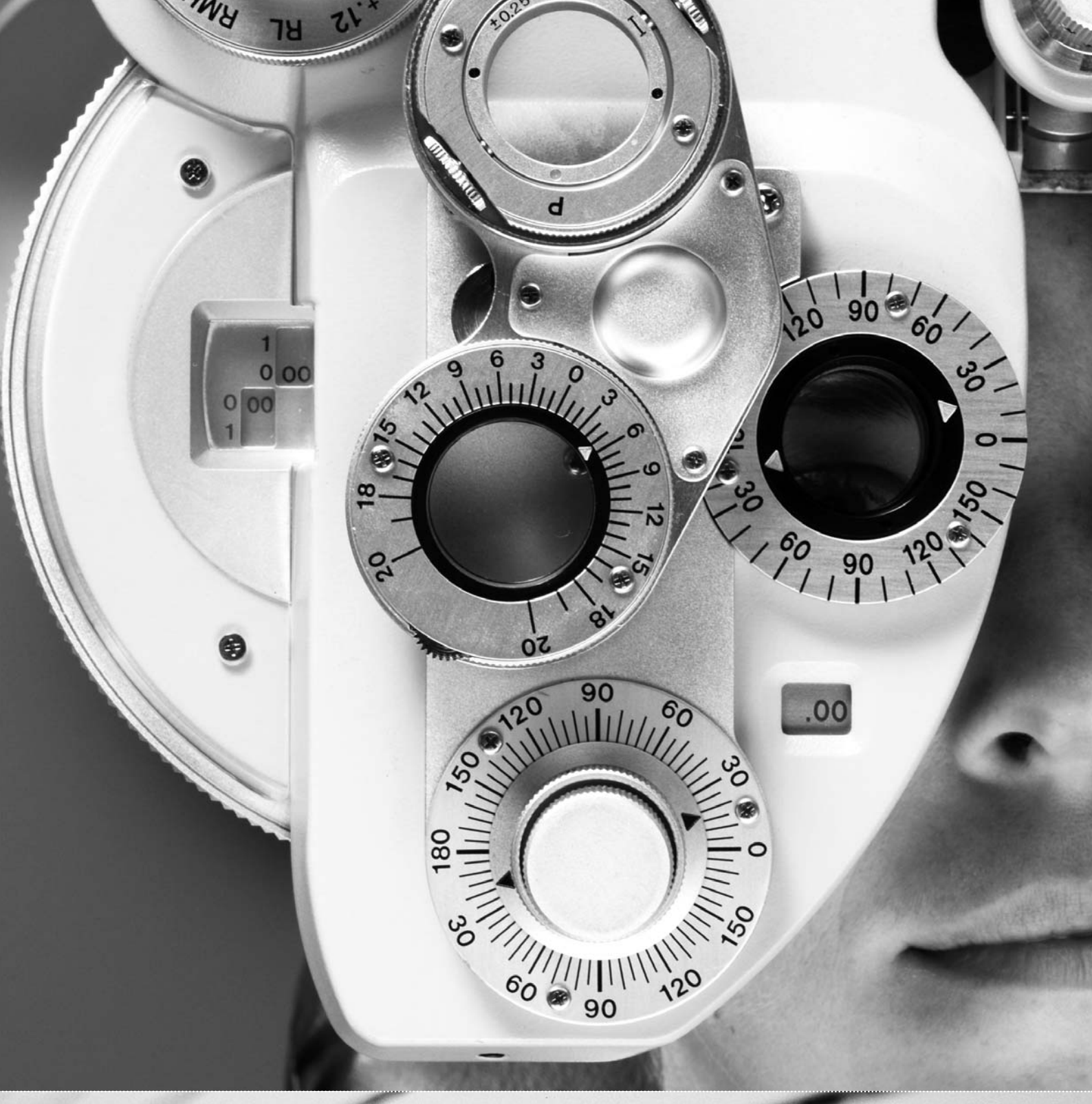
Jean-Pierre Arnoldi
Ludo Cuyvers
Dominique Michel
Daniel Van Daele
Lambert Verjus

MANAGEMENT COMMITTEE

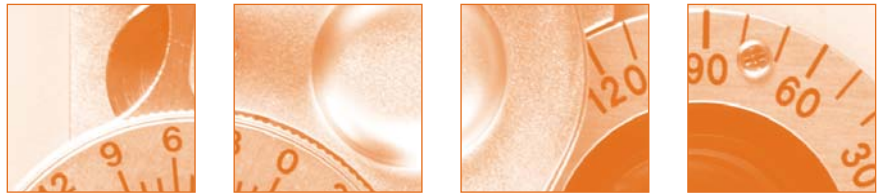
Yves Windelincx, Chief Executive Officer
Alain Huart, Director
Dirk Terweduwe, Director

COMPLIANCE OFFICER

Karine Boussart



*A clear perception
of the world of business*



A client-friendly strategy

Ducroire | Delcredere SA.NV nurtures its differences from other private credit insurers.

It gives priority to the management model that encourages a close relationship with the insured clients. Ducroire | Delcredere SA.NV encourages dialogue between its underwriters and its insured clients, not fearing the client's influence on the assumption of risk. It also ensures the stability of its human resources in order to maintain a personalised relationship with its clients.

ICT developments are also designed with the same aim of strengthening communication between Ducroire | Delcredere SA.NV and its clients. The objective is to speed up and simplify decision-making without rendering it anonymous. As an example every automated decision taken by the electronic system indicates which underwriting manager is authorised to review the decision if objective factors justify it. Transparency is enhanced thanks to new functions such as the ability to view the progression of current applications.

This desire for transparency is also shown in the publication of a vade-mecum, which explains the concepts underlying the comprehensive policy. Ducroire | Delcredere SA.NV is henceforth offering a simplified recovery management, which will relieve the client from having to take care of the dispute resolution process. Other improvements have been made as well, whilst the major advantages of the existing policy have been retained.

Insurance cover evolves with time to respond to ever-greater clients expectations. Ducroire | Delcredere SA.NV is now also offering insurance solutions in China, India and Russia for businesses that are developing their trade in those markets.

Furthermore, it has asked the regulatory authorities in the financial sector for approval of its credit insurance and bond issuance activities accredited in each of the 25 Member States of the European Union and in Switzerland.

Many testimonials show how soundly based this strategy is in the eyes of clients of all sizes and in all sectors.



A fast response
to a request

DIALOGUE BETWEEN UNDERWRITER AND INSURED AT THE CORE OF THE RELATIONSHIP

Ducroire | Delcredere SA.NV resolutely opts for a close relationship with its clients. Flexible and accessible, it considers dialogue between underwriter and insured to be an essential element in the relationship with the client.¹

Clients are encouraged to explain the importance of their application and provide additional objective information to obtain the best possible credit limit, in order to win the deal ahead of their competitors. The proximity with the client enables the underwriter to be aware of the specific significance of the risks he is analysing, not only for the insurer but also for the insured. In a B2B relationship, refusal of insurance or a limitation on the cover accorded are regarded as preventive action in the interest of both parties.

In practice, the organisation of our service to the client is also based on a relationship that has developed over time. This is shown by our very high degree of client and staff loyalty. A team made up of an account manager, underwriters and administrators is dedicated to each insured client; the team members are introduced to the insured personally. As explained above, the client does not just have relations with the account manager and administrators but is also in dialogue with the underwriters.

1. Each year, Ducroire | Delcredere invites several clients to assess the profits concretised together. The testimonies in this report are published with the consent of the clients.



CREDELNET®, A CREDIBLE ON-LINE SOLUTION

Credelnet® is the new electronic management tool for the Ducroire | Delcredere SA.NV comprehensive policy. Its aim is an online dialogue between insurer, insured and their brokers on credit limits, contract approval and debtor payment delays.

Increasingly fast decisions

Our underwriting teams are there at all times to listen to the needs of our clients. Although the company's clients acknowledge the quality of our information and of our decisions, they also want to see the process of individual debtor approval speeded up. In order to respond to this need, a task force of IT experts and risk management experts have launched Credelnet® online, on our web site www.ducroiredelcredere.be.

The certainty of precisely identifying the contractual parties

This interface offers our clients and their subsidiaries the ability to send us enquiries 24 hours a day, 7 days a week on matters such as credit limits, and in a context of multi-policy, multilingual and multi-currency administration. In practice, our clients identify their debtors precisely from a database of tens of millions of organisations across the globe. This identification process is conducted in a secured environment.



Agfa-Gevaert

Thanks to Ducroire | Delcredere SA.NV, we discovered a new line of service: project financing for our largest equipment, with longer payment terms

In recent times, Agfa-Gevaert has undergone a metamorphosis. Innovative products in the healthcare and graphics industries assure healthy growth, with the classic rolls of film belonging firmly to the past. Ducroire | Delcredere SA.NV has been a partner for a decade and a half already, and the insured relies on durable flexibility.

An interview with Vincent Van horenbeeck, Regional Sales Manager Graphic Systems.



React before it's too late



Its aim is to ensure that the insured's application for cover relates to the correct contractual party.

A simplified management procedure

The client then stipulates the contract agreement or the credit limit he wants to have insured against the risk of non-payment and, possibly, the risk of cancellation of the order: amount, credit period, payment procedures and experience, and possible guarantor. The complete application can then be processed and the credit limit calculated and granted automatically in a large number of cases, according to an algorithm.

The IT tool contributes to a dialogue between insured and underwriter

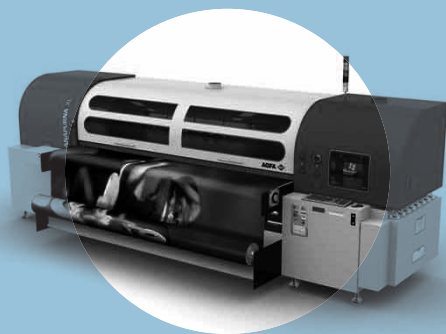
Ducroire | Delcredere SA.NV collects, monitors

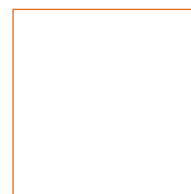
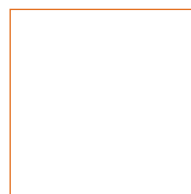
and updates information on the solvency of thousands of companies from economic and financial information sources throughout the world. Its computer systems and its experts analyse the information and draw the conclusions that bind it financially.

