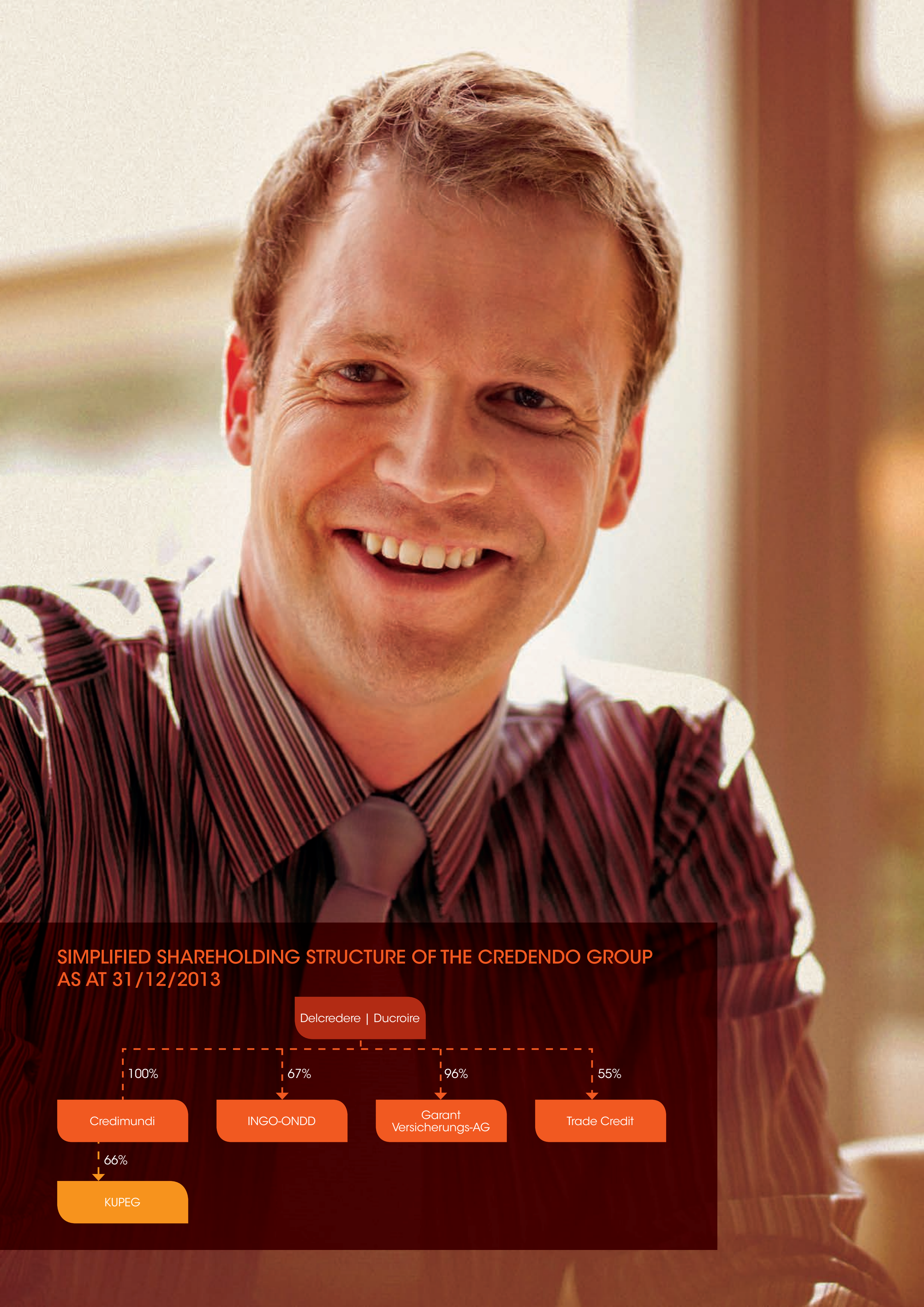
TURNING UNCERTAINTIES INTO OPPORTUNITIES

ANNUAL REPORT 2013

CREDENDO GROUP



SIMPLIFIED SHAREHOLDING STRUCTURE OF THE CREDENDO GROUP
AS AT 31/12/2013
Delcredere | Ducroire
100%
67%
96%
55%
Credimundi
INGO-ONDD
Garant Versicherungs-AG
Trade Credit
66%
KUPEG

CONTENTS

from left to right: Dirk Terweduwe, Group Chief Executive Officer, Vincent Reuter, Group Chairman

WELCOME TO THE FIRST ANNUAL REPORT OF CREDENDO GROUP

2013 represents an important milestone in the development of Credendo Group. In November 2013, ONDD Group became Credendo Group and we deployed our new identity through our various subsidiaries. Credendo Group is present in 13 European countries.

EUR 82 billion

value of transactions insured

Our companies have different specialist skills, but we share a commitment to support our clients as they trade across the world.

Each part of the group makes a distinct contribution to Credendo Group. Together, we offer a comprehensive range of products to meet the ever-changing needs of business today, and we underwrite exposures worldwide.

After a year of continued growth and profitability in 2013, Credendo Group is now clearly established as Europe's fourth-largest credit insurer.

Our large capacity to underwrite sales in emerging and developing economies is founded on deep market knowledge and our rigorous approach to risk management.

We offer a full range of products to support exporters trading worldwide, through whole turnover insurance, excess-of-loss protection and tailor-made single-risk cover. The group also encompasses Belgium's official export credit agency, playing a key role in major project transactions.

Credendo Group performed strongly in 2013. Our insurance premium revenue rose to EUR 366 million, and we achieved a total comprehensive income of EUR 163 million.

Despite the challenging condition of many key markets, our group released an enjoyable net combined ratio of 61.6%.

There were signs of recovery in the European economy last year. And many other regions performed more strongly, despite a slowing growth in Brazil and India, for example.

We therefore believe that it is essential to support our clients as they seek to expand their sales on other continents, despite the risks this sometimes presents.

Credendo Group's ability to underwrite such a wide range of international risks is reflected in the EUR 82 billion value of transactions insured during the financial year 2013. The group saw an increase by 16%, while most of our businesses saw growth in their own individual insurance flows.

The international economic context remained challenging. But Credendo Group continued to demonstrate its risk appetite and commitment to supporting clients.

Delcredere | Ducroire, the Belgian export credit agency can now provide export funding guarantees, while KUPEG introduced a new main policy, available in the languages of the key Central European countries where it is active. Trade Credit has introduced a product tailored to the needs of medium-sized companies.

The corporate governance of Credendo Group has again been reinforced and the parent company, Delcredere | Ducroire, received a new Board of Directors composed of 12 members.

Dirk Terweduwe
Group Chief Executive Officer

Vincent Reuter
Group Chairman

61.6%

net combined ratio

A NEW BRAND FOR A HOUSE OF SPECIALISMS: CREDENDO GROUP

Uncertainties are transformed into opportunities through effective credit insurance.

This common principle unites all business units in Credendo Group.

Each has its specialist strengths, but all are committed to providing European exporters with the risk protection and service support they need to grow their trade activities around the world.

13 countries

we have developed into a group present in 13 European countries.

Our parent company Delcredere | Ducroire was founded as a Belgian autonomous body in 1939, with roots back to 1921. But over the past decade we have developed into a group present in 13 European countries.

Today's international environment poses varied challenges and every business has distinctive needs. But through the diverse skills and strengths within Credendo Group we offer a comprehensive range of credit insurance products and the ability to tailor smart solutions to individual problems.

We are united by our focus on our clients, our deep understanding of international markets and our risk appetite. This shared commitment to specialist expertise, case-by-case analysis and bespoke customer service is reflected in our new common identity of Credendo Group.

EUR 30 billion

cover capacity as export credit agency

Through their varied skills and products, our companies help to transform uncertainties and international risks into trading opportunities.

Medium- and long-term trade credit insurance cover is the metier of Delcredere | Ducroire, the official Belgian export credit agency. With its cover capacity of EUR 27 billion, increased to EUR 30 billion in June 2014, and its AA rating from Standard & Poor's, it underwrites major projects worldwide and capital goods sales, to a wide range of markets, largely outside OECD.

Besides trade credit and foreign direct investment insurance, Delcredere | Ducroire also offers direct financing for limited amounts and financial guarantees.

Short-term trade credit insurance, underwritten on a commercial market basis, is provided by Credimundi, KUPEG and INGO-ONDD. Their on-the-spot presence in key exporting markets ensures that we are close to our clients and able to tailor our solutions to their local needs.

> **Credimundi**, headquartered in Brussels, has branches in the United Kingdom, Germany, France and Italy and underwrites trade activities worldwide. Formerly known as Ducroire | Delcredere SA.NV, this business is noted for its expertise in emerging and developing market risk.
>
> Credimundi has a strong capacity for political as well as commercial exposures. It also issues surety contracts for bonds and guarantees.

> **KUPEG** is based in Prague, with a presence in Slovakia. Its expert focus is on the increasingly important Central and East European economies.

> **INGO-ONDD,** in Moscow, is our specialist underwriter in the Russian and CIS markets, a fast-evolving region where credit insurance plays a growing role.

Bespoke single-risk cover is required for some individual transactions; our specialist underwriter **Garant**, located in Vienna and Geneva, structures insurance to meet the specific circumstances of an individual deal. Its experience in this specialist field is reflected in the independent A- ratings from Fitch and AM Best.

Certain exporters develop strong risk management structures of their own. However, they still require **excess-of-loss insurance** or **top-up cover** to ensure an adequately high level of protection against unexpected risks. This is provided by **Trade Credit** (formerly known as TCRe). Trade Credit has its head office in Brussels and subsidiaries in seven countries: France, Germany, Italy, Luxemburg, the Netherlands, Spain and the United Kingdom.

All businesses across Credendo Group are committed to customer focus and risk appetite.

We tailor our solutions to the needs of each client and the challenges they face.

Our proactive and creative capacity to support exporters is built on solid foundations.

Our proactive and creative capacity to support exporters is built on **solid foundations**.

GROUP POSITIONING

CREDENDO GROUP: A UNIQUE PHILOSOPHY

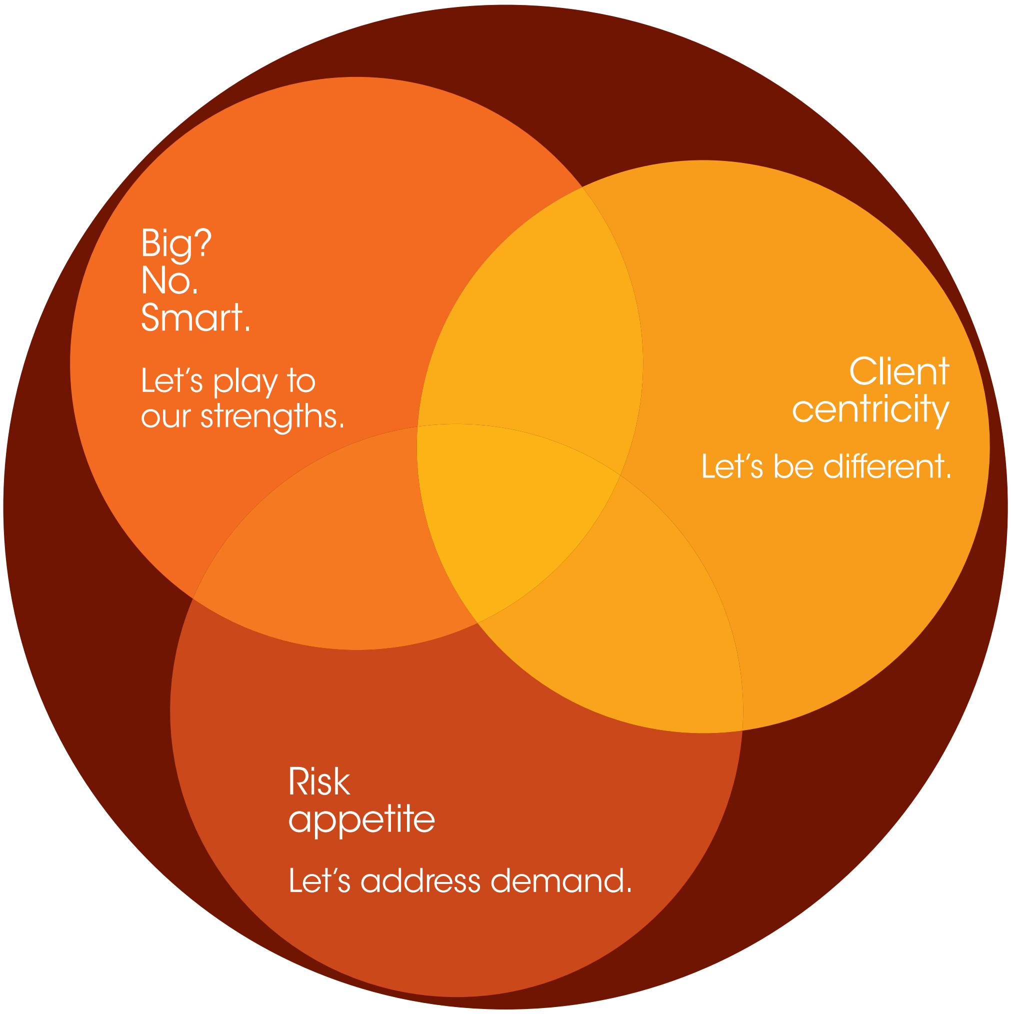
Intelligence and understanding are fundamental values for Credendo Group.

We are not the largest credit insurer, but we are the closest to our clients and to the markets in which they trade.

Customer service and risk appetite are our priorities.

European exporters, our clients, operate in a very challenging economic environment today, while our ability to support them through both good and bad times is founded on our understanding of their business and our deep knowledge of markets and trading sectors worldwide.

Therefore, to Credendo Group, expertise, intelligence and service commitment are key.



These values support each other. We can provide sustained support for our clients because we are smart: we understand their needs and the risks they encounter.

Our Account Managers maintain direct contact with every client; our Underwriters are available to discuss risks and transactions.

We have no ambition to become the biggest credit insurer. However, we are determined to provide the best possible service through our engagement to clients and our knowledge of countries, industries and buyers on all continents.

We can provide the protection and the service that exporters require, because we focus on their needs and we have an appetite for international risk.

We have a long experience of dealing with emerging and developing economies and we are comfortable with such markets. We take a sensible and measured approach to managing risk and we work closely with our reinsurers to maintain a strong capacity for these exposures.

To Credendo Group, expertise, intelligence and service commitment are **key**.

We are close to our clients and we understand the economic sectors and the markets around the world in which they do business.

This enables us to offer fresh ideas, devise flexible solutions and maintain cover through difficult times.

Because we are smart, we can protect European exporters against the risks that are an unavoidable feature of international trade.

This is Credendo Group's mission.

KEY FIGURES OF THE GROUP

Activities and results

in million EUR	2013	2012
Value of transactions insured during the financial year(1)(2)	82,370.0	71,075.1
Total potential exposure(2)	63,291.2	56,012.9
Insurance premium revenue(1)	365.6	360.1
Insurance claims and loss adjustment expenses(1)	183.5	186.0
Total comprehensive income	163.2	229.7
Total equity	2,036.7	1,878.3
Outstanding loans	0.0	0.0
Staff	442	423
Ratios (in %)		
Net loss ratio(3)	41.17%	34.26%
Net cost ratio(4)	20.45%	25.75%

(1) before cession to reinsurers
(2) including excess-of-loss transactions
(3) net insurance claims and loss adjustment expenses / net insurance premium revenue
(4) (operating expenses minus other operating income) / net insurance premium revenue

EUR 365.6 million

insurance premium revenue

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. IFRS First-time Adoption

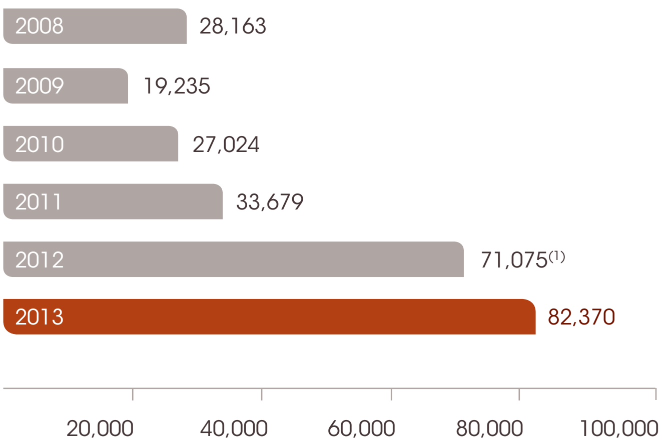
In order to align with the provisions of the European regulation n° 1606/2002 of 19/07/2002 and the Royal Decree of 27/09/2009, and in conformity with the decision of the Board of Directors of 17/12/2013 to apply IFRS standards to the consolidated accounts of Delcredere | Ducroire, we report on our consolidated activities over the financial year and present the consolidated financial statements closed as at 31/12/2013.

These financial statements contain the consolidated results of Delcredere | Ducroire, the Belgian official Export Credit Agency, and of its subsidiaries: Credimundi, KUPEG, Garant Versicherungs-AG, INGO-ONDD (held through Holding CIS), Trade Credit and Immo Montoyer (together Credendo Group).

To comply with IFRS 1 First-time Adoption of International Financial Reporting Standards **we have prepared both the 2013 and 2012 financial statements and the opening balance sheet as at 01/01/2012**. Consequently we are presenting three balance sheets (statements of financial position), two income statements, two statements of (other) comprehensive income, two statements of cash flows, two statements of changes in equity and related notes, including comparative information.

These full comparative financial statements are presented by applying the IFRS standards effective at 31/12/2013. The main IFRS-IAS standards (set out by the IFRS Foundation and its standard-setting body International Accounting Standards Board (IASB)) impacting our consolidated financial statements are summarised hereafter.

VALUE OF TRANSACTIONS INSURED (IN MILLION EUR)



(1) including excess-of-loss transactions since Delcredere | Ducroire increased its stake in Trade Credit from 26% to 55%

Note 36 First-time adoption of IFRS in the consolidated financial statements provides a complete **overview of the transition effects to IFRS**, including transition elections, reconciliation of equity and comprehensive income as previously reported under Belgian GAAP to IFRS and the adjustments to the statement of cash flows.

Based on Credendo Group previously regarding **financial guarantees** as insurance contracts and treating them accordingly accounting-wise, IFRS 4 Insurance Contracts also allows us to account for financial guarantees as insurance contracts rather than financial instruments.

Furthermore IFRS 4 permits the **continued use of previous local statutory accounting principles for the recognition and measurement of insurance and reinsurance contracts**. Credendo Group has thus continued to apply Insurance Regulations of Belgium for Delcredere | Ducroire and its subsidiaries, which are substantially similar, save for the following points, which are covered by specific provisions of IFRS 4:

> Removal of provisions for equalisation (IAS 37 Provisions, Contingent Liabilities and Contingent Assets) where applicable;

> Identification and separation of embedded derivatives.

Where applicable Credendo Group entities perform an IFRS Liability Adequacy Test (LAT) on a regular basis as required by IFRS 4.15-19 and any deficiency is immediately charged to the income statement.

Under IFRS, Credendo Group recognises **actuarial gains and losses arising from the remeasurement of employee future benefit obligations** in other comprehensive income as they arise. The cumulative remeasurement gains and losses of all pension liabilities, following the retrospective application of IAS 19 Revised - Employee Benefits, have not been recognised in retained earnings at the date of transition to IFRS. Only actuarial gains and losses as from 01/01/2012 onwards are recorded in other comprehensive income.

Generally Credendo Group is showing **other comprehensive income** in the Consolidated Statement of Comprehensive Income split between other comprehensive income that will not be reclassified subsequently to profit or loss and that which will be reclassified when specific conditions are met in line with the amendments to IAS 1 Presentation of Financial Statements.

Finally Credendo Group classifies its **financial investments** into the following categories: fair value through profit & loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial investments were acquired. Management determines the classification of its financial investments at initial recognition, with most of the financial investments classified under fair value through profit & loss. Classification, recognition, determination of fair value, reclassification and subsequent impairment is performed in line with IAS 39 Financial Instruments: Recognition and Measurement.

41.17 %

net loss ratio

2. Key events of the reporting period

In its decision SA.23420 of 20/03/2013, the European Commission decided (i) that EUR 36.6 million of the initial capital injection made by Delcredere | Ducroire in favour of **Credimundi** on 23/09/2004 constituted an illegal State aid incompatible with the common market and (ii) that such aid was to be recovered by the Belgian State, through Delcredere | Ducroire, from the beneficiary, Credimundi.

In full compliance with this decision, an extraordinary shareholders meeting of Credimundi proceeded on 06/05/2013 with a capital decrease of EUR 36.6 million with an effective payment to the shareholders, Delcredere | Ducroire, bringing the share capital of Credimundi from EUR 150 million to EUR 113.4 million. The capital decrease has been fully allocated to the paid-up capital and occurred without cancellation of existing shares of Credimundi. Such capital decrease has been made in compliance with Articles 612 and 613 of the Belgian Company Code.

On 07/05/2013, Delcredere | Ducroire acquired 11,568 bearer shares in **Garant**-Versicherungs-AG from InWest-Policy, a subsidiary of Ingosstrakh Insurance Company Ltd.

in million EUR	Value of transactions insured			Insurance premium revenue		
	2013	2012	Variation	2013	2012	Variation
Delcredere | Ducroire	6,860	7,612	-10%	188	196	-4%
Traditional activity	3,099	3,517	-12%	81	89	-9%
Market activity	3,761	4,095	-8%	107	107	0%
Credimundi (100%)	26,121	22,039	19%	94	92	2%
Garant AG (95,63%)	3,855	2,724	42%	33	28	16%
INGO-ONDD (67%)	5,364	4,163	29%	14	13	7%
KUPEG (66%)	7,645	7,811	-2%	14	15	-5%
Trade Credit (55%)	36,065	28,948	25%	45	41	10%
Intercompany	-3,540	-2,221	59%	-22	-26	-14%
Total group	**82,370**	**71,075**	**16%**	**366**	**360**	**2%**

EUR 163.2 million

total comprehensive income

3. Financials

The 2013 Consolidated Statement of Financial Position shows a balance total of EUR 3,526.5 million compared to EUR 3,309.7 million at the end of 2012. Main movements are related to the Consolidated Statement of Cash Flows where the net cash generated by operating activities (EUR 144.7 million) and by investing activities (EUR 5.8 million) was used to increase cash & cash equivalents (from EUR 196.9 million in 2012 to EUR 347.3 million at the end of 2013) whilst the financial investment position increased from EUR 2,180.0 million in 2012 to EUR 2,225.9 million at the end of 2013.

On the equity and liabilities side the important movement from total other comprehensive income to consolidated reserves is explained by the 2013 sale of the entire investment portfolio of Delcredere | Ducroire and the subsequent reinvestment in an institutional fund, called Zephyr, without impacting the underlying asset management model. This reinvestment in Zephyr entailed the realisation of the previous unrealised capital gains which were recycled from Other Comprehensive Income to financial income (EUR 117.7 million) and the realisation of the 2013 capital gains which were immediately recognised as financial income in the Consolidated Income Statement (EUR 21.3 million) at the moment of sale.

The Consolidated Income Statement shows a strong profit for the year 2013 of EUR 254.9 million up from a EUR 180.3 million profit in 2012. The 2013 profit from operating activities remains stable at EUR 93.7 million compared to EUR 92.8 million in 2012. The insurance premium revenues, including variance in unearned premium reserve, increased from EUR 360.1 million in 2012 to EUR 365.6 million in 2013 and with a smaller cession of premium to reinsurance, mainly due to the Credimundi 35% cession to the reinsurance Quota-Share-Treaty down from 40% in 2012, the net insurance premium revenue ends at EUR 244.1 million in 2013 or 5.3% up from EUR 231.9 million in 2012.

The 2013 other operating income of EUR 69.1 million contains commissions received from reinsurers, recharges of investigation costs and other recoveries of expenses (EUR 58.1 million in 2012). Net insurance claims and loss adjustment expenses of EUR 100.5 million were up against 2012 (EUR 79.5 million).

The net financial income increased from EUR 88.2 million in 2012 to EUR 163.7 million in 2013 mainly due to the realisation of capital gains as previously mentioned. The 2013 income tax is a tax expense of EUR 2.5 million compared to the tax expense of EUR 0.6 million in 2012. This is explained mainly by Credimundi and its branches coming into a corporate tax payable position having depleted most of the carry forward losses and the Belgian fiscal recapture.

The 2012 remeasurement loss on defined benefit pension plans of EUR 9.1 million (net of deferred tax thereon) has turned into a 2013 net remeasurement profit of EUR 10.5 million, due to positive impacts resulting from changes in assumptions (lower salary increase, higher discount rate), higher actual returns on pension plan assets and other positive impacts of actuals compared to assumptions used in the calculation of the defined benefit obligation.

The realised capital gains during 2013 also impacted the changes in available-for-sale financial investments amounting in total to minus EUR 99.0 million (net of deferred tax thereon) compared to plus EUR 58.0 million for previous accounting year.

The total Other Comprehensive Income for the year 2013 is a loss of EUR 91.6 million compared to a profit of EUR 49.4 million in 2012. This brings the Total Comprehensive Income to EUR 163.2 million for 2013 (EUR 229.7 million in 2012).

The net 2013 cash flow generated from operations increased from minus EUR 35.8 million in 2012 to plus EUR 144.7 million. Together with the cash generated by investing activities EUR 5.8 million in 2013 (EUR 142.1 million in 2012) this resulted in a positive change in the 2013 Cash and Cash Equivalents position of EUR 150.4 million compared to last year's EUR 106.3 million.

Finally the Consolidated Statement of Changes in Equity is explaining the movements for each component of the total Equity of the Owner of the parent, i.e. Share capital, Retained earnings and Total other comprehensive income, and for the Non-controlling interests in Equity. As a matter of fact this Consolidated Statement of Changes in Equity is reconciling the Financial Position to the Income Statement and the Statement of Comprehensive Income.

The total 2013 consolidated fees of our statutory auditor PwC Belgium include the audit fees of EUR 175,475 and other fees of EUR 136,460 (other attestation mission of EUR 64,600 and other missions external to the audit of EUR 71,860). The 2013 audit fees for our auditor's network amount to EUR 155,361 and the non-audit services provided to EUR 353,655 (tax consultancy EUR 35,799 and other missions external to the audit of EUR 317,856).

4. Risk management and Solvency II

Note 4 Management of insurance and financial risk of the consolidated financial statements summarises the insurance and financial risks to which Credendo Group is or could be exposed and the way it manages them.

A first part covers the exposure to and the management of the **insurance risk** or underwriting risk with particulars on Credit and investment insurance risk, Surety contracts risk, Inward reinsurance contracts, Sensitivity analysis, Change in assumptions, Quantitative concentrations and Claim development tables. Similarly the second part on the **financial risk** specifies the Market related risks (Interest rate, Currency, Equity price), the risks on Credit, Liquidity and Capital management including the Fair value hierarchy of the financial instruments.

Today, Credendo Group's **capital management strategy is basically oriented towards disposing of a buffer for complying with regulatory capital levels.** Solvency II will replace as of 2016 the current regulatory Solvency I framework, which was one of the first major international attempts to set industry solvency capital requirements.

Credendo Group entities subject to the forthcoming EU-wide Solvency II insurance regulation, that is all entities except Russia-based INGO-ONDD and parent Delcredere | Ducroire, have their risk appetite framework set in general with an overall risk tolerance defined in terms of solvency capital requirements in the context of the Solvency II framework.

The Solvency II regulatory framework assesses the solvency capital requirements in a more holistic way in order to guarantee that insurers hold sufficient capital to withstand adverse events. Additionally, within the Solvency II framework a risk management system is to be created, requiring insurers to focus on the active identification, measurement and management of risks and to consider any future developments that might affect their financial standing.

The Solvency II process and development is followed closely and awareness within Credendo Group entities is actively promoted to ensure progress and successful implementation within the given timeframe. Credendo Group entities have been actively preparing for and monitoring the Solvency II development process.

5. Events occurring after the reporting period

There are **no events** occurring after the reporting period that could have a material impact on the reported figures as of 31/12/2013.

The 2013 IFRS Consolidated Financial Statements have been established on the basis of going concern.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (1)(2)

in thousands EUR	Note	31/12/2013	31/12/2012	01/01/2012
ASSETS				
Intangible assets	5	15,673	14,629	12,716
Property, plant and equipment	6	22,235	23,070	23,800
Investment in associates	7	-	-	5,769
Other financial assets	8	103	33	33
Deferred income tax assets	9	8,351	7,468	5,125
Financial investments	8	2,225,866	2,179,992	2,153,050
Reinsurance assets	10	207,895	200,720	101,315
Loans and receivables including reinsurance receivables	11	689,863	674,124	666,405
Other assets	12	8,814	11,993	5,724
Current income tax assets		389	752	101
Cash and cash equivalents	13	347,284	196,875	90,564
TOTAL ASSETS		**3,526,471**	**3,309,656**	**3,064,603**
EQUITY AND LIABILITIES				
Equity				
Endowment	14	297,472	297,472	297,472
Consolidated reserves	15	1,719,283	1,457,597	1,278,484
Total other comprehensive income	15	-1,218	96,544	47,588
Total equity excluding non-controlling interests		**2,015,538**	**1,851,614**	**1,623,544**
Non-controlling interests		21,208	26,612	15,541
Total equity		**2,036,746**	**1,878,225**	**1,639,086**
Liabilities				
Liabilities arising from insurance contracts	16	1,287,020	1,249,363	1,257,781
Deferred income tax liabilities	9	4,419	4,844	1,943
Provisions for other liabilities and charges	17	581	577	216
Employee benefit liabilities	18	8,983	19,269	9,728
Payables	19	160,031	127,385	126,973
Other liabilities	20	25,957	27,144	26,688
Current income tax liabilities		2,735	2,848	2,190
Total liabilities		**1,489,725**	**1,431,431**	**1,425,518**
TOTAL EQUITY AND LIABILITIES		**3,526,471**	**3,309,656**	**3,064,603**

(1) the Consolidated Statement of Financial Position is presented in thousands of Euros, rounded to the nearest thousand
(2) the notes 1 to 36 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT (1)

	Note	31/12/2013	31/12/2012
Insurance premium revenue		365,629	360,136
Insurance premium ceded to reinsurers		-121,481	-128,192
Net insurance premium revenue	21	**244,147**	**231,944**
Other operating income	22	69,115	58,063
Net income		**313,263**	**290,007**
Insurance claims and loss adjustment expenses		-183,514	-185,952
Insurance claims and loss adjustment expenses recovered from reinsurers		82,997	106,490
Net insurance claims and loss adjustment expenses	23	**-100,517**	**-79,462**
Employee benefit expenses	24	-39,440	-34,936
Services and other goods	25	-58,454	-55,523
Depreciation and amortisation	26	-2,787	-2,637
Other operating expenses	22	-18,363	-24,697
Operating expenses (other than claims)		**-119,044**	**-117,793**
Expenses		**-219,561**	**-197,255**
Profit / (loss) from operating activities		**93,701**	**92,752**
Finance income	27	170,825	234,795
Finance expense	27	-7,175	-146,618
Net financial income		**163,650**	**88,176**
Profit / (loss) of the year before tax		**257,351**	**180,929**
Income tax credit/(expense)	29	-2,486	-610
Profit / (loss) of the year		**254,865**	**180,318**
Profit / (loss) attributable to:			
Owners of the parent		255,581	179,279
Non-controlling interest		-716	1,039
Total profit / (loss) of the year		**254,865**	**180,318**

(1) the Consolidated Income Statement is presented in thousands of Euros, rounded to the nearest thousand

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (1)

	Note	31/12/2013	31/12/2012
Profit / (loss) of the year		**254,865**	**180,318**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit pension plans	18	10,882	-9,453
Deferred tax on actuarial gains / (losses) on defined benefit pension plans	9	-380	385
Subtotal of other comprehensive income that will not be reclassified to profit or loss		**10,502**	**-9,067**
Items that may be subsequently reclassified to profit or loss			
Fair value change in available-for-sale financial investments	8	16,824	119,734
Foreign exchange differences on available-for-sale financial investments	28	-564	-491
Available-for-sale reserves recycled to profit or loss during the year	27	-117,206	-59,474
Deferred taxes thereon	9	1,903	-1,777
		-99,043	57,992
Exchange differences on translating foreign operations		-3,081	465
Subtotal of other comprehensive income for the year that may be subsequently reclassified to profit or loss		**-102,124**	**58,458**
Total other comprehensive income for the year		**-91,622**	**49,390**
Total comprehensive income for the year		**163,243**	**229,709**
Attributable to:			
Owners of the parent		164,987	228,607
Non-controlling interest		-1,744	1,102
Total comprehensive income for the year		**163,243**	**229,709**

(1) the Consolidated Statement of other Comprehensive Income is presented in thousands of Euros, rounded to the nearest thousand

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (1)

	Note	Attributable to owners of the parent					
		Endowment	Consolidated reserves	Total other comprehensive income	Total	Non-controlling interest in equity	Total equity
Balance at 01/01/2013		**297,472**	**1,457,597**	**96,544**	**1,851,614**	**26,612**	**1,878,225**
Profit / (loss) of the year		**-**	**255,581**	**-**	**255,581**	**-716**	**254,865**
Other comprehensive income:							
Actuarial gains / (losses) on defined benefit pension plans		-	-	10,495	10,495	7	10,502
Change in available-for-sale financial investments		-	-	-99,043	-99,043	-	-99,043
Exchange differences on translating foreign operations		-	-	-2,045	-2,045	-1,035	-3,081
Total other comprehensive income for the year		**-**	**-**	**-90,594**	**-90,594**	**-1,028**	**-91,622**
Total comprehensive income for the year		**-**	**255,581**	**-90,594**	**164,987**	**-1,744**	**163,243**
Total transactions with owners		**-**	**-302**	**11**	**-291**	**-3,659**	**-3,951**
Dividend		-	-	-	-	-90	-90
Changes in ownership interests in subsidiairies that do not result in a change in control	32	-	-302	11	-291	-3,569	-3,861
Other equity movements		**-**	**6,407**	**-7,179**	**-772**	**-**	**-772**
Total equity movement for the year		**-**	**261,686**	**-97,762**	**163,924**	**-5,404**	**158,520**
Balance at 31/12/2013		**297,472**	**1,719,283**	**-1,218**	**2,015,538**	**21,208**	**2,036,746**

(1) the Consolidated Statement of Changes in Equity is presented in thousands of Euros, rounded to the nearest thousand

		Attributable to owners of the parent					
	Note	Endowment	Consolidated reserves	Total other compre-hensive income	Total	Non-controlling interest in equity	Total equity
Balance at 01/01/2012		**297,472**	**1,278,484**	**47,588**	**1,623,544**	**15,541**	**1,639,086**
Profit / (loss) of the year		**-**	**179,279**	**-**	**179,279**	**1,039**	**180,318**
Other comprehensive income:							
Remeasurements of defined benefit pension plans		-	-	-8,932	-8,932	-135	-9,067
Change in available-for-sale financial investments		-	-	57,953	57,953	40	57,992
Exchange differences on translating foreign operations				307	307	158	465
Total other comprehensive income for the year		**-**	**-**	**49,328**	**49,328**	**63**	**49,390**
Total comprehensive income for the year		**-**	**179,279**	**49,328**	**228,607**	**1,102**	**229,709**
Total transactions with owners		**-**	**-**	**-**	**-**	**9,807**	**9,807**
Non-controlling interest arising on business combination	32	-	-	-	-	9,807	9,807
Other equity movements		**-**	**-167**	**-371**	**-538**	**161**	**-376**
Total equity movement for the year		**-**	**179,113**	**48,957**	**228,069**	**11,070**	**239,140**
Balance at 31/12/2012		**297,472**	**1,457,597**	**96,544**	**1,851,614**	**26,612**	**1,878,225**

CONSOLIDATED STATEMENT OF CASH FLOWS (1)

	Note	31/12/2013	31/12/2012
Cash flows from operating activities			
Profit / (loss) before income tax		**257,351**	**180,929**
Adjustments for:			
Depreciation and amortisation	26	2,372	2,362
Movement of provisions	17	5	-109
Impairment on trade receivables	26	405	274
Fair value gains/losses on financial assets at FVTPL	27	-11,147	-5,516
Impairment losses on available-for-sale financial assets	27	1,145	201
Other fair value adjustments of financial investments	27	470	-1,834
Investment income		-149,563	-82,409
Amounts written off on interests of rescheduling agreements (net)	27	-1,641	-3,352
Other equity movements		-772	-376
Foreign currency translation differences on balance sheet movements		-3,081	465
Subtotal (profit + adjustments)		**95,545**	**90,635**
Changes in working capital assets and liabilities (excluding the effect of exchange differences on consolidation):			
Liabilities arising from insurance contracts		48,539	-47,756
Employee benefits (excluding remeasurements through OCI)		-10,286	-310
Payables		32,646	-17,278
Other liabilities		-1,187	-434
Reinsurance assets		-7,175	-71,067
Changes in receivables		-14,502	17,517
Changes in financial assets		-70	376
Change in other assets		3,179	-6,214
Cash generated from operations		**146,688**	**-34,531**
Income taxes (paid)		-2,022	-1,220
Net cash issued (used in)/generated by operating activities		**144,666**	**-35,752**

(1) the Consolidated Statement of Cash Flows is presented in thousands of Euros, rounded to the nearest thousand

	Note	31/12/2013	31/12/2012
Cash flows from investing activities			
Acquisition of non-controlling interests	32	-3,861	-
Acquisition of subsidiary, net of cash acquired	32	-	17,608
Purchase of property, plant and equipment		-854	-771
Sale of property, plant and equipment		291	91
Purchase of intangible assets		-2,172	-5,852
Sale of intangible assets		107	3,936
Purchase of financial investments		-2,130,631	-1,320,529
Proceeds from sale of financial investments		2,130,460	1,622,128
Interests and dividends received		10,544	14,911
Other movements		1,947	-189,462
Net cash (used in)/generated by investing activities		**5,833**	**142,063**
Cash flows from financing activities			
Dividends paid to non-controlling interests		-90	-
Net cash (used in)/generated by financing activities		**-90**	**-**
Changes in cash and cash equivalents			
Net (decrease)/increase in cash and cash equivalents	13	150,409	106,311
Cash and cash equivalents at the beginning of the year		196,875	90,564
Cash and cash equivalents at the end of the year	13	**347,284**	**196,875**

OUR **COMPANIES**

Delcredere | Ducroire involved in North Sea's biggest offshore wind farm

Delcredere | Ducroire is participating in the financing of the Gemini offshore wind project in the Netherlands. Gemini will be the biggest offshore wind farm in the North Sea. Once constructed, the wind farm will produce enough clean energy to supply the needs of 1.5 million people a year. Various Belgian companies are participating in the project as subcontractors. Their participation justifies Delcredere | Ducroire's involvement. The total cost of the wind farm will be EUR 2.8 billion. The debt and equity was raised from 22 parties including 12 commercial creditors, 4 public financial institutions (3 ECAs and the European Investment Bank) and 1 pension fund. The owners of the project, Northland Power (60%), Siemens (20%), Van Oord (10%) and HVC (10%), put up a total of more than EUR 400 million in equity. The majority shareholder of the project is the Canadian independent power producer Northland Power. The company develops, builds, owns and operates facilities that produce 'clean' (natural gas) and 'green' (wind, solar and hydro) energy.

DELCREDERE | DUCROIRE

Delcredere | Ducroire, Belgium's official export credit agency, is known for underwriting large projects and capital equipment contracts. But it is also growing in importance as a supporter of smaller companies.

"We have now doubled the capacity of our forfaiting scheme, which is ideally suited to capital goods transactions valued up to EUR 5 million," says Chief Executive Officer Dirk Terweduwe.

"This has become very popular with SMEs who are selling capital equipment to emerging and developing markets."

Under the scheme, our clients can offer buyers credit terms of three to five years; we then buy the payment instrument – the bill of exchange – up front, at a discount; so the exporter gets paid immediately, and is relieved of the long-term credit risk exposure to the foreign buyer. Meanwhile, we collect the payments as they fall due through a partner bank.

"In 2013, the value of transactions insured by the agency reached its highest level ever because of large projects, particularly in Africa, where our exposure extends through a lengthy credit period," Mr Terweduwe explains.

"The major capital goods exports that we cover as an official export credit agency are large individual one-off deals, each of which usually takes months to finalise."

Delcredere | Ducroire supports these contracts through a range of products – medium- and long-term credit insurance for exposures that can last up to 10 years or even more, financial guarantees, including our new export funding guarantee, and the forfaiting scheme.

These facilities are being continually refined to meet the changing needs of the project and capital equipment market, so that Belgian exporters and contractors can remain competitive.

"It is important to provide our clients with the support that allows them to adapt to evolving risks and the new ways in which projects and large trade deals are being structured," says Mr Terweduwe.

ACTIVITIES AND RESULTS

in million EUR	2013	2012
Value of transactions insured during the financial year(1)	6,859.9	7,611.7
Total potential exposure(1)	25,677.7	23,148.5
Insurance premium revenue(1)	188.3	195.7
Staff	174	157

(1) before cession to reinsurers

EUR 188.3 million

insurance premium revenue

Delcredere | Ducroire's ability to meet these evolving demands on a viable financial basis is rooted in the agency's rigorous management of risk and careful monitoring of its international exposure.

In both 2012 and 2013, the net loss ratio was kept in the region of 30%, despite the difficult economic conditions in a number of important emerging and developing world export markets. Even taking into account our operating costs, we can report a solid positive performance with a net combined ratio of 42%.

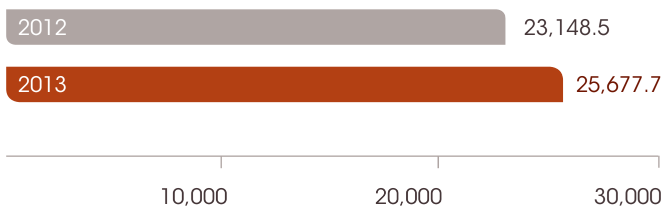
"We have kept a careful watch on the problems faced by Egypt, Venezuela and Ukraine. But the claims we paid in 2013 were in fact spread across a wide range of emerging economies, and were substantially offset by our recoveries, in relation to earlier losses," notes Mr Terweduwe.

Moreover, some countries that faced serious crises nevertheless continued to honour their debts. For example, there was no disruption in the flow of payments from Mali.

West Africa also remained an important region for new export credit business.

West Africa also remained an important region for new export credit business.

TOTAL POTENTIAL EXPOSURE (IN MILLION EUR)



CORPORATE GOVERNANCE

Board of directors

Vincent Reuter, Chairman

Peter Leyman, Vice-Chairman

Franciscus Godts, Member,
representative of the Federal Minister of Finance

Henk Mahieu, Substitute member

Marlène Beco, Member, representative
of the Federal Minister for Foreign Affairs

Xavier De Cuyper, Substitute member

Renaat Schrooten, Member, representative
of the Federal Minister for Economy

Valère Van Geel, Substitute member

Jérémie Tojerow, Member, representative
of the Federal Minister for Development Cooperation

Catherine Gigante, Substitute member

Claire Tillekaerts, Member, representative
of the Flemish Government

Thomas Fiers, Substitute member

Georges Stienlet, Member, representative
of the Flemish Government

Mehdi Koocheki, Substitute member

Jean-Jacques Westhof, Member, representative
of the Walloon Regional Government

Didier Paquot, Substitute member

Pascale Delcomminette, Member, representative
of the Walloon Regional Government

Francis Mullers, Substitute member

Gijs Kooken, Member, representative of the
Government of the Brussels-Capital Region

Joël Sole, Substitute member

Jean-François Thayer, Member, representative of the
Government of the Brussels-Capital Region

Frederic Convent, Substitute member

Executive Committee

Dirk Terweduwe, Chief Executive Officer and
Chairman of the Executive Committee

Frank Vanwingh, Deputy Chief Executive Officer and
Vice-Chairman of the Executive Committee

Nabil Jijakli, Deputy Chief Executive Officer and
Member of the Executive Committee

Group functional managers

Claudine Collin, Group Corporate Secretary-General
and Compliance Officer

Ronny Matton, Group Chief Financial Officer

Hans Slock, Group Chief Risk Officer

Lode Vermeersch, Group Chief Information Officer

Thibaut De Haene, Group Chief Legal Officer

Paul Balthasart, Group Chief Reinsurance Officer

Head of business

Dominique Meessen

Internal audit

Heidi Gombert

External audit

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

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

A new branch in Milan to cater for Italian exporters

Exports of Italian goods are worth around EUR 400 billion, representing a fourth of the country's GDP, with potential now located in growth countries. Therefore, we believe the time has come for Italy's important exporting community to appreciate our experience of providing tailor-made cover for sales to these economies. We offer insurance capacity to cover political and commercial risks in more than 200 countries, including so-called risky ones like Tunisia, Pakistan and Côte d'Ivoire. With Underwriters mixing financial figures with field work, i.e. direct contacts with clients and buyers, we cover risks which wouldn't be insured at first glance.

CREDIMUNDI

Credimundi, our Belgium-based whole turnover underwriter, has a deep knowledge of emerging and developing markets. And through a new international partnership it can now support exporters based in many of these economies – which play a growing role in global trade.

In July 2013 we signed a fronting agreement with the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC).

"We want to do business both with firms based in Europe and those based in other parts of the world. And for all clients we seek to cover risks worldwide," explains Credimundi's Chief Executive Officer Stefaan Van Boxstael.

"ICIEC is a strong partner, a wholly owned subsidiary of the Islamic Development Bank – a AAA-rated institution. Active in both medium-term export credit and comprehensive short-term business, ICIEC can serve customers in more than 40 Islamic countries.

So the partnership with ICIEC allows us to hugely expand our international footprint."

DEEPENING MARKET KNOWLEDGE

Mr Van Boxstael points out that the partnership brings other benefits, too.

"Cooperation with ICIEC both brings us client business from Turkey and the Arab world, and reinforces our understanding of risk in these economies. Moreover, the agreement also enables us to support European clients who establish local production activity in the Middle East," he says.

As a group based in Brussels, Credimundi has a deep understanding of risks in Africa, thanks to historic links with the continent. We have a special insight into the evolution of conditions in Central and Eastern Europe and the Commonwealth of Independent States, because we have a daughter company in Prague and a sister company in Moscow. And now the partnership with ICIEC reinforces our capacity to analyse risk in the Middle East.

Mr Van Boxstael explains that Credimundi seeks to support clients right across their business, both worldwide and within the EU.

ACTIVITIES AND RESULTS

in million EUR	2013	2012
Value of transactions insured during the financial year(1)	26,121.3	22,038.9
Total potential exposure(1)	30,204.6	26,344.4
Insurance premium revenue(1)	94.3	92.4
Staff	122	126

(1) before cession to reinsurers

EUR 94.3 million

insurance premium revenue

EXPANDING INTO NEW MARKETS

Credimundi has now opened a branch in Milan, to cater for Italy's important exporting community.

Expanding into a new market is always a major challenge but the track record of our existing branches shows that this produces results, as local business comes to appreciate our service.

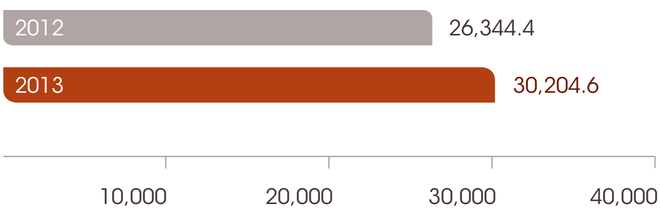
"Last year saw all our branches perform well and make a growing contribution to our overall business," says Mr Van Boxstael.

The German branch saw its business expand by more than 50 per cent in 2013, even though this is a highly competitive market. Meanwhile, the success of our French branch demonstrates the special contribution that Credimundi can make, even in a tough environment where we must compete with a range of other underwriters.

"In Belgium we have experience in supporting many small and medium-sized enterprises and subcontractors," says Mr Van Boxstael.

The broad range of our expertise and our ability to tailor-make solutions to clients' varied needs now enable us to offer Italian exporters a distinctive quality of credit insurance service.

TOTAL POTENTIAL EXPOSURE (IN MILLION EUR)



> We have seen a lot of volatility in some international markets. However, we always seek to react in a careful and gradual way, **maintaining support for our clients** for as long as this is sensible.

AN IMPROVING BUT FRAGILE RISK CONTEXT

Trading conditions in Europe have been improving but are still fragile, while the wider international picture shows marked variations in economic performance and levels of risk.

"We have seen a lot of volatility in some international markets and some countries have experienced a sudden worsening of risk. However, we always seek to react in a careful and gradual way, maintaining support for our clients for as long as this is sensible," says Mr Van Boxstael.

"For example, political violence forced us to suspend cover for new business in Egypt for a limited period. But we did this gradually and in partnership with our clients. "This gave clients the time to adjust, and it allowed us to slowly reduce our exposure without provoking cases of default or loss. This left us in a secure position and enabled us to reopen for new business when conditions in Egypt became more stable."

Conditions in Venezuela became so difficult that a suspension of cover became unavoidable. But through careful risk management we have managed to remain open for new business in Argentina, despite economic problems, and Thailand, which has experienced political violence.

"We believe that even in difficult markets it is still possible to identify debtors in certain economic sectors who represent an acceptable risk. There are still opportunities to do business on a viable basis and we seek to support that whenever we can," concludes Mr Van Boxstael.

CORPORATE GOVERNANCE

Board of directors

Dirk Terweduwe, Chairman
Filip Abraham, Member(1)
Laurence Christians, Member
Niko Demeester, Member(1)
Yves Goldstein, Member
Nabil Jijakli, Member
Marc Monbaliu, Member
Georges Stienlet, Member
Frank Vanwingh, Member
Stefaan Van Boxstael, Member
Karin Deesen, Member
Jean-Paul Steenbeke, Member

Executive Committee

Stefaan Van Boxstael, Chief Executive Officer
Karin Deesen, Deputy Chief Executive Officer
Jean-Paul Steenbeke, Deputy Chief Executive Officer

Audit Committee

Georges Stienlet, Chairman
Filip Abraham, Member
Nabil Jijakli, Member

(1) Independent member

Remuneration committee

Dirk Terweduwe, Chairman
Niko Demeester, Member
Marc Monbaliu, Member

Compliance officer

Geert Goossens

Chief Risk Officer

Hans Slock

Actuary

Jérôme Lokasso

Internal audit

Heidi Gombert

External audit

PricewaterhouseCoopers

from left to right: Jean-Paul Steenbeke, Stefaan Van Boxstael, Karin Deesen

New legislation, new product

On 01/01/2014, the new Civil Code and the new Business Corporation Act entered into force. Both acts influence the way contracts including insurance contracts are concluded. We identified this challenge as a great opportunity to enhance our existing product and incorporate the needs of our clients. Our new product Credirect reflects all these requirements. The product is simpler and safer for clients as well as for the insurer. It requires less administration and contractual amendments and the client can always find all essential contract data in one place. It also offers more variability – under the contract it is possible to precisely define the price for the risks we cover. We don't use a template, but we actually create a tailor-made solution in line with the philosophy of the group.

Annual results are very encouraging. With the new product and great motivation, KUPEG's Sales team managed to issue twice as many policies as usual.

KUPEG

The Czech economy is set for growth this year, after emerging from its longest recession in two decades. KUPEG is well positioned to take advantage of the opportunities offered by the recovery.

During the last challenging period, we have maintained our position as the clear leader on the Czech credit insurance market. Thanks to our sustained support to our clients, we have retained their loyalty and we have been preparing for the road ahead.

Over the last year we have refreshed our products to simplify administration and to give clients easy access to additional cover when needed. We can now provide a full multilingual service and all policy documentation in Czech, Polish, Slovak, English and German.

Our underwriting results showed a stabilisation in 2013, and a strengthening of our financial position. We are well equipped to support our clients across Central Europe as they seek to expand their sales in today's more positive economic climate.

"Competition remains intense in the Central European short-term credit insurance market. However, margins are improving and we are well placed," reports Chief Executive Officer Michal Veselý.

We are the biggest underwriter in the Czech Republic and we have a substantial and growing business portfolio in Poland and Slovakia. We also have a number of clients in Hungary, Serbia and Romania.

"Our ability to provide customer service and underwriting advice in a range of languages is a vital support to our clients in these markets. Moreover, we have expanded the office that we opened in Slovakia in early 2013," Mr Veselý points out.

Last year we managed to stabilise our transactions insured and our insurance premium revenue. The volume of transactions that we insure has risen by 57% over the past five years.

BUSINESS IN CZECH REPUBLIC BUT ALSO IN SLOVAKIA AND POLAND

KUPEG reached a positive financial result despite the difficult economic conditions prevailing over the past five years.

"The recession in the Czech Republic was not deep, and we largely escaped the credit crunch because our banks are well capitalised. However, the downturn was prolonged: business and consumer confidence was depressed, while the government imposed tight controls on expenditure," explains Mr Veselý.

ACTIVITIES AND RESULTS

in million EUR	2013	2012
Value of transactions insured during the financial year(1)	7,644.7	7,810.7
Total potential exposure(1)	3,128.6	3,273.6
Insurance premium revenue(1)	13.9	14.6
Staff	60	57

(1) before cession to reinsurers

EUR 13.9 million

insurance premium revenue

Now, for the first time in several years, we are seeing a slow but steady resurgence in economic activity.

As Czech companies are conservative and risk averse, there have been relatively few insolvencies and KUPEG faced only one major claim.

The Slovak economy has seen generally higher growth rates. The average per capita GDP has almost reached the Czech level.

Positive economic development is visible in Poland as well. Mr Veselý notes that as KUPEG expands its operations in this large economy and attracts more small and medium local clients, it will be exposed to a more diverse pattern of buyer risk and service needs.

NEW POLICY

"Moreover, looking ahead, the revamp of our main credit insurance policy will be a key tool in helping us to provide better service and strengthen our market position across Central Europe," Mr Veselý says.

Changes to the legal framework for doing business in the Czech Republic might have required us to make some limited adjustments to the policy. But we decided that it makes sense to carry out a comprehensive overhaul, to make sure that the policy fulfills the needs of our clients in today's competitive environment.

Our new policy document is shorter and simpler. It hugely reduces the administration required for policy renewals. At the same time the procedures for claims, disputes and recoveries have also been simplified.

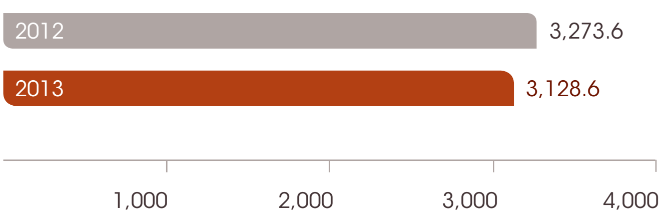
Mr Veselý points out that the new policy document is also much more flexible: "We can adjust the package to suit each client. Where additional cover is required to deal with specific types of risk or new export markets, this is possible without complex procedures."

Meanwhile, KUPEG continues to put a strong emphasis on providing personal service, focusses on understanding the needs of each client. Service rather than price is our key asset in retaining the loyalty of our clients.

He points out that KUPEG can also provide the surety that underpins the bonds commonly used in deals for major capital investment projects. This is a valuable service mainly for Czech clients operating in the engineering sector.

Our **new policy** document is shorter and simpler. It hugely reduces the administration required for policy.

TOTAL POTENTIAL EXPOSURE (IN MILLION EUR)



CORPORATE GOVERNANCE

Supervisory board

Dirk Terweduwe, Chairman
Michal Pravda, Vice-Chairman
Jan Hofman, Member
Ronny Matton, Member
Stefaan Van Boxstael, Member
Frank Vanwingh, Member

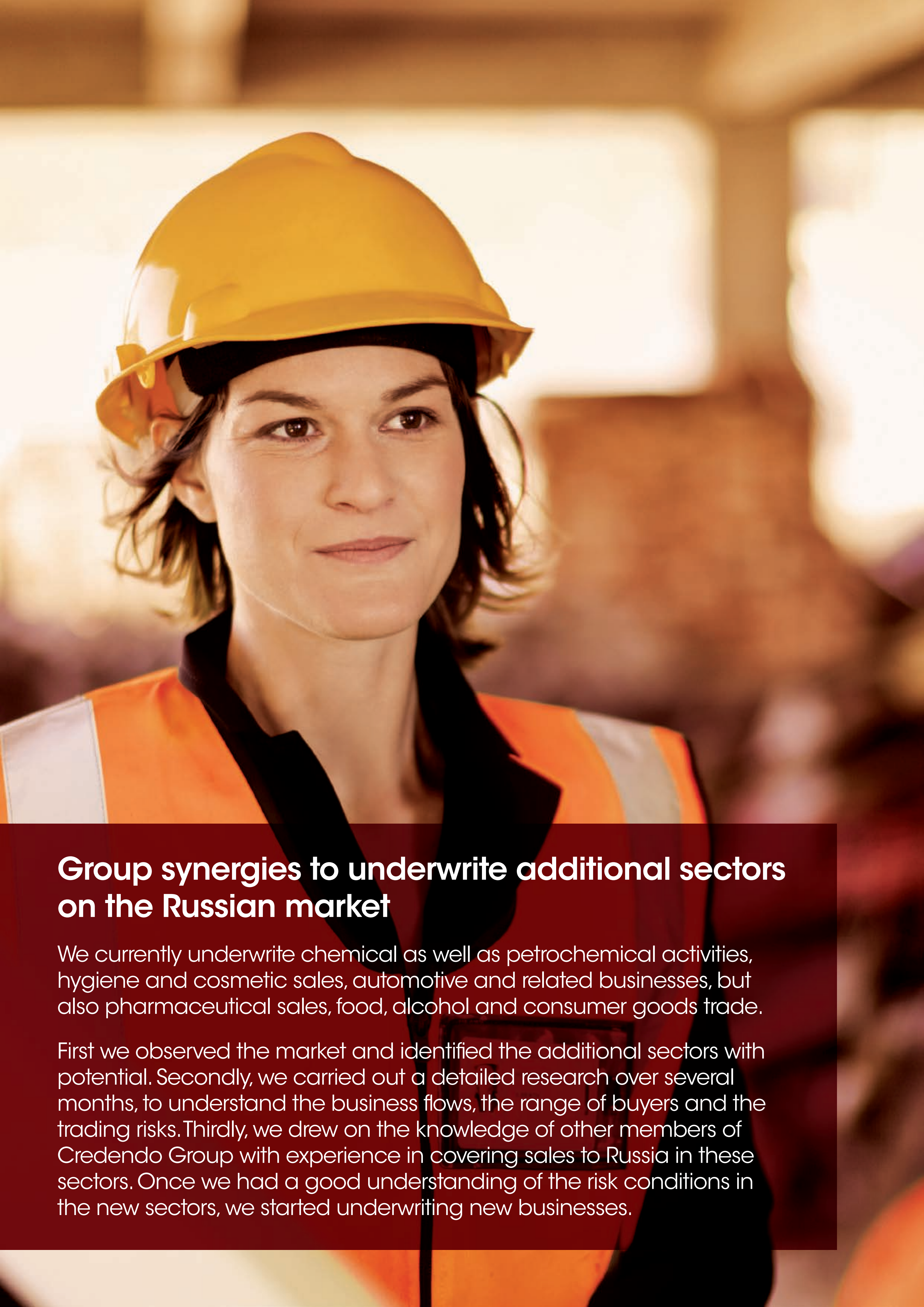
Board of directors

Michal Veselý, Chief Executive Officer
Petr Herman, Member
Martin Hrnčiřík, Member

External audit

PricewaterhouseCoopers

from left to right: Martin Hrnčiřík, Michal Veselý, Petr Herman



Group synergies to underwrite additional sectors on the Russian market

We currently underwrite chemical as well as petrochemical activities, hygiene and cosmetic sales, automotive and related businesses, but also pharmaceutical sales, food, alcohol and consumer goods trade.

First we observed the market and identified the additional sectors with potential. Secondly, we carried out a detailed research over several months, to understand the business flows, the range of buyers and the trading risks. Thirdly, we drew on the knowledge of other members of Credendo Group with experience in covering sales to Russia in these sectors. Once we had a good understanding of the risk conditions in the new sectors, we started underwriting new businesses.

INGO-ONDD

In spite of a year in which business conditions in the CIS countries varied significantly from one market to another, Moscow-based INGO-ONDD maintained strong support for its clients' trading activities across the region.

After careful research, the company expanded the range of business sectors in which it provides credit insurance. And in a challenging economic climate INGO-ONDD also worked together with clients and debtors to collect overdue payments and avoid the risk of transactions sliding into default.

"Russia experienced a slower growth than had been expected in 2013, with GDP increasing by only 1.3% in real terms. This was the weakest performance since the aftermath of the global economic crisis four years ago," says Chief Executive Officer Viktor Klimov.

Industrial output declined and the rouble currency weakened, while the growth of personal incomes and retail turnover slowed down.

Conditions in other CIS markets were in sharp contrast with the slow but still positive Russian trading environment. Ukraine suffered stagnation. Kazakhstan, on the other hand, enjoyed an economic growth of 5-6%.

"We were able to maintain support for our clients because we take a rigorous approach to risk analysis and the management of our exposure. Our activity remained firmly in profit, with a strong financial base, despite the uncertain economic climate – and this enabled us to continue providing the cover our clients need," Mr Klimov explains.

Overall, INGO-ONDD saw its insurance premium revenue rise by about 7% in 2013.

"In the past, we focussed mainly on covering pharmaceutical, food, alcohol and consumer goods trade. But we now underwrite growing volumes of chemical and petrochemical activities, hygiene and cosmetic sales, and automotive and related business," says Mr Klimov.

Outside Russia, INGO-ONDD's main markets are Kazakhstan and Ukraine.

INGO-ONDD is also able to consider covering sales to buyers in a wide range of other CIS markets on a case-by-case basis and depending on the local business conditions.

ACTIVITIES AND RESULTS

in million EUR	2013	2012
Value of transactions insured during the financial year(1)	5,364.3	4,163.3
Total potential exposure(1)	1,532.0	1,138.0
Insurance premium revenue(1)	14.3	13.4
Staff	28	27

(1) before cession to reinsurers

EUR 14.3 million

insurance premium revenue

"We serve the Kazakh credit insurance market through a 'fronting' arrangement with one of the largest insurers in the country: INGO-ONDD is responsible for all underwriting and policy management, but our service is provided through our local partner in this strongly growing economy," says Mr Klimov.

In Ukraine, our service is delivered by the Kiev subsidiary of our co-owner, the Ingosstrakh Group.

In last year's demanding economic conditions, the company saw an increase in the number of claims, due to both insolvencies and cases of fraud. But we had made a good provision for potential losses, so we have been able to absorb this increased cost.

Moreover, we provide clients with support in dealing with potential claims; this minimises the volume of confirmed losses and increases the chances of recovering debts in the longer term.

Looking ahead, if the recent economic problems stimulate a further demand for credit insurance, this could push up market premium rates and our income flow.

Overall, INGO-ONDD has performed strongly in a tough context, where some factors discourage companies from using credit insurance.

"Because of the economic slowdown, many companies had to trim costs. This squeezed the overall market demand for credit insurance premiums, which are not tax deductible in Russia and must be paid from net profit; some companies that had been planning to take out insurance decided to postpone doing so, even though this implied the risk of holding back their business development," notes Mr Klimov.

Yet despite these factors, INGO-ONDD's business continued to expand.

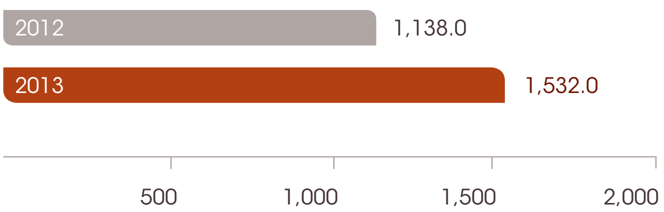
Most INGO-ONDD clients saw continued growth in their activity last year, albeit at a slower pace than in 2012.

"Our clients are leaders in their sectors and they need to be able to count on the continued support of their credit insurer to underpin the development of their business," says Mr Klimov.

They worked out their individual strategies to cope with the economic slowdown and we did our best to support them, providing cover capacity and sharing our knowledge of the risk.

Our clients worked out their individual strategies to cope with the economic slowdown and we did **our best to support** them.

TOTAL POTENTIAL EXPOSURE (IN MILLION EUR)



CORPORATE GOVERNANCE

Board of directors

Dirk Terweduwe, Chairman
Frank Vanwingh, Vice-Chairman
Alexander Iliyashenko, Member
Tatiana Kajgorodova, Member
Ronny Matton, Member
Stefaan Van Boxstael, Member

Executive committee

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

Internal audit

Evgeniy Samarov

External audit

PricewaterhouseCoopers

from left to right:
Sergey Chulkov, Viktor Klimov, Edward Fedorenko

Sustainability matters

When it comes to risk assessment, the overall impact of the project on the local economy is a critical parameter in the risk analysis. Upstream in our underwriting process, we consider the direct benefits expected for the local economy as these affect the whole economic viability of the project. Assessing the potential environmental and social impacts of a specific project in the country of risk is necessary to identify how things could possibly go wrong and start generating financial losses. Even if environmental or social risks are indirectly covered under the political risk angle, these types of risks are integrated in the risk assessment as they could lead to an aggravation of risk and trigger a situation of non-payment or political disorder. We integrate sustainability concerns and environmental issues in our underwriting policy.

GARANT

International risks are rarely identical. In today's trading world many exporters and investors need cover for deals that stand out from the norm – individual exposures unsuited to a standard comprehensive credit insurance policy.

That is where Garant comes in. We are the specialist single-risk underwriter of Credendo Group.

"We design a package of cover to suit the distinctive features of a transaction – perhaps a longer repayment tenor, or an unusual structure, a difficult country exposure, or complex contractual and legal factors," explains Louis Habib-Deloncle, Chief Executive Officer.

Businesses have varied needs. And some require tailor-made insurance to support a single deal. We cover projects, investments, exports of capital equipment and a range of other exposures.

The foundation for an insurer's ability to underwrite such risks is a strong financial base.

Garant's financial strength is reflected in the fact that Fitch and AM Best reconfirmed the A- ratings that they had awarded the company.

In a crowded underwriting market, competition remained intense. But results for 2013 show that exporters and investors do appreciate Garant's rigorous approach and strong commitment to providing cover, tailored to individual needs.

"Our ability to meet the rising client demand is based on our expertise and secure financial position. We are able to cover a wide range of international exposure because we have built up a strong portfolio of reinsurance support and we pursue a disciplined approach to risk management," says Mr Habib-Deloncle.

RISE IN CLIENT ENQUIRIES

Demand for single-risk commercial and political risk cover is rising, and last year Garant saw a 50% rise in the number of non-binding preliminary indications that it was asked to provide.

"But of course, what really counts is the volume of confirmed business that we underwrite," says Mr Habib-Deloncle.

Insurance premium revenue rose by more than 15% last year and there was a sharp rise in client enquiries. Garant now covers exposures in 160 countries around the world.

ACTIVITIES AND RESULTS

in million EUR	2013	2012
Value of transactions insured during the financial year(1)	3,855.1	2,724.0
Total potential exposure(1)	4,982.8	3,565.1
Insurance premium revenue(1)	32.9	28.5
Staff	27	29

(1) before cession to reinsurers

EUR 32.9 million

insurance premium revenue

Garant has worked hard to build **strong relationships** with a number of export credit agencies in emerging economies.

"In 2013 we increased the insurance premium revenue to EUR 32.9 million. That was a major achievement."

This progress was all the more significant because it was achieved in the context of a market that has seen a dramatic increase in the volumes of cover on offer.

Despite the growth in market capacity and competition, premium rates have been edging upwards. And the company has continued to diversify the range of international risks to which it is exposed.

INTERNATIONAL PARTNERSHIPS

Garant has worked hard to build strong relationships with a number of export credit agencies in emerging economies.

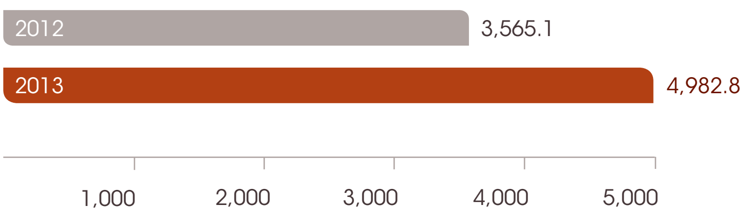
Cooperation agreements were signed in 2012 with ASEI (Indonesia), Mexim (Malaysia) and the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC). These were followed last year by agreements with the Kuwait-based Arab Investment and Export Credit Guarantee Corporation (Dhaman) and the Export Insurance Agency of Russia (Exiar).

"Understanding today's new trade flows and the rationale behind them is of the utmost importance. These cooperation agreements give us access to the latest information on local risks – such as the difference between sovereign and subsovereign exposures in Indonesia," says Mr Habib-Deloncle.

Partner insurers help us manage potential cases of loss and recover overdue payments. And sometimes we reinsure exposures, sharing risks, and premium income.

And of course partner agencies are able to benefit from Garant's knowledge of particular buyer risks and the company's expertise in underwriting single risks.

TOTAL POTENTIAL EXPOSURE (IN MILLION EUR)



CORPORATE GOVERNANCE

Supervisory board

Dirk Terweduwe, Chairman
Frank Vanwingh, Vice-Chairman
Nabil Jijakli, Member
Ronny Matton, Member
Beatrix Pischa-Greigeritsch, Member
Johanna Speckl, Member

Executive committee

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

External audit

PricewaterhouseCoopers

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

New product to strive towards growth

Along with the two current policy types, Excess of Loss and Top Up, a new product named 'XoL PartnerS' is now part of Trade Credit's range. The basics remain the same: covering the client's exceptional losses while maintaining his full autonomy of credit management. As the name suggests, the innovation lies in the "PartnerS" – third parties – who will be involved in the risk management. Trade Credit demands the participation of debt collecting companies and information agencies in order to utterly assess the risk and solve payment default issues promptly.

TRADE CREDIT

Medium-sized companies can protect themselves against the risk of unexpected catastrophic buyer default through excess-of-loss cover underwritten by Trade Credit.

Traditionally, this type of credit insurance is reserved for large firms with the expertise to manage their payment exposure in-house.

But in fact excess-of-loss cover can also suit other businesses lacking the resources to be totally self-reliant, yet using information agencies and debt collection firms to reduce the risk of routine buyer default losses.

"There are many businesses with turnover between EUR 10 and 100 million that research their customers' financial standing and use specialist support to chase up overdue payments. Many of these recognise that they still need to guard against the danger of an unexpected major loss that would threaten their survival," explains Eckhard Horst, Chief Executive Officer at Trade Credit.

We can provide that backup protection. As specialist excess-of-loss underwriter of Credendo Group we are keen to work with such medium-sized companies that have good credit management procedures.

Trade Credit has refreshed its service offer, to standardise policy wording and offer increased flexibility to suit the varied requirements of different clients.

Trade Credit is leading the market in adapting excess-of-loss policies – also commonly known as 'catastrophe cover' – to suit the needs of businesses within the turnover range of EUR 10 to 100 million. But we also continue to offer traditional excess-of-loss cover for large businesses with strong in-house credit management skills.

"So we have options for both types of clients," says Mr Horst.

We provide large companies with standard catastrophe and top-up cover – where they handle all credit management functions in-house, subject to credit limits. And through our Excess-of-Loss Partners scheme, we meet the needs of medium-sized companies that do not wish to take out a whole turnover credit insurance policy but still want backup protection against the risk of major disaster.

And with this in place, companies also find it easier to secure finance from a bank which can be stated as a beneficiary of the insurance policy. In particular, banks are attracted by the clearly stated terms setting out when a claim will be paid.

ACTIVITIES AND RESULTS

in million EUR	2013	2012
Value of transactions insured during the financial year(1)(2)	36,064.7	28,947.5
Total potential exposure(1)	504.5	488.2
Insurance premium revenue(1)	44.6	40.6
Staff	31	27

(1) before cession to reinsurers
(2) including excess-of-loss transactions

EUR 44.6 million

insurance premium revenue

Like other Credendo Group members, Trade Credit seeks to compete through **the quality** of its insurance cover and support for clients.

"Our policies now include a standard commitment to pay a claim after a much shorter, and clearly defined, waiting period – on condition that the client works with a debt collection agency from an early stage."

During 2013 Trade Credit operated in a highly competitive underwriting market with a continuing pressure on premium rates. Moreover, the economic context was difficult in some countries, particularly Italy and Spain.

But Mr Host says that, like other Credendo Group members, his company seeks to compete through the quality of its insurance cover and support for clients.

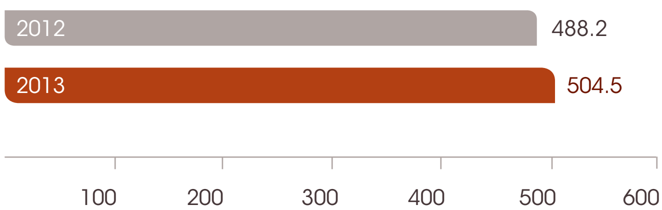
And our focus on providing cover that meets the needs of European business has been vindicated. Last year we sold an increased number of policies. I expect this trend to continue in 2014 and I expect Excess-of-Loss PartnerS to become our most popular product.

He believes it will appeal to many companies who currently have no credit insurance because traditional types of cover were not appropriate for their needs.

We think that many of these firms will see our new Excess-of-Loss PartnerS policy as an attractive form of backup protection against the risk of unexpected disaster.

We have seen the damage that businesses can suffer when an entire sector or country runs into serious problems, threatening payment failures on a systemic scale. That is the sort of situation that our cover can protect clients against.

TOTAL POTENTIAL EXPOSURE (IN MILLION EUR)



CORPORATE GOVERNANCE

Board of Directors

Dirk Terweduwe, Chairman
François Cousin, Member
Benoît Deckers, Member
Arsène Jacoby, Member
Nabil Jijakli, Member
Ronny Matton, 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

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

PwC Reviseurs d'Entreprises - Bedrijfsrevisoren, has audited the Credendo Group's annual accounts (statutory accounts, as well as consolidated accounts presented by applying the IFRS standards) as of and for the year ended 31/12/2013, in accordance with the legal and regulatory requirements applicable in Belgium. It has issued an unqualified audit opinion on these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Delcredere | Ducroire and its subsidiaries form Credendo Group.

Delcredere | Ducroire is the official Belgian Export Credit Agency.

Delcredere | Ducroire insures companies and banks against political and commercial risks relating to international commercial transactions, mainly regarding capital goods and industrial projects, as well as contracted works and services. For these risks, Delcredere | Ducroire can also work alongside banks through risk-sharing schemes. Delcredere | Ducroire also insures against political risks relating to foreign direct investments and directly finances commercial transactions of limited proportion.

The skills of Delcredere | Ducroire are complemented by those of its subsidiaries (together "Credendo Group"): Credimundi, KUPEG, Garant Versicherungs-AG, INGO-ONDD and Trade Credit.

Delcredere | Ducroire is a public company under state guarantee, incorporated and domiciled in Belgium. The address of its registered office is: rue Montoyer, 3, 1000 Brussels. Credendo Group provides insurance cover for companies within Europe, while the risks covered encompass the whole world. It operates in Belgium, Austria, Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Russia, Slovakia, Spain, Switzerland and United Kingdom.

2. Summary of significant accounting policies

2.1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

A. General principles

The consolidated financial statements of Delcredere | Ducroire (Credendo Group) per 31/12/2013 have been prepared for the first time in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and that have been published at that date, namely the standards published by the IASB (International Accounting Standards Board) and the interpretations issued by the IFRIC (International Financial Reporting Interpretations Committee).

Up till 31/12/2012, the consolidated financial statements of Credendo Group were only prepared in accordance with Belgian generally accepted accounting principles. Certain valuation rules previously applied therefore had to be adapted to comply with IFRS. The new valuation rules were applied consistently to all periods presented in these consolidated financial statements. The figures for accounting year 2013, the comparative figures for 2012 and the opening statement of financial position at 01/01/2012 (transition date) have been restated in accordance with IFRS 1 "First-time adoption of IFRS".

The impact of the transition to IFRS on equity at 01/01/2012, total comprehensive income for 2012 and equity at 31/12/2012 is explained in note 36.

These financial statements are presented in thousands of Euros, rounded to the nearest thousand, unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for particular assets and liabilities relating to insurance contracts, which are valued according to the methods already applied by Credendo Group according to Belgian generally accepted accounting principles, for financial instruments measured at fair value (derivative instruments, financial instruments at fair value through profit or loss and financial instruments available for sale). These financial statements are prepared on an accruals basis and on the assumption that the entity is a going concern and will continue in operation in the foreseeable future.

Credendo Group has chosen to apply the following amended standard that has been endorsed by the European Union and for which the IFRS give the choice whether or not to anticipate its coming into force:

> Amendments to IAS 36 "Impairment of assets", effective for periods beginning on or after 01/01/2014. The IASB made consequential amendments to the disclosure requirements of IAS 36 when it issued IFRS 13. One of the amendments was drafted more widely than intended. This limited-scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment.

The following new standards and amendments to standards have been issued and have been endorsed by the European Union, but are not mandatory for the first time for the financial year beginning 01/01/2013. Credendo Group has decided not to early adopt these new or amended standards.

> IAS 27 Revised "Separate financial statements", effective for annual periods beginning on or after 01/01/2014. The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

> IAS 28 Revised "Investments in associates and joint ventures", effective for annual periods beginning on or after 01/01/2014. The revised standard now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

> IFRS 10 "Consolidated financial statements", effective for annual periods beginning on or after 01/01/2014. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements.

> IFRS 11 "Joint arrangements", effective for annual periods beginning on or after 01/01/2014. The new standard focuses on the rights and obligations rather than the legal form. Proportional consolidation is no longer allowed.

> IFRS 12 "Disclosure of interests in other entities", effective for annual periods beginning on or after 01/01/2014. This is a new standard on disclosure requirements for all forms of interests in other entities.

> Amendments to IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interests in other entities". The amendments clarify the transition guidance in IFRS 10, and provide additional transition relief (for example by limiting the requirement to provide adjusted comparative information to only the preceding comparative period or, for disclosures related to unconsolidated structured entities, removing the requirement to present comparative information for periods before IFRS 12 is first applied). These amendments will be effective for annual periods beginning on or after 01/01/2014 which is aligned with the effective date of IFRS 10, 11 and 12.

> Amendments to IAS 32 "Offsetting financial assets and financial liabilities", effective for annual periods beginning on or after 01/01/2014. The amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

> Amendments to IAS 39 "Financial instruments: Recognition and measurement", effective for annual periods beginning on or after 01/01/2014. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. Similar relief will be included in IFRS 9 "Financial instruments".

> Amendments to IFRS 10 "Consolidated financial statements", IFRS 12 "Disclosure of interests in other entities" and IAS 27 "Separate financial statements" for investment entities. Effective for annual

periods beginning on or after 01/01/2014. The amendments give an exemption to entities that meet an "investment entity" definition and which display certain characteristics to account for its subsidiaries at fair value.

The following new standard, amendments to standards and interpretation have been issued, but are not mandatory for the first time for the financial year beginning 01/01/2013 and have not been endorsed by the European Union. Therefore these are not adopted yet by Credendo Group.

> IFRS 9 "Financial instruments", effective for periods beginning on or after 01/01/2018. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.

> IFRIC 21 "Levies", effective for periods beginning on or after 01/01/2014. IFRIC 21 sets out the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.

> "Annual improvements" with minor amendments to eight standards, is effective for periods beginning on or after 01/07/2014. The amendments relate to IFRS 2 "Definition of vesting condition", IFRS 3 "Accounting for contingent consideration in a business combination", IFRS 8 "Aggregation of operating segments", IFRS 8 "Reconciliation of the total of the reportable segments' assets to the entity's assets", IFRS 13 "Short-term receivables and payables", IAS 7 "Interest paid that is capitalised", IAS 16/IAS 38 "Revaluation method—proportionate restatement of accumulated depreciation", IAS 24 "Key management personnel".

> "Annual improvements" in response to four issues addressed during the 2011-2013 cycle, are effective for periods beginning on or after 01/07/2014. The amendments include IFRS 1 "Meaning of effective IFRS", IFRS 3 "Scope exceptions for joint ventures", IFRS 13 "Scope of paragraph 52 (portfolio exception)" and IAS 40 "Clarifying the interrelationship" of IFRS 3 "Business Combinations" and IAS 40 "Investment Property" when classifying property as investment property or owner-occupied property.

> Amendment to IAS 19 "Defined benefit plans", effective for periods beginning on or after 01/07/2014. The amendment seeks clarification for the accounting of employee contributions set out in the formal terms of a defined benefit plan.

> Amendment to IFRS 9 "Financial instruments" on general hedge accounting, effective for periods beginning on or after 01/01/2018. The amendment incorporates the new general hedge accounting model which will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. These amendments also impact IAS 39 and introduce new disclosure requirements for hedge accounting, thereby impacting IFRS 7, irrespective of the fact whether hedge accounting requirements under IFRS 9 or IAS 39 are used.

> IFRS 14 "Regulatory deferral accounts", effective for periods beginning on or after 01/01/2016. It concerns an interim standard on the accounting for certain balances that arise from rate-regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure.

Credendo Group does not expect that these new standards, amendments to standards and interpretation will have a material impact on its IFRS consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Credendo Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in a specific note.

B. First-time adoption of IFRS

As mentioned above, the transition date for Credendo Group is 01/01/2012. Credendo Group has prepared its opening statement of financial position in accordance with IFRS as adopted by the European Union which have been published as per 31/12/2013.

Pursuant to the option provided in IFRS 1, Credendo Group has chosen not to restate the prior business combinations. Therefore the business combinations prior to 01/01/2012 are recognised in the IFRS financial statements according to the accounting principles that were previously in force.

Credendo Group also applied the following exemption:

> The cumulative amounts of translation differences that existed at the date of transition to IFRS were set at zero.

As explained above, reconciliations and descriptions of the effect of the transition from Belgian GAAP to IFRS on Credendo Group's opening equity as at 01/01/2012, the equity as at 31/12/2012 and the 2012 total comprehensive income are provided in note 36 'First-time adoption of IFRS'.

2.2. CONSOLIDATION

A. Subsidiaries

Credendo Group consolidates entities within its consolidation scope using the consolidation method to be applied depending on the type of control it exercises over the entity.

Subsidiaries are all entities (including structured entities) over which Credendo Group has control. Credendo Group controls an entity when Credendo Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Credendo Group. They are deconsolidated from the date control ceases.

The intragroup transactions, balances, gains and losses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Credendo Group.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are presented separately in the consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income. After the acquisition date, the non- controlling interests include the amount calculated at the date of acquisition and the share of changes in equity since the date of acquisition attributable to non-controlling interests.

B. Associates

Associates are all entities over which Credendo Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Credendo Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Credendo Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When Credendo Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, Credendo Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Credendo Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, Credendo Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit / (loss) of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between Credendo Group and its associate are recognised in Credendo Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Credendo Group.

2.3. BUSINESS COMBINATIONS

Credendo Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is measured at the aggregate of the fair values of the assets transferred, the liabilities incurred or assumed and the equity interests issued by Credendo Group at the date of the acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

The excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed is recorded as goodwill.
If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition costs are expensed as incurred, except for the costs to issue debt and equity securities, which are accounted for in accordance with IAS 32 and IAS 39.

Credendo Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The share of equity and result of any non-controlling interests is recognised on a separate line in the statement of financial position respectively in the income statement.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The initial accounting for the fair value of the net assets of the companies acquired during the year may be determined only provisionally as the determination of the fair value can be complex and the time between the acquisition and the preparation of the annual accounts can be limited. The initial accounting shall be completed within a year after acquisition.

Adjustments to the fair values at the date of acquisition of acquired assets and liabilities that are identified within one year after acquisition are recognised as an adjustment to goodwill; any subsequent adjustment is recognised as income or expense.

Where a business combination is achieved in stages, the acquisition-date carrying value of Credendo Group's previously held equity interest in the acquired entity is remeasured to fair value at the acquisition date (i.e. the date Credendo Group attains control) and the resulting gain or loss, if any, is recognised in the profit or loss account.

When Credendo Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if Credendo Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

When Credendo Group performs a business combination involving entities under common control, the assets acquired and liabilities incurred are valued at the carrying value that existed in the books of the subsidiary prior to the business combination.

2.4. FOREIGN CURRENCY TRANSLATION

A. Functional and presentation currency

Items included in the financial statements of each of Credendo Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of all subsidiaries and associates of Credendo Group is the Euro except for KUPEG for which the functional currency is the Czech crown and INGO-ONDD for which the functional currency is the Russian rouble.

The consolidated financial statements are presented in thousands of Euros, which is Delcredere | Ducroire's functional and presentation currency.

B. Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Finance income or cost". All other foreign exchange gains and losses are presented in the income statement within "Other operating income" or "Other operating expenses".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in "Other comprehensive income".

Translation differences on financial assets and liabilities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Translation differences on non-monetary financial investments such as equities classified as available-for-sale financial investments are included in "Other comprehensive income".

The results and financial position of all Credendo Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in "Other comprehensive income".

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

On the partial disposal that does not result in Credendo Group losing control over a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of exchange differences is reattributed to non-controlling interests in that foreign operation and is not recognised in profit or loss. In any other partial disposals, the proportionate share of the cumulative amount of the exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate. Exchange differences arising are recognised in "Other comprehensive income".

2.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise land and buildings, office furniture, computer hardware, other equipment, furnishing, vehicles and other tangible fixed assets.

All property, plant and equipment is carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss. Cost includes any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Credendo Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

> Building – components:	
- Structure	50 years
- Building equipment	20 years
- Decoration	10 years
> Office furniture:	10 years
> Computer hardware:	3 years
> Other equipment:	5 years
> Furnishing:	10 years
> Vehicles:	5 years
> Other tangible fixed assets:	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating income" or "Other operating expenses" in the income statement.

2.6. INTANGIBLE ASSETS

A. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Credendo Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

B. Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Credendo Group are recognised as intangible assets when the following criteria are met:

> it is technically feasible to complete the software product so that it will be available for use;

> management intends to complete the software product and use or sell it;

> there is an ability to use or sell the software product;

> it can be demonstrated how the software product will generate probable future economic benefits;

> adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

> the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are carried at acquisition cost less any accumulated amortisation and less any accumulated impairment loss and are amortised on a straight-line basis over their useful lives, which do not exceed five years for externally acquired software and 10 years for internally generated software.

C. Concessions, patents and licenses

Separately acquired concessions, patents and licences are shown at historical cost. Concessions, patents and licences acquired in a business combination are recognised at fair value at the acquisition date.

Concessions, patents and licences with indefinite useful life are tested for impairment annually or whenever there is an indication of impairment. Each accounting period a review is carried out to confirm whether or not events and circumstances still support the assumption of an indefinite useful life.

Concessions, patents and licenses that have a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method (unless another method reflects better the pattern in which future economic benefits of the intangible asset are expected to be consumed) to allocate the cost over the estimated useful life that corresponds to the duration of the contract. The residual value is assumed to be zero.

2.7. FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

2.7.1 Financial investments

A. Classification

Credendo Group classifies its financial investments into the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial investments were acquired. Management determines the classification of its financial investments at initial recognition.

Financial investments at fair value through profit or loss (FVTPL)

This category has two subcategories: financial investments held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified into the "financial investments at fair value through profit or loss" category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial investments in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial investments with fixed or determinable payments that are not quoted in an active market. Credendo Group's loans and receivables comprise "Loans and receivables including reinsurance receivables" and "Cash and cash equivalents".

Available-for-sale financial investments (FVOCI)

Available-for-sale investments or fair value through other comprehensive income are financial investments that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, financial investments at fair value through profit or loss or held-to-maturity investments (held-to-maturity not used by Credendo Group).

B. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which Credendo Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial investments not carried at fair value through profit or loss. Financial investments carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and Credendo Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial investments and financial investments at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial investments at fair value through profit or loss" category are included in the income statement in the period in which they arise. Dividend income from financial investments at fair value through profit or loss is recognised in the income statement as part of "Finance income" when Credendo Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are recognised in the income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when Credendo Group's right to receive payments is established.

C. Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial investments and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, NYSE-Euronext) and broker quotes.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the consolidated statement of financial position.

D. Reclassification of financial investments

Financial investments other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, Credendo Group may choose to reclassify financial investments that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if Credendo Group has the intention and ability to hold these financial investments for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial investments reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

E. Impairment of financial investments

Assets carried at amortised cost

Credendo Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial investments is impaired. A financial asset or a group of financial investments is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial investment or group of financial investments that can be reliably estimated.

The criteria that Credendo Group uses to determine that there is objective evidence of an impairment loss include:

> significant financial difficulty of the issuer or obligor;
> a breach of contract, such as a default or delinquency in interest or principal payments;
> it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
> the disappearance of an active market for that financial asset because of financial difficulties; or
> observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial investments since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial investments in the portfolio.

Credendo Group first assesses whether objective evidence of impairment exists individually for financial investments that are individually significant. If Credendo Group determines that no objective evidence of impairment exists for an individually assessed financial investment, whether significant or not, it includes the asset in a group of financial investments with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. As a practical expedient, Credendo Group may measure impairment on the basis of an instrument's fair value using an observable market price. This principle is equally applied to insurance assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Assets classified as available for sale

Credendo Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial investments is impaired.

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. In this respect, a decline of 20% or more is regarded as significant, and a period of 1 year or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial investments, the asset is considered for impairment taking qualitative evidence into account. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement but through equity. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

F. Investments in other investment funds: valuation of investments in other investment funds

The investments in other investment funds are classified as financial investments through profit or loss (FVTPL). These investments are valued based on the latest available fair value of such units for each investee fund, as determined by the asset manager of each investee fund. Credendo Group reviews the details of the reported information obtained from the asset managers and considers:

> the liquidity of the investee fund or its underlying investments;

> the value date of the net asset value provided;

> any restrictions on redemptions;

> fair value basis of accounting.

If necessary, Credendo Group makes adjustments to the net asset value of the investee funds to obtain the best estimate of fair value.

2.7.2 Other financial assets

Other financial assets include expected recoveries of claims paid, amounts owed by policyholders and direct insurance operations, receivables arising out of reinsurance, and other receivables. They are reviewed for impairment as part of the impairment review of loans and receivables.

Other financial assets also include voting rights that are owned by Credendo Group in other entities if these represent less than 20% of the voting power of these entities.

Other financial assets are initially valued at their fair value plus transaction costs, if applicable. Short-term loans and receivables are measured at nominal value if the effect of discounting is immaterial. Loans and receivables are subsequently measured at amortised cost.

Available-for-sale financial assets are measured at fair value unless their fair value cannot be measured reliably.

2.8. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Derivative financial instruments are only used within Credendo Group to hedge the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Credendo Group does not apply hedge accounting.

2.9. IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.11. CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents includes cash at hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.12. ENDOWMENT AND SHARE CAPITAL

Delcredere | Ducroire received an endowment (capital) from the Belgian state several decades ago. This endowment is classified as equity when there is no obligation to transfer cash or other assets.

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

2.13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS

Credendo Group issues insurance contracts and takes up the risk of the insured by insuring him. Insurance contracts are those contracts under which Credendo Group accepts a significant insurance risk – other than a financial risk – from a policyholder by agreeing to compensate the beneficiary on the occurrence of an uncertain event. As a general guideline, Credendo Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

As permitted by IFRS 4.4(d), Credendo Group has elected to account for financial guarantee contracts as insurance contracts rather than financial instruments, on the basis that Credendo Group has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts.

None of the insurance contracts of Credendo Group contain a discretionary participation feature (DPF), nor embedded derivatives. Credendo Group does not hold any service contract falling within the scope of the standard IAS 18.

Insurance contracts are classified into the following main categories:

> ***Credit Insurance contracts:*** insurance of the risk related to cancellation and payment default of international and domestic trade transactions which are caused by political events or by debtor insolvency or debtor default. The product range covers turnover policies, single-risk policies (supplier credit, buyer credit, project cash transactions, unfair calling of guarantees, contracting equipment), excess-of-loss policies and captive policies. Foreign exchange risk can be included.

> ***Investment insurance contracts:*** insurance contracts for foreign direct investments (FDI) whereby the investor or bank is insured against infringement of property rights, the non-repatriation of invested funds and dividends or the non-payment of investment credits due to political and assimilated events.

> ***Financial guarantees:*** guarantees for the benefit of a bank in the framework of three types of credit lines: bank guarantees, working capital (under export business) and investments and guarantees at the benefit of the bond holder.

> ***Surety contracts:*** also known as "bonding contracts", these are contracts that provide compensation to the beneficiary of the contract if Credendo Group bonding customer fails to perform a contractual obligation towards the beneficiary. Contractual bonds (advance payment bond, performance bond,…) guarantee the proper performance as well as the technical and financial abilities of the bonding customer in favour of a commercial partner. Credendo Group also issues legal bonds, e.g. in favour of the VAT or customs administration.

> ***Forfaiting contracts:*** contracts that are concluded in addition to the credit insurance policy for a medium-term supplier credit whereby the supplier credit is refinanced by Credendo Group. Credendo Group purchases the foreign trade receivable from the exporter. This purchase takes the form of a discounting without recourse on the exporter for all events of non-payment by the foreign buyer that cannot be attributed to negligence or fault of the exporter. Credendo Group has a direct risk of non-payment of claims on the debtor.
The credit insurance, investment insurance, financial guarantees, surety business and forfaiting are commonly referred to as direct business activity. Part of the risk from these insurance activities, financial guarantees and forfaiting excepted, is ceded to reinsurers.

> ***Inward reinsurance contracts:*** inward reinsurance contracts that reinsure similar risks as the direct business underwritten or issued by other insurance/surety companies.

A. Recognition and measurement

Except for some exceptions defined in the standard, IFRS 4 permits the continued use of previous local statutory accounting principles for the recognition and measurement of insurance and reinsurance contracts. Credendo Group has thus continued to apply Insurance Regulations of Belgium for Credimundi and Trade Credit, of the Czech Republic for KUPEG, of Austria for Garant Versicherungs-AG, of Russia for INGO-ONDD, which are substantially similar, save for the following points, which are covered by specific provisions of IFRS 4:

> removal of provisions for equalisation where applicable;

> identification and separation of embedded derivatives.

For insurance contracts (direct business) premiums correspond to premiums written excluding taxes, before reinsurance and net of cancellations. They are recognised on the date on which the insurance cover takes effect.

Inward reinsurance contracts are recognised when an entity of Credendo Group becomes a party to the obligation to provide for reinsurance cover, which is typically when the contract is signed. Technical reserves for reported claims correspond to the amounts advised by the assignors.

In accordance with IFRS 4.25, Credendo Group has chosen to continue the policy of not discounting its insurance liabilities and technical provisions.

Credendo Group does not apply shadow accounting.

B. Premium provisions

The premium provisions comprise the provision for unearned premiums, the provision for profit sharing and rebates and, for Delcredere | Ducroire, Credimundi and Trade Credit only, the provision for deterioration of the risk as foreseen in the Belgian regulations. For all insurance contracts, other than inward reinsurance contracts not administered by Credendo Group, contracts with premium payment via spreads per annum and financial guarantees, a provision for unearned premiums corresponds to the pro rata temporis share of the premiums to be allocated to the period following the closing date in order to cover claims charges and operating costs of insured risks not yet expired at the closing date.

For the credit (re)insurance contracts underwritten or administered by Delcredere | Ducroire, Credimundi and Trade Credit a provision for deterioration of the risk is constituted when for outstanding transactions the risk assessment is aggravated in comparison with the original assessment and, as a result, the unearned premiums may be insufficient to cover the estimated future charges (claims charges and operating costs). This can be caused by a deterioration in the country or debtor risk (downgrading of the rating), or by the deterioration of the business environment in a country or trade sector giving rise to an increased risk of a systemic nature.

For Garant, the premium provisions are part of the Pauschal reserve which is calculated as 40% of written premiums. For turnover policies, the Pauschal reserve is being released on a quarterly basis (25% per quarter). For single-risk and inward reinsurance activities the provision is maintained until the full liability has expired.

Finally, Credendo Group constitutes a provision for profit sharing and rebates for in-force policies that foresee rebates or no-claim bonuses, which will be settled at the end of the closing date of the period for which the policy has been taken out. The provision is based on an anticipated rate of profit sharing and rebates which is adjusted each year and estimated on the basis of past experience.

C. Provision for claims

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders.

Credendo Group has three types of provisions for claims:

> a provision for claims occurring during the period but reported after the end of the reporting period, also known as IBNR provision (incurred but not reported);

> a provision for claims reported but not yet settled at the end of the reporting period, also known as RBNS provision (reported but not settled); and

> a provision for internal and external claims handling expenses.

D. The IBNR provision

The IBNR provision is aimed at insuring on a statistical basis, taking past experience into account, the final losses of claims incurred but not yet reported at closing date.

For the credit insurance contracts directly underwritten or administered by Credimundi and Trade Credit, the IBNR provision is calculated by applying a loss ratio to the premiums for which the average notification period has not expired at closing date. For the surety contracts, no IBNR provision is calculated.

For inward reinsurance contracts, the IBNR provision is calculated by applying a prospective loss rate to the written premiums, after deduction of the claims paid, the expected recoveries of claims paid and the provision for expected claims. The provision is released when the risks have expired.

Delcredere | Ducroire, INGO-ONDD and KUPEG calculate their IBNR provision using insurance-mathematical and statistical methods.

For Garant, the IBNR provision is part of the Pauschal reserve.

E. The RBNS provision

The RBNS provision encompasses claims that have been reported by the insured party.

For the credit insurance contracts directly underwritten or administered by Credendo Group and the surety contracts, the RBNS provision is calculated based on the probability of claims payment and the probability of claims recovery on a case-by-case basis. The estimations take account of the different nature of the causes of risk: political risks (i.e. when the default is due to political risks) and commercial risks (i.e. when the default is due to the debtor) are entirely different.

The RBNS provision for inward reinsurance corresponds to an estimate of the expected final loss of the claim, based on the information given by the ceding party.

The RBNS provision is accounted for by Credendo Group at the moment of notification of non-payment except for INGO-ONDD where the RBNS provision is accounted for at the end of the waiting period which is determined on a contract-per-contract basis.

F. The provision for claims handling expenses

The provision for claims handling expenses at Delcredere | Ducroire and Credimundi is estimated based on a historic average per claims file of internal and external handling costs adjusted for cost inflation, the expected number of files with incurred losses and the average handling life of these files.

For Trade Credit only internal handling costs are taken into account. The provision amounts to 2% of the IBNR and RBNS provision.

For Garant and KUPEG only external handling costs are taken into account for provisioning. For KUPEG, the RBNS provision is increased with the expected expenses for the settlement of claims which are, based on long-term experience, estimated as a share of that provision.

For INGO-ONDD no provision for claims handling expenses is accounted for.

G. Liability Adequacy Test

Technical provisions are valued properly with suitable controls, systems and procedures in place to ensure the reliability, sufficiency and adequacy of the data. Models and methods used are tested through a systematic process, including back-testing, to ensure that the results are properly determined and make appropriate use of the available data. On a quarterly basis, Credendo Group performs an IFRS Liability Adequacy Test (LAT) and any deficiency is immediately charged to the income statement.

H. Impairment of reinsurance-related assets

On a quarterly basis, Credendo Group performs an impairment test on its reinsurance recoverables. If there is objective evidence that the reinsurance-related assets need to be impaired, Credendo Group reduces the carrying amount of those assets accordingly and recognises that impairment loss in the income statement.

2.14. CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where Credendo Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where Delcredere | Ducroire controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value remeasurement of available-for-sale investments, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the consolidated income statement together with the deferred gain or loss.

2.15. EMPLOYEE BENEFITS

A. Post-employment benefits: pension obligations

Credendo Group operates various pension schemes, including both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which Credendo Group pays fixed contributions into a separate entity. Credendo Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. In countries where there's no deep market in such bonds the market rates on government bonds are used.

Actuarial gains and losses that arise from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur. These actuarial gains and losses are recognised outside the income statement and are presented in the statement of comprehensive income.

Past-service costs whether vested or unvested are recognised immediately in the income statement.

For defined contribution plans, Credendo Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Credendo Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

B. Seniority bonuses

Credendo Group provides seniority bonuses rewarding employees for long years of service. The liability recognised in the statement of financial position is equal to the present value of the liabilities, less any fair value of plan assets. Calculations are made according to the projected unit credit method. The actuarial gains and losses are recognised in the income statement.

C. Termination benefits

Termination benefits are payable when employment is terminated by Credendo Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Credendo Group recognises termination benefits at the earlier of the following dates: when Credendo Group can no longer withdraw the offer of those benefits; and when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

D. Bonus plans

Credendo Group recognises a liability and an expense for bonuses. Credendo Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.16. PROVISIONS FOR RESTRUCTURING COSTS AND LEGAL CLAIMS

Provisions for restructuring costs and legal claims are recognised when:

> Credendo Group has a present legal or constructive obligation as a result of past events;

> it is probable that an outflow of resources will be required to settle the obligation; and

> the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A provision for restructuring is recognised when Credendo Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly before the reporting date.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

2.17. REVENUE RECOGNITION

A. Premium earned

Written premiums include both direct and assumed reinsurance business and are defined as all premium- and policy-related fees invoiced to third parties and the premium assumed, excluding tax, in respect of mainly:

> single-risk policies;

> turnover policies;

> financial guarantees;

> sureties;

> forfaiting;

> excess-of-loss policies;

> captives policies;

> inward reinsurance.

Accruals for premium refunds are charged against premium written. Premium earned includes an adjustment for the unearned share of premium, matching risks and rewards.

Part of the insurance premium is ceded to reinsurers. Premium ceded under reinsurance contracts is reported as a reduction of premium earned. Amounts recoverable for ceded unearned premium under cession agreements, are reported as assets in the accompanying consolidated statement of financial position.

B. Net income on financial investments

Investment income (included under "Finance income" in the income statement) comprises interest income on funds invested (including available-for-sale financial investments), dividend income, gains on the disposal of available-for-sale financial investments, increases in the fair value of financial investments at fair value through profit or loss that are recognised in the income statement. Interest income is recognised as it accrues in the income statement, using the effective interest method. Dividend income is recognised in the income statement on the date that Credendo Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Investment expenses (included under "Finance expenses" in the income statement) comprise decreases in the fair value of financial investments at fair value through profit or loss, impairment losses recognised on financial investments recognised in the income statement.

2.18. INTEREST INCOME AND EXPENSES

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within "Finance income" and "Finance costs" (note 29) in the income statement using the effective interest rate method. When a receivable is impaired, Credendo Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2.19. DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established.

2.20. LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Credendo Group leases certain property, plant and equipment. The leases of property, plant and equipment where Credendo Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance expenses. The corresponding rental obligations, net of finance expenses, are included in other long-term payables. The interest element of the finance expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

3. Critical accounting estimates and judgements

Credendo Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1. THE ULTIMATE LIABILITY ARISING FROM CLAIMS MADE UNDER INSURANCE CONTRACTS

The estimation of the ultimate liability arising from claims made under insurance contracts is Credendo Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that Credendo Group will ultimately pay for such claims. We refer to chapter 4 "Management of insurance and financial risk" for more information.

3.2. FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments. See chapter 4 "Management of insurance and financial risk" for additional sensitivity information for financial instruments.

3.3. PENSION BENEFITS

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Credendo Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, Credendo Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions.

3.4. ESTIMATED IMPAIRMENT OF GOODWILL

Credendo Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see note 5).

No impairment charge arose during the course of the year 2013.

3.5. INCOME TAXES

Credendo Group is subject to income taxes in Belgium, Austria, Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Russia, Slovakia, Spain, Switzerland and United Kingdom. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Credendo Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are only recognised for deductible temporary differences and losses carried forward if it is probable that future taxable profits will offset these losses and differences, and if tax losses remain available given their origin, their period of occurrence and their compliance with the legislation relating to their recovery. Credendo Group's ability to recover deferred tax assets is assessed through an analysis which is mainly based on business plans and the uncertainty surrounding economic conditions and uncertainties in the markets in which Credendo Group operates. Given the various uncertainties described above, a time horizon of three years is used by Credendo Group in its analysis. The underlying assumptions of this analysis are reviewed annually.

3.6. IMPAIRMENT OF AVAILABLE-FOR-SALE EQUITY INVESTMENTS

Credendo Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, Credendo Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4. Management of insurance and financial risk

Credendo Group recognises the importance of effective risk management and internal control systems. In this regard, Credendo Group has in place a consistent group-wide risk management system that enables us to identify, measure, monitor, manage and report, on a continuous basis, the risks to which Credendo Group and its subsidiaries are or could be exposed. Risk management must allow an appropriate understanding of the nature and significance of the risks to which the group and its individual entities are exposed.

Delcredere | Ducroire's Board of Directors lays out the group risk management strategy to implement a consistent group-wide risk management framework, applicable for the different subsidiaries that are part of Credendo Group. The relevant bodies of the subsidiaries organise their risk management framework in function of the key principles defined in this group risk management strategy, having in mind the applicable laws and prudential regulations. The group risk management strategy defines how the risk management framework within Credendo Group is structured and how it should operate in practice, in order to balance control, risk management and transparency, while supporting Credendo Group's success by ensuring efficient decision-making processes. It lays out the group risk management objective, key principles, general risk appetite and assignment of roles and responsibilities with regard to the risk management framework within Credendo Group.

Delcredere | Ducroire's Board of Directors, responsible for risk management and internal control at Credendo Group level, has, without affecting this responsibility in any way, delegated the authority to take decisions in this context to Delcredere | Ducroire's Executive Committee which in turn has charged an independent group risk management function with the responsibility of day-to-day group risk management. The group risk management function is held within Delcredere | Ducroire's Risk Management department. The group risk management function assists, together with the actuarial function, the subsidiaries' risk management function in the effective implementation of the risk management system and assists subsidiaries, subject to Solvency II regulation, in their own risk and solvency assessment process. By overseeing and steering the functioning of the risk management system within all subsidiaries, the group risk management function ensures that the functioning of the risk management system within all subsidiaries is aligned with the group risk management strategy.

This section summarises the insurance and financial risks to which Credendo Group is exposed and the way it manages them.

4.1. INSURANCE RISK

Insurance or underwriting risk is defined as the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. Apart from premium and reserve risk, i.e. the risk resulting from fluctuations in the timing, frequency and severity of insured events and in the timing and amount of claim settlements, Credendo Group's credit insurance and reinsurance activity may be exposed to catastrophic risk resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events.

Underwriting guidelines have been established, identifying and controlling existing and potential risks of the products involved and managing the risk/premium relationship of the product. Proper procedures of risk identification and selection at the time of acceptance and underwriting of risks, including internal underwriting risk limits, are established and applied by all employees. This framework enables Credendo Group to clearly and diligently assign risk decisions and manage risks, both for the complete underwriting portfolio as for every product that is offered.

The underwriting process is strictly defined by underwriting guidelines and subdelegation rules. In order to achieve a high level of transparency and security, the authority to take decisions is dispersed throughout the entities, from individual underwriters to special committees that discuss, evaluate and underwrite risks. Small amounts will need less people of lower seniority, while important transactions will be evaluated by committees and people with higher seniority. In order to assign the tasks and the decision levels in a clear way, the subdelegation in risk underwriting is clearly described and documented. The subdelegation of authority is the hierarchy management has put in place to assess and underwrite risks. These differ for every line of business. Exposures to a single counterparty, being a buyer (group) or a country, are subject to appropriate risk limits and managed taking into account potential correlations and contagions. Policies and procedures to monitor, manage and control these concentration risks are embedded in the risk management system, in line with the global policy on solvency and established limits.

Outward reinsurance enables Credendo Group to mitigate the underwriting risk. Policies and procedures have been developed, enabling the prudent management of the use of reinsurance, including both the risks transferred (identifying the maximum net risk to be retained, appropriate to the established risk tolerance limits, and setting types of appropriate reinsurance arrangements) and the risks arising from reinsurance, namely counterparty risk. Quota-share reinsