

annual report 2012



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NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS



our mission

The Office national du ducroire – Nationale Delcredere dienst (ONDD), which was established in 1939, is the Belgian official credit insurer with a mission to promote international trade relations. It performs this task as an autonomous government institution enjoying the state guarantee and is rated AA by Standard & Poor's.

The last few years, ONDD has undergone significant changes and, above all, a remarkable international expansion, going from a traditional export credit insurance agency to an international player.

ONDD today heads a European credit insurance group that is present all over the continent and active in all segments of the trade credit insurance, providing a range of products that cover risks worldwide.

key figures

(in millions EUR)	2008	2009	2010	2011	2012
Value of transactions insured during the financial year ⁽¹⁾⁽²⁾	28,163	19,235	27,024	33,679	39,528
Premiums issued during the financial year ⁽¹⁾	207	286	332	312	380
Claims paid during the financial year ⁽¹⁾	29	319	316	329	360
Claims recovered during the financial year ⁽¹⁾	89	45	125	114	127
Outstanding loans at the end of the financial year	0	0	0	0	0
Amounts receivable from claims at the end of the financial year ⁽¹⁾⁽³⁾	933	1,163	1,277	1,317	1,178
Commitments for policies at the end of the financial year ⁽¹⁾⁽⁴⁾	27,091	26,394	27,062	26,850	24,989
Provisions at the end of the financial year	524	738	766	961	836
Result of the financial year	175	-40	113	-167	186
Equity at the end of the financial year	1,629	1,598	1,720	1,554	1,748
Ratios (in %)					
Net claims / Premiums	-29.4	96.0	57.5	69.0	61.3
Operating costs / Premiums net of reinsurance	15.8	15.1	17.8	16.7	19.8

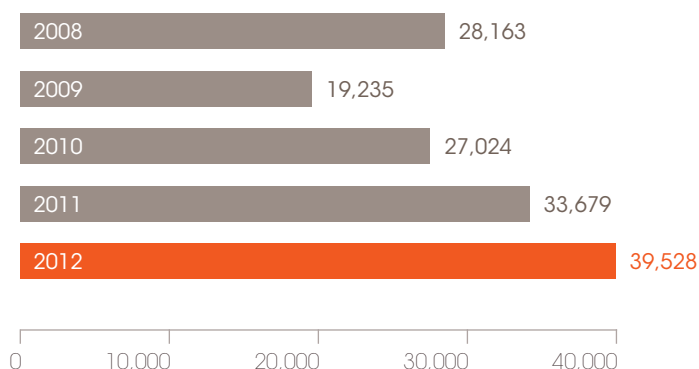
(1) before cession to reinsurers

(2) limited to ONDD and Ducreire | Delcredere SA.NV. till 2009

(3) total of gross outstanding indemnities, capitalised and accrued interest

(4) limited to ONDD and Ducreire | Delcredere SA.NV.

Value of transactions insured (in millions EUR)



**EUR 186
million**

profit

message of the Group CEO

At the ONDD Group we aim to offer European businesses a comprehensive portfolio of credit insurance products, each tailored to the needs of a key section of the market.

Our export credit agency and our whole turnover underwriting business are noted for their expertise in emerging and developing economy risk across the world.

Their services are complemented by the growth of units that cater for other specialist needs – single contract or buyer credit and political risk insurance, excess of loss and top up cover. So last year saw us consolidate our role in providing a comprehensive range of services.

Whilst we continue to develop the scope and structure of our operations, the strong service culture of our business remains unchanged. We are committed to support our customers through bad times as well as good – a philosophy that will soon be expressed through a new brand identity.

Meanwhile, we have made further impressive progress in financial terms. Our Group has reported a healthy profit of EUR 186 million.

In our role as Belgium's national export credit insurer, ONDD has launched a scheme to cover domestic risks that support the international trading competitiveness of Belgian exporters. Export

funding guarantees have also been added to the product range.

Our short term credit insurance companies enjoyed some of the fastest rates of business growth seen in the sector. INGO-ONDD and KUPEG are proud to be the market leaders in Russia and the Czech Republic. We took majority ownership of TCRe, which provides excess of loss and top up protection. Our single risk specialist company Garant received an "A-" rating demonstrating its financial strength; this generated an increase in demand for its services and we therefore expanded the team.

The ONDD Group continues to operate in a difficult global environment. Economies across Europe are weak and some euro area countries remain deep in crisis; we have seen continuing political violence and instability in parts of the Middle East and Central Africa.

However, through rigorous risk control and case-by-case underwriting, we have maintained claims payment losses at a stable level while achieving impressive growth in the volume of trade insured and in premium income. For example, we have sustained support for clients exporting to Mali and to North Africa.

Our strategic focus on cover for exports to developing and emerging countries has

“Whilst we continue to develop the scope and structure of our operations, the strong service culture of our business remains unchanged”

“Across a wide range of services and international risks, we have reinforced our capacity to support Europe’s exporters”

been vindicated by the resilient economic performance of these markets. They remain the drivers of global growth and the buyers that we cover have made strenuous efforts to continue paying our clients on time.

I should like to place on record our appreciation of the continued strong partnership that we enjoy with our reinsurers. This underpins our capacity to maintain support for our customers’ international export activity.

In structural terms the ONDD group is now well positioned to continue growing its business.

Through our capacity as export credit agency to cover medium and long term export and foreign direct investment risk, we have enabled Belgian contractors and manufacturers of advanced technology to remain competitive.

We have supported project development and the supply of high value capital equipment in the BRIC countries, Turkey, Saudi Arabia, Ghana, Nigeria and other important markets. And our new funding guarantee scheme helps investors provide affordable longer term finance for buyers in emerging economies, to the benefit of the competitiveness of Belgian exporters.

Our whole turnover underwriting operations are concentrated in three main centres of expertise – in Brussels, Prague and Moscow – sited to provide coverage right across

Europe. And local business units look after our clients in the United Kingdom, Germany, France, Italy and Slovakia.

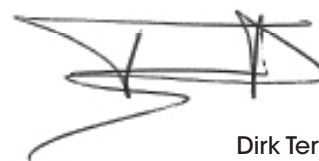
The underwriting expertise and tailor-made service that we offer has also enabled us to attract many customers in other countries, including the Netherlands and Switzerland.

Our specialized companies Garant and TCRé have been strengthened to support their future growth.

I should like to thank the insurance broking community for the invaluable role that it plays in maintaining our relationship with exporters across Europe.

So across a wide range of services and international risks, we have reinforced our capacity to support Europe’s exporters. For the ONDD Group 2012 was a year of important progress.

Credit for this achievement must go to our staff, above all. I should like to express my warmest thanks for their skill, their commitment and their professionalism.



Dirk Terweduwe
Group CEO

geographical spread





CEOS OF THE GROUP

1 — Vincent Reuter, Chairman ONDD

2— Dirk Terweduwe, Group CEO, CEO ONDD,
CEO Ducroire | Delcredere SA.NV.

3— Michal Veselý, CEO KUPEG

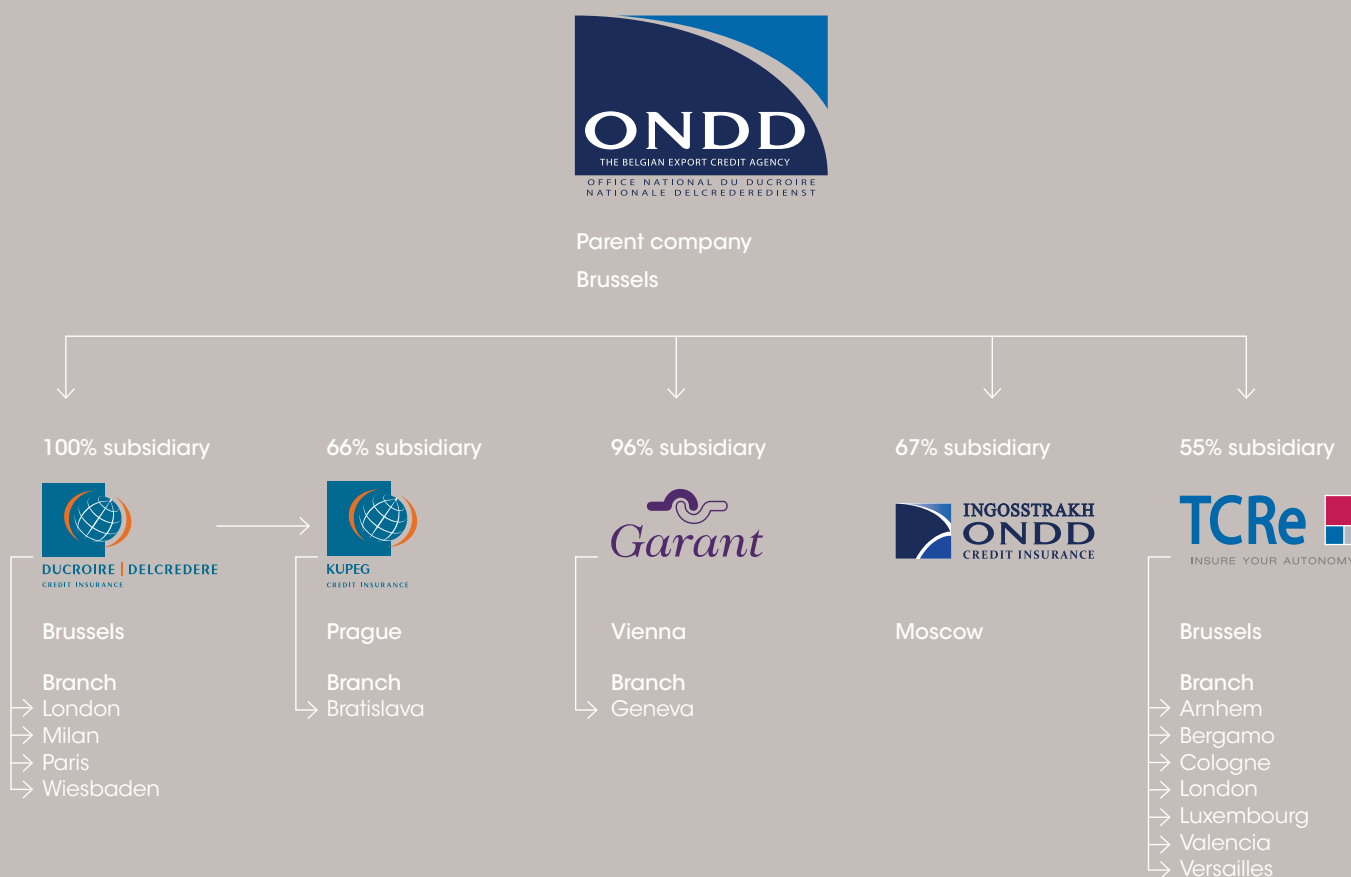
4— Louis Habib-Deloncle, CEO Garant

5— Victor Klimov, CEO INGO-ONDD

6— Eckhart Horst, CEO TCR

Group structure

A European credit insurance group that is present all over the continent and active in all segments of the trade credit insurance



Group management summary

CONSOLIDATED ACCOUNTS AS AT 31 DECEMBER 2012

The consolidated results for the ONDD Group show a Group result of EUR 186 million profit for the 2012 financial year, compared with the EUR 167 million loss for the previous financial year

**EUR
96.2
million**

operating result

Due to the lengthy nature of the procedure to appoint the company auditor, the specific audit mission for 2011 was not concluded until early September 2012.

This implies that the 2011 figures take into account all foreseeable risks, possible losses and depreciations which were known from the balance sheet date up to the time the annual accounts were drawn up. 2012 was concluded with a EUR 145.9 million positive technical result, compared with the EUR 155.5 million negative result for 2011. The financial result also shows a significant improvement with an increase to EUR 97.5 million against EUR 53.9 million last year.

In terms of activity, the amounts insured by the Group in 2012 increased by 17%.

The premiums issued showed an increase of 9% on a comparable basis, bringing the premium total net of rebates to EUR 380 million compared with EUR 350 million in 2011.

ONDD

For ONDD, the value of transactions insured rises by 4%, while premiums are also up by 6%.

The traditional insurance activity has grown by 11% compared to 2011 and also manifests itself through a comparable growth in premiums by 12% to an amount of EUR 108 million.

Even though the observed rise in premiums corresponds to the increase in insured amounts, there is no immediate correlation between these two factors. The premium rates are in fact very variable and depend on the duration of the operations insured, the nature of the risks covered (political risk and/or debtor risk) and the severity of the risks (in particular the risk category of the country covered). No exceptional transactions stand out for 2012.

For the market activity, premiums remain at the 2011 level (0%), whereas the

(in millions EUR)	2012	2011	Var.	2012	2011 ⁽¹⁾	Var.
	Value of transactions insured			Premiums		
ONDD	7,612	7,304	4%	213	201	6%
Traditional activity	3,517	3,176	11%	108	96	12%
Market activity	4,095	4,128	-1%	105	105	0%
Ducroire Delcredere SA.NV. (100%)	22,039	17,980	23%	97	84	15%
Garant (83%)	2,724	1,650	65%	28	21	34%
INGO-ONDD (67%)	797	711	12%	16	13	23%
KUPEG (66%)	7,811	7,242	8%	15	16	-8%
TCRe (55%)				40	38	5%
Intercompany	-1,455	-1,208	20%	-28	-23	21%
Total Group	39,528	33,679	17%	380	350	9%

(1) the 2011 amounts were adjusted to include the TCRe figures

value of transactions shows only a slight decrease (-1%). On the one hand, we have the participations in bank syndicates, insurance pools and cover for irrevocable confirmed letters of credit: for these activities the amounts insured declined by 1%, to EUR 4.1 billion in 2012. The impact in terms of premium volume is minimal, however (-0.41%). For this activity, which is often medium- or long-term, premiums are generally collected in the form of a spread above a risk-free rate for the whole duration of the cover. Because premiums are collected as the insured loans are redeemed, most of the 2012 premium turnover is related to transactions insured during previous financial years. ONDD collects EUR 70.4 million in premiums for 2012.

In addition, ONDD is maintaining its position by participating in outwards treaties involving private insurers operating in the credit insurance and surety business and also in facultative reinsurance transactions. This remains almost unchanged in 2012, with EUR 34.2 million in premiums, compared to EUR 34.6 million in 2011.

Ducroire | Delcredere SA.NV.

Ducroire | Delcredere SA.NV. again experienced strong growth in the value of transactions insured (23% for the comprehensive policy only) and a significant rise in premiums (15.0%). With a 25.3%-rise representing EUR 14.9 million, premiums for the comprehensive policy business line even surpassed last year's significant rise. The rise is even more remarkable for all Ducroire | Delcredere's SA.NV.'s branch offices abroad, which have grown by up to 102%. For the inward reinsurance business line, the total premium amount continues to go down to EUR 17.2 million against EUR 18.9 million in 2011.

KUPEG

KUPEG generated EUR 14.6 million in premiums, representing a volume decrease of 8% against 2011.

Garant

Garant posted a significant rise in premiums (34%) to EUR 28.4 million, owing to its excellent A.M. Best and Fitch ratings in particular.

INGO-ONDD

After achieving impressive growth in 2011 INGO-ONDD, managed to grow by another 23% in 2012, which represents EUR 15.6 million in premiums.

TCRe

TCRe shows a modest 5% growth, to which all branch offices have contributed. This growth represents EUR 40 million in premium volume in 2012 against EUR 38 million in 2011.

Premiums

Premiums transferred to the reinsurers amounted to EUR 129.7 million in 2012, up by 69% from the EUR 76.8 million posted for 2011. This increase can be largely attributed to TCRe's premiums transferred to reinsurance which were not consolidated previously on a line-per-line basis. The remainder of the increase is in line with the changed premium volume.

After cession to reinsurers, the premiums amounted to EUR 250.8 million, compared with EUR 235.2 million in the previous year, or an increase of 6.6%.

Technical charges

Technical charges after cession, an item which primarily relates to the claims, were at EUR 104.9 million in 2012 against EUR 390.7 million for 2011. Claims have therefore decreased significantly.

In line with the Belgian accounting rules, the provisioning for risks and potential losses for ONDD for the first eight months of 2012 (after balance sheet date 2012) was entered in the 2011 accounts. For the remainder of 2012, the number of new claims remained stable. Claims paid remained considerable as well but are mostly related to claim files for which provision had been made in previous years.

- > The provision for outstanding risks shows an increase over the financial year of EUR 34.1 million compared to a release of EUR 42 million in 2011. This change is almost entirely due to the deterioration of the risk for Iran.
- > The provision for claims decreased sharply, with a release of EUR 190.1 million for the year against a EUR 230.7 million

“In terms of activity, the amounts insured by the Group in 2012 increased by 17%”

“The premiums issued showed an increase of 9% on a comparable basis”

charge for the previous year. This is mainly explained by pay-outs for claims in 2012 that related to claims for which ONDD had made extra provisions in its 2011 accounts for risks, potential losses and devaluations during the first eight months of 2012. As a result, the provision for claims (net of cession) went down from EUR 739.3 million at the end of 2011 to EUR 562.5 million at the end of 2012.

- > The provision for claims management expenses is up by EUR 2.8 million against a drop by EUR 0.5 million last year. Costs are up for ONDD especially, by EUR 2.6 million.
- > Finally, all the technical charges relating to outstanding indemnities (amounts written off for EUR 50.8 million and indemnified losses of EUR 218.9 million) resulted in a charge of EUR 268.8 million (compared with the EUR 201.5 million in the previous financial year).

Operating charges

Operating charges are down when compared to the previous financial year (EUR 49.7 million in 2012 compared to EUR 52.7 million in 2011). These are the charges after reinsurance commission due by the reinsurers for their intervention in the operating charges of ONDD or its subsidiaries.

On the one hand, remunerations, social charges and salaries and the total of operating costs is up, as well as costs of management by third parties. These costs principally include brokerage and commissions paid to insurers in the framework of inward reinsurance. This increase is mainly due to the fact that TCRE's figures have been included in the 2012 consolidation.

On the other hand the amount of reinsurance commissions has doubled compared with last year. This is not only due to TCRE but to the other companies as well.

Operating result

The operating result amounted to a profit of EUR 96.2 million (minus EUR 208.2 million in 2011).

This operating profit is partly equalised through the provision made for equalisation and disasters (minus EUR 5.6 million).

After all, only the ONDD subsidiaries, which are insurance companies, make this type of provision in their individual accounts, whereas ONDD, which is not strictly speaking an insurance company but an autonomous quasi governmental company which is subject to the law governing trading companies as far as drawing up its accounts is concerned, does not make any provision of this nature.

The operating result, after provision for equalisation and disasters, amounted to a profit of EUR 90.6 million in 2012, compared to a EUR 216.2 million loss in 2011.

Financial result

The financial result amounted to a profit of EUR 97.5 million in 2012 (compared with a positive result of EUR 53.9 million in 2011). The result reflects not only the positive market conditions but also the Group's healthy treasury policy.

- > The financial result of the investment portfolio remained positive and amounts to EUR 103.1 million against EUR 38.3 million in 2011. For a larger part, the amount was realized during the fourth quarter of 2012. Since 2010, the focus has been on more prudent management of the portfolio with a focus on limiting risk taken to achieve an acceptable level of return. One of the ways to do this was by investing more in Target Volatility Funds and by adapting the benchmark mandates. This policy remained in force during 2012.

The positive investment portfolio result is for a large part made possible by the capital gains that were realised at the end of the year, the decline of realised and unrealised capital losses and by interests and dividends received.

As at 31 December 2012, the cash investments portfolio amounted to EUR 2,258.4 million at book value (EUR 2,162 million at the end of 2011) and EUR 2,375.5 million at market value (EUR 2,241.2 million at the end of 2011).

At the end of 2012, investments in equities went up slightly from 8.4% to 9.3% of the portfolio expressed in market value, while investments in sovereign bonds and treasury certificates, held directly or through funds, amounted to 24% of the portfolio. Corporate bonds went up to 8.7%, real estate was at 1.1% and investments with guaranteed capital on maturity, generally long-term, were down at 1.7%. The portfolio also included monetary, liquid and short-term instruments that represented 23%, which is stable compared to the previous financial year, as well as funds managed according to a "target volatility" approach, which declined to 32.2%.

Furthermore, since 2009, assets have been recorded using the locom method (lower of cost or market). Accordingly, unrealised capital losses are registered as a loss in the income statement (decrease or reversal of losses with a positive contribution of EUR 21.2 million at the end of 2012) while unrealised capital gains on investments, for an amount of EUR 117.2 million at the end of the year (compared with EUR 79.2 million at the end of 2011), have not been recorded in the accounts.

> The financial income linked to accounts receivable from indemnities amounted to EUR 11.4 million (EUR 13.4 million in 2011):

>> Rescheduling interest amounted to EUR 8 million (EUR 14.9 million in 2011). To a great extent this relates to interest incurred in 2012 in the framework of public debt rescheduling agreements concluded with certain countries (EUR 5.7 million compared to EUR 10.6 million in 2011) and more specifically with regard to Côte d'Ivoire (EUR 1.5 million), Indonesia (EUR 1 million) and other countries (EUR 3.2 million). The balance (EUR 2.3 million) relates to rescheduling concluded with private debtors.

>> This year, rescheduling interests have been increased by write-offs and the irrecoverable share of rescheduling interest receivables for an amount of EUR 3.4 million against a charge of EUR 1.5 million in 2011.

> Other financial income and other financial charges generated a net loss over the year of EUR 17 million, related to a great extent to unrealised exchange losses, mainly on the USD (EUR 2.2 million in 2011). All exchange rate conversion differences on provisions for risks (except for non-earned premiums and profit share and rebates) for ONDD have been calculated based on the commitment currency since 2012. As a consequence, these conversion differences are no longer included under the technical result, but have been booked as other financial income and other financial charges.

Net operational cashflow

Net operational cashflow for the financial year remains positive. It amounts to EUR 61.2 million before investment (compared with EUR 95.2 million for the 2011 financial year). The gross cash flow is also positive at EUR 80.1 million compared with EUR 53.9 million in 2011. Claims paid as at 31 December 2012 remain very significant, however, amounting to EUR 329.3 million after cession to reinsurance in 2012, compared with EUR 247 million in 2011.

Commitments

At the end of the year, the commitments after cession to reinsurers resulting from policies issued (excluding cover for loan interests) and policies being issued were slightly lower at EUR 19,138 million at the end of 2012 compared with EUR 21,197 million at the end of 2011. These commitments are to be compared with the equity of EUR 1,747.9 million at the end of 2012.

**EUR
19,138
million**

commitments

consolidated financial



statements



PricewaterhouseCoopers, Reviseurs d'Entreprises - Bedrijfsrevisoren, has audited the ONDD's annual accounts (statutory and consolidated) as of and for the year ended 31 December 2012, in accordance with the legal and regulatory requirements applicable in Belgium. It has issued an unqualified audit opinion on these financial statements.

income statement

(in thousands EUR)

	Note	2012	2011
Turnover			
Written premiums	12	380,474	311,988
Premiums ceded to reinsurers	12	-129,697	-76,827
		250,777	235,161
Technical charges after cession			
Variation in the provision for profit share and rebates	11	82	274
Variation in the provision for outstanding risks	11	34,085	-42,043
Variation in the provision for claims	11	-190,068	230,707
Variation in the provision for claims management expenses	11	2,810	-472
Variation in amounts written off on outstanding claims		50,814	36,647
Indemnified losses and litigation expenses	16	218,940	164,849
Recoveries on indemnified losses and litigation expenses	16	-13,183	-2,054
Other technical results		1,405	2,770
		104,885	390,678
Technical result		145,893	-155,517
Operating charges			
Remunerations, social charges and pensions		35,567	30,984
Operating costs		18,125	13,205
Total costs of management by third parties	13	38,873	33,720
Depreciation		2,466	2,032
Write-offs on trade account receivables		433	173
Other operating costs		98	323
Total recovered operating costs	13	-9,507	-8,321
Reinsurance commissions		-36,324	-19,402
		49,731	52,714
Operating result	14	96,162	-208,231
Provision for equalisation and disasters	11	-5,605	-8,016
Operating result (after transfer to the provision for equalisation and disasters)		90,552	-216,248
Financial income			
Income from financial assets			
Income from cash investments	15	104,618	76,714
Rescheduling interest		8,008	14,938
Other financial income		48,778	19,370
		161,404	111,022

	Note	2012	2011
Financial charges			
Charges from investments	15	22,633	17,532
Variation in the amounts written off on investments	15	-21,163	20,864
Debt charges		3	3
Variation in amounts written off on rescheduling interest receivable		-135,823	-47,235
Irrecoverable share of rescheduling interest receivable		132,471	48,766
Other financial charges		65,817	17,212
		63,937	57,142
Financial result		97,467	53,881
Exceptional result		-1,222	-1,069
Profit before tax of consolidated entities		186,798	-163,437
Tax		-759	-845
Profit after tax of consolidated entities		186,038	-164,282
Share in result of companies accounted for by the equity method		0	36
Amortisation of goodwill		355	2,370
Net profit global		185,684	-166,615
Group result		184,968	-167,361
Minority result		715	746
Results			
Attribution to reserves		172,434	-237,881
Carry forward result of the financial year		12,534	70,520

balance sheet

(in thousands EUR)

	Note	2012	2011
Assets			
Fixed assets			
Intangible fixed assets			
Preliminary expenses	5	2	3
Concessions, licenses and know-how	6	7,943	6,908
		7,945	6,912
Goodwill		5,851	4,562
Tangible fixed assets			
Land and buildings	7	22,668	23,395
Plant, machinery and equipment	7	839	1,067
Furniture and vehicles	7	842	829
		24,349	25,290
Financial fixed assets			
Shareholdings	8	0	0
Shareholdings in companies accounted for by the equity method	8	33	4,854
Other financial assets	8	307	12,000
		340	16,854
Total fixed assets		38,485	53,618
Current assets			
Accounts receivable from claims			
Accounts receivable from indemnities	9	267,392	298,870
Purchased accounts receivable	9	208	185
		267,600	299,055
Accounts receivable within one year			
Trade debtors		41,171	36,008
Other accounts receivable		44,051	29,325
Deposits with reinsurers		2,937	2,549
Deferred taxes		2,968	5,430
		91,127	73,312
Cash investments			
Shares in financial investment funds	10	1,539,509	1,602,408
Bonds	10	461,984	408,312
Term deposits	10	214,567	103,508
		2,216,060	2,114,228
Cash at bank and in hand	10	42,298	47,817
Deferred charges and accrued income		9,145	5,857
Total current assets		2,626,229	2,540,269
Total assets		2,664,715	2,593,887

	Note	2012	2011 ⁽¹⁾
Liabilities			
Equity			
Endowment		297,472	297,472
Reserves		1,424,981	1,252,547
Transferred result		2,061	-10,473
Currency translation		136	92
Total equity of the Group		1,724,650	1,539,638
Minority interest in equity		23,279	14,356
Total equity		1,747,929	1,553,995
Provisions for risks and charges			
Provision for pension		2,862	1,887
Provision for taxes		377	64
Provision for other risks and charges		576	504
Provision for profit share and rebates	11	3,141	1,498
Provision for outstanding risks	11	220,356	184,232
Provision for claims	11	562,509	739,271
Provision for claims management expenses	11	22,582	19,354
Provision for equalisation and disasters	11	23,594	14,528
Total provisions for risks and charges		835,996	961,340
Debts			
Accounts payable within one year			
Financial debts			
Commercial debts		39,608	34,116
Deposits from reinsurers		19,718	14,160
Debts concerning taxes, remunerations and social security		6,521	5,930
Other accounts payable		4,321	1,698
		70,167	55,904
Accrued charges and deferred income		10,623	22,649
Total debts		80,790	78,553
Total liabilities		2,664,715	2,593,887

(1) based on the 2012 scope of consolidation, the 2011 Group equity is at EUR 1,542 million and the minority stake EUR 23 million, or a total equity of EUR 1,565 million

cash flow

(in thousands EUR)

	Note	2012	2011
Written premiums ⁽¹⁾	12	250,777	235,161
Indemnities paid and indemnified losses ⁽¹⁾	16	-329,316	-247,019
Recoveries on indemnities paid and indemnified losses ⁽¹⁾	16	107,288	52,599
Operating charges		-49,734	-52,715
		-20,985	-11,974
Rescheduling interest ⁽¹⁾	16	13,351	12,200
Profit or loss on investments		81,985	59,182
being (non-monetary) write-offs		-21,163	20,864
Other income and expenses		5,700	-5,546
		101,036	65,837
Gross cash flow		80,051	53,863
Variation in net working capital			
Variation in net assets		-21,103	6,943
Variation in net liabilities		2,238	34,392
Net operational cash flow		61,185	95,197
Variation in investments			
Increase of the preliminary costs	5		
Increase of the intangible fixed assets	6	-1,878	-2,657
Increase of the tangible fixed assets	7	-671	-592
Increase of the financial fixed assets	8		-6,463
Decrease of the financial fixed assets	8	16,514	
Net operational cash flow after investments		75,150	85,485
Variation in financial debts			
Variation in investments, cash and cash equivalence		96,313	64,621
Variation in the amounts written off on investments		-21,163	20,864

(1) after cession to reinsurers

off-balance sheet rights and commitments⁽¹⁾

(in thousands EUR)

Note	2012			2011		
	Gross transactions	Ceded to reinsurers	Net transactions	Gross transactions	Ceded to reinsurers	Net transactions
Current policies (principal)						
ONDD - Credit insurance	6,420,472	-36,048	6,384,423	7,301,874	-45,978	7,255,896
ONDD - Investment insurance	288,433		288,433	517,987	-83,469	434,518
ONDD - Financial guarantees	734,734		734,734	661,672		661,672
Single risk	4,567,140	-1,437,448	3,129,691	4,980,280	-1,627,869	3,352,411
Irrevocable letter of credit	1,947,184	-509,253	1,437,931	2,552,886	-40,226	2,512,660
Inward reinsurance	2,582,824	-677,000	1,905,824	2,477,294	-725,000	1,752,294
Turnover policies	7,530,542	-2,978,998	4,551,544	7,387,535	-2,879,597	4,507,938
Surety	381,753	-211,980	169,773	390,018	-250,973	139,045
17	24,453,081	-5,850,728	18,602,353	26,269,546	-5,653,112	20,616,435
Policies being issued						
ONDD - Credit insurance	506,810		506,810	535,509		535,509
ONDD - Investment insurance	1,800		1,800			
Single risk	17,253	-305	16,948	35,322	-488	34,834
Irrevocable letter of credit	10,000		10,000	10,000		10,000
	535,863	-305	535,558	580,831	-488	580,343
Policies (total)						
ONDD - Credit insurance	6,927,282	-36,048	6,891,233	7,837,383	-45,978	7,791,405
ONDD - Investment insurance	290,233		290,233	517,987	-83,469	434,518
ONDD - Financial guarantees	734,734		734,734	661,672		661,672
Single risk	4,584,392	-1,437,754	3,146,639	5,015,602	-1,628,357	3,387,245
Irrevocable letter of credit	1,957,184	-509,253	1,447,931	2,562,886	-40,226	2,522,660
Inward reinsurance	2,582,824	-677,000	1,905,824	2,477,294	-725,000	1,752,294
Turnover policies	7,530,542	-2,978,998	4,551,544	7,387,535	-2,879,597	4,507,938
Surety	381,753	-211,980	169,773	390,018	-250,973	139,045
	24,988,944	-5,851,033	19,137,910	26,850,377	-5,653,600	21,196,777
Cover offers and advice notes						
ONDD - Credit insurance	3,069,822	-1,596	3,068,227	2,171,807	-12,960	2,158,847
ONDD - Investment insurance	18,573		18,573	30,801		30,801
Single risk	284,083		284,083	494,664		494,664
Irrevocable letter of credit	3,269,068		3,269,068	3,589,792		3,589,792
	6,641,546	-1,596	6,639,950	6,287,064	-12,960	6,274,104
Deposits by reinsurers	3,222			2,619		
Guarantee constituted for third parties	1,212			930		
Received rent security						
Forward sale of currencies						
Total return swaps						

(1) limited to ONDD and Dueroire | Delcredere SA.NV.

our companies

22

ONDD

32

DUCROIRE I DELCREDERE SA.NV.

42

KUPEG

52

INGO-ONDD

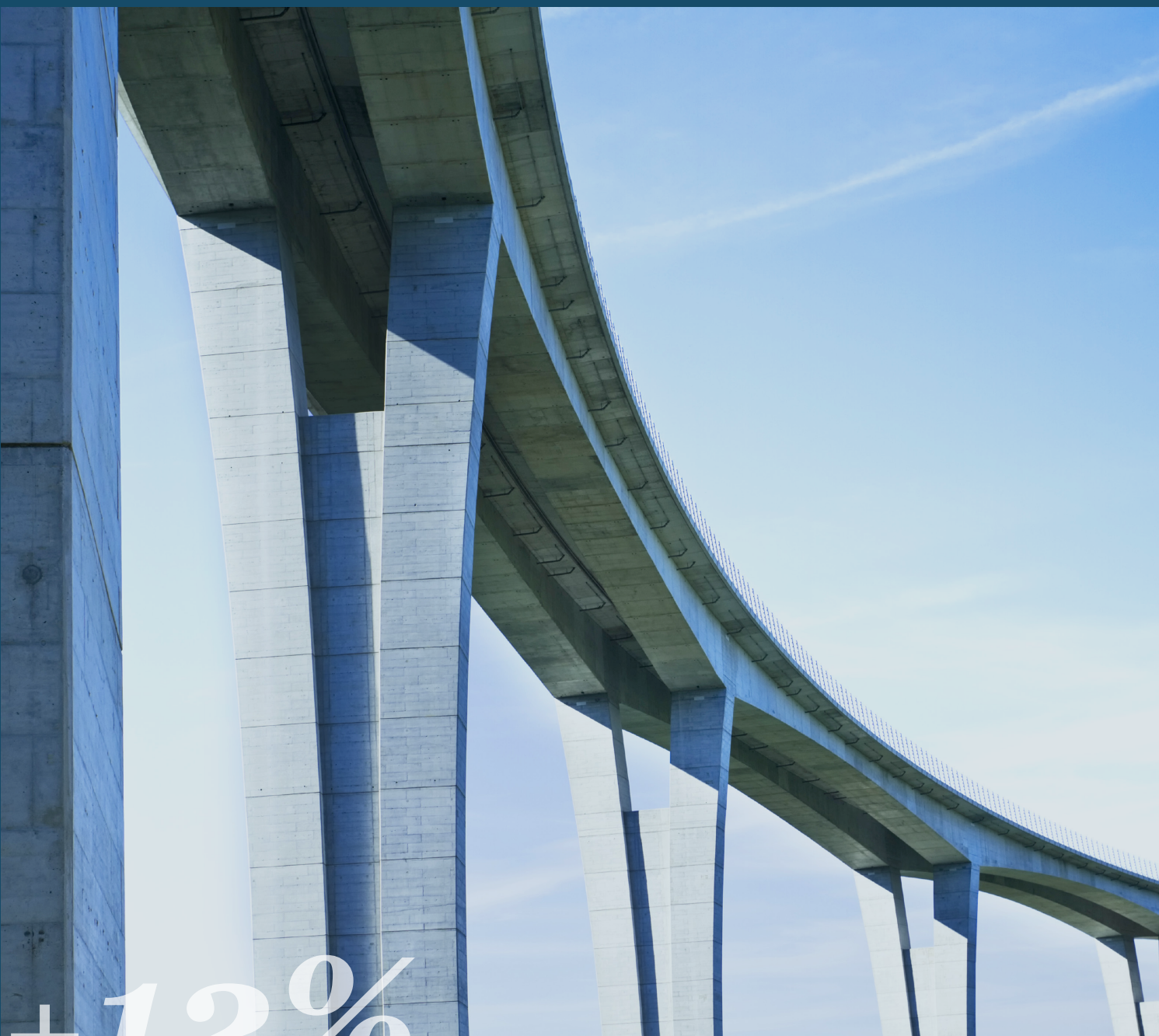
62

GARANT

72

TCRe





+12%

*premium increase
of the traditional trade
credit insurance activity*

ONDD corporate governance

BOARD OF DIRECTORS

Vincent Reuter, Chairman

Peter Leyman, Vice-Chairman

Jean-Pierre Arnoldi, Member, representative of the Minister of Finance

Franciscus Godts, Alternate member

Hans Bruyninckx, Member, representative of the Minister for Public Enterprises

Charline Desmecht, Alternate member

Liliane Bloem, Member, representative of the Minister for Foreign Affairs

Mark Geleyn, Alternate member

François Roux, Member, representative of the Minister for Development Cooperation

Xavier De Cuyper, Alternate member

Henk Mahieu, Member, representative of the Minister for Foreign Trade

Sophie De Wispelaere, Alternate member

Nicolas Waeyaert, Member, representative of the Minister for Economy

Erik Sterckx, Alternate member

Tony Janssen, Member

Daniel Van Daele, Alternate member

Fabienne L'Hoost, Member

Marc Bogaerts, Alternate member

Frederic Teerlynck⁽¹⁾, Member

Isabelle Callens, Alternate member

Claire Tillekaerts, Member

Thomas Fiers, Alternate member

Frank Bostyn, Member

Jan Roegiers, Alternate member

Georges Stienlet, Member

Jean-Jacques Westhof, Member

Thierry Castagne, Alternate member⁽¹⁾

Silvana Flagothier, Member

Francis Mullers, Alternate member

Pascale Delcomminette, Member

Jean Marot, Alternate member

(1) resigning



from left to right:
Frank Vanwingh,
Dirk Terweduwe,
Vincent Reuter,
Nabil Jijakli

Michel Govaerts, Member

Sabine Soetens, Alternate member

Jacques Evrard, Member

Alain Demaegd, Alternate Member

Frederic Convent, Member

Tom Reinhard, Alternate Member

EXECUTIVE COMMITTEE

Dirk Terweduwe, Chief Executive Officer

Frank Vanwingh,
Deputy Chief Executive Officer

SECRETARY GENERAL AND COMPLIANCE

Nabil Jijakli, Secretary General and
Compliance Officer

CHIEF FINANCIAL OFFICER

Ronny Matton, Head of finance

CHIEF RISK OFFICER

Hans Slock, Head of risk management

INTERNAL AUDIT

Heidi Gombert, Internal auditor

EXTERNAL AUDIT

PricewaterhouseCoopers, represented by
Roland Jeanquart, Reviseur d'entreprise-
Bedrijfsrevisor

ONDD business scope

SUPPORT FOR BUSINESS ACROSS THE INDUSTRIAL SPECTRUM

From the supply of wind turbines, healthcare and telecom equipment to projects for transport, construction, water and dredging, the contracts underwritten by ONDD in our role as the Belgian official export credit insurer are hugely varied. And the range of international markets that we cover is equally broad

96%

of clients are likely to recommend our company to peers

Turkey, Saudi Arabia, Ghana and Nigeria are among the fast-growing economies where we have recently supported Belgian business. And naturally we insure trade with the "BRIC" – Brazil, Russia, India and China.

"Our capacity to cover such a variety of transactions is a crucial asset for companies that make high value capital equipment or carry out specialist infrastructure development," explains deputy CEO Frank Vanwingh. "A capable export credit agency (ECA) is a crucial asset for an industrial exporting economy."

Demand for the medium and long term cover provided by ONDD remains strong, particularly at a time when global economic conditions hamper the availability of alternative long term risk protection and finance in the private market.

Consequently, exporters seek our support in developed OECD economies as well as higher risk overseas markets.

Sustained support for our customers exporting and investing overseas

ONDD is committed to the aim of promoting growth and stability in Belgian or Belgian-related trade and foreign direct investments. In 2012 we supported no less than EUR 7.6 billion of cross-border trade and investment.

This shows how we have played a key role in sustaining economic recovery and growth, at a time when Belgian companies must operate in a volatile international environment: political risks have become a frequent danger again, while corporate insolvencies are of course ever present.

"At ONDD we are naturally happy to accompany our clients when their business expands in prosperous times. But we are also committed to standing alongside them when conditions are difficult," says Mr Vanwingh.

"This makes good business sense. But we also have an obligation to play our role

in strengthening the wider economic and social framework of which we are a part."

Mr Vanwingh points out that ONDD has for the first time published a report on its approach to corporate social responsibility, which is also accessible on line.

Competitiveness

Moreover, ONDD has looked at how it can ease the strain that funding costs impose on Belgian exporters' ability to compete in international markets.

"Risk is not the only challenge facing our clients," Mr Vanwingh points out.

"They are also feeling the impact of pressure on banks' capacity to finance trade – and this will be more than a temporary phenomenon."

Many banks are now operating under capacity constraints as a consequence of the credit crisis and the tough new capital requirements subsequently imposed under the Basel III prudential rules. So we have now extended our product range to offer guarantees for funding.

ONDD has certainly enjoyed strong demand for its services. "We have seen major customers secure an increasing number of transactions in certain key sectors, such as dredging," notes Mr Vanwingh.

"They have enabled us to support employment and business growth at multinationals with Belgium-based operations – and this has contributed to the upward trend in our turnover. Our activity last year was significantly up on 2011."

For ONDD, understanding customer needs is key

We take great care to cement the loyalty of our clients through tailor-made support and regular contact, and this underpins the growth of our activity.

Today we provide most clients of our export credit insurance business with a dedicated account manager – whose role is to understand their overall business and strategy for operating in markets around the world. Meanwhile, the underwriter concentrates on the detailed analysis of individual transactions.

As an additional barometer of our performance, in partnership with the independent research group IPSOS, we track key indices of customer satisfaction through a two-yearly representative survey.

"We are proud to report that we score highly," says Mr Vanwingh. "For instance, 96% of clients are likely to recommend our company to peers and 96% also state that they are likely to choose ONDD again to cover future transactions."

"Turkey, Saudi Arabia, Ghana and Nigeria are among the fast-growing economies where we have recently supported Belgian business. And naturally we insure trade with the 'BRIC' – Brazil, Russia, India and China"

ONDD highlight of the year

INNOVATION AND FLEXIBILITY ARE ESSENTIAL

ONDD has now extended the range of support that it offers, with a new funding guarantee for international transactions and an insurance facility for domestic risk

“Through our new Export Funding Guarantee, banks can refinance export credits at lower rates”

Such new tools are particularly important at a time when European companies find it difficult to secure medium and long term credit or risk protection at competitive prices.

Export Funding Guarantee

Through our new Export Funding Guarantee, banks can refinance export credits at lower rates.

For many years we have underwritten the buyer credits that banks extend to foreign buyers purchasing capital goods, services or engineering from Belgian companies.

But now we can issue guarantees to the benefit of third party investors who refinance these buyer credits. The

guarantees cover 100% of the principal and interest value of the refinancing; they are unconditional and payable at first request.

ONDD's status as an AA-rated institution enables banks to arrange this refinancing of export transactions at more favourable terms than would be available in the purely commercial market. This benefit is passed on to our Belgian export clients, enhancing their ability to tender competitive bids for international contracts.

“Typically our insurance only covers 95% of the transaction value for corporate risks – which is intended as a strong incentive for the bank to apply a rigorous prudential approach in deciding whether to extend the funds,” says CEO Dirk Terweduwe.

However, the actual refinancing cost benefits from 100% ONDD support, and this helps our Belgian exporting clients to compete in today's tough international market.

“For at a time of constraints on global banking liquidity, official export credit agencies are playing a significant role in maintaining the flow of competitive finance that underpins trade with emerging and developing markets. And



ONDD is now making its contribution to this trend," notes Mr Terweduwe.

"Indeed, at a time when many emerging countries are seeking to access keenly priced long-term funds, our ability to provide 100% export refinancing guarantees can be a valuable tool in persuading foreign governments and other buyers to consider Belgian companies as potential suppliers of goods and services."

The scheme is open to a wide range of investors – banks, pension funds, insurance and asset management companies in European Economic Area member countries, Australia, Canada, Japan, New Zealand and the United States of America. Moreover, other investors can be considered for the guarantee scheme on a case-by-case basis.

Underwriting of selected domestic medium or long term credit risks

Another avenue through which we have sought to build on our current expertise and product range to provide enhanced support to Belgian industry is through the underwriting of selected domestic medium or long term credit risks.

Our articles of association do not bar us from covering transactions in the home market, provided this underpins our prime purpose of promoting international trade. We have now started to insure transactions within Belgium, on condition that the client company is also engaged in export

business and that the underwriting of the domestic contract will not impinge on our capacity to continue our main activity in support of exports.

The first domestic transaction that we have covered on this basis is the Northwind electricity generation project in the Belgian economic interest zone of the North Sea.

The manufacture and installation of equipment for windfarms has huge potential to become a major export sector for Belgian companies. In acting as suppliers to Northwind they have been able to gain the experience, business volumes and economies of scale that will support their future competitiveness in international markets.

"At ONDD we can see that for certain industries – particularly fast-expanding new technology sectors – domestic sales represent a crucial platform for export growth," says Mr Terweduwe.

"They enable our clients to develop the knowhow, trading relationships and financial strength that will be critical for their future success in international markets."

**EUR
183
million**
profit

ONDD key figures

(in millions EUR)	2012	2011
Value of transactions insured during the financial year ⁽¹⁾	7,612.0	7,303.0
Premiums issued during the financial year ⁽¹⁾	212.7	200.8
Claims paid during the financial year ⁽¹⁾	311.2	226.0
Claims recovered during the financial year ⁽¹⁾	105.8	34.0
Amounts receivable from claims at the end of the financial year ⁽¹⁾⁽²⁾	1,053.0	1,177.4
Commitments for policies at the end of the financial year ⁽¹⁾	16,508.5	18,183.8
Provisions at the end of the financial year	720.4	869.4
Result of the financial year	182.9	-173.1
Equity at the end of the financial year	1,737.1	1,554.2
Ratios (in %)		
Net claims / Premiums	96.6	95.6
Operating costs / Premiums net of reinsurance	13.5	16.0

(1) before cession to reinsurers

(2) total of gross outstanding indemnities, capitalised and accrued interest

ONDD income statement

(in thousands EUR)

	2012	2011
Turnover		
Written premiums	212,732	200,838
Premiums ceded to reinsurers	-42,918	-35,711
	169,813	165,127
Technical charges after cession		
Variation in the provision for profit share and rebates		
Variation in the provision for outstanding risks	31,783	-36,213
Variation in the provision for claims	-197,209	229,834
Variation in the provision for claims management expenses	2,604	-2,689
Variation in amounts written off on outstanding claims	50,030	19,272
Indemnified losses and litigation expenses	176,120	148,893
Recoveries on indemnified losses and litigation expenses	319	367
Other technical results	1,248	2,874
	64,895	362,339
Technical result	104,919	-197,212
Operating charges		
Remunerations, social charges and pensions	15,809	15,080
Operating costs	11,260	9,822
Total costs of management by third parties	13,752	15,231
Depreciation	1,089	957
Write-offs on trade account receivables	1	57
Other operating costs	165	36
Total recovered operating costs	-7,570	-6,916
Reinsurance commissions	-11,527	-7,806
	22,978	26,461
Operating result	81,941	-223,673
Provision for equalisation and disasters		
Operating result (after transfer to the provision for equalisation and disasters)	81,941	-223,673
Financial income		
Income from financial assets		
Income from cash investments	86,890	65,484
Rescheduling interest	8,013	14,938
Other financial income	46,158	17,476
	141,061	97,898
Financial charges		
Charges from investments	10,429	14,011
Variation in the amounts written off on investments	-18,289	17,475
Debt charges	3	2
Variation in amounts written off on rescheduling interest receivable	-135,823	-47,235
Irrecoverable share of rescheduling interest receivable	132,471	48,766
Other financial charges	63,615	14,489
	52,406	47,508
Financial result	88,655	50,390
Exceptional result	12,310	232
Profit before tax of consolidated entities	182,906	-173,051
Tax		
Result of the financial year	182,906	-173,051

ONDD balance sheet

(in thousands EUR)

	2012	2011
Assets		
Fixed assets		
Intangible fixed assets		
Preliminary expenses		
Concessions, licenses and know-how	7,169	6,563
	7,169	6,563
Tangible fixed assets		
Land and buildings		
Plant, machinery and equipment	509	267
Furniture and vehicles	184	243
	693	510
Financial fixed assets		
Shareholdings	218,694	206,418
Shareholdings in companies accounted for by the equity method		5,393
Other financial assets	10,800	12,000
	229,494	223,811
Total fixed assets	237,356	230,883
Current assets		
Accounts receivable from claims		
Accounts receivable from indemnities	249,586	274,085
Purchased accounts receivable	208	185
	249,794	274,270
Accounts receivable within one year		
Trade debtors	27,142	15,040
Other accounts receivable	39,686	27,249
Deposits with reinsurers	1,288	626
Deferred taxes	861	1,925
	68,977	44,840
Cash investments		
Shares in financial investment funds	1,457,505	1,522,763
Bonds	305,637	305,637
Term deposits	149,162	64,941
	1,912,304	1,893,340
Cash at bank and in hand	18,984	26,545
Deferred charges and accrued income	5,756	2,598
Total current assets	2,255,816	2,241,593
Total assets	2,493,171	2,472,476

	2012	2011
Liabilities		
Equity		
Endowment	297,472	297,472
Reserves	1,439,629	1,272,886
Transferred result		-16,163
Total equity	1,737,101	1,554,195
Provisions for risks and charges		
Provision for other risks and charges	45	
Provision for profit share and rebates		
Provision for outstanding risks	207,940	175,964
Provision for claims	498,099	681,742
Provision for claims management expenses	14,289	11,686
Provision for equalisation and disasters		
Total provisions for risks and charges	720,374	869,391
Debts		
Accounts payable within one year		
Financial debts		
Commercial debts	25,850	27,866
Deposits from reinsurers		
Debts concerning taxes, remunerations and social security	3,112	2,870
Other accounts payable	43	4
	29,005	30,740
Accrued charges and deferred income	6,692	18,150
Total debts	35,697	48,890
Total liabilities	2,493,171	2,472,476

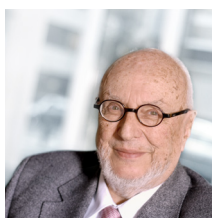


+25%

*premiums for the
comprehensive policy
business line*

DUCROIRE | DELCREDERE SA.NV.

DUCROIRE | DELCREDERE SA.NV. corporate governance



Jean-Pierre Pauwels

BOARD OF DIRECTORS

Jean-Pierre Pauwels, Chairman
Filip Abraham, Member
Julien Compère, Member
Niko Demeester, Member
Yves Goldstein, Member
Marc Monbaliu, Member
Georges Stienlet, Member
Baudouin Velge, Member
Dirk Terweduwe, Member
Karin Deesen, Member
Stefaan Van Boxstael, Member

EXECUTIVE COMMITTEE

Dirk Terweduwe, Chief Executive Officer
Karin Deesen, Deputy Chief Executive Officer
Stefaan Van Boxstael, Deputy Chief Executive Officer

REMUNERATION COMMITTEE

Jean-Pierre Pauwels, Chairman
Niko Demeester, Member
Yves Goldstein, Member



from left to right:
Karin Deesen,
Stefaan Van Boxstael,
Dirk Terweduwe

AUDIT COMMITTEE

Baudouin Velge, Chairman
Julien Compère, Member
Georges Stienlet, Member

COMPLIANCE OFFICER

Geert Goossens, Compliance officer

CHIEF RISK OFFICER

Hans Slock, Head of risk management

ACTUARY

Jérôme Lokasso, Risk officer

INTERNAL AUDIT

Heidi Gombert, Internal auditor

EXTERNAL AUDIT

PricewaterhouseCoopers

APPETITE AND APTITUDE FOR EMERGING MARKET RISK

This poses tough challenges. Success depends on rigorous risk management and a readiness to deal with customer needs on a case by case basis

**EUR
9.5
million**

operating result

Resilient economic activity in the world's emerging and developing countries vindicates the strategy of our whole turnover commercial credit insurance arm, Ducroire | Delcredere SA.NV. It has consistently focused on covering trade with these markets.

Ducroire | Delcredere SA.NV. seeks to maintain consistent support for customers, through bad times as well as good. The capacity to do this depends on an in-depth understanding of local business conditions and how these are affected by the national political and economic context in each country.

"The foundation of our business remains the coverage of emerging and developing market risks. With a positive technical result on our underwriting activity, we have once again demonstrated our ability to provide this crucial support to European businesses," says CEO Dirk Terweduwe.

"Many of our clients are companies, exporting to a wide range of emerging economies. They are looking for a solution that allows them to continue trading while limiting their exposure to risks. That is what they find in us – a consistent capacity to insure sales to markets outside the OECD."

Price matters – but expert service matters more

For Ducroire | Delcredere SA.NV. therefore, risk appetite and service are the main competitive tools.

"We charge premiums that reflect the level of risk that we cover. And that is how we can continue to insure trade with developing and emerging markets on a profitable commercial basis," says Mr Terweduwe.

There is clearly strong demand for this service. Net premium income for comprehensive policies at Ducroire | Delcredere SA.NV. increased by 25 per cent in 2012. For KUPEG, our Czech branch, last year was a period of consolidation, after the rapid expansion of earlier years. But, having opened a branch in Slovakia, it is now poised to extend its support for business in central Europe.

The whole turnover insurance operations of the ONDD group have three main centres of underwriting expertise – in Brussels, Moscow and Prague. These are complemented by Ducroire | Delcredere SA.NV. branches in the United Kingdom, Italy, France and Germany.

"Moreover, we have many customers based in countries where we do not have

branch offices, such as the Netherlands,” says Mr Terweduwe.

“They are looking for solutions and an alternative to what is available from their traditional providers of credit insurance.”

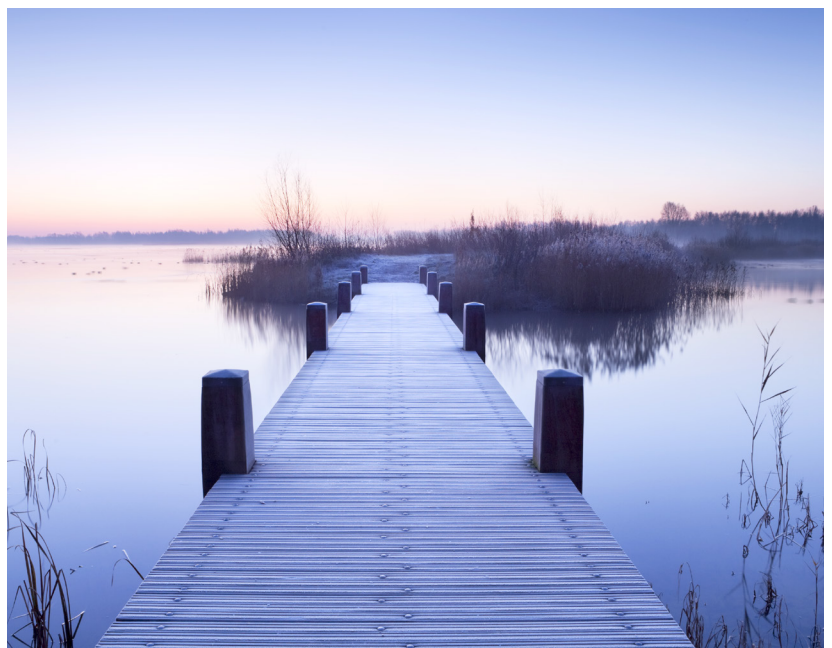
A close partnership with brokers

The majority of our customers are introduced to us by their brokers and we value these relationships highly. We work closely with the specialist broking community in each market, to spread awareness of what we can offer.

Naturally, we can draft policy documents in the customer’s language. But what matters most for our customers is the cover capacity that we can offer to support their sales around the world, and our readiness to tailor-make our service to suit their needs.

“For example, in the Middle East and West Africa, the key to providing continued support through periods of difficulty has been careful management of risk. Sometimes we make prudent adjustments to the level of cover, but we always seek to maintain support for our clients where we can continue to do so.”

“The key to providing continued support through periods of difficulty has been careful management of risk, but we always seek to maintain support for our clients where we can continue to do so”



DUCKROIRE | DELCREDERE SA.NV. highlight of the year

PREMIUM INCOME ROSE BY 15%

Moreover, we achieved this impressive commercial growth while maintaining disciplined risk control

EUR
97
million

premium income

Driven by the strength of European trade with emerging markets, premium income at Ducroire | Delcredere SA.NV. rose by 15% last year, to EUR 96.86 million, as the company reaped the benefit of its capacity to cover exposures across a broad range of economies worldwide.

"Our impressive commercial growth is a vindication of the focus we have placed on the underwriting of developing and emerging markets," explains CEO Dirk Terweduwe.

"Trade with these countries has been growing anyway. But demand for our services has been particularly strong, because many of our established clients

have reacted to the weakness of European demand by shifting the focus of their sales effort to pursue new opportunities in other parts of the world."

"They have stepped up their activities in the emerging and developing economies. And we have been able to support them in doing so, because we understand these markets and have the appetite to underwrite them."

For Ducroire | Delcredere SA.NV., this continuous business growth represents the fulfillment of a longstanding strategy, and one that has now earned the recognition of small, medium and large companies in a number of European countries.

The branches in Germany, the United Kingdom and France all performed well, enjoying strong business growth.

In each of these countries we have worked hard to establish our reputation and ensure that brokers and their exporting clients are aware of the specialist expertise we can offer in covering trade with emerging markets. And over the past year we have reaped the benefits of this strategy.



Indeed, the 15% growth in premium income at Ducroire | Delcredere SA.NV. in 2012 was almost five times higher than the 3% increase in premium earned by the trade credit insurance industry as a whole last year.

"That is the measure of our success in retaining the loyalty of our customers through our support for their sales in a diverse range of international markets," says Deputy CEO Stefaan Van Boxstael.

Today businesses must operate in a challenging global environment, with deep economic problems in much of southern Europe, political instability and conflict in parts of the Middle East and Africa, and rising social tensions in some big emerging markets.

"We set our premium rates to reflect these risks. We compete primarily through the cover capacity that we can offer and the quality of our customer service, rather than price," explains Mr Van Boxstael.

"But our clients remain loyal, because they value the committed support that we continue to provide, whenever possible, even when business conditions become difficult."

Ducroire | Delcredere SA.NV. is able to sustain this support through the careful case-by-case underwriting of risks, a strong focus on relations with our customers, prudent provisioning against potential losses and heavy investment in the management of claims and recoveries.

In some cases where buyers run into financial difficulties, we continue to provide a modest flow of new cover, so that they can continue trading and thus paying off their old debts.

"The credit insurance industry as a whole saw the value of claims paid rise by 12%, mainly due to insolvencies in Europe. However, the payment performance of buyers in emerging markets has been stronger; this has enabled Ducroire | Delcredere SA.NV. to keep losses under control," says Deputy CEO Karin Deesen.

"Demand for our services has been particularly strong, because many of our established clients have reacted to the weakness of European demand by shifting the focus of their sales effort to pursue new opportunities in other parts of the world"

DUCROIRE | DELCREDERE SA.NV.

key figures

(in millions EUR)	2012	2011
Value of transactions insured during the financial year ⁽¹⁾	22,039.0	17,980.0
Premiums issued during the financial year ⁽¹⁾	96.9	84.3
Claims paid during the financial year ⁽¹⁾	47.9	44.9
Claims recovered during the financial year ⁽¹⁾	16.6	9.6
Amounts receivable from claims at the end of the financial year ⁽¹⁾⁽²⁾	120.6	121.3
Commitments for policies at the end of the financial year ⁽¹⁾	8,480.4	8,666.5
Provisions at the end of the financial year	71.6	65.3
Result of the financial year	-1.4	5.7
Equity at the end of the financial year	145.4	146.8
Ratios (in %)		
Net claims / Premiums	32.4	41.9
Operating costs / Premiums net of reinsurance	31.4	41.3

(1) before cession to reinsurers

(2) total of gross outstanding indemnities, capitalised and accrued interest

DUCROIRE |
DELCREDERE SA NV

income statement

(in thousands EUR)

	2012	2011
Turnover		
Written premiums	96,862	84,336
Premiums ceded to reinsurers	-41,589	-33,173
	55,273	51,164
Technical charges after cession		
Variation in the provision for profit share and rebates	443	259
Variation in the provision for outstanding risks	20	-3,554
Variation in the provision for claims	7,149	705
Variation in the provision for claims management expenses	376	1,759
Variation in amounts written off on outstanding claims		
Indemnified losses and litigation expenses	31,836	28,887
Recoveries on indemnified losses and litigation expenses	-11,365	-6,209
Other technical results		
	28,459	21,848
Technical result	26,814	29,316
Operating charges		
Remunerations, social charges and pensions	11,466	11,206
Operating costs	5,357	6,430
Total costs of management by third parties	19,550	17,169
Depreciation		
Write-offs on trade account receivables	455	397
Other operating costs		
Total recovered operating costs	-5,376	-4,466
Reinsurance commissions	-14,100	-9,612
	17,352	21,123
Operating result	9,462	8,193
Provision for equalisation and disasters	-5,326	-5,703
Operating result (after transfer to the provision for equalisation and disasters)	4,136	2,490
Financial income		
Income from financial assets		
Income from cash investments	3,976	8,662
Rescheduling interest		
Other financial income	1,809	2,192
	5,785	10,854
Financial charges		
Charges from investments	519	1,635
Variation in the amounts written off on investments	-2,979	3,052
Debt charges		
Variation in amounts written off on rescheduling interest receivable		
Irrecoverable share of rescheduling interest receivable		
Other financial charges	1,335	3,041
	-1,124	7,728
Financial result	6,909	3,126
Exceptional result	-12,383	-76
Profit before tax of consolidated entities	-1,339	5,540
Tax	-107	116
Result of the financial year	-1,445	5,656

DUCROIRE |
DELCREDERE SA NV.

balance sheet

(in thousands EUR)

	2012	2011
Assets		
Fixed assets		
Intangible fixed assets		
Preliminary expenses		
Concessions, licenses and know-how		1
		1
Tangible fixed assets		
Land and buildings		
Plant, machinery and equipment	15	39
Furniture and vehicles	66	112
	81	151
Financial fixed assets		
Shareholdings	13,032	13,032
Shareholdings in companies accounted for by the equity method		
Other financial assets		
	13,032	13,032
Total fixed assets	13,113	13,184
Current assets		
Accounts receivable from claims		
Accounts receivable from indemnities	12,128	19,335
Purchased accounts receivable		
	12,128	19,335
Accounts receivable within one year		
Trade debtors	12,483	15,988
Other accounts receivable	1,530	986
Deposits with reinsurers	5,271	5,361
Deferred taxes		
	19,283	22,335
Cash investments		
Shares in financial investment funds	81,521	79,115
Bonds	100,743	74,187
Term deposits	16,525	13,098
	198,789	166,401
Cash at bank and in hand	5,959	7,119
Deferred charges and accrued income	1,482	874
Total current assets	237,641	216,063
Total assets	250,754	229,247

	2012	2011
Liabilities		
Equity		
Share Capital	150,000	150,000
Reserves	1,144	1,144
Transferred result	-5,773	-4,328
Total equity	145,371	146,816
Provisions for risks and charges		
Provision for other risks and charges	96	115
Provision for profit share and rebates	1,887	1,444
Provision for outstanding risks	6,752	6,801
Provision for claims	40,224	40,016
Provision for claims management expenses	8,304	7,928
Provision for equalisation and disasters	14,344	9,018
Total provisions for risks and charges	71,608	65,322
Debts		
Accounts payable more than one year		
Accounts payable within one year		
Financial debts		
Commercial debts	5,086	3,184
Deposits from reinsurers	9,777	8,249
Debts concerning taxes, remunerations and social security	2,173	2,281
Other accounts payable	16,012	1,746
	33,049	15,459
Accrued charges and deferred income	727	1,650
Total debts	33,776	17,109
Total liabilities	250,754	229,247



EUR 14.3 million
in premium

KUPEG

KUPEG corporate governance

SUPERVISORY BOARD

Dirk Terweduwe, Chairman

Michal Pravda, Vice-Chairman

Karin Deesen, Member

Jan Hofman, Member

Stefaan Van Boxstael, Member

Frank Vanwingh, Member

BOARD OF DIRECTORS

Michal Veselý, Chief Executive Officer

Petr Herman, Member

EXTERNAL AUDIT

PricewaterhouseCoopers



from left to right:
Michal Veselý,
Petr Herman

KUPEG business scope

KNOWING CZECH BUSINESS AND ITS PRODUCT NEEDS

Our market share remains high because local businesses see that we understand their needs and tailor our services to meet them

“We have worked on the design of insurance policies suited to the specific requirements of Czech businesses”

“In our Group, subsidiaries have local management and a clear autonomy to take their own decisions within the framework of the Group strategy. They understand the market and they can be close to the clients.”

Michal Veselý, CEO of KUPEG Credit Insurance, appreciates the autonomy his company enjoys within the ONDD Group.

“We play a central role in supporting domestic trade and exports from the Czech Republic. Our market share remains high because local businesses see that we understand their needs and tailor our services to meet them.”

Competition between underwriters is intense, but customers appreciate the value of knowhow.

Service quality is the decisive factor

“The Czechs are very pragmatic. They just choose the best product, regardless of whether or not the insurer is based here. So we have to compete on quality,” says Mr Veselý .

“However, we have a product that has been developed here, in this market, to suit the particular needs of our clients. And that counts strongly in our favour.”

Underwriting director Petr Herman explains how KUPEG has steadily reinforced its ability to support Czech companies:

“We have worked on the design of insurance policies suited to the specific requirements of Czech businesses. We have also invested heavily in our underwriting unit, to provide an expert and rapid service; individual underwriters specialize in different major buyers, which gives us a detailed understanding of the risks that we are covering.”

Supporting Czech business at home and abroad

KUPEG focusses on the short term credit insurance market and mainly covers sales within the Czech Republic or the country's main export markets – Germany, Slovakia, Poland, Italy and Hungary. However, at a time of economic weakness in Europe, it has also seen a resurgence of export sales to Russia – which now accounts for about 3% of its total risk portfolio.

“We have two core products – a comprehensive policy and an internet-based service for smaller companies. We aim to keep our products as user-friendly and transparent as possible because we are keen to reach out and persuade

more small businesses to start using credit insurance," says Mr Veselý.

"However, we have also developed specialist services adapted to the needs of large companies with complex business models. We offer a surety service; and we can provide single risk project cover for exposures up to two or three years."

KUPEG is a direct subsidiary of the ONDD Group's main short term credit insurance business Ducreire | Delcredere SA.NV., which is able to provide expert support when a client needs cover for exports to emerging and developing world markets.

"The fact that we are part of the Group is a major plus for many of our largest clients. We operate in a market where a lot of companies have a multinational dimension."

"They appreciate the fact that KUPEG combines a commitment to the specific needs of the Czech market with our role in a larger European group that is known for its capacity to handle international risk. This is very important," says Mr Veselý.

We accompany Czech economic diversification

The scope of KUPEG's business is growing gradually, as the export base of the Czech economy begins to diversify. This is, for example, a country with a strong tradition of engineering and the manufacture of specialist machinery.

"But raw materials and intermediate goods such as steel and products are also important. And we have a number of customers who are supplying the automotive sector, as three major car-makers now have factories in the Czech Republic," Mr Veselý adds.

Construction also remains an important sector, despite the impact of the economic downturn. KUPEG covers sales to most of the Czech Republic's large construction companies as well as to dynamic small entities who struggle most in this difficult situation.

+8%

increase of
transactions insured

KUPEG highlight of the year

DECEMBER 2012 SAW KUPEG INCORPORATE A BRANCH OFFICE IN BRATISLAVA

The establishment of a full branch office was the natural next step, reinforcing our capacity to support local businesses and maintain a close dialogue with them

“KUPEG already had wide experience of underwriting Slovak debtor risks and in-depth knowledge of the economy and the business environment”

December 2012 saw KUPEG incorporate a branch office in Bratislava, to cater for its growing customer base in the Slovak market – a small but important industrial economy with significant demand for credit insurance.

“We had been attracting clients in Slovakia for some time and in 2011 we appointed a manager in the country to reinforce these contacts. The establishment of a full branch office was the natural next step, reinforcing our capacity to support local businesses and maintain a close dialogue with them,” says Michal Veselý, KUPEG’s CEO.

The new operation in Bratislava is the company’s first offshoot outside the Czech Republic. As such it provides a template for future operations in the region.

Slovakia expands and broadens our activity

“This was an important challenge for us because we had to adapt our governance and organization to accommodate the branch structure,” says Mr Veselý. “Now we have done this, we can apply this model to other markets if we wish.”

Underwriting director Petr Herman explains that Slovakia was a natural first step for KUPEG’s international growth.

Due to their shared history, the Czech Republic and Slovakia are linked by a dense web of trading relationships. So KUPEG already had wide experience of underwriting Slovak debtor risks and in-depth knowledge of the economy and the business environment.

“There are also close cultural and linguistic ties. We are well placed to understand how local companies operate and to appreciate their way of thinking and approach to commercial relationships,” says Mr Herman.

Moreover, by developing a base of Slovak exporting clients, KUPEG is making extra use of its knowledge of Czech firms, many of whom buy from their near neighbor.

“But we are also diversifying our sectoral exposure. There are some sectors, such as car-manufacturing and steel, that are important to both countries; but in many respects the structure of the Slovak economy differs from the Czech market,” says Mr Herman.

Cycle of recovery is further ahead

"Agriculture and chemicals are much more significant in Slovakia. And the economic cycle is different from that in the Czech Republic. Here we are again in recession, but the Slovak market has already recovered since 2010. Meanwhile, we retain the Czech koruna, but Slovakia has been in the euro area for four years."

Expansion into Slovakia has enabled KUPEG to achieve economies of scale, because it is generating extra volumes of premium income and making fuller use of its expertise and knowledge of both economies, and other key trade partners such as Russia and Poland.

And there is additional scope for growth. While the Czech credit insurance market is saturated, there is still room for growth in Slovakia.

A model for development in central Europe

"At one level, the establishment of the Bratislava branch is a small step for KUPEG. It is carefully budgeted and we remain committed to a prudent approach," says Mr Veselý.

"However, in a strategic sense it is a big step, because it provides us with a model for the development of our business outside our home market. Given the long term prospects for economic development in central Europe, that is clearly important."

Mr Veselý explains that it makes clear business sense to develop KUPEG's capacity to support trade in this region, at a time when economic conditions in Western Europe remain difficult.

"Czech exports to Russia and the Baltics are rising fast. These are expanding markets and we are keen to support these trade flows. Similarly, we have strengthened our ability to underwrite sales of capital equipment, which is another area of growth and future potential for exporting companies here and in Slovakia."

This diversification also broadens the balance of exposure in KUPEG's portfolio and thus underpins the company's risk management strategy.

"The Slovak market has already recovered since 2010"



KUPEG

key figures

(in millions EUR)	2012	2011
Value of transactions insured during the financial year ⁽¹⁾	7,810.7	7,242.1
Premiums issued during the financial year ⁽¹⁾	14.6	15.8
Claims paid during the financial year ⁽¹⁾	16.1	9.5
Claims recovered during the financial year ⁽¹⁾	5.6	3.0
Amounts receivable from claims at the end of the financial year ⁽¹⁾⁽²⁾	0.5	0.0
Commitments for policies at the end of the financial year ⁽¹⁾		
Provisions at the end of the financial year	3.7	5.0
Result of the financial year	-0.4	1.9
Equity at the end of the financial year	14.6	15.1
Ratios (in %)		
Net claims / Premiums	72.0	41.2
Operating costs / Premiums net of reinsurance	26.2	7.8

(1) before cession to reinsurers

(2) total of gross outstanding indemnities, capitalised and accrued interest

KUPEG income statement

(in thousands EUR)

	2012	2011
Turnover		
Written premiums	14,610	15,797
Premiums ceded to reinsurers	-9,937	-8,678
	4,674	7,120
Technical charges after cession		
Variation in the provision for profit share and rebates	6	
Variation in the provision for outstanding risks	-119	-52
Variation in the provision for claims	-335	-425
Variation in the provision for claims management expenses	-1	-18
Variation in amounts written off on outstanding claims		
Indemnified losses and litigation expenses	7,787	5,383
Recoveries on indemnified losses and litigation expenses	-2,566	-1,732
Other technical results		
	4,771	3,156
Technical result	-97	3,965
Operating charges		
Remunerations, social charges and pensions	2,523	2,286
Operating costs	1,457	1,575
Total costs of management by third parties	1,721	1,535
Depreciation	166	179
Write-offs on trade account receivables	41	-214
Other operating costs	-187	-111
Total recovered operating costs	-2,121	-2,301
Reinsurance commissions	-2,376	-2,391
	1,225	558
Operating result	-1,322	3,407
Provision for equalisation and disasters	842	-852
Operating result (after transfer to the provision for equalisation and disasters)	-480	2,554
Financial income		
Income from financial assets		
Income from cash investments	285	161
Rescheduling interest		
Other financial income	28	19
	313	180
Financial charges		
Charges from investments	34	3
Variation in the amounts written off on investments		
Debt charges		
Variation in amounts written off on rescheduling interest receivable		
Irrecoverable share of rescheduling interest receivable		
Other financial charges	234	344
	268	347
Financial result	45	-167
Exceptional result		
Profit before tax of consolidated entities	-435	2,387
Tax	-10	-460
Result of the financial year	-445	1,927

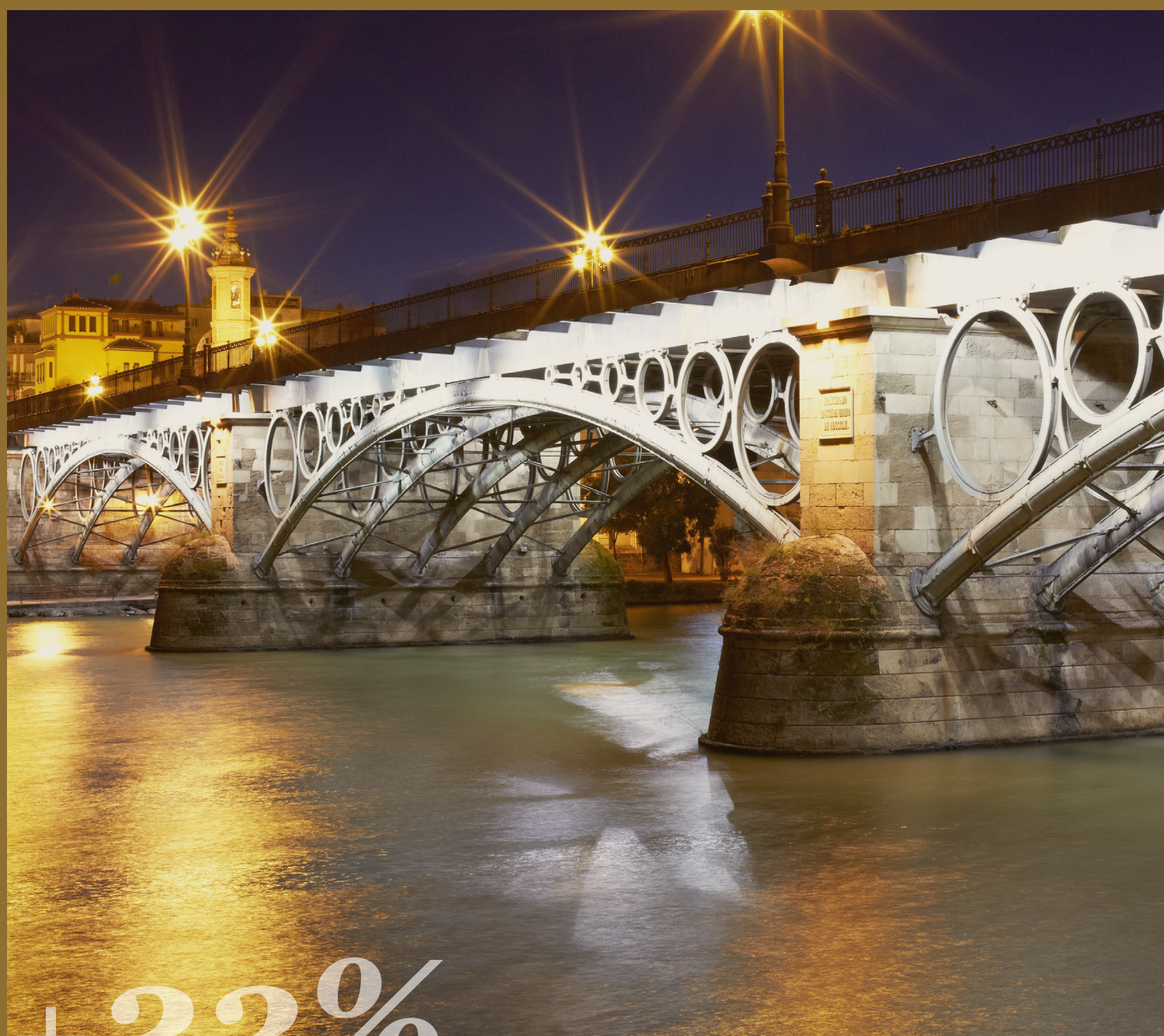
KUPEG

balance sheet

(in thousands EUR)

	2012	2011
Assets		
Fixed assets		
Intangible fixed assets		
Preliminary expenses		
Concessions, licenses and know-how	320	48
	320	48
Tangible fixed assets		
Land and buildings		
Plant, machinery and equipment		
Furniture and vehicles	162	176
	162	176
Financial fixed assets		
Shareholdings		
Shareholdings in companies accounted for by the equity method		
Other financial assets		
Total fixed assets	481	224
Current assets		
Accounts receivable from claims		
Accounts receivable from indemnities	496	27
Purchased accounts receivable		
	496	27
Accounts receivable within one year		
Trade debtors	4,029	3,356
Other accounts receivable	196	650
Deposits with reinsurers		
Deferred taxes	694	703
	4,919	4,710
Cash investments		
Shares in financial investment funds		
Bonds	4,769	8,579
Term deposits	12,935	10,421
	17,705	19,000
Cash at bank and in hand	627	42
Deferred charges and accrued income	2,271	1,348
Total current assets	26,019	25,126
Total assets	26,500	25,350

	2012	2011
Liabilities		
Equity		
Share Capital	7,756	7,756
Share Premium	11,756	11,756
Reserves	1,597	1,597
Transferred result	-6,471	-6,037
Total equity	14,638	15,072
Provisions for risks and charges		
Provision for other risks and charges	34	23
Provision for profit share and rebates	5	
Provision for outstanding risks	485	600
Provision for claims	3,127	3,454
Provision for claims management expenses	56	57
Provision for equalisation and disasters	10	831
Total provisions for risks and charges	3,717	4,965
Debts		
Accounts payable within one year		
Financial debts		
Commercial debts	2,965	2,853
Deposits from reinsurers	2,625	1,366
Debts concerning taxes, remunerations and social security	163	345
Other accounts payable	188	116
	5,941	4,680
Accrued charges and deferred income	2,204	633
Total debts	8,146	5,313
Total liabilities	26,500	25,350



+23%
premium growth

INGO- ONDD

INGO-ONDD corporate governance



from left to right:
Edward Fedorenko,
Viktor Klimov

BOARD OF DIRECTORS

Dirk Terweduwe, Chairman
Frank Vanwingh, Vice-Chairman
Karin Deesen, Member
Alexander Iliyashenko, Member
Tatiana Kajgorodova, Member
Stefaan Van Boxtael, Member

EXECUTIVE COMMITTEE

Viktor Klimov, Chief Executive Officer
Edward Fedorenko,
Deputy Chief Executive Officer

EXTERNAL AUDIT

PricewaterhouseCoopers

INGO-ONDD business scope

IN-DEPTH UNDERSTANDING OF RUSSIAN BUSINESS IS KEY

The creation of INGO-ONDD in 2009 brought together local knowledge and the technical and international expertise of Belgium's national export credit insurer

“Buyers in Russia itself and neighbouring markets such as Ukraine, Kazakhstan and Belarus account for the large majority of our exposure”

“There are many more strong buyers than you might expect – and many more weak buyers too. But it is not always easy to identify the best risks, or those that are more difficult,” says Viktor Klimov.

As CEO of Ingosstrakh ONDD Credit Insurance (INGO-ONDD), he knows the value of experience and in-depth understanding of the market.

The market pioneer

Ingosstrakh, the Russian shareholder in this joint venture, began underwriting credit risks in 1988. Mr Klimov has had a front row seat throughout a period of spectacular economic change and development.

“We are a historic pioneer. We have more experience than our competitors,” he says.

The creation of INGO-ONDD in 2009 brought together local knowledge and the technical and international expertise of Belgium's national export credit insurer.

Local experience united with international knowhow

This has enabled the company to sustain support for clients trading nationwide in this huge and fast evolving economy, even during periods of difficulty.

“Buyers in Russia itself and neighbouring markets such as Ukraine, Kazakhstan and Belarus account for the large majority of our exposure. For our Group we are a centre of expertise on these markets, which we know so well,” adds Mr Klimov.

“Meanwhile, the close relationship with our Group provides the international underwriting capacity we need to support Russian customers exporting to other parts of the world.”

Understanding the challenges of a vast economy

An appreciation of the subtleties of the Russian market and rigorous care in the selection of risk are essential tools. In assessing buyers, it is not enough to rely on published company accounts, explains Deputy CEO Edward Fedorenko.

“This is a country that spreads across nine time zones and has fourteen cities of more than 1 million people. But our Russian shareholder Ingosstrakh is a multi-line insurer, with 310 offices nationwide – so we are able to draw on a wide range of information about buyers, such as the value of their property or stocks, and the

performance of their business units in different regions,” Mr Fedorenko says.

“We have regular meetings with major companies. We have a wide range of sources of information. We are able to get a rounded picture.”

Choosing the right risks to cover

This enables INGO-ONDD to take a selective approach, concentrating on certain sectors where business and payment conditions are stable. The company has built up detailed knowledge, industry by industry, and gradually it is widening the range of sectors that it underwrites.

The company now has a staff of almost thirty, led by CEO Mr Klimov and Deputy CEO Mr Fedorenko.

“We have expanded our staff steadily, developing an excellent team of specialists who have a real understanding of their clients and buyers in the trade sectors where we are active,” Mr Klimov says.

x4

profit growth



INGO-ONDD highlight of the year

FOCUS ON CUSTOMER SERVICE ESTABLISHES INGO-ONDD AS A MARKET LEADER

Competition for trade credit insurance business in Russia is intense, with national and international players vying to cater for a local demand that is growing by 10% a year in average

“We expect to see continued strong demand for trade credit insurance”

Ingosstrakh ONDD has now pulled ahead to establish itself as the leading underwriter, with a substantial market share and major clients in a number of key sectors.

“This year we expect to see continued strong demand for trade credit insurance from foreign companies operating here and we believe that as we move into 2013

we will see growth recover among local firms too,” says Mr Klimov.

The keys to the growth and solid financial performance of INGO-ONDD are service quality, geographical coverage across Russia and a commitment to maintain cover whenever possible, even during times of economic difficulty.



Risk appetite and commitment count for more than price

"We aim to compete through the credit limits we can offer rather than quoting the lowest rates. We provide our customers with bespoke service, with cover tailored to their trading needs, so that they can continue to expand their sales turnover."

"We ensure that each customer has a single account manager, with whom they can remain in regular contact and who understands their needs," says Mr Fedorenko.

Trading conditions in Russia are a test for our skills

And this is particularly important because Russia is an emerging economy where trading conditions and the business environment impose tough demands. Reliable financial information is not easily obtained and few businesses publish accounts in line with routine IFRS international standards.

In this context, a simple standardised credit insurance product, competing mainly in terms of rates, is of limited appeal.

Moreover, the concept of protecting a sales ledger against the risk of non-

payment is still unfamiliar to many businesses.

"Exporters and foreign investors are in the habit of using trade credit insurance, unlike smaller companies. Moreover, companies are often short of working capital and tax relief on premiums is not provided for under Russian legislation," explains Mr Fedorenko.

But INGO-ONDD's strategy of providing cover tailored to the needs of each client, has proved attractive to the business community in Russia.

Working closely with brokers and banks to deliver service

Mr Klimov points out that INGO-ONDD has developed good relations with banks, who can use credit insurance as a support for their factoring and commercial finance services. The company has also put great effort into building good relations with brokers – who are the main source of new business and play a key role in negotiating the structure of cover for their customers.

"Brokers and banks have been able to experience the solutions and service quality that we can offer. And we value the service that they provide in helping Russian companies to find the type of credit insurance that best suits their needs."

"The keys to the growth and solid financial performance of INGO-ONDD are service quality, geographical coverage across Russia and a commitment to maintain cover whenever possible, even during times of economic difficulty"

INGO-ONDD

key figures

(in millions EUR)	2012	2011
Value of transactions insured during the financial year ⁽¹⁾	797.0	711.3
Premiums issued during the financial year ⁽¹⁾	15.6	12.7
Claims paid during the financial year ⁽¹⁾	0.2	3.4
Claims recovered during the financial year ⁽¹⁾		
Amounts receivable from claims at the end of the financial year ⁽¹⁾⁽²⁾	0.5	3.8
Commitments for policies at the end of the financial year ⁽¹⁾		
Provisions at the end of the financial year	5.5	3.0
Result of the financial year	0.8	0.2
Equity at the end of the financial year	15.9	15.2
Ratios (in %)		
Net claims / Premiums	1.0	26.9
Operating costs / Premiums net of reinsurance	35.1	34.4

(1) before cession to reinsurers

(2) total of gross outstanding indemnities, capitalised and accrued interest

INGO-ONDD

income statement

(in thousands EUR)

	2012	2011
Turnover		
Written premiums	15,501	12,714
Premiums ceded to reinsurers	-11,938	-9,922
	3,563	2,792
Technical charges after cession		
Variation in the provision for profit share and rebates		
Variation in the provision for outstanding risks	696	568
Variation in the provision for claims	863	154
Variation in the provision for claims management expenses		
Variation in amounts written off on outstanding claims		
Indemnified losses and litigation expenses	-627	148
Recoveries on indemnified losses and litigation expenses		-1
Other technical results		
	931	870
Technical result	2,632	1,922
Operating charges		
Remunerations, social charges and pensions	1,683	1,016
Operating costs	878	674
Total costs of management by third parties	1,974	1,718
Depreciation	54	63
Write-offs on trade account receivables		
Other operating costs		
Total recovered operating costs		
Reinsurance commissions	-3,338	-2,510
	1,252	961
Operating result	1,380	961
Provision for equalisation and disasters	-1,729	-1,153
Operating result (after transfer to the provision for equalisation and disasters)	-350	-192
Financial income		
Income from financial assets		
Income from cash investments	12,511	1,669
Rescheduling interest		
Other financial income	797	592
	13,307	2,262
Financial charges		
Charges from investments	11,598	1,205
Variation in the amounts written off on investments	108	349
Debt charges		
Variation in amounts written off on rescheduling interest receivable		
Irrecoverable share of rescheduling interest receivable		
Other financial charges	277	251
	11,983	1,805
Financial result	1,324	457
Exceptional result		
Profit before tax of consolidated entities	975	265
Tax	-197	-85
Result of the financial year	777	180

INGO-ONDD

balance sheet

(in thousands EUR)

	2012	2011
Assets		
Fixed assets		
Intangible fixed assets		
Preliminary expenses		
Concessions, licenses and know-how	16	18
	16	18
Tangible fixed assets		
Land and buildings		
Plant, machinery and equipment	26	37
Furniture and vehicles	86	119
	112	156
Financial fixed assets		
Shareholdings		
Shareholdings in companies accounted for by the equity method		
Other financial assets		
Total fixed assets	127	173
Current assets		
Accounts receivable from claims		
Accounts receivable from indemnities		
Purchased accounts receivable		
Accounts receivable within one year		
Trade debtors	5,854	3,033
Other accounts receivable	735	482
Deposits with reinsurers		
Deferred taxes	190	111
	6,778	3,625
Cash investments		
Shares in financial investment funds		
Bonds	8,736	5,513
Term deposits	9,577	4,555
	18,313	10,068
Cash at bank and in hand	4,560	7,957
Deferred charges and accrued income	101	12
Total current assets	29,753	21,663
Total assets	29,880	21,836

	2012	2011
Liabilities		
Equity		
Share Capital	14,941	14,941
Reserves		
Transferred result	985	235
Total equity	15,926	15,175
Provisions for risks and charges		
Provision for other risks and charges		
Provision for profit share and rebates		
Provision for outstanding risks	1,828	1,156
Provision for claims	371	228
Provision for claims management expenses		
Provision for equalisation and disasters	3,253	1,583
Total provisions for risks and charges	5,452	2,967
Debts		
Accounts payable within one year		
Financial debts		
Commercial debts	5,607	3,401
Deposits from reinsurers		
Debts concerning taxes, remunerations and social security	141	79
Other accounts payable	2,483	29
	8,231	3,508
Accrued charges and deferred income	272	186
Total debts	8,502	3,694
Total liabilities	29,880	21,836



+34%
rise in premium

GARANT

GARANT corporate governance



from left to right:
Michaël Frank,
Dmitry Lokshin,
Louis Habib-Deloncle

SUPERVISORY BOARD

Dirk Terweduwe, Chairman
Dominique Meessen, Member
Beatrix Pisch-Greigeritsch, Member
Johanna Speckl, Member
Gert Van Melkebeke, Member
Frank Vanwingh, Member

EXECUTIVE COMMITTEE

Louis Habib-Deloncle, Chief Executive Officer
Michaël Frank, Member
Dmitry Lokshin, Member

EXTERNAL AUDIT

PricewaterhouseCoopers

GARANT business scope

TAILOR-MADE CREDIT AND POLITICAL SINGLE-RISK INSURANCE IS OUR SPECIALITY

We can't operate on a standardised approach. We are not selling preset products; we focus on underwriting individual risks, on a case by case basis

"In the market, Garant is viewed as having the ability to spot changes in the political and economic context"

"We see a client and he tells us: 'I have this transaction. How can I insure against the risk attached to it ?' We then structure the cover to protect the specific features of each contract or series of shipments," says Garant CEO Louis Habib-Deloncle.

Our customers understand risk; they know what protection they need

The market is demand-led: exporting and trading customers have high expectations. They understand the risks they face and often it is they who approach underwriters, and brokers, in search of the protection that they need.

Brokers play a central role, helping customers apply for insurance and disclose all the information that an underwriter needs to put together the most effective cover. This is a key task that requires rigorous professional discretion and confidentiality.

To respond to these demands, it is essential that a specialist underwriter such as Garant has the knowledge and experience to assess risk and appreciate

what type of business can still be conducted, even in difficult circumstances.

An alert eye for political risk and new trends

"In the market, Garant is viewed as having the ability to spot changes in the political and economic context," says Mr Habib-Deloncle.

"For example, we were one of the first insurers to restore cover for new business in Côte d'Ivoire, after the 2010-2011 political crisis. And throughout recent years we have maintained some cover for trade with Egypt."

He explains the importance of being able to differentiate between individual cases, and picking those that offer a higher degree of security because of their strategic significance.

Understanding the significance of each transaction

"It's not just about country risk. What matters is the nature of the transaction. We seek to identify those trade flows that are

crucial to a country, and will therefore be given special priority for payment.”

Located in Vienna and Geneva, Garant is now a leading player in the European market for single-risk underwriting.

ONDD originally took a 50% stake in the company in 2007. But a few years later it increased this to 96%, a gesture that confirmed the importance of Garant’s specialist contribution to the Group.

Our commitment to supporting customers reflects the Group philosophy

The company shares the Group’s commitment to supporting clients through bad times as well as good, providing the cover that allows trade to continue whenever possible. This consistency is vital in retaining customers’ loyalty.

“Our philosophy is to say: wherever we have a good seller and a good buyer, we must do everything to sustain a good business flow,” says Mr Habib-Deloncle.

We must have trust in our client’s capabilities

“We are underwriting the client as much as the risk. Whatever the country, whatever the transaction, we want to have a deep understanding of the players involved.”

“We have many customers who have huge experience and wide connections, but we also work with some smaller firms. What matters is their commitment to perform.”

x4.6

profit growth



GARANT highlight of the year

FITCH ACCORDED AN A- RATING, WITH A “STABLE OUTLOOK”

Garant secured a valuable endorsement of its financial strength and capacity to control risk in September 2012, when Fitch accorded the company an A- rating, with a “stable outlook”

“Ratings have helped the company to secure more reinsurance support and retain a wide range of coinsurance partners”

Already in November 2011 the company had been assigned an A- “Excellent” rating with a “stable outlook” by AM Best, which specialises in assessing the strength of insurers. But the strong positive verdict from Fitch is a further measure of financial strength.

Ratings endorse our risk management and financial strength

For Garant, the award of the ratings has been an important step forward, independent confirmation that the company has combined business growth with a solid financial base and tight control of risk.

Fitch noted Garant’s high solvency, strong capitalisation and importance for ONDD, the main shareholder. It also pointed to the extent of support that is provided by the company’s “extensive” reinsurance programme.



Reinsurers back higher values and longer tenors

The strength of reinsurers' support has now enabled the company to extend the maximum cover tenor to seven years (from five) and to increase the maximum value of cover lines to EUR 25 million (from EUR 20 million).

Moreover, the control and sharing of risk through reinsurance is reinforced by the nature of the market in which the company operates.

Louis Habib-Deloncle, CEO of Garant, explains that in the single credit and political risk market it is normal for underwriters to join together to cover deals on a co-insurance basis.

This enables them to support large transactions without being over-exposed as individual insurers; and when losses do occur, their combined efforts improve the rate of debt recovery.

Strong grades reinforce confidence in our strategy

The ratings from AM Best and Fitch have confirmed Garant's financial and business standing. They have therefore helped the

company to secure more reinsurance support and retain a wide range of co-insurance partners.

Meanwhile, Garant continues to invest in developing its own expertise and capacity to manage risk through the recruitment and training of staff and management. The Executive Committee has been joined by Michael Frank, former head of trade finance at a major bank, who has long experience in handling international sovereign and credit risk.

Reinsurance and cooperation with other companies are essential in providing risk capacity. But the foundation of Garant's appetite for business remains its own ability to identify transactions which are so important for the buyer that they actually limit the level of risk.

"We focus on those situations where the purchaser is not buying for the pleasure of doing so, but because they have a real economic need," notes Mr Habib-Deloncle.

"Already in November 2011 the company had been assigned an A- 'Excellent' rating with a 'stable outlook' by AM Best"

GARANT

key figures

(in millions EUR)	2012	2011
Value of transactions insured during the financial year ⁽¹⁾	2,724.0	1,649.9
Premiums issued during the financial year ⁽¹⁾	28.4	21.2
Claims paid during the financial year ⁽¹⁾	3.9	2.7
Claims recovered during the financial year ⁽¹⁾	3.3	0.5
Amounts receivable from claims at the end of the financial year ⁽¹⁾⁽²⁾	3.3	14.2
Commitments for policies at the end of the financial year ⁽¹⁾		
Provisions at the end of the financial year	17.6	16.8
Result of the financial year	3.7	0.8
Equity at the end of the financial year	27.1	23.2
Ratios (in %)		
Net claims / Premiums	2.2	10.3
Operating costs / Premiums net of reinsurance	56.4	61.9

(1) before cession to reinsurers

(2) total of gross outstanding indemnities, capitalised and accrued interest

GARANT

income statement

(in thousands EUR)

	2012	2011
Turnover		
Written premiums	28,400	21,230
Premiums ceded to reinsurers	-17,991	-12,914
	10,409	8,316
Technical charges after cession		
Variation in the provision for profit share and rebates	40	-10
Variation in the provision for outstanding risks	242	144
Variation in the provision for claims	2,199	194
Variation in the provision for claims management expenses	111	20
Variation in amounts written off on outstanding claims		
Indemnified losses and litigation expenses	3,967	2,730
Recoveries on indemnified losses and litigation expenses	-3,344	-549
Other technical results	157	-104
	3,372	2,425
Technical result	7,037	5,890
Operating charges		
Remunerations, social charges and pensions	2,097	1,447
Operating costs	3,357	2,756
Total costs of management by third parties	4,632	3,242
Depreciation		
Write-offs on trade account receivables		
Other operating costs		
Total recovered operating costs		
Reinsurance commissions	-4,220	-2,300
	5,866	5,145
Operating result	1,171	746
Provision for equalisation and disasters	1,203	-387
Operating result (after transfer to the provision for equalisation and disasters)	2,374	359
Financial income		
Income from financial assets		
Income from cash investments	1,409	1,217
Rescheduling interest		
Other financial income	831	-15
	2,240	1,202
Financial charges		
Charges from investments	303	418
Variation in the amounts written off on investments		
Debt charges		
Variation in amounts written off on rescheduling interest receivable		
Irrecoverable share of rescheduling interest receivable		
Other financial charges	343	538
	646	956
Financial result	1,594	245
Exceptional result	-150	-35
Profit before tax of consolidated entities	3,818	868
Tax	-127	-38
Result of the financial year	3,691	830

GARANT

balance sheet

(in thousands EUR)

	2012	2011
Assets		
Fixed assets		
Intangible fixed assets		
Preliminary expenses		
Concessions, licenses and know-how	304	277
	304	277
Tangible fixed assets		
Land and buildings		
Plant, machinery and equipment	61	81
Furniture and vehicles	33	41
	93	123
Financial fixed assets		
Shareholdings		
Shareholdings in companies accounted for by the equity method	33	33
Other financial assets		
	33	33
Total fixed assets	429	433
Current assets		
Accounts receivable from claims		
Accounts receivable from indemnities	1,813	2,914
Purchased accounts receivable		
	1,813	2,914
Accounts receivable within one year		
Trade debtors	9,943	8,281
Other accounts receivable	1,040	578
Deposits with reinsurers		
Deferred taxes		
	10,983	8,858
Cash investments		
Shares in financial investment funds	483	530
Bonds	37,185	26,397
Term deposits	7,965	10,491
	45,633	37,419
Cash at bank and in hand	5,781	5,857
Deferred charges and accrued income	1,140	1,001
Total current assets	65,350	56,049
Total assets	65,780	56,482

	2012	2011
Liabilities		
Equity		
Share Capital	25,000	25,000
Reserves	189	39
Transferred result	1,892	-1,753
Currency translation		-46
Total equity	27,081	23,241
Provisions for risks and charges		
Provision for pension	2,115	1,887
Provision for taxes	152	64
Provision for other risks and charges	747	289
Provision for profit share and rebates	195	155
Provision for outstanding risks	36	21
Provision for claims	12,331	11,230
Provision for claims management expenses	154	43
Provision for equalisation and disasters	1,893	3,096
Total provisions for risks and charges	17,624	16,785
Debts		
Accounts payable within one year		
Financial debts		
Commercial debts	10,966	7,990
Deposits from reinsurers	9,847	8,223
Debts concerning taxes, remunerations and social security	178	191
Other accounts payable	84	52
	21,075	16,456
Accrued charges and deferred income		
Total debts	21,075	16,456
Total liabilities	65,780	56,482



EUR 40.0 million
premium volume

TCRe corporate governance

BOARD OF DIRECTORS

Dirk Terweduwe, Chairman

François Cousin, Member

Benoît Deckers, Member

Etienne Reuter, Member

Stefaan Van Boxstael, Member

Frank Vanwingh, Member

Eckhard Horst, Member

Eric Joos, Member

Camille Wester, Member

EXECUTIVE COMMITTEE

Eckhard Horst, Chief Executive Officer

Eric Joos, Member

Camille Wester, Member

EXTERNAL AUDIT

BDO



from left to right:
Camille Wester,
Eric Joos,
Eckhard Horst

TCRe business scope

EVEN THE MOST EXPERIENCED COMPANIES NEED A SAFETY NET

It is not every business that needs full-service credit insurance. Some companies have the resources and experience to safely manage their own sales ledger and payment risk, imposing internal limits on their exposure to foreign markets and individual buyers

“Big companies often come to us because they want the freedom to make their own judgments about risks”

But even such expertise and self-discipline falls short of complete protection against unexpected problems. Self-insurance cannot totally eliminate the small chance that surprise bad news will strike on a disastrous scale, threatening major damage or putting the survival of the business at risk.

Insurance against the chance of an unexpected major shock

So it makes sense to protect yourself against the possibility of such a catastrophe, however remote a prospect this may seem.

That's where TCRe comes in.

“We specialize in providing credit insurance on an excess of loss basis,” explains commercial director Camille Wester.

“Our clients are responsible for their own credit management and losses from buyer insolvency up to a level they feel they can

cope with. But we back them up with the insurance they need to guard against catastrophic damage if a major buyer goes bankrupt.”

Mr Wester explains that insurance is tailored to the requirements of each client. But certain common principles always apply.

We underwrite our client's risk anagement capability

“Our customers are large and medium sized companies. But before agreeing to insure them we carry out a detailed assessment of their credit management systems and skills. After that, we leave them in control.”

“We set a ceiling for the aggregate first loss or annual aggregate deductible, below which the client accepts the risk, and we agree parameters for the range of insolvency losses that we will cover,” says Mr. Wester.

"However, we set no credit limits on buyers and we leave our clients to take the day to day decisions about buyer exposure. When we do pay a claim, the client retains responsibility for attempts to recover the old debt."

TCRe's main excess of loss insurance policy is therefore not really in competition with conventional comprehensive policy underwriters. However, the company also offers a "top up" cover policy, which in effect is a complement to traditional credit insurance.

Extra protection for credit insurance customers

This is for businesses that do have a comprehensive policy but feel that this does not provide adequate protection against the massive surprise bankruptcy of key buyers. Top up cover of this kind is provided in line with the same underwriting principles as those set by the comprehensive policy underwriter.

TCRe covers political risk and markets outside the OECD account for just 3% of its exposure. Its main clients are larger companies trading in the European Union and other developed economies who want to protect themselves against unexpected events that could threaten the survival of their businesses.

"Our main excess of loss policy is based on assessing the credit management capabilities of our own client. But when we consider a potential client for top up cover, our focus is an assessment of the stance taken by the comprehensive policy underwriter who covers the potential customer's core activity. For, after all, through our provision of extra top-up capacity we are, in effect, backing up the comprehensive policy," explains financial director Eric Joos.

Our key tests for customers are self discipline and business prudence

TCRe's pure excess of loss and top up cover are targeted at experienced companies with experience, good systems and self-discipline.

"Big companies often come to us because they want the freedom to make their own judgments about risks. They have built up their internal procedures to the point where they no longer feel the need to rely on classical credit insurance," says Mr Joos.

"We are trusting them to behave with the care they would show if they were not insured – to behave, in other words, like prudent business people."

97%

The proportion of TCRe exposure that is inside OECD

TCRe highlight of the year

ONDD'S DECISION TO INCREASE ITS STAKE TO 55% SENT A STRONG SIGNAL OF CONFIDENCE

When a major shareholding in TCRe became available in February 2012, the ONDD Group did not hesitate: it was keen to take majority control

“We have been able to develop a more standardized insurance product for customers who would like the freedom offered by excess of loss cover, but more formalized overall debtor information and debt collection structure”

At the same time, TCRe appointed a new chief executive, Mr Eckhard Horst, who has over 15 years' experience in trade credit insurance.

Majority shareholding demonstrates Group confidence in TCRe

“The ONDD Group had been a shareholder since we were first established in 2004. So the decision to increase its stake to 55% sent a strong signal of confidence in our operations,” explains CEO Eckhard Horst. For ONDD, it is an opportunity to take majority control of a specialist insurer whose products complement those of other Group businesses.

With TCRe's excess of loss and top up cover, and the services of other specialist subsidiaries, ONDD Group now offers a complete range of credit insurance products, to suit the varied needs of its clients.

Policies are tailored to customer needs

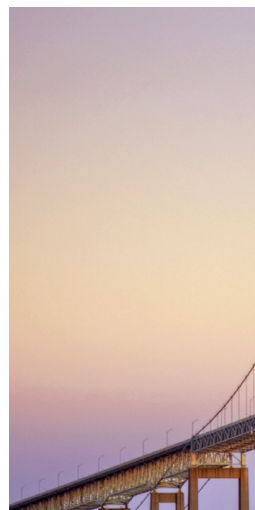
“Our services are for responsible, capable businesses with strong credit management skills. If a company can set its own credit limits, apply the self-discipline to operate within them and take responsibility for trying to recover payments when there is a default, then that company is a potential client for TCRe,” says Mr. Horst.

Each policy is tailored to the needs of the client, case by case. TCRe also manages 'captive' policies for some companies that self-insure.

A diversified product range to suit a range of businesses

But a recent innovation is insurance for companies for whom pure excess of loss insurance is not quite right.

“With the strength of the ONDD Group behind us, we have been able to develop a more standardized insurance product for customers who would like the freedom offered by excess of loss cover, but more formalized overall debtor information and debt collection structure,” says Mr. Horst.



TCRe has also developed cover for protracted default. Hitherto, it only offered cover against insolvency, but the new service enables clients to submit claims at an earlier stage – after 180 days payment delay.

The scheme, which will be known as Excess of Loss Partners, is operated in partnership with business credit information and debt recovery firms, who will pursue debts that are largely overdue. It is designed for companies who feel comfortable in managing their day to day payment collections from buyers but would like expert assistance in chasing up debts that fall far into arrears.

These new products further broaden TCRe's customer base.

Autonomy within the parameters of ONDD Group risk strategy

As part of the ONDD Group the company is supported by the risk analysis skills of its parent. It follows Group decisions on whether to maintain cover for countries or sectors in difficulty. And when needed, TCRe provides a top up layer of excess of loss cover for firms that are main customers of other Group businesses, such as Ducroire | Delcredere SA.NV.

"However, we retain our autonomy. We operate as a distinct company – within the

overall Group structure – and we decide the form our products should take and how our activity should develop, within the overall strategy of the ONDD Group. This means we can continue to offer a highly personalized and flexible service and adjust our approach to meet the needs of each client," says Mr. Horst.

Broker relationships play a crucial role

"Most of our business comes from specialist credit insurance brokers who appreciate the distinctive service we can offer."

Moreover, with the strength of the ONDD Group behind it, TCRe has begun to expand into other European markets. It is already licensed to offer its cover in markets across the European Union and has now applied for regulatory approval to open local offices in the Netherlands and the United Kingdom.

The company's strategic development has won the strong endorsement of its reinsurance partners, notes Mr Horst: "We have enjoyed strong support. We were able to complete negotiations for our 2013 reinsurance arrangements in November last year, so that the treaty could be signed well before the end of December."

"TCRe has also developed cover for protracted default"



TCRe key figures

(in millions EUR)	2012	2011
Value of transactions insured during the financial year ⁽¹⁾	n.a.	n.a.
Premiums issued during the financial year ⁽¹⁾	40.0	38.0
Claims paid during the financial year ⁽¹⁾	26.9	13.3
Claims recovered during the financial year ⁽¹⁾	18.3	7.3
Amounts receivable from claims at the end of the financial year ⁽¹⁾⁽²⁾	0.2	0.3
Commitments for policies at the end of the financial year ⁽¹⁾		
Provisions at the end of the financial year	13.0	15.1
Result of the financial year	0.1	0.1
Equity at the end of the financial year	18.2	18.2
Ratios (in %)		
Net claims / Premiums	21.8	15.9
Operating costs / Premiums net of reinsurance	28.2	27.0

(1) before cession to reinsurers

(2) total of gross outstanding indemnities, capitalised and accrued interest

TCRe income statement

(in thousands EUR)

	2012	2011
Turnover		
Written premiums	39,954	38,006
Premiums ceded to reinsurers	-34,835	-32,091
	5,119	5,915
Technical charges after cession		
Variation in the provision for profit share and rebates	-131	170
Variation in the provision for outstanding risks	-45	-558
Variation in the provision for claims	-1,949	1,508
Variation in the provision for claims management expenses	-47	37
Variation in amounts written off on outstanding claims		
Indemnified losses and litigation expenses	5,561	1,860
Recoveries on indemnified losses and litigation expenses	-37	-55
Other technical results		
	3,352	2,962
Technical result	1,768	2,953
Operating charges		
Remunerations, social charges and pensions	2,065	2,117
Operating costs	2,702	2,376
Total costs of management by third parties	3,236	3,892
Depreciation		
Write-offs on trade account receivables		
Other operating costs		
Total recovered operating costs		
Reinsurance commissions	-6,559	-6,787
	1,444	1,598
Operating result	324	1,355
Provision for equalisation and disasters	-652	-552
Operating result (after transfer to the provision for equalisation and disasters)	-328	803
Financial income		
Income from financial assets		
Income from cash investments		
Rescheduling interest		
Other financial income	159	
	159	
Financial charges		
Charges from investments		49
Variation in the amounts written off on investments		
Debt charges		
Variation in amounts written off on rescheduling interest receivable		
Irrecoverable share of rescheduling interest receivable		
Other financial charges		
Financial result	159	-49
Exceptional result	399	-464
Profit before tax of consolidated entities	231	290
Tax	-157	-155
Result of the financial year	74	135

TCRe balance sheet

(in thousands EUR)

	2012	2011
Assets		
Fixed assets		
Intangible fixed assets		
Preliminary expenses		
Concessions, licenses and know-how	135	205
	135	205
Tangible fixed assets		
Land and buildings		
Plant, machinery and equipment	19	40
Furniture and vehicles	63	87
	82	127
Financial fixed assets		
Shareholdings		
Shareholdings in companies accounted for by the equity method		
Other financial assets	307	
	307	
Total fixed assets	524	332
Current assets		
Accounts receivable from claims		
Accounts receivable from indemnities	-712	
Purchased accounts receivable		
	-712	
Accounts receivable within one year		
Trade debtors	3,217	5,884
Other accounts receivable	2,740	3,402
Deposits with reinsurers		32
Deferred taxes		
	5,957	9,318
Cash investments		
Shares in financial investment funds		
Bonds	4,914	4,890
Term deposits	18,403	19,403
	23,317	24,293
Cash at bank and in hand	5,969	5,163
Deferred charges and accrued income	1,874	2,631
Total current assets	36,404	32,087
Total assets	36,929	41,737

	2012	2011
Liabilities		
Equity		
Share Capital	20,093	20,093
Reserves		8
Transferred result	-1,890	-1,871
Total equity	18,203	18,230
Provisions for risks and charges		
Provision for taxes	225	
Provision for other risks and charges	322	623
Provision for profit share and rebates	1,429	1,551
Provision for outstanding risks	2,499	2,544
Provision for claims	4,043	6,899
Provision for claims management expenses	385	
Provision for equalisation and disasters	4,094	3,442
Total provisions for risks and charges	12,997	15,059
Debts		
Accounts payable within one year		
Financial debts		
Commercial debts	330	2,531
Deposits from reinsurers	2,077	1,712
Debts concerning taxes, remunerations and social security	759	
Other accounts payable	423	2,596
	3,589	6,839
Accrued charges and deferred income	2,140	1,609
Total debts	5,729	8,448
Total liabilities	36,929	41,737

notes to the financial



consolidated statements



notes

(the amounts in the tables are expressed in thousands EUR)

Note 1 - Scope of consolidation

The subsidiaries of ONDD which are consolidated by the full consolidation method are:

- > The Belgian insurance company **Ducroire | Delcredere SA.NV.**, which was established in September 2004 and is active in the credit insurance and suretyship branches.
- > **Immo Montoyer SA**, which owns an office building that is rented out.
- > Czech insurance company **KUPEG úvěrová pojišťovna a.s.** The full consolidation method was applied to this company from 2009, after ONDD increased its stake in this company from 33% to 66%.
- > The Austrian insurance company **Garant Versicherungs-AG**, active in the field of insurance of political and credit risks and of which ONDD has been the 83% owner since 2010. See also Note 3 - Key events after the closure date.
- > **Holding CIS**, a Belgian company, held at 67% and which itself has a 100% stake in the Russian insurance and reinsurance company Ingosstrakh ONDD Credit Insurance (INGO-ONDD).
- > **Trade Credit Re Insurance Company SA**, a Belgian company active in the excess of loss credit insurance market, has been consolidated according to the full consolidation method for the first time in 2012. See also Note 2 - Key events of the year.

UCITs (undertakings for collective investment in transferable securities) were excluded from the consolidation.

	Consolidation method applied on 31/12/2012	Participation percentage held on 31/12/2011	Participation percentage held on 31/12/2012
ONDD	Parent company	100%	100%
Rue Montoyerstraat 3 - 1000 Brussels			
BE 0203 286 759			
Ducroire Delcredere SA.NV.	Full consolidation	100%	100%
Rue Montoyerstraat 3 - 1000 Brussels			
BE 0867 435 663			
Immo Montoyer SA.	Full consolidation	100%	100%
Rue Montoyerstraat 3 - 1000 Brussels			
BE 0403 248 596			
KUPEG úvěrová pojišťovna a.s.	Full consolidation	66%	66%
Na Pankráci 1683/127, 140 00 Praha 4			
Czech Republic			
Reg. No.: 272 45 322			
Garant Versicherungs-AG	Full consolidation	83%	83%
Wohllebengasse 4, 1040 Wien			
Austria			
ATU15362104			
Holding CIS	Full consolidation	67%	67%
Rue Montoyerstraat 3 - 1000 Brussels			
BE 0811 480 125			
Trade Credit Re Insurance Company SA.	Full consolidation	26%	55%
Avenue Roger Vandendriesschelaan 18			
1150 Brussels			
BE 0864 602 471			

Note 2 – Key events of the year

- > On 8 March 2012 ONDD acquired a majority share in **Trade Credit Re Insurance Company NV** (TCRe). The Belgian public credit insurer did so by acquiring 52,194 shares (representing 26.41% of the capital) of the TCRe shares held by ABN Amro. By acquiring ABN Amro's shares, ONDD holds 52.82% of all TCRe shares.
- > After that, on 26 March 2012, ONDD acquired the 4,530 shares held by the TCRe management, which equals 2.29% of capital, which brings ONDD's current stake in TCRe's capital to 55.11%.

Note 3 – Key events after the closure date

- > The **European Commission** informed the Belgian State on 26 February 2011 of its decision to launch an investigation to assess whether state aid had been provided to DuCroire | Delcredere SA.NV. The Commission announced its decision in conclusion of this investigation on 20 March 2013 (no SA.23420). This decision mainly implies that the starting capital allocated to the company contains illegal state aid for an amount of EUR 36.6 million. In accordance with European regulations (EC no 794/2004), this amount, plus interest from 1 January 2005 onwards, was already transferred on 28 March 2013.

On 21 May 2013, the Belgian State informed the European Commission of the measures which have already been taken and those which are still planned in order to comply with the decision. For that purpose, the capital of DuCroire | Delcredere SA.NV. will be reduced by EUR 36.6 million. The share

capital will therefore be reduced from EUR 150 million to EUR 113.4 million. The number of DuCroire | Delcredere SA.NV. shares remains unchanged. The nominal value of the shares will therefore go down from EUR 1,000 to EUR 756 per share. The reduction in capital will take place in accordance with Articles 612 and 613 of Belgian Company Law.

Taking into account the current state of play and discussions with the European Commission, the Board of Directors holds the opinion that the European Commission decision does currently not jeopardize the continuity of the company DuCroire | Delcredere SA.NV.

- > On 7 May 2013, ONDD acquired 11,568 bearer shares in Garant-Versicherungs-AG from InWest-Policy, a subsidiary of Ingosstrakh Insurance Company Ltd. The selling price is EUR 3.9 million and corresponds with the book value including the provision for equalization, as stipulated in the shareholders' agreement.

Note 4 - Accounting principles and methods

The consolidated accounts are prepared in accordance with the Royal Decree of 30 January 2001 implementing the Companies Code.

Consolidation method used

Shareholdings are consolidated:

- > by full consolidation, where they are under exclusive control;
- > by proportional consolidation, where they are under joint control;
- > by the equity method, where they are under significant control.

Internal operations between consolidated companies

Significant intercompany operations are excluded both from the balance sheet and from the income statement.

Goodwill

Goodwill corresponds to the difference between the cost of purchase of the shares of the consolidated companies and the total value of the assets and liabilities identified at the date of purchase.

It is amortized over five years.

Accounting principles

1. **Intangible fixed assets** consist of software programs purchased from third parties. They are amortized over five years.

2. **Tangible fixed assets** consist of computer hardware, amortized over three years, and other tangible fixed assets, amortized over five years.

3. Financial fixed assets

Shareholdings and accounts receivable relating to associated companies and other shareholdings are booked at acquisition value.

Other financial assets are booked at nominal value, and other investments booked at acquisition value. Financial fixed assets are written down in the case of lasting impairment.

4. Accounts receivable from claims

consist, on the one hand, of amounts receivable from claims, resulting from the indemnification of claims paid out to insured parties under their policies, and, on the other hand, receivables resulting from the purchase from insured parties of the non-covered proportion of their claims.

> **Accounts receivable from indemnities** include:

>> outstanding claims:
these are amounts for which insurance clients have been indemnified following claims and

which may be recovered either from the debtors of the amounts insured or from the debtor's country (where the claim is indemnified on the basis of political risk);

>> accrued and capitalised interest: for claims indemnified on the basis of political risk, where debt-rescheduling agreements are concluded bilaterally between the insurer and the debtor countries, the interest accrued on the closing date (due or not due), along with capitalised interest (unpaid under a previous debt-rescheduling agreement and included in a new rescheduling agreement), is capitalised in accounts receivable from indemnities.

By contrast, interest on arrears and debt rescheduling interest in relation to amounts receivable from claims, accrued as at the closing date, are never capitalised as amounts receivable from claims if they do not relate to a bilateral rescheduling agreement between the insurer and the debtor country. Accounts receivable from indemnities are subject to write-offs under the prudence principle in accordance with accounting law. Write-off rates for claims in commercial risks are determined on a case-by-case basis, with a minimum rate of 5%; for claims in political and transfer risks, a write-off rate is set per country.

When a claim is considered irrecoverable, its full value is transferred to indemnified losses. At that point, the total write-off already calculated for the claim is written back.

Accounts receivable from indemnities in foreign currency and related write-offs are converted at the exchange rate applicable on the last day of the financial year.

In addition, no distinction has been made with accounts receivable from

indemnities between sums that are to be recovered in the short term and those to be recovered in the longer term.

> **The purchased accounts receivable** are booked at their nominal value (and not at their purchase value) and are subject to write-offs in the same way as the corresponding accounts receivable from indemnities. They are revalued at the exchange rate applicable on the balance sheet date.

5. **Current assets and debts** in foreign currencies are revalued at the exchange rate applicable on the balance sheet date.

6. **Accounts receivable within one year, cash a bank and in hand and deferred charges and accrued income** are entered on the balance sheet at their nominal value. These items are written down where the realisation value on the balance sheet date is less than their acquisition value.

7. **Cash investments** are written down where the market value is less than their book value.

8. **The provision for outstanding risks** contains two parts:

> provision for unearned premiums: this corresponds to the portion of premiums to be allocated to financial years after the balance sheet date in order to cover the charges of claims. This provision was calculated on a pro rata temporis basis for short-term contracts of up to one year. It also corresponds to the operating costs of insured risks not yet expired on the balance sheet date.

> a provision for risk deterioration: it is constituted where, for outstanding transactions insured, the risk assessment has worsened in comparison with the original assessment and, as a result, the

unearned premiums are lower than the estimated future charges (charges of claims and operating costs). This type of provision is constituted:

>> in the case of country risk assessment downgrade (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 deterioration of the debtor risk.

9. **The provision for claims** contains two elements:

> a provision for non-reported losses or IBNR provision (incurred but not reported):

this provision is aimed at taking into account on a statistical basis the definitive losses of claims incurred but not reported.

> a provision for reported losses: this provision is an estimate of the definitive losses in case of expected claims. The following provision rates apply:

>> to expected claims in political risk: the rates equal the write-off percentages on outstanding claims;

>> to expected claims in commercial risk: the rates are based on the loss probability and on the recovery prospects determined by the claim managers.

These rates apply to the present value of the expected claims in present value.

10. **The provision for claims management expenses** is an estimate of the external and internal costs that must necessarily be incurred for the payment and/or recovery under current claims files.

11. A provision for profit share and refunds is constituted for policies containing refunds, no claims bonuses or profit sharing, which are 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 percentage which is adjusted each year based on past experience.

12. A provision for equalisation and disasters is constituted in order to level the charges of claims over time for the companies which are included in the consolidation scope. This is done in accordance with the rules applicable to the annual accounts of these companies. Also see note 11.

13. Premiums are recorded at the time when the premium invoice is issued, except for transactions where the insurance policy includes a clause stating when the contract comes into effect. In this latter case, premiums are recorded when the contract becomes effective.

14. Indemnified losses and litigation expenses
This item includes indemnified amounts that are deemed lost and the costs incurred directly by ONDD in order to recover amounts resulting from claims.

15. Rescheduling interest
This item includes, first, rescheduling interest accrued under the bilateral rescheduling agreements and which has been activated during the year and, second, other late or rescheduling interest received during the year.

16. Other financial income; other financial charges
These items mainly include the exchange gains or losses realized on current assets, debts and forward exchange rate transactions along with exchange rate profits and losses

resulting from the foreign currency cover and from the recoveries of foreign currency accounts receivable from indemnities.

They also include conversion differences resulting from revaluation at the rate on the balance sheet date of current assets, of debts and accounts receivable from indemnities expressed in foreign currencies.

17. Cost on rescheduling agreements
This item includes booked rectifications in interest resulting from rescheduling agreements accounted for in previous years.

18. Irrecoverable share of interest on accounts receivable from indemnities
Interest receivables deemed irrecoverable from indemnities is transferred at nominal value to indemnified losses.

19. Off-balance sheet rights and commitments (memorandum account)
Commitments for current policies are equal to the insurer's outstanding risks on the balance sheet date. These commitments are converted at the exchange rate in effect on the balance sheet date where the insurer provides foreign currency cover of the amounts insured. These commitments are recorded at the historical rate for transactions insured without foreign currency cover.

Potential commitments include policies being issued, which cover transactions for which the contract between the insured and its customer has been concluded, on the one hand, and which cover offers and advice notes for contracts being negotiated on the other.

Note 5 – Preliminary expenses

Preliminary expenses	2012
Acquisition value	
At the end of the previous financial year	852
Entry into the scope of consolidation	
Variations during the financial year	
Acquisitions	
Transfers and disposals	-8
At the end of the financial year	844
Depreciation and amounts written off	
At the end of the previous financial year	-849
Write-backs	
Variations during the financial year	
Booked	-2
Transfers and disposals	8
At the end of the financial year	-842
Net book value at the end of the financial year	2

Note 6 – Intangible fixed assets

Concessions, licenses and know-how	2012
Acquisition value	
At the end of the previous financial year	11,339
Entry into the scope of consolidation	
Variations during the financial year	
Acquisitions, including own construction	1,878
Transfers and disposals	1,420
At the end of the financial year	14,637
Depreciation and amounts written off	
At the end of the previous financial year	-4,431
Entry into the scope of consolidation	
Variations during the financial year	
Booked	-2,263
At the end of the financial year	-6,694
Net book value at the end of the financial year	7,943

Note 7 – Tangible fixed assets

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles
Acquisition value			
At the end of the previous financial year	27,403	5,208	3,475
Entry into the scope of consolidation			
Variations during the financial year			
Acquisitions, including own construction		446	224
Transfers and disposals	-240	150	64
At the end of the financial year	27,163	5,804	3,763
Depreciation and amounts written off			
At the end of the previous financial year	-4,009	-4,141	-2,646
Entry into the scope of consolidation			
Variations during the financial year			
Booked	-486	-824	-275
At the end of the financial year	-4,495	-4,965	-2,922
Net book value at the end of the financial year	22,668	839	842

Note 8 – Financial fixed assets

	Shareholdings	Shareholdings in companies accounted for by the equity method	Other financial assets
Acquisition value			
At the end of the previous financial year		4,854	12,000
Variations during the financial year			
Acquisitions			
Exit of the scope of consolidation		-4,821	-11,693
Reimbursements			
Amounts written off			
At the end of the financial year		33	307

Note 9 – Accounts receivable from claims

	Gross transactions	Ceded to reinsurers	Net transactions
Accounts receivable from indemnities	307,911	-40,519	267,392
Outstanding indemnities	279,890	-37,116	242,774
Capitalised interest	23,714	-2,999	20,715
Accrued interest	4,307	-404	3,903
Purchased accounts receivable	208		208

Variation of outstanding indemnities on 31/12/2012	Gross transactions	Ceded to reinsurers	Net transactions
Paid nominal value			
At the end of the previous financial year	1,047,439	-115,404	932,035
Variations during the financial year			
Indemnified losses and litigation expenses	238,482	-19,542	218,940
Indemnified claims	121,023	-10,647	110,376
Recoveries on indemnified losses and litigation expenses	-24,795	11,612	-13,183
Recoveries on indemnified claims	-101,719	7,614	-94,105
Transfers and adjustments	-212,620	2,343	-210,277
Conversion rate adjustments	-14,918	21,106	6,188
At the end of the financial year	1,052,893	-102,918	949,975
Amounts written off			
At the end of the previous financial year	-712,324	56,015	-656,309
Variations during the financial year			
Increases	-60,732		-60,732
Write-backs	54	10,171	10,225
Conversion rate adjustments		-384	-384
At the end of the financial year	-773,003	65,802	-707,201
Net book value at the end of the financial year	279,890	-37,116	242,774

Variation of the capitalised and accrued interest on accounts receivable from indemnities on 31/12/2012	Capitalised interest			Accrued interest		
	Gross transactions	Ceded to reinsurers	Net transactions	Gross transactions	Ceded to reinsurers	Net transactions
Nominal value						
At the end of the previous financial year	198,746	-3,908	194,838	61,053	-262	60,791
Variations during the financial year						
Indemnities booked				13,977	-2,282	11,695
Indemnities recovered	-5,808	406	-5,402	-9,989	2,040	-7,949
Transfers and adjustments	-124,672		-124,672	-7,798		-7,798
Conversion rate adjustments		-244	-244			
At the end of the financial year	68,266	-3,746	64,520	57,242	-504	56,738
Amounts written off						
At the end of the previous financial year	-176,888	1,402	-175,486	-57,092	94	-56,998
Variations during the financial year						
Increases						
Write-backs	132,336		132,336	4,157		4,157
Conversion rate adjustments		-655	-655		7	7
At the end of the financial year	-44,552	747	-43,805	-52,935	100	-52,835
Net book value at the end of the financial year	23,714	-2,999	20,715	4,307	-404	3,903

Variation of the purchased accounts receivable on 31/12/2012

Nominal value

At the end of the previous financial year	12,769
Variations during the financial year	
Indemnities booked	11
Indemnities sold	-1,336
Transfers and adjustments	
At the end of the financial year	11,444

Amounts written off

At the end of the previous financial year	-12,584
Variations during the financial year	
Increases	
Write-backs	1,348
At the end of the financial year	-11,236
Net book value at the end of the financial year	208

Note 10 - Cash investments

	2012		2011	
	Book value	Market value	Book value	Market value
Equity funds	202,920	219,856	187,579	188,726
Variable-income investments with guaranteed capital on maturity	33,418	39,725	53,994	63,496
Funds managed according to a "target volatility" approach	724,784	765,886	728,692	772,216
Sovereign bonds ⁽¹⁾	549,161	571,040	515,517	523,951
Corporate bonds ⁽¹⁾	183,421	207,317	173,750	186,206
Real estate	20,451	25,354	20,162	21,549
Monetary investments	287,339	289,478	331,027	333,727
Term deposits	214,567	214,567	103,508	103,508
Cash at bank and in hand	42,298	42,298	47,817	47,817
Total	2,258,358	2,375,521	2,162,045	2,241,196
Cash investments	2,216,060			
Cash at bank and in hand	42,298			
Total financial investments	2,258,358			

(1) a part of which is on the balance sheet under Shares in financial investment funds

Note 11 - Provisions for risks and charges

	2012			2011	Change in the scope of consolidation and currency translation	Variation 2012
	Gross transactions	Ceded to reinsurers	Net transactions	Net transactions		Net transactions
Provision for profit share and rebates						
ONDD - Credit insurance	5,596	-2,455	3,141	1,498	1,560	82
	5,596	-2,455	3,141	1,498	1,560	82
Provision for unearned premiums						
ONDD - Credit insurance	151,385	-11	151,373	132,371	-2,423	21,425
ONDD - Investment insurance	2,808		2,808	2,603		205
ONDD - Financial guarantees	3,872		3,872	3,020		852
Single risk	23,476	-6,614	16,862	18,689		-1,827
Irrevocable letter of credit	2,904	-725	2,178	3,423		-1,245
Inward reinsurance	3,127	-545	2,582	136	2,224	222
Turnover policies	10,589	-4,747	5,843	5,211	-158	790
Surety	839	-470	369	664		-295
Fronting						
Excess of loss	8,304	-6,570	1,734		1,734	0
Captive premium management	2,056	-1,201	856		856	0
Others	8	-3	5	21		-16
	209,367	-20,885	188,482	166,139	2,233	20,111
Provision for risk deterioration						
ONDD - Credit insurance	14,036	-12	14,024	12,311	-41	1,754
ONDD - Financial guarantees	3,346		3,346	1,695		1,651
Single risk	20,743	-6,572	14,171	682	-153	13,642
Turnover policies	711	-379	332	3,405		-3,073
	38,837	-6,963	31,874	18,094	-194	13,975
Provision for outstanding risks						
ONDD - Credit insurance	165,421	-23	165,398	144,682	-2,464	23,179
ONDD - Investment insurance	2,808		2,808	2,603		205
ONDD - Financial guarantees	7,218		7,218	4,715		2,503
Single risk	44,220	-13,186	31,034	19,371	-153	11,816
Irrevocable letter of credit	2,904	-725	2,178	3,423		-1,245
Inward reinsurance	3,127	-545	2,582	136	2,224	222
Turnover policies	11,300	-5,125	6,175	8,616	-158	-2,284
Surety	839	-470	369	664		-295
Excess of loss	8,304	-6,570	1,734		1,734	0
Captive premium management	2,056	-1,201	856		856	0
Others	8	-3	5	21		-16
	248,204	-27,848	220,356	184,232	2,039	34,085
IBNR provision						
ONDD - Credit insurance	62,993	-1	62,992	3,650		59,342
ONDD - Investment insurance						
ONDD - Financial guarantees						
Single risk	28	-8	20	67,524		-67,504
Irrevocable letter of credit						
Inward reinsurance	25,878	-184	25,695	21,293		4,402
Turnover policies	34,515	-28,663	5,852	5,392		461
Surety				2,229		-2,229
Fronting						
Excess of loss	4,605	-3,459	1,146		1,146	0
Captive premium management						
Others					116	-116
	128,020	-32,315	95,705	100,087	1,262	-5,645

	2012			2011	Change in the scope of consolidation and currency translation	Variation 2012
	Gross transactions	Ceded to reinsurers	Net transactions	Net transactions		Net transactions
Provision for reported claims						
ONDD - Credit insurance	317,327	-10,699	306,628	516,654	3,823	-213,849
ONDD - Investment insurance	555		555	5,949	-20	-5,375
ONDD - Financial guarantees	26,435		26,435	23,077	3	3,355
Single risk	111,925	-32,125	79,800	43,432	3,674	32,694
Irrevocable letter of credit	12,807	-2,481	10,326	10,393		-67
Inward reinsurance	24,077	-5,863	18,214	13,525		4,689
Turnover policies	34,520	-16,845	17,675	19,065		-1,390
Surety	1,146	-104	1,041	720		322
Fronting						
Excess of loss	14,655	-10,989	3,666		3,666	0
Captive premium management	26,196	-25,298	898		898	0
Others	17,547	-11,551	5,996	10,897		-4,901
	587,189	-115,955	471,234	643,712	12,044	-184,522
Provision for claims						
ONDD - Credit insurance	380,320	-10,700	369,620	520,304	3,823	-154,507
ONDD - Investment insurance	555		555	5,949	-20	-5,375
ONDD - Financial guarantees	26,435		26,435	23,077	3	3,355
Single risk	111,953	-32,133	79,820	110,957	3,674	-34,810
Irrevocable letter of credit	12,807	-2,481	10,326	10,393		-67
Inward reinsurance	49,955	-6,047	43,909	34,818		9,091
Turnover policies	69,035	-45,508	23,527	24,457		-929
Surety	1,146	-104	1,041	2,948		-1,907
Fronting						
Excess of loss	19,260	-14,448	4,812		4,812	0
Captive premium management	26,196	-25,298	898		898	0
Others	17,547	-11,551	5,996	10,897	116	-5,017
Provision for claims - expected recoveries	-11,492	7,062	-4,430	-4,529		99
Provision for claims	703,717	-141,208	562,509	739,271	13,306	-190,068
Provision for claims management expenses	22,723	-141	22,582	19,354	417	2,810
Provision for equalisation and disasters						
ONDD - Credit insurance						
ONDD - Investment insurance						
ONDD - Financial guarantees						
Single risk						
Irrevocable letter of credit						
Inward reinsurance	5,371		5,371	4,678		693
Turnover policies	11,568		11,568	6,209	-634	5,993
Surety	736		736	545		191
Fronting						
Excess of loss	3,914		3,914		3,914	0
Captive premium management	181		181		181	0
Others	1,824		1,824	3,096		-1,272
	23,594		23,594	14,528	3,461	5,605

The provision for equalisation and disasters is constituted in order to level the claims charges over time.

- > ONDD makes no provision for equalisation and disasters.
- > For Ducroire | Delcredere SA.NV., the provision is constituted in accordance with method No 1 under Regulation No 8 issued by the Banking, Finance and Insurance Commission (CBFA has become the Financial Services and Markets Authority as part of the further specialization of supervisory competences between the National Bank of Belgium and the FSMA according to the "Twin Peaks" model): as long as it does not reach 150% of the highest annual amount of premiums net of ceded reinsurance over the previous five years, the provision for equalisation is replenished each year with 75% of any positive technical result achieved in the credit insurance segment, provided this transfer does not exceed 12% of premiums net of ceded reinsurance. This provision serves to offset any technical loss at the end of the year.
- > For Garant, the provision has been established in conformity with the rules of the Austrian prudential authorities (Verordnung des Bundesministers für Finanzen über die Bildung einer Schwankungsrückstellung in der Schaden- und Unfallversicherung vom 22. Oktober 1991 in der Fassung des Bundesgesetzes BGBl Nr 753/1996 durch Anordnung der Finanzmarktaufsicht unter GZ 9 132 600/1-ii4/05).
- > For INGO-ONDD the provision has been established in accordance with section 7 of the "Rules for Establishing Insurance Reserves for Non-Life Insurance" under Russian legislation. The calculation method used and the amount of the provision are stipulated in Regulation No 51-N Russian Federation Ministry of Finance.
- > For KUPEG the provision has been established in accordance with Section 17 of the "Insurance Act" under Czech legislation. The calculation method used and the maximum amount of the provision are stipulated in Regulation No 303/2004.
- > For TCRe, the provision for equalisation is constituted in accordance with the same method No 1 under Regulation No 8 issued by the Banking, Finance and Insurance Commission as described above, unless local regulations prescribe otherwise for the branch offices.
- > For TCRe², the provision for equalisation and catastrophes is constituted in accordance with the "Règlement Grand-Ducal du 05.12.2007" (more in particular articles 11, 12, 13, 14, 15 and 16).

Note 12 - Written premiums

	2012			2011		
	Gross transactions	Ceded to reinsurers	Net transactions	Gross transactions	Ceded to reinsurers	Net transactions
Premiums	386,346		386,346	315,078		315,078
Other technical income		1,754	1,754		1,479	1,479
Premiums ceded to reinsurers		-131,451	-131,451		-78,306	-78,306
Other technical charges	-5,872		-5,872	-3,090		-3,090
Written premiums	380,474	-129,697	250,777	311,988	-76,827	235,161
ONDD - Credit insurance	96,766	-809	95,958	82,356	-1,698	80,657
ONDD - Investment insurance	3,192		3,192	6,079	-208	5,871
ONDD - Financial guarantees	8,802		8,802	7,845	0	7,845
Single risk	66,298	-28,531	37,766	67,569	-29,983	37,586
Irrevocable letter of credit	14,148	-152	13,996	13,077	-302	12,776
Inward reinsurance	57,840	-15,170	42,670	38,415	-9,549	28,866
Turnover policies	116,140	-47,765	68,375	90,895	-36,775	54,120
Surety	3,463	-1,854	1,609	2,176	-1,412	764
Fronting	2,117	-2,612	-495	3,377	-3,402	-26
Excess of loss	20,802	-17,132	3,670		-40	-40
Captive premium management	18,079	-17,744	335			
Others	0	-6,320	-6,320			
Intercompany	-27,174	8,393	-18,782	200	6,542	6,742
Written premiums	380,474	-129,697	250,777	311,988	-76,827	235,161

Breakdown of premiums according to the country where the risk is located (gross transactions)						
	2012	2011		2012	2011	
Belgium	49,341	32,537	India	4,305	5,456	
Russia	24,717	27,276	China	3,987	5,593	
Nigeria	19,490	1,925	Bermuda's	3,232	1,568	
Switzerland	17,880	11,617	Ghana	3,047	5,680	
Luxembourg	17,748	3,073	South Korea	2,674	4,391	
France	15,272	10,413	Saudi Arabia	2,241	3,144	
Czech Republic	14,040	15,194	Venezuela	1,968	1,528	
The Netherlands	10,802	10,776	Qatar	1,838	1,798	
Brazil	10,642	10,902	Kazakhstan	1,746	1,484	
United States	10,290	8,099	Norway	1,701	1,652	
Italy	10,242	994	Greece	1,691	1,287	
Turkey	9,990	9,457	Indonesia	1,215	1,549	
United Kingdom	7,401	7,011	Singapore	1,072	777	
Spain	7,251	2,415	Ukraine	1,033	1,169	
Germany	6,966	2,052	Other countries	110,887	119,312	
Australia	5,766	1,860				
Written premiums				380,474	311,988	

Note 13 - Operating charges

	2012	2011
Commissions for inward reinsurance	-16,385	-17,652
Investigation charges	-5,963	-5,550
Brokers' fees	-16,526	-10,518
Total costs of management by third parties	-38,873	-33,720
Invoiced investigation	8,771	7,387
Other	735	934
Total recovered operating costs	9,507	8,321

Note 14 - Operating result, gross and net of cession to reinsurers

+ income / - charge	Note	2012			2011		
		Gross transactions	Ceded to reinsurers	Net transactions	Gross transactions	Ceded to reinsurers	Net transactions
Turnover							
Premiums	12	380,474	-129,697	250,777	311,988	-76,827	235,161
		380,474	-129,697	250,777	311,988	-76,827	235,161
Technical charges after cession							
Variation in the provision for profit share and rebates	11	31	51	82	291	-17	274
Variation in the provision for outstanding risks	11	37,403	-3,318	34,085	-46,183	4,140	-42,043
Variation in the provision for claims	11	-137,975	-52,093	-190,068	235,375	-4,668	230,707
Variation in the provision for claims management expenses	11	2,879	-69	2,810	-518	46	-472
Variation in amounts written off on outstanding claims		60,934	-10,120	50,814	51,734	-15,087	36,647
Indemnified losses and litigation expenses		238,482	-19,542	218,940	176,515	-11,666	164,849
Recoveries on indemnified losses and litigation expenses		-24,795	11,612	-13,183	-1,464	-590	-2,054
Other technical results		1,405	0	1,405	2,770		2,770
		178,364	-73,479	104,885	418,520	-27,842	390,678
Technical result		202,110	-56,218	145,893	-106,532	-48,985	-155,517
Operating charges							
Remunerations, social charges and pensions		35,567		35,567	30,984		30,984
Operating costs		18,125		18,125	13,205		13,205
Total costs of management by third parties	13	38,873		38,873	33,720		33,720
Depreciation		2,466		2,466	2,032		2,032
Write-offs on trade account receivables		433		433	173		173
Other operating costs		98		98	323		323
Total recovered operating costs	13	-9,507		-9,507	-8,321		-8,321
Reinsurance commissions			-36,324	-36,324		-19,402	-19,402
		86,055	-36,324	49,731	72,116	-19,402	52,714
Operating result		116,055	-19,894	96,162	-178,648	-29,583	-208,231

The ONDD Group transfers risks in reinsurance to limit the concentration of its risks and/or to protect its own resources:

- > In 2012, a 40% proportion of Ducroire | Delcredere SA.NV's short-term risks covered by credit insurance under a comprehensive exporter policy was transferred to a pool of private reinsurers outside the Group. In the second line, retention is protected by excess of loss treaties per risk and per country, with a capacity of EUR 50 million per risk and EUR 70 million per country.
- > 31% of ONDD's market activity was transferred in reinsurance outside the Group under a proportional treaty. In the second line, retention is protected by excess of loss treaties per risk and per country, with a capacity of EUR 40 million per risk and EUR 70 million per country.

- > In principle, the "Office du Ducroire du Grand-Duché de Luxembourg" reinsures 50% of Belgian exports covered by ONDD or Ducroire | Delcredere SA.NV. where such exports include products from Luxembourg.
- > Cession treaties also exist with public or private credit insurers for occasional operations.
- > The TCR group is reinsured for 75% through a quota share agreement. An excess-of-loss agreement was closed for the risks exceeding the quota share agreement. Certain policies are reinsured through their captives on an individual basis.
- > Garant, KUPEG and INGO-ONDD also make use of reinsurance in quota share and in excess of loss per risk and per country cessions.

Note 15 - Result from financial assets and investments

+ income / - charge	2012	2011
Income from financial assets		
Income from cash investments	104,618	76,714
Charges from investments	-22,633	-17,532
Variation in the amounts written off on investments	21,163	-20,864
Result from financial assets and investments	103,148	38,318

Note 16 - Indemnified losses, indemnified claims and recoveries

	2012			2011		
	Gross transactions	Ceded to reinsurers	Net transactions	Gross transactions	Ceded to reinsurers	Net transactions
Indemnified losses and litigation expenses	238,482	-19,542	218,940	206,335	-41,486	164,849
Indemnified claims	121,023	-10,647	110,376	122,871	-40,701	82,170
Recoveries on indemnified losses and litigation expenses	-24,795	11,612	-13,183	-2,403	349	-2,054
Recoveries on indemnified claims	-101,719	7,614	-94,105	-111,469	60,924	-50,545
Recovered rescheduling interest	15,797	-2,446	13,351	12,200		12,200
Cash flow resulting from indemnities	248,788	-13,409	235,379	227,534	-20,914	206,620

Note 17 – Breakdown of commitments according to the country where the risk is located⁽¹⁾

	2012	2011		2012	2011
Belgium	1,583,113	1,467,831	South Korea	494,426	641,198
Russia	1,335,648	1,406,986	United Kingdom	438,301	439,924
Turkey	1,206,303	1,291,432	Poland	366,433	493,788
Brazil	1,042,877	992,685	Panama	358,908	331,257
United States	878,219	862,155	Algeria	349,094	389,929
India	831,080	1,100,194	Switzerland	324,554	376,783
China	793,820	1,055,533	Singapore	261,776	277,975
France	785,805	795,431	Dominican Republic	249,919	279,634
Italy	758,103	621,670	Indonesia	239,021	257,830
Germany	754,294	727,166	Egypt	229,677	330,013
Saudi Arabia	626,161	794,936	Qatar	226,676	409,521
Ghana	577,869	443,397	Czech Republic	224,425	418,248
Nigeria	530,430	444,429	Iran	210,868	278,564
The Netherlands	526,504	466,997	Japan	204,349	313,863
Spain	499,685	691,960	Denmark	143,340	264,947
			Other countries	7,937,267	8,184,101
Policies issued				24,988,944	26,850,377

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