The client can at any time consult the risk exposure that Ducroire | Delcredere SA.NV is prepared to insure and under what terms. He always has access to the name and contact details of the underwriter responsible for the decision, even where the decision has been taken by the IT system. A client can always request a review of an application supported by documentation (such as new financial information on the debtor) to obtain a more favourable

Since when has Agfa had a policy running with Ducroire | Delcredere ?

The first policy was taken out at the end of 1989, and originally it covered only a couple of countries, in North Africa. Little by little, there were additions, and our Swedish subsidiary, CEA, was co-insured. Although the customer base mostly remained the same, a remarkable shift did occur: over time the number of ILCs fell by around 50%. Flexible payment terms are almost a must if you want to achieve success at an international level. A fast and, of course, favourable positioning by Ducroire | Delcredere SA.NV is therefore of primary assistance in closing the tenders.





decision if the credit limit granted on line does not meet its requirements. When necessary, the client can get directly in touch with the risk manager, regardless of the IT interface.

Traceability of the decisions taken by the insurer

Transparency in the relationship between insurer and insured is guaranteed by new functionalities. Each client can view how its applications are progressing: a list of pending applications, response-time statistics and the rate of acceptance are at his disposal. A summary of payment delays that have been communicated to the insurer is also available. The client can also follow up on developments in the decision-

making process: a chronology of increases, amendments, suspensions, suspensions that have been lifted and cancellations.

Ongoing monitoring of the portfolio of insured customers

Thanks to the Internet, the client and his subsidiaries can now consult their current portfolio of insured customers, whenever and wherever they wish. They can opt for a consolidated presentation or a display per business unit, draw up lists of debtors, segment them or sort them in order of size of credit granted. These details can be exported to a variety of management tools.

Where are the growth markets and what are the challenges for your business?

The CIS and the most important African countries are all notable markets, and we are continuing to monitor them actively. In Africa, we direct our efforts mainly toward the Maghreb, South Africa, Nigeria, Egypt and Kenya, where there is growing demand for advanced equipment. Into the future, we see our division conducting a more autonomous policy, and most probably we shall see another kind of decision-making process. When there is a backlog for the graphic part, then pending deliveries for the healthcare division are also stopped. That sometimes causes tensions. Next to our core business, we retain a niche for special products and cinematographic films.



RESPONDING TO CLIENT NEEDS IS NOT AN EMPTY PROMISE

Rewriting of the comprehensive policy has resulted in new services regarding collection management, greater transparency of the general terms and simplification of procedures. Alongside these innovations, the existing advantages of the insurance offering from Ducroire | Delcredere SA.NV have been retained.

Personalised collection management

Where payment of a receivable is overdue, the insured now has the choice of granting Ducroire | Delcredere SA.NV a management mandate for the purposes of collection or of taking recovery action in association with the insurer. The insured also has the option of making a different choice in each individual instance.

In the former case, the new system enables the client to delegate all responsibility for the dispute and obtain indemnity at the end of the waiting period. The management of the collection process and the attendant costs are taken up by the insurer.

In the latter case, the insured acts with and on the instructions of Ducroire | Delcredere SA.NV until final resolution of the collection procedure. The costs and sums recovered after the settlement are shared between the insurer and the insured.

Clear general terms and simple procedures

The contract clauses have been rewritten to make them easier to understand for clients. For the same purpose the contract documentation has been supplemented with a glossary of technical terms. Finally, our innovations include the issue of a vade-mecum, or guide. This detailed, practical user manual sets out the details of the

Is there a specific deal that would not have been won without support from Ducroire | Delcredere SA.NV ?

The Terem group in Russia was a tricky deal: without support from Ducroire | Delcredere SA.NV we wouldn't have pulled it off. We were selling an Agfa Excalibur VLF, our most expensive piece of equipment, with the final addressee being Tver Printing House, the largest Russian book printers, whose plant is in Tver, 300 km from Moscow. It's not every day you win a deal like that. Alongside prefinancing, the balance is on extended, long-term facilities, over a period of up to two years. Within our company, we call that internal project financing. And on top of that is a further aspect. Where we're able to sell an expensive piece of equipment, there is a real chance that in the future we will further increase our turnover with a classic range, including replacement parts. That way, we will have a satisfied customer for years to come.

major insurance concepts: credit limit, contract approval, premium, etc. For each of these, the reader will find a description, a chronology, detailed examples and a procedure to follow. It has been radically simplified as regards guarantee deposits and the settlement of indemnities, as these formalities have been canceled.

Pending orders, extensions of due date and delivery stoppages are improved

Deliveries for pending orders not yet made, are now insured even where the credit limit is reduced, suspended or cancelled. The client can thus continue his commercial relations provided he abides by precise instructions aimed at avoiding any risk increase.

To assist in the commercial relationship between the insured and its debtor, Ducroire | Delcredere SA.NV now provides in its general policy terms the option of extending due dates.

In addition if the debtor pays his arrears before 90 days, the insured can resume deliveries to his customer.

The “traditional” advantages of credit insurance from Ducroire | Delcredere SA.NV are maintained

Ducroire | Delcredere SA.NV distinguishes itself from its competitors by offering cover for pre- and post-delivery risks. For example, the general policy terms provide cover for breach of contract. The company covers not only the insolvency of the debtor but also his unforeseen actions. Public-debtor risks and political risks are automatically included.

Among the other strong points that have been retained, we should mention calculation of the premium on the basis of the turnover figure actually declared and not only an estimate. This provides the client with certainty that there will be no adjustment at the end of the insurance period. Pending business is also insured once a credit limit is obtained. The claim is either indemnified in the contract currency or in euros. Finally, Ducroire | Delcredere SA.NV does not automatically impose a deductible amount when indemnifying its insured client.

Can you confirm that the people at Ducroire | Delcredere SA.NV are always willing to help?

Ducroire | Delcredere SA.NV and its people show flexibility and will come to us to discuss the thorniest of cases. We hope that we can rely on the same level of readiness in future. Effort is needed to retain, and preferably increase, market share. Some of our customers attach great importance to a certain confidentiality of financial details or only want to explain the context in private. Particularly in Eastern Europe, each customer is a separate case. Our advice to Ducroire | Delcredere SA.NV: keep pursuing your personalised approach.



THE CREDIT INSURANCE POLICY - RISK COVER IN A CONSTANT STATE OF EVOLUTION

Since its creation and right down to the present day, ONDD has always designed products intended for the promotion of trade. Over the course of time, they have broadened their field of competence to enable a constant development and thus to respond to the ever expanding client needs.

Let us take a brief look back at the most significant stages in the extension of our insurance cover.

Exports of Belgian goods

In 1921, the insurance policy was limited to boosting national exports following the First World War. Sensitivity to the political risk of overseas exports was then acute ...

Exports of goods and services in which there is a Belgian interest

Between 1949 and 1958, the insurance policy was no longer aimed only at contracts for goods

but also those for intellectual property rights, provision of services and leasing contracts. The sole condition was the existence of a Belgian receivable due by a foreign entity and a reasonable link between the interest that Belgium had in the transaction and the risk it entailed. The notion of Belgian interest was extended; under certain conditions, even a Belgian branch of a foreign company could benefit from the insurance. It was also available where the Belgian firm acted as the agent or representative of a foreign firm. It furthermore covered sales to a foreign branch of a Belgian firm.



Exports of Belgian or foreign goods and services by multinationals

During the '80s, demand grew considerably. The range of policies became more extensive. Thus, Ducroire | Delcredere SA.NV was the first to introduce a multinational policy. Additionally, it offered the possibility of covering only commercial risks without necessarily covering political risks. This facility existed for a range of countries where the political risk was as good as nil. Using this formula, cover could be adapted to the actual risk.

Exports of Belgian or foreign goods and services by foreign companies with a link to Belgium

In 1998, Ducroire | Delcredere SA.NV agreed that it would cover foreign exporters selling products of exclusively non-Belgian origin, provided that certain conditions were fulfilled, including the requirement for a direct or indirect Belgian interest in the form of at least a distribution subsidiary, and the necessities of a balanced portfolio and the exclusion of adverse selection.

The sale of goods and services by all companies having a link to Belgium

In 2004, cover was extended to domestic transactions and exports throughout the world. Ducroire | Delcredere SA.NV thus guaranteed insurance continuity for businesses, particularly by pursuing cover for exports to the ten new members of the European Union, provided these transactions involved a total credit term of less than two years.

The one-stop credit insurance shop for all companies in the European Union and Switzerland

In 2005, by virtue of the principle of the free provision of services, it became possible for any European company to apply to Ducroire | Delcredere SA.NV to insure sales in its own local market and for exports throughout the world. Ducroire | Delcredere SA.NV is also able to insure any company established in Switzerland.

In conclusion, the company, which is the natural product of the evolution of the Belgian Export Credit Agency (ONDD), provides clients with tailored solutions by offering policies adapted to the needs of each company.



Efico

a supportive policy creates greater chances

Efico is a growing SME that imports mainly coffee and, to a lesser extent, cocoa. It regularly has to agree to prefinancing and to take on insurance to cover itself. Its cooperation with Ducroire | Delcredere SA.NV assures permanent growth, and new chances are opening up.

An interview with Patrick Installé, General Manager.



THE BELGIAN CREDIT INSURER WITH A EUROPEAN AND INTERNATIONAL VOCATION

Although 2004 was the year of establishment of Ducroire | Delcredere SA.NV, 2005 marked a new stage in the continuous process of the company's evolution. Ducroire | Delcredere SA.NV is now accredited by the financial regulators to ply its trade of credit insurance and bond issuance under the freedom to provide services in each of the 25 Member States of the European Union. It also markets its services in Switzerland. In the emerging markets of China, India and Russia, it operates through local partnerships.

Many years' experience for the benefit of European clients

Ducroire | Delcredere SA.NV already has a portfolio of transactions insured via multinational policies for clients in France, the Netherlands, Germany, United Kingdom, Luxembourg, Austria, Spain, Greece, Hungary, Italy, Poland, Portugal, Sweden, Switzerland and the Czech Republic.

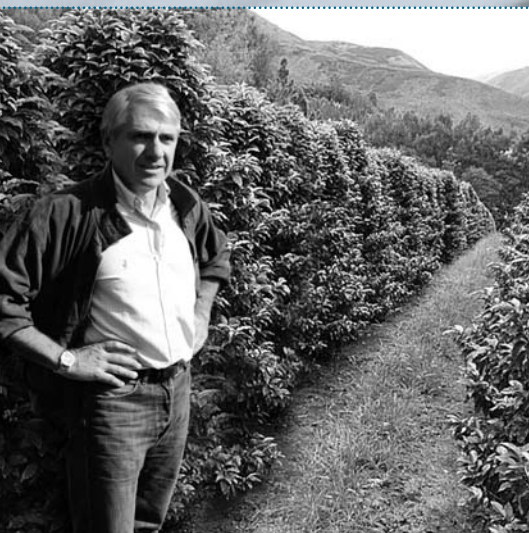
A link with Belgium is no longer necessary to get insurance with Ducroire | Delcredere SA.NV

Nowadays, Ducroire | Delcredere SA.NV will cover the risks of companies established in any European country. The risks insured with Ducroire | Delcredere SA.NV are linked to their

commercial operations, whether these are oriented towards their domestic market or exports, whether near or far.

Risk diversification, a clear reason to anticipate the needs of European clients

The concentration of risks is a concern common to all insurers. According to sector statistics, 20 countries represent 80% of insured sums. Major insurance capacities therefore are not called upon. Ducroire | Delcredere SA.NV wants to use them by offering policies to non-Belgian clients, particularly when export destinations from other European countries differ from those of Belgian companies.



What is the importance of the coffee trade?

Coffee is the second most-traded commodity in the world, after oil. Currently 65 producing countries employ 25 million people in the trade. But the market is unstable and controlled by the markets in London and New York.

We are located in Antwerp, one of the largest coffee ports in the world. Going back over eight decades and four generations, we have striven to build up stable, lasting relationships with producers and exporters and to resell to coffee-roasters. We realise a quarter of our turnover in Belgium. The health of our business puts us in the top ten in Europe.

Constantly *evaluating* the issues at stake



A different positioning for traditional offers

These companies and, if applicable, their brokers, can now rely on an extended range of credit insurance products in their countries. The products offered by Ducroire | Delcredere SA.NV differ from those of large operators to the extent that its expectations in terms of the globality of the portfolio to be proposed for insurance are founded more on the destinations for business in which there is truly a risk. In view of its public origins, the company has developed 85 years of experience in insuring some of the most intense political and commercial risks in the world.

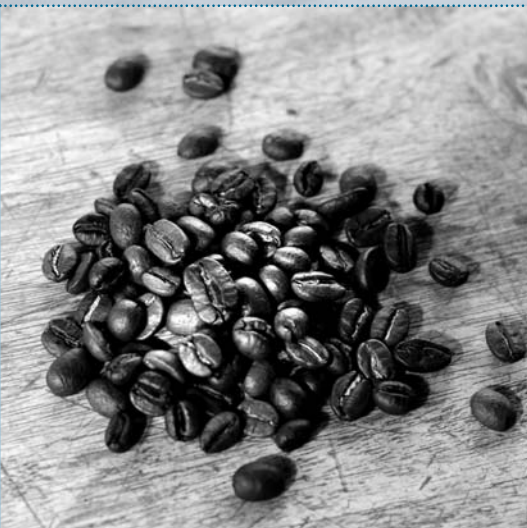
One single partner for the insurance of the non-payment risk anywhere in the world

Previously, protecting one's receivables against the risk of non-payment throughout the world generally meant taking out two separate insurance policies with two credit insurers: one to cover sales on the domestic market and the

member countries of the OECD and another for the political and commercial risks linked to exports outside the OECD. In 2005, Ducroire | Delcredere SA.NV developed a product that covers all risks throughout the world under a single contract, with one single team of contact operatives.

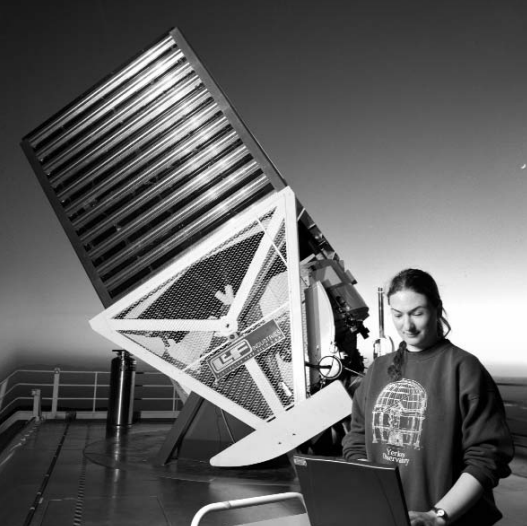
Beyond the boundaries of Europe, Ducroire | Delcredere SA.NV offers businesses guidance on developing trade in China, India and Russia

Our clients' international commercial efforts concentrate on the destinations that offer the greatest potential. After the major markets, Ducroire | Delcredere SA.NV sees that these companies invest abroad and then sell directly into the local market from local branches. Exports are insured under the comprehensive policy issued by Ducroire | Delcredere SA.NV. In China, India and Russia, where the credit insurance market has not yet been deregulated, Ducroire | Delcredere SA.NV has forged close



Why is prefinancing so common in your sector ?

Local traders and businesses need cash to pay for their goods. They often lack the necessary financial resources and so prefinancing offers a solution. Ducroire | Delcredere SA.NV has gradually become a partner in sharing those risks. Quality care and controls are carried out from harvest until delivery. As standard, there is a testing procedure, and if approval is given, the price is then fixed, followed by shipment. Our customers are diverse, from traditional hand-roasters to global concerns. They order from stock or on a call-off basis.



*Our **view** goes beyond the immediate horizon*

links with sound local partners. These links are formalised under reciprocal cooperation agreements, which are backed up by reinsurance treaties. The cooperation arrangement covers information gathering, risk analysis and management and claims recovery. In addition, particular effort is made to harmonise our partners' general insurance conditions with our own. This is a matter of special importance for multinational groups, whose credit risk management remains centralised. Firms that sell locally via their subsidiaries therefore enjoy insurance cover with which they are familiar, and with sufficient capacities to take the risks proposed.

The analysts at Ducroire | Delcredere SA.NV stand accountable for the choice of markets in China, India and Russia

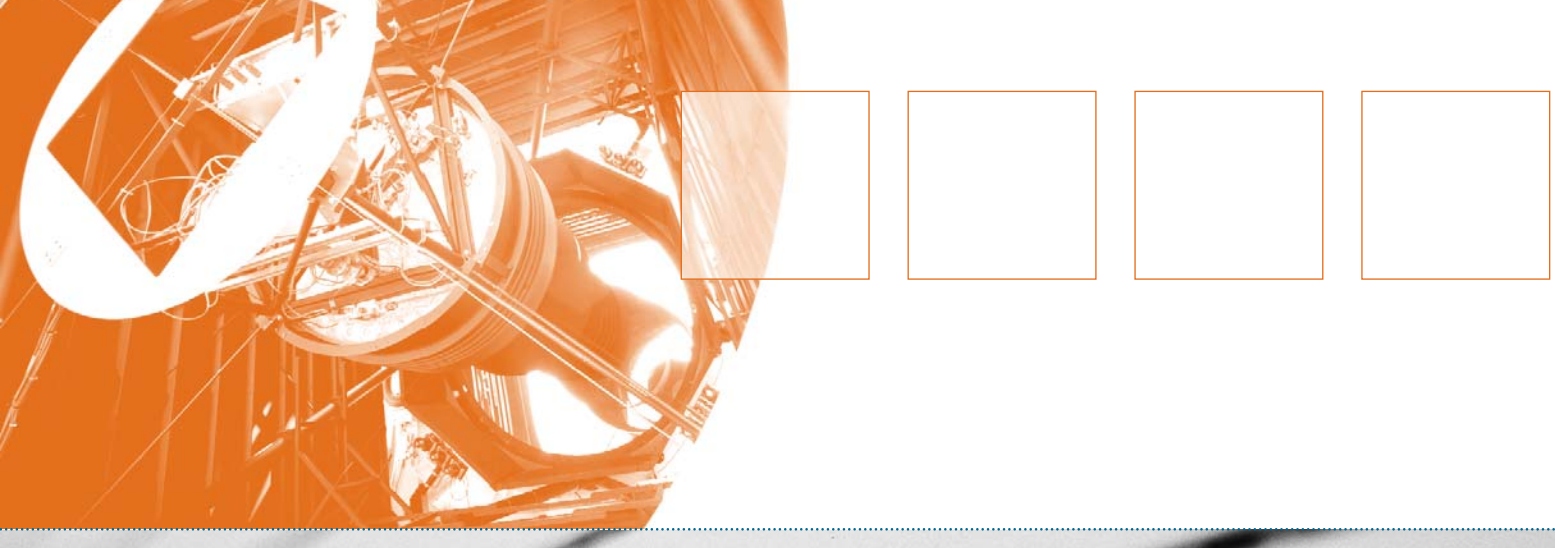
Western businesses have discovered the potential of the immense emerging markets,

as is borne out by the vigorous growth of Belgian exports to China, India and Russia in particular. Ducroire | Delcredere SA.NV supports its clients by conducting an open account policy with respect to these major markets.

Not only is China inundating the world with cheap finished goods but, thanks to an annual rate of GDP growth of over 8%, it is also absorbing raw materials and capital goods for its current industrial revolution. Belgium's exports to the world's third-largest importer have also performed very well in recent years, especially in the fields of plastics, processed metals and machinery. However, the Chinese middle classes, with their rising incomes, also offer a large sales market for consumer goods. The extraordinary savings rate in the country allow for a high level of investment without accumulating foreign debt. To the capacity for self-financing is added the attractively high level of training among the population and the increasing openness

What is your project for promoting sustainable trade?

We nurture socially responsible business. As such we were the first coffee trader to sign the United Nations Global Compact. Universal codes of conduct on human rights, working conditions, environmental protection and anti-corruption are guaranteed under ten principles. We have been certified to import coffee by reference to organic production methods. The Efico Foundation, set up in 2003, was a new initiative for promoting sustainable trade. Support goes out to structural projects for improving the situation of poorer levels of society and a long-term view rewards good quality with price supplements. All the operating costs are borne by Efico NV, which fully reinvests the income received from the fixed price supplement. Selection and follow-up of the projects, which are designated by an independent panel, is done by the Efico Fund. This was set up last year under the aegis of the King Baudouin Foundation and is a guarantee for the continuity of development projects and promotes cooperation in a fair environment and a free market.



towards the rest of the world, in contributing to around 7% growth potential in the economy per annum.

The Indian economy, too, is experiencing impressive growth. Savings and investment rates are currently a little lower than in China but, thanks to the improving institutional framework, an increase here is to be expected in time. In the domain of training, as well, India is booking progress. With a large pool of young, English speaking graduates, a steady population growth and structural reforms that have led to far-reaching deregulation and an opening-up of the Indian economy, one can expect excellent growth performance in the future. The rising incomes of the middle class, which are on a par with the population of the Eurozone, and enormous investment requirements in the country's infrastructure offer major potential for Belgian exports. That said, the quality of the infrastructure, coupled with slow bureaucracy, is one of the principal inhibitors to growth.

Driven by increasing exports and rising energy prices, the scale of the Russian economy since the beginning of the decade has grown by an annual average of 6.6%. Belgium is also benefiting from the economic recovery since the Russian crisis: exports to Russia have more than doubled since 2000! The level of training of its people - mainly in engineering - and structural reforms will in time reap benefits for the country. Nonetheless, the challenge remains of reducing dependence on energy exports. Without progress in institutional reforms, the level of investment will remain too low to accelerate the economic development of the country and growth will be borne along by external factors such as the price of and demand for energy. Without an upsurge in the business climate, therefore, the long-term growth potential of Russia will prove to be somewhat less than recent performance has shown.



What example do you quote to confirm the flexibility of Ducroire | Delcredere SA.NV ?

For example, in the case of ASK, a supplier in Ethiopia, we value the flexibility and added value of Ducroire | Delcredere SA.NV. The banking system there is difficult, local businesses find it hard to mobilise liquid resources, and proving title to property is not easy. Regular support by way of prefinancing breaks through the bureaucratic structure and offers us the chance to achieve consistent volumes at agreed dates. The latter of these is very important in a sector where fulfilment of our commitments to roasters is a *sine qua non*.



*A better **approach**
of each country's risk*



Three major questions on the market: Whether or not to cover risks worldwide? Whether or not to insure all SMEs? Whether or not to lower insurance premiums?

The most recent market study carried out by the European Union in 2005 reveals two major trends¹.

First, private operators are generally unable to cover political and commercial risks throughout the world.

Second, access to credit insurance by SMEs is difficult with the large private operators. Again, Ducroire | Delcredere SA.NV distinguishes itself by offering equal treatment to all businesses. Furthermore, the activities of private credit insurers are concentrated in developed countries, where the political risks are virtually

non-existent but where commercial risks remain and generate questions as to the bearish cycle of credit insurance premiums. If the fall should continue, certain operators might have to leave the market or might not even have sufficient reserves to absorb a possible resurgence in the rate of claims.

Whilst charging premiums in line with the risks covered, Ducroire | Delcredere SA.NV is eager to reward its clients by giving them an interest in the result of their policy and, wherever possible, accepting risk exposure commensurate with the transactions carried out.

1. IMC Consultants Limited for the European Commission, Competition Directorate General, The market trends of private reinsurance in the field of export credit insurance, May 2005.



DUCROIRE | DELCREDERE SA.NV DISTINGUISHES ITSELF FROM THE OTHER PRIVATE PLAYERS

According to the European Commission, sufficient capacity from private operators to cover global commercial risks could not be observed. The private market offers insufficient access to credit insurance for all SMEs. Ducroire | Delcredere SA.NV distinguishes itself by offering all companies insurance capacities in 230 countries.

The sphere of activity of short-term export credit insurance is determined by the European Commission. This institution regularly reassesses the capacity of the private insurance and reinsurance market to respond to businesses' needs to cover themselves against political and commercial risks worldwide. These assessments

show the major trends in the credit insurance sector.

In 1997, a first assessment concluded that the private market was able to cover the commercial risks of private debtors for a credit term of less than two years within the Europe of 15 and in Australia, Canada, the United States, Iceland,



Siemens

Siemens and Ducroire | Delcredere SA.NV : a unique partnership

That Siemens Communication in Herentals is achieving excellent results in the domain of mobile communications in Africa is no secret. Less known is that the Belgian credit insurer Ducroire | Delcredere SA.NV partly forms the basis for this success and has been contributing to it to date.

We talked to Bob Van Der Linden, Vice-President Siemens Communications Belgium, about the unique cooperation between Siemens and Ducroire | Delcredere SA.NV.

Feel the way the wind blows



Japan, Norway, New Zealand and Switzerland. In 2001, a new assessment concluded that this capacity had extended to covering political risks within the European Union and in the aforementioned members of the OECD. This geographical definition de facto included the ten countries that joined the Union on 1 May 2004. In 2005, a new assessment was unable to conclude that there had been any extension of the market capacity to cover a large range of risks, particularly commercial risks in every country in the world. Furthermore, the Commission

recognised the generally inadequate access to credit insurance for SMEs.

Ducroire | Delcredere SA.NV differentiates itself from the market by offering major insurance capacities covering political and commercial risks in 230 out of 239 countries. It also offers equivalent access to businesses of all scales on the basis of equal treatment for all introduced applications. Businesses that approach Ducroire | Delcredere SA.NV therefore need not be concerned by the limits observed by the European Commission for the majority of private players.

How did the cooperation between Siemens and Ducroire | Delcredere SA.NV come about?

Siemens Belgium has been active in Africa for over 25 years. Ducroire | Delcredere has actively supported us from the beginning, and that was far from a given at that time. The African operators then urgently needed to renew their infrastructure, their applications and their services. We're talking about fixed telephony here, since at that time mobile telephony was not yet on the table.

Nonetheless, significant investments were involved, for which the operators really didn't have the resources. Payment over a longer term was the only solution, but then the issue arose of funding and guarantees. It was here that Ducroire | Delcredere SA.NV played and is still playing an essential part. With support from Ducroire | Delcredere SA.NV, we were able to offer attainable repayment schedules to the African operators, thanks to which they were able to make their investments. That triggered a growth dynamic for them, which gradually afforded them greater financial breathing space, because the new operations brought them market position and new income.



Calculate the *risk* before taking it

AN AMENABLE PREMIUM FOR EVERYONE

No one can deny it: insurance premiums have been on a falling trend in recent years, a fact regaled with jubilation by many exporters. But is this development really so healthy and what are the reasons giving rise to this downward curve?

First and foremost, for many countries, especially in Central Europe, the political risks have for the most part dissipated as a result of the enlargement of the European Union. At the same time, a number of major powers are enjoying improved ratings following a couple of years' internal

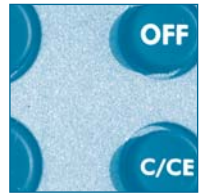
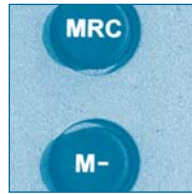
stability and calm on the financial markets, something that exporters have cashed in on.

Without a doubt, the sharpened competition amongst credit insurance companies is also playing its part. Anyone bringing out a significantly lower offering will have a better chance of capturing customers. Every healthy business cherishes the main objective of a steady increase in market share, and Ducroire | Delcredere SA.NV is not immune to that law. At the same time - fortunately - claims rates for commercial losses have been on the modest side in recent years. A direct consequence

What does the situation look like today?

Following initial investments came expansion. Because this involved lower amounts and, in the meantime, the operators have new income, we try and make the installments shorter. Meanwhile, mobile telephony has made a breakthrough in Africa and, even more than in the rest of the world, is on a steep upward trend. To that is added the fact that, for socio-economic reasons, the national authorities require operators to also open up the rural areas of their country in addition to the large cities. That entails major additional investments in projects that are often unprofitable owing to the low population densities in the regions concerned.

We therefore have to continually keep an eye on the financial equilibrium of our customers in Africa. Furthermore, much is happening in the operators' landscape. For instance, in West Africa, the state operators are being privatised. On the other hand, large - often international - groups are acquiring significant holdings in local operators. That entails adjustment, but also opens up new prospects. Naturally, we also continue to be active in fixed-line telephony, which is receiving new impulses because of the growing demand for internet access in Africa. We're responding to this with innovative end-to-end solutions that sometimes go much farther than pure technological implementation.



of this is that the majority of exporters have managed to negotiate considerable bonuses in all their current policies.

Nonetheless, rates will not fall indefinitely in the future, and at this stage we might be approaching a floor. For considerations of rational governance, each company is obliged to use a number of parameters. Thus, to attain a correct basic tariff, an insurer has to take different criteria into account, such as a defensible premium, the management of a variety of costs, whereby ICT charges can sometimes increase explosively, and also a reasonable

profit. A merry-go-round is ultimately of no avail to anybody. Although low pricing acts as an enticement, it also undermines the stability of the company. And this precisely is the principal criterion that a business in our sector has to fulfil: to form a buffer so as to be able to meet claims in due and proper time in the event of adversity. For that reason, as an insurer, Ducroire | Delcredere SA.NV keeps necessary tabs on price developments. In the interests of all parties, an amenable premium at an acceptable level is a sure necessity!

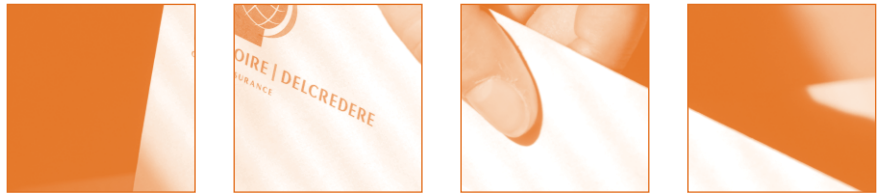
What are the challenges for the future and what is the importance of Ducroire | Delcredere SA.NV in that regard?

For some time, we have had to compete with some fearsome - i.e. Chinese - competitors. They offer their products at much lower prices and often with excellent financing terms. Our strategy is to convince African operators with solutions that are tailored to their needs. It is therefore crucial for us to gain an absolutely thorough understanding of our customers and prospects and the markets they're active in. We also want to set ourselves apart with a better service provision and flexible financial terms. For that, we can count on our fruitful cooperation with Ducroire | Delcredere SA.NV. From the outset, we can state that Ducroire | Delcredere SA.NV supports us in a particularly professional manner and is regarded by our customers as a very valid negotiating partner owing to their professionalism, their flexibility and their readiness to look for new solutions, often within very tight deadlines.

In addition, Siemens Belgium is now also testing out territories outside Africa. We see that, as a flexible, multicultural organisation, we can offer real added value there. We then often work in conjunction with local Siemens subsidiaries in order to win the orders together. The fact that we operate so successfully in Africa naturally is a solid reference. But we have to beware. Whoever gets into the market first often has the best chances. We have to respond to this with solutions, service and financing that are tailored to the customer. In this last aspect, Ducroire | Delcredere SA.NV plays a crucial role.



We weigh the *pros*
and the *contras*



Achievements

In thousands of EUR

Insured transactions	Net written premiums	Claims paid	Claims recovered	Net claims
6.364.577	33.523	6.095	707	5.388

The company's commercial attraction for exporters is demonstrated by a booked turnover of 33.5 million euros during the period until 31 December 2005.

It owes this result to its teams, which have long, practical experience of the credit insurance business. These teams bring the risk acceptance policy of Ducroire | Delcredere SA.NV to a forefront: a policy that allows the insured to work on an open account basis in 190 countries.

Ducroire | Delcredere SA.NV also offers assets as regards new products; it is now accredited to issue bonds. Several clients made use of this to alleviate their bank credit lines in 2005.

The commercial results of the new plc are very encouraging. The amounts insured in 2005 increased by 25% compared to the insured amounts for comparable activities in the 2004 annual report of ONDD. The downward trend of the premium rates throughout the credit insurance industry is confirmed by a rise in turnover, limited to 4%. It is true that the country risk to which the premium relates, has notably improved for numerous export destinations. Furthermore, in many cases, the individual profit and loss accounts of the insurance policies were closed in a bonus situation (as reflected

in the low amount of claims paid). These results have enabled us to grant discounts and bonuses to insured clients who renewed their contracts at a lower cost.

Historically spoken, Ducroire | Delcredere SA.NV was founded on 2004-09-23. The shareholders underwrote a capital of 150 million EUR, of which 100 million EUR were paid when the company was founded. The first financial year covers the period from 23 September 2004 until 31 December 2005.

After a decision of the Banking, Finance and Insurance Commission (CBFA), a permit was granted to the company on 30 November, under administrative code 2385 for performances under insurance branches 14 (credit) and 15 (suretyship).

On 17 December 2004, the CBFA allowed Ducroire | Delcredere SA.NV to deploy its activities in all EU countries, in the framework of the free provision of services.

On 1 January 2005, ONDD transferred all its rights and obligations with regard to its whole export credit portfolio for the comprehensive policies branch to Ducroire | Delcredere SA.NV. This transfer was approved by the CBFA on 2005-05-31.



A good starting point

On 1 January 2005, ONDD transferred this branch and the technical assets and liabilities of the credit insurance activity in the comprehensive export policies portfolio to Ducroire | Delcredere SA.NV, based upon the net book value on 2004-12-31.

During its first year, Ducroire | Delcredere SA.NV announced a net result of 6.4 million EUR, that is 6% of its equity shares, at the end of the financial year.

The outstanding premiums after deduction of refunds amount to 33.5 million EUR, that is an increase of 1.2% compared to the outstanding premiums of ONDD in 2004 in the framework of the global export policies portfolio, which has now been transferred to Ducroire | Delcredere SA.NV.

The loss degree was kept low, both with regard to political and commercial risks, with a loss ratio of 23%.

The operating costs - broker's costs included - increase to 14.6 million EUR, i.e. a cost ratio of 37.2%.

The very respectable gross combined ratio of 60.1% is expressed by a technical result for cession in reinsurance of 13.5 million EUR. This technical result was attained over a 12 month period, since the comprehensive export policies portfolio was transferred by ONDD on 1 January.

We owe a part of that result (7.6 million EUR) to our reinsurers, who share our risks for 60% for direct credit insurance cases.

The transfer to the provision for equalisation and disasters is in conformity with procedure n°1 of the CBFA regulations concerning credit insurance.

After transfer to the provision for equalisation, the technical result increases to 4.1 million EUR.

The financial result amounts to 4.8 million EUR. This financial result was acquired over a period of more than 15 months, from the founding of Ducroire | Delcredere SA.NV on 23 September 2004.

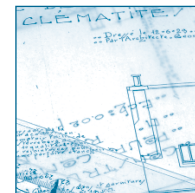
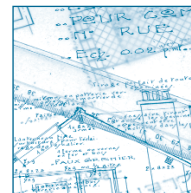
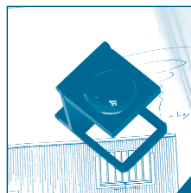
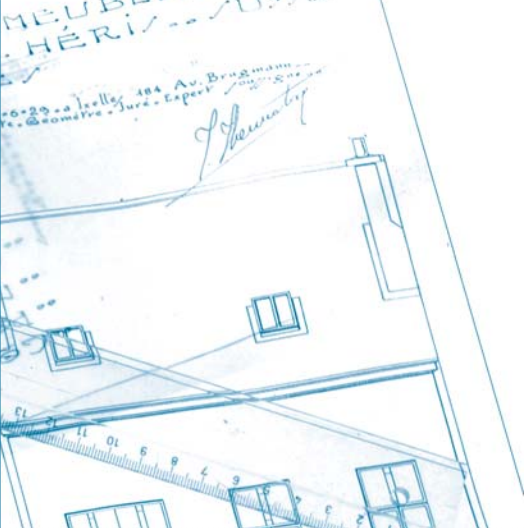
The company's investments (120.3 million EUR at the end of the financial year) were done according to the regulations, as stipulated by the Board of Directors. On 2005-12-31, the share investments represent 13.5% of the portfolio expressed at market value, whereas the monetary, liquid and short-term investments represented 52.7% of the portfolio and longer term investments represented over 25.6% with guaranteed capital on the termination date. The portfolio also contains a term investment (8.2% of the portfolio). Apart from the income from investments booked in 2005, there were latent surplus values of 1.3 million EUR at the end of the financial year.

The estimated taxes amount to 2.4 million EUR, that is a percentage of 27.4%.

This tariff, which is higher than the corporation tax, is explained by the financial result containing definite taxed elements with regard to the sicav shares, that are free of tax for 95%.

The result of the financial year (6.4 million EUR) was completely assigned to the increase of the equity shares: the assignation to the legal reserve amounts to 0.3 million EUR and the transferred profits to 6.1 million EUR.

The net assets attain 106.4 million EUR at the end of the financial year. Compared to the outstanding commitments on 2005-12-31, that amount to 1024 million EUR after cession to reinsurance, these equity shares are a guarantee for a high solvency of more than 10%.



THE IMPORTANCE OF HUMAN CAPITAL

Ducroire | Delcredere SA.NV develops the technical credit insurance competences of its teams

The level of expertise developed by our employees lies at the heart of the process of creating added value for Ducroire | Delcredere SA.NV. Our personnel policy is centered on identifying the capabilities of existing employees, their continuous development and the search for new skills.

The company has placed the accent on improving its system of employee evaluation so as to better reveal career opportunities, promote a policy of constructive mobility and outline training needs as a whole.

The experience of our staff and its stability are factors for the satisfaction of our clients. Ducroire | Delcredere SA.NV also implements actions to encourage staff loyalty and develop their expertise. Thus, for example, credit underwriters have an average of nine years'

seniority. They have had their knowledge updated on payment procedures, bank guarantee techniques and the conduct of insurance business under the free provision of services.

Ducroire | Delcredere SA.NV also has a recruitment policy aimed at deepening or expanding its domains of competence. In 2005, the company especially attracted profiles qualified in credit analysis techniques on the new markets or in the management of new products such as bonds. Specifically, the team responsible for the underwriting of risks has been enhanced with new experts, together with young people who benefit from coaching by their elders. The team of administrators, in charge of following up insurance policies, has also been strengthened with new recruits.

Ducroire | Delcredere SA.NV also develops staff language skills

Given the increasing internationalisation of the client base and the cultural diversity it represents, simultaneous command of different languages is clearly an essential condition. Client proximity is therefore also engendered by continuous language-training programmes. Another main theme is skills in advanced com-

munication techniques, enabling permanent, rapid and efficient contact with clients. The credit analysis and policy administration teams are constantly called upon to adapt to new means of communication that are created to ensure constant improvements in client relationship management.



Prevent *pressure* on business

THE IMPORTANCE OF FINANCIAL CAPITAL

A credit insurer must exude confidence, since the businesses that develop their economic activities across the world, thanks to the support of their insurer, presume by definition that it will throw itself wholeheartedly into the breach at a moment's notice immediately after their customers' default. A credit insurer therefore has to have sufficient own funds available so as not to betray that confidence.

Ducroire | Delcredere SA.NV not only backs this with its name ("credere" = confidence), but also with its share capital of 150 million EUR, of which 100 million is fully paid up. Against these financial resources is a sum of commitments at the end of 2005 (net after reinsurance) of 1.024 million EUR, which corresponds to a ratio of less than 7 and reflects solid financial means.

Also of importance to a credit insurer and its clients are the reinsurers it contracts with. Ducroire | Delcredere SA.NV cedes a good half of its commitments via a proportional reinsurance treaty to a pool of high quality European and American reinsurers.

The reinsurance procedures for 2006 have been laid down. Ducroire | Delcredere SA.NV has decided to contract an additional excess-of-loss reinsurance treaty in order to protect the company's capital even better in the event of very high losses in a given country. This new reinsurance policy was amply over-subscribed, which gives clear evidence of the reciprocal confidence of our partners. This is a stimulus for us to continue along the path we have started out on.



Magemar

Ducroire | Delcredere SA.NV, an interesting alternative to bank guarantees

A viewpoint from Magemar, a firm involved in customs-clearance, Community transit and fiscal representation at the port of Antwerp.

Synthesis of a discussion with Christian Parisi,
Financial Director of Magemar SA.



AN EVEN BROADER ACCEPTANCE POLICY

In recent times, Ducroire | Delcredere SA.NV has made maximum efforts, even for difficult countries. At present some 190 countries enjoy open-account conditions, to the satisfaction of all. In the course of the last year, insurance was resumed or made more flexible by standardisation of the covered percentage and abolition of the maximum credit term or the requirement for a bank guarantee. As a result, cover in open account has been made possible. This was the case for Burundi, Cambodia, the Democratic Republic of Congo, Rwanda, Tajikistan, Belarus and, for the private sector, East Timor, Sierra Leone and Surinam. At the end of 2005, Ducroire | Delcredere SA.NV continued to express hesitation only vis-à-vis cover on Cuba, Guinea, Iraq, Liberia, North Korea, the Palestinian territories, the Seychelles, Somalia and Zimbabwe. For all other countries,

the insurance capacity is sufficiently high to meet demand, whereby the possibility of greater amounts per debtor is accorded.

Insured parties clearly prefer standard payment terms above costly and time-consuming ILC procedures or prepayments, which then temporarily tighten the customer's cash position. This leads to a logical increase in the number of credit limits, a trend that intensifies as time goes by. Simultaneously, we see the growing importance of the private sector across the world, and especially in the new, more difficult markets, where the rise in the number of private firms is obvious. Many new companies are establishing, and some of them very quickly establish trade relations abroad. Exporters that are alert to these opportunities may so be awarded in the first contracts.

Within the group, Magemar represents the unit active in the maritime domain and is the leader in the particular niche of logistics for granite shipped to Europe from around the world. To cater for this trade, an unloading and storage area for granite has been created in Antwerp. The range of services offered to the company's customers is broad: maritime and inland waterway shipping, stevedoring, storage, bonded warehousing, customs-clearance, fiscal representation and reshipment by all means of transport to Europe's interior. Magemar also offers maritime transport services for other industries such as steel, lumber, containers, etc., both for import and export, for all destinations in any of the five continents. Apart from Antwerp, the company has facilities in Liège, Poland and Germany; it is currently looking into opening a facility in China.

Magemar's operations generate a need for customs, community transit and fiscal representation bonds, which are in all cases issued by Ducroire | Delcredere SA.NV.



*Business,
even with heated
countries*

Naturally, an open policy as described above requires the company to improve its information channels. It continuously evaluates the quality of its sources. Ducroire | Delcredere SA.NV works together on a global scale with a number of independent data providers. The

response time is being significantly shortened and the client is being offered a better service. This latter factor also goes to explain the growth in the number of issued credit limits: a swift, professional decision is an important instrument for a successful exporter.



What financial benefits are there to a customs bond issued by Ducroire | Delcredere SA.NV?

The bond enables us to get deferment on payment of the VAT, import duties and excise duties at the time the goods are customs-cleared.

For community transit, Magemar benefits from a suspension of taxes in Belgium. Take the example of goods originating from China and entering the European Union through Antwerp, but ultimately destined for Poland. On the basis of the transit documents and by lodging a bond with customs, they grant Magemar a suspension of taxes in Belgium, and the VAT and import duties only have to be paid in Poland. However, if in the end no taxes are to be paid in Poland, the bond will be enforced.



NEW PRODUCT: ISSUE OF BONDS

At the beginning of 2005, we started issuing “legal bonds”, especially in favour of the Belgian customs service and in favour of the FPS Mobility and Transport. These bonds are issued on the instructions of hauliers, customs agents and carriers.

Within these legal bonds, Ducroire | Delcredere SA.NV is now also active in the field of bonds issuance in favour of the VAT authorities (fiscal representation), local government agencies (e.g. in respect of forestry activities), guarantee funds (e.g. the travel sector), the EU institutions and national and regional authorities (e.g. in respect of environmental regulations).

Now, as well, “contractual bonds” are being issued, in favour of both Belgian and foreign parties. These can be registration, advance payment, performance or retention money

bonds. The principal is usually a business in the construction or capital goods sector.

Meanwhile, Ducroire | Delcredere SA.NV has also contracted arrangements with operators in neighbouring countries for the issuance of bonds for principals and beneficiaries established there.

Where Ducroire | Delcredere SA.NV itself grants the bond, this has the important consequence that it does not reduce the credit lines that the principal has with its bank.

In addition to the issuance of bonds, Ducroire | Delcredere SA.NV can also, at the request of the principal's bank, participate in risks under the banks' bonding credit lines; such participation by Ducroire | Delcredere SA.NV thus also has an effect on the principals' credit lines.



You also stand surety for the payment of VAT as fiscal representatives. Why don't you ask your bank for a surety?

Foreign taxpayers not established in Belgium need to have a fiscal representative, who requires to issue a surety to guarantee payment of the VAT. This is a role that Magemar takes on.

We prefer to ask Ducroire | Delcredere SA.NV to issue a bond rather than our bank for one simple reason: by using the services of Ducroire | Delcredere SA.NV, we avoid diminishing our bank credit lines by the amount of the bond, and we can use our bank credits for other purposes.



*A sense of **measure***



Accounts

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 at the National Bank of Belgium and can be consulted there.

Balance sheet

(thousands EUR)

Assets	note	31/12/2005
B. Intangible assets		675
I. Preliminary expenses	1	591
II. Intangible fixed assets		84
2. Other intangible fixed assets	2	84
C. Investments		120 317
III. Other financial investments	3	120 219
1. Shares, shareholdings and other tangible securities		46 047
2. Bonds and other fixed-income securities		40 186
6. Deposits with other credit institutions		33 986
IV. Deposits with reinsurers		98
Dbis. Part of reinsurers in technical provisions		8 106
I. Provision for unearned premiums	9	2 566
III. Provision for reported losses	9	5 249
IV. Provision for profit participation and refunds	9	291
E. Accounts receivable		9 280
I. Accounts receivable from direct insurance operations		6 167
1. Insured parties		3 917
3. Others		2 250
II. Accounts receivable from reinsurance operations	4	767
III. Other accounts receivable	5	2 346
F. Other assets		2 435
II. Available cash and cash equivalent	6	2 435
G. Accrued charges		441
I. Earned, not yet expired interests and rent	7	275
III. Other accrued charges	7	166
TOTAL		141 254

Liabilities	note	31/12/2005
A. Capital and reserves		106 398
I. Subscribed capital or equivalent fund after deduction of the uncalled capital		100 000
1. Subscribed capital	8	150 000
2. Uncalled capital (-)	8	-50 000
IV. Reserves		320
1. Legal reserve		320
V. Transferred result		6 078
1. Transferred profit		6 078
C. Technical provisions		20 706
I. Provision for unearned premiums	9	4 676
III. Provision for reported losses	9	13 672
IV. Provision for profit sharing and refunds	9	503
V. Provision for equalisation and disasters	10	1 855
F. Deposits received from reinsurers		4 391
G. Debts		9 759
I. Debts from direct insurance activities		1 005
II. Debts from reinsurance operations	11	4 115
V. Other debts		4 639
1. Debts due to taxes, remunerations and social security	12	136
a) taxes	12	136
2. Others	12	4 503
TOTAL		141 254

Income statement

(thousands EUR)

		2005		
	note	gross transactions	transfers to reinsurance	net transactions
Gross Written Premiums		34 866	-19 411	15 455
No-claim bonuses and discounts		-1 343	751	-592
Net Written Premiums	13	33 523	-18 660	14 863
Variation in provision for profit sharing and refunds	9	-270	160	-110
Variation in provision for unearned premiums	9	509	-222	287
Earned Premiums	A	33 762	-18 722	15 040
Information revenues	B	2 038		2 038
Turnover		35 800	-18 722	17 078
Claims paid	14	-6 095	3 595	-2 500
Recoveries of claims paid	14	707	-425	282
Variation in expected recoveries for claims paid	15	2 133	-1 277	856
Variation in provision for reported losses	9	-4 502	1 330	-3 172
Charges of claims	C	-7 757	3 223	-4 534
<i>Loss Ratio</i>	C/A	23,0%	17,2%	30,1%
Gross margin		28 043	-15 499	12 544
Salaries and general expenses		-10 111		-10 111
Broker fees		-2 105		-2 105
Investigation costs		-1 958		-1 958
Commission for accepted reinsurance		-411		-411
Commissions from reinsurers			7 946	7 946
Operating costs	D	-14 585	7 946	-6 639
<i>Cost Ratio</i>	(D+B)/A	37,2%	42,4%	30,6%
Technical result before reinsurance	16	13 458	-7 553	5 905
<i>Ratio combiné</i>		60,1%	59,7%	60,7%
Variation in provision for equalisation and disasters				-1 855
Technical result after provision for equalisation and disasters				4 050
Result from the financial investments	3			4 826
Other financial result				-60
Financial result				4 766
Extraordinary result				0
Result before taxes				8 816
Taxes				-2 418
Result of the period				6 398
Transferred profit				
Transfer to the legal reserve				320
Profit carried forward				6 078

Cash flow

(thousands EUR)

	note	2005
Net written premiums (*)	13	14 863
Invoiced investigation costs		2 038
Claims paid (*)	14	-2 500
Claims recovered (*)	14	282
Operating costs		-6 639
		8 044
Recovered rescheduling interest (*)		2
Interest on securities and investments		4 199
Advance payment of taxes		-1 800
Transfer of non-monetary assets and liabilities of ONDD		7 710
Other income and expenses		125
		10 236
Gross cash flow		18 280
Variation in net working capital		5 235
Variation in investments		
increase in the formation expenses		-771
increase in the intangible fixed assets		-90
Net operational cash flow after investments		22 654
Payment of capital		100 000
Variation of cash and cash equivalent and investments		122 654

The cash flow for the financial year amounts to 22,7 million EUR. It contains an amount of 7,7 million EUR for the non-monetary assets and liabilities (provisions, provisions of recovery transferred on 2005/01/01 and paid by the National Delcredere Office to the plc Delcredere based upon their net book value on 2004/12/31.

(*) after transfer in reinsurance

Off-balance sheet rights and commitments

(thousands EUR)

		31/12/2005		
	note	gross transactions	transfers to reinsurance	net transactions
Branch 14 - credit insurance :				
direct credit insurance		2 179 498	-1 264 484	915 014
accepted reinsurance		94 808		94 808
Branch 15 - suretyship		35 130	-21 261	13 869
Commitments from issued policies	17	2 309 436	-1 285 745	1 023 691
Deposits of reinsurers in favour of Ducroire Delcredere SA.NV		2 074		

Notes

(thousands EUR)

NOTE 1 - FORMATION EXPENSES

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

Acquisition value	
At the end of the previous financial year	0
Variations during the financial year	
- Acquisitions, including own construction	771
At the end of the financial year	771
Amounts written off and depreciations	
At the end of the previous financial year	0
Variations during the financial year	
- Booked	-180
At the end of the financial year	-180
Net book value at the end of the financial year	591

NOTE 2 - INTANGIBLE FIXED ASSETS

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

Acquisition value	
At the end of the previous financial year	0
Variations during the financial year	
- Acquisitions, including own construction	90
At the end of the financial year	90
Amounts written off and depreciations	
At the end of the previous financial year	0
Variations during the financial year	
- Booked	-6
At the end of the financial year	-6
Net book value at the end of the financial year	84

NOTE 3 - OTHER FINANCIAL INVESTMENTS

	Book value	Market value	Result of the investments
Shares held directly	3	3	0
Investment funds	16 104	16 384	1 967
Variable investments with capital guaranteed at maturity	30 186	31 108	350
Variable income securities	10 000	9 915	94
Monetary funds	29 940	30 097	582
Savings accounts	32 536	32 536	1 574
Term deposits	1 450	1 450	251
Investments	120 219	121 493	4 818
Cash and cash equivalent	2 435		8
Investments and cash and cash equivalent	122 654		4 826

Unrealised gains at the start of the financial year	0
+ Capital gains realised during the financial year	1 274
- Capital gains realised on the transfer of securities during the financial year	0
Unrealised gains on 2005/12/31	1 274

NOTE 4 - ACCOUNTS RECEIVABLE ARISING FROM REINSURANCE TRANSACTIONS

Receivables from transfers in reinsurance	691
Receivables from accepted reinsurance	69
Expected recoveries of claims paid - accepted reinsurance (see note 15)	7
	767

NOTE 5 - OTHER ACCOUNTS RECEIVABLE

Claims to the parent company	2 005
Advance on premium taxes	213
VAT to be recovered	103
Other claims	25
	2 346

NOTE 6 - CASH AT BANK AND IN HAND

Cash at bank and in hand comprises sight accounts held with various banking institutions.

NOTE 7 - ACCRUED CHARGES

Earned and unpaid interests	275
Deferred charges	166

NOTE 8 - CAPITAL AND RESERVES ON 31 DECEMBER 2005

AUTHORIZED CAPITAL	amounts	number of shares
Issued capital		
At the end of the last financial year	0	0
Modifications during the financial year		
Establishment	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
Bearer		

UNCALLED CAPITAL	uncalled amount	called unpaid amount
Shareholders who still have to pay in full		
Immo Montoyer	0	0
ONDD	50 000	0
Total	50 000	0

NOTE 9 - TECHNICAL PROVISIONS

			outstanding on 2005/12/31	outstanding on 2005/1/1	variation 2005
		gross transactions	transfers	net transactions	net transactions
branch 14 - credit insurance	direct credit insurance	4 467	-2 561	1 906	2 397
	accepted reinsurance	174	0	174	0
branch 15 - suretyship		35	-5	30	0
Provision for unearned premiums		4 676	-2 566	2 110	2 397
					-287

Provision for the variation of the risk		-34	19	-15	-45	30
branch 14 - credit insurance	direct credit insurance	-32	19	-13	-45	32
	accepted reinsurance	-2	0	-2	0	-2
branch 15 - suretyship		0	0	0	0	0
IBNR provision		3 848	-2 152	1 696	1 285	411
branch 14 - credit insurance	direct credit insurance	3 655	-2 152	1 503	1 285	218
	accepted reinsurance	193	0	193	0	193
branch 15 - suretyship		0	0	0	0	0
Provision for outstanding indemnities		11 525	-6 170	5 355	2 913	2 442
branch 14 - credit insurance	direct credit insurance	11 398	-6 170	5 228	2 913	2 315
	accepted reinsurance	127	0	127	0	127
branch 15 - suretyship		0	0	0	0	0
Prospect of recovery of outstanding indemnities		-5 721	3 054	-2 667	-1 398	-1 269
branch 14 - credit insurance	direct credit insurance	-5 658	3 054	-2 604	-1 398	-1 206
	accepted reinsurance	-63	0	-63	0	-63
branch 15 - suretyship		0	0	0	0	0
Provision for claims management costs		4 054	0	4 054	2 496	1 558
branch 14 - credit insurance	direct credit insurance	4 054	0	4 054	2 496	1 558
	accepted reinsurance	0	0	0	0	0
branch 15 - suretyship		0	0	0	0	0
Provision for claims		13 672	-5 249	8 423	5 251	3 172
branch 14 - credit insurance	direct credit insurance	13 417	-5 249	8 168	5 251	2 917
	accepted reinsurance	255	0	255	0	255
branch 15 - suretyship		0	0	0	0	0

branch 14 - credit insurance	direct credit insurance	503	-291	212	102	110
	accepted reinsurance	0	0	0	0	0
branch 15 - suretyship		0	0	0	0	0
Provision for profit sharing and refunds		503	-291	212	102	110

The current value of provisions on 1/1/2005 relates to the balance sheet items purchased from ONDD in connection with the segment transfer.

NOTE 10 - PROVISION FOR EQUALISATION AND DISASTER

This provision has been constituted in accordance with the Royal Decree of 1991/2/22 with the aim of either offsetting the non-recurrent operating loss or levelling the claims charges or covering special risks in years to come.

The method applied by the board is method no. 1 in the Regulations no. 8 of the Banking, Finance and Insurance Commission.

As long as it does not reach 150% of the greatest annual amount of net reinsurance cession premiums over the previous 5 years, the provision for equalisation is endowed for each year with 75% of any positive operating result achieved in the credit insurance segment, whereby this drawing may not exceed 12% of the net cession premiums. This provision serves to offset any operating loss revealed at the end of the year.

branch 14 - credit insurance	direct credit insurance	1 611
	accepted reinsurance	238
branch 15 - suretyship		6
Provision for equalisation and disasters		1 855

NOTE 11 - DEBTS ARISING FROM REINSURANCE TRANSACTIONS

Debts from transfers in reinsurance	2 732
Debts from accepted reinsurance	30
Expected recoveries of claims paid - transfers to reinsurance (see note 15)	1 353
	4 115

NOTE 12 - OTHER DEBTS

VAT	90	Debts with suppliers	2 690
Corporation tax	6	Debts with the parent company	1 788
Premium taxes	40	Others	25
Tax receivables	136	Other debts	4 503

NOTE 13 - PREMIUMS

		gross transactions	transfers to reinsurance	net transactions
branch 14 - credit insurance	direct credit insurance	31 474	-18 422	13 052
	accepted reinsurance	1 978	-218	1 760
branch 15 - suretyship		71	-20	51
Written off premiums after deduction of refunds		33 523	-18 660	14 863

BREAKDOWN OF PREMIUMS PER COUNTRY (GROSS TRANSACTIONS)					
Russia	2 502	Morocco	692	Ukraine	480
Algeria	2 016	Egypt	689	India	448
Poland	1 843	South Africa	679	Bulgaria	410
Turkey	1 803	Israel	646	Indonesia	401
Saudi Arabia	1 169	China	638	Argentina	385
Romania	999	Lebanon	572	Burkina Faso	350
Czech Republic	984	Senegal	564	Slovakia	345
Mexico	935	Ivory Coast	540	Iran	339
Brazil	914	Hungary	529	Nigéria	325
Tunisia	727	Dubai	498	Malaysia	300
				Other countries	9 801
Written off premiums after deduction of refunds					33 523

NOTE 14 - CLAIMS PAID AND RECOVERIES

		gross transactions	transfers to reinsurance	net transactions
branch 14 - credit insurance	direct credit insurance	6 054	-3 595	2 459
	accepted reinsurance	41	0	41
branch 15 - suretyship		0	0	0
Claims paid		6 095	-3 595	2 500
branch 14 - credit insurance	direct credit insurance	707	-425	282
	accepted reinsurance	0	0	0
branch 15 - suretyship		0	0	0
Recoveries of claims		707	-425	282

NOTE 15 - ANTICIPATED RECOVERIES ON CLAIMS PAID

		outstanding on 2005/12/31			outstanding on 2005/1/1	variation 2005
		gross transactions	transfers	net transactions	net transactions	net transactions
branch 14 - credit insurance	direct credit insurance	2 250	-1 353	897	48	849
	accepted reinsurance	7	0	7	0	7
branch 15 - suretyship		0	0	0	0	0
Expected recoveries of claims paid		2 257	-1 353	904	48	856

The current value of anticipated recoveries on claims paid as at 2005/1/1 is relative to the balance sheet items purchased from ONDD in connection with the switch of branch.

NOTE 16 - REINSURANCE CESSIONS

The risks for direct credit insurance (branch 14) have been ceded to a pool of reinsurers to the extent of 60%.

The risks covered in the framework of the suretyship branch are also subject to a reinsurance cession, to the extent of 70% for customs suretyships and 50% for other suretyships for more than EUR 1 million.

The result of the cession amounts to EUR 7,553,000 in favour of our reinsurers, viz. 54.5% of the operating result before the cession.

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

Poland	157 714	Algeria	82 713
Turkey	101 581	South Africa	79 769
Russia	92 419	Czech Republic	71 163
Saudi Arabia	91 470	Brazil	68 634
China	91 141	Mexico	63 805
		Other countries	1 409 027
Issued policies per country			2 309 436

Accounting principles

The **formation expenses** have been capitalized and are amortized to the extent of 20% per annum.

The **intangible fixed assets** comprise software programs acquired from third parties. They are amortized at the rate of 20% per annum.

Investments are recognized at acquisition value.

> **Shares and other variable-income securities** are impaired in cases of lasting value reductions.

> **Bonds and other fixed-income securities** together with loans are impaired where repayment on maturity of such securities and receivables is wholly or partially uncertain or compromised.

> **Treasury bonds and other fixed-income securities** that constitute a liquidity support are subject to impairment where the market value is less than the book value deriving from the aforementioned rules.

Receivables, cash at bank and in hand

and **other asset items** are recognized at nominal value. These items are written down where their realisation value on the balance sheet date is less than their acquisition value.

Accounts receivable arising from reinsurance transactions include inter alia anticipated recoveries for claims paid.

For claims indemnified further to debtor default, the prospects of recovery are assessed on a case-by-case basis, on the basis of an evaluation by the policy managers of the claim.

For claims indemnified in name of political risk, anticipated recovery rates are fixed per country. Anticipated recoveries expressed in foreign currencies are converted at the exchange rate applicable on the balance sheet date.

The **provision for unearned premiums** corresponds to the portion of premiums to be allocated to years after the balance sheet date in order to cover claims expenditure and the operating costs of insured risks not yet expired on the balance sheet.

This provision is calculated separately for each insurance policy.

The **provision for claims** comprises a number of elements :

- > a provision for risk variation. it is constituted where, 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 (claim charges and operating costs). This type of provision is constituted:

- >> in the case of variation in the country risk assessment (change in country classification),
- >> where the deterioration in the macroeconomic situation of a country gives rise to a heightened risk of a systemic nature in respect of the private debtors in that country,
- >> in the case of aggravation of the debtor risk.

- > an IBNR (incurred but not reported) provision for claims not yet reported: this provision aims at insuring on a statistical basis the definitive losses of claims incurred but not yet reported to Ducroire | Delcredere SA.NV on the balance sheet date. This provision is fixed on the basis of past experience.

- > a provision for reported losses. This provision is an estimate of the definitive losses for files showing a threat of claim. The following provision rates apply:

- >> to threats of claims in commercial risk: the rates are based on the loss probability and on the recovery prospects determined by the policy managers of the claim, but are no less than 10%.

- >> to threats of claims in political risk: the rates are fixed per country.

These rates apply to the amount of the insurer's commitments for the files in question.

- > a provision for claims-management costs. This provision is an estimate of the external and internal costs that must necessarily be incurred for the payment and/or recovery of current claims. The provision is based on a percentage which is adjusted each year as a function of past experience.

A **provision for profit-sharing and discounts** is constituted for current policies containing refunds, no claims bonuses or profit sharing, which will be paid after the balance sheet date, at the end of the period for which the policy has been taken out. This provision is based on a discount rate which is adjusted each year and determined as a function of past experience.

The **provision for equalisation and disaster** 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 is set down according to method no. 1 under Regulations no. 8 issued by the Banking, Finance and Insurance Commission: as long as it does not reach 150% of the greatest annual amount of net reinsurance cession premiums over the previous 5 years, the provision for equalisation is endowed for each year with 75% of any positive operating result achieved in the credit insurance segment, whereby this drawing may not exceed 12% of the net cession premiums. This provision serves to offset any operating loss revealed at the end of the year.

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 on the balance sheet date.

Off-balance sheet rights and commitments

Commitments for current policies are equal to the updated amount of the insurer's risk on the balance sheet date. These commitments are converted at the exchange rate in effect on the balance sheet date where the insurer confers foreign currency cover of the amounts insured. These commitments are recorded at the historical rate for transactions insured without foreign currency cover.

Auditors report

Year ended December 31, 2005

In accordance with the legal and statutory requirements, we report to you on the performance of the audit mandate which has been entrusted to us.

We have audited the financial statements of Ducroire | Delcredere SA.NV for the year started with the establishment on September 23, 2004 and ended December 31, 2005, prepared in accordance with the legal and regulatory requirements applicable in Belgium, which show a balance sheet total of € 141,253,935 and a profit for the year of € 6,398,314. We have also carried out the specific additional audit procedures required by law.

The preparation of the financial statements, the assessment of the information to be included in the directors' report, as well as the compliance by the company with the Company Code and the company's bylaws, are the responsibility of the board of directors. Our audit of the financial statements was carried out in accordance with the legal requirements and the auditing standards applicable in Belgium, as issued by the Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren.

Unqualified audit opinion on the financial statements

The above mentioned auditing standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In accordance with those standards, we considered the company's administrative and accounting organisation, as well as its internal control procedures. Company officials have responded clearly to our requests for explanations and information. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the accounting policies, the significant accounting estimates made by the company and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the legal and regulatory requirements applicable in Belgium, the financial statements for the year ended December 31, 2005 give a true and fair view of the company's assets, liabilities, financial position and results of operations.

Additional certifications and information

We supplement our report with the following certifications and information which do not modify our audit opinion on the financial statements:

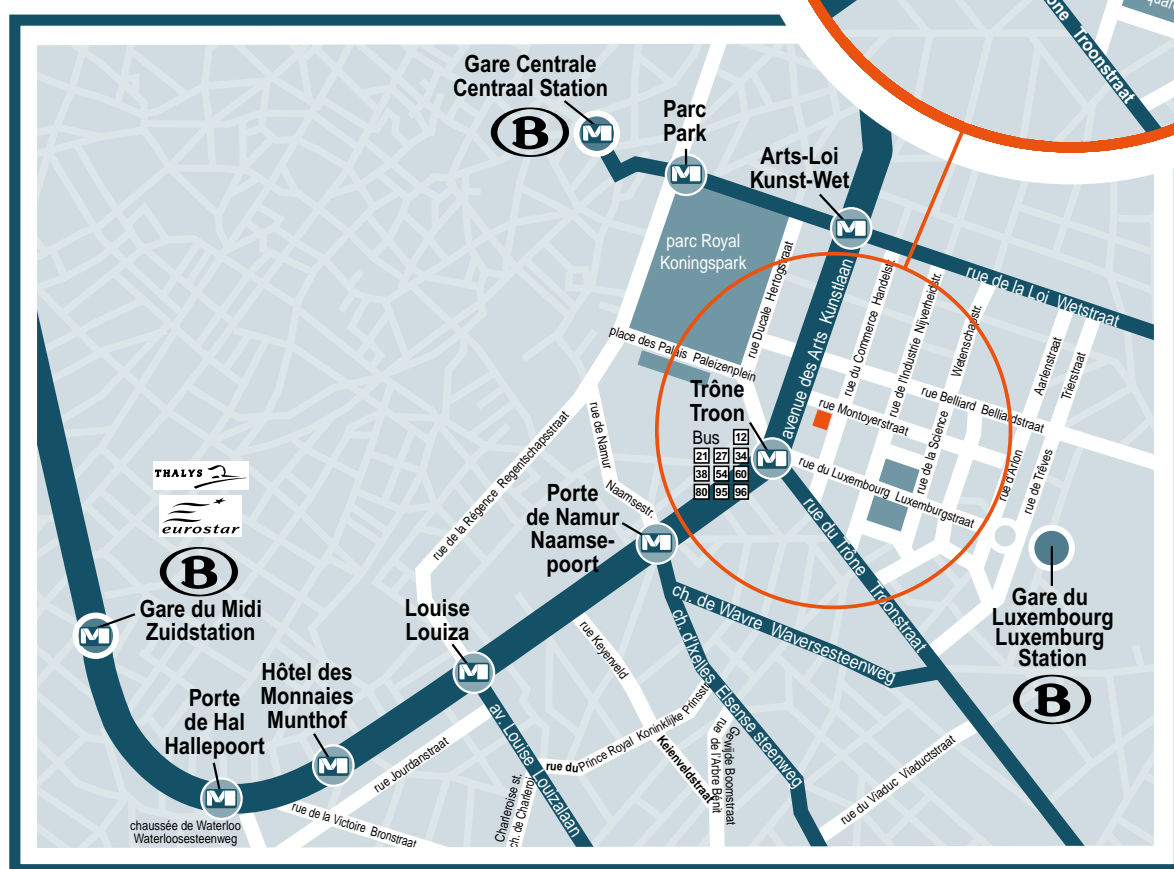
- > The directors' report includes the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the company is facing, and of its situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious contradictions with the information of which we became aware during our audit.
- > Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- > Otherwise, we do not have to report to you any transactions undertaken or decisions made in violation of the bylaws or the Company Code.

The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.

Brussels, on April 20, 2006 GOOSSENS GOSSART JOOS SCPRL REVISEURS D'ENTREPRISES

Auditor represented by Chantal JOOS

Plan



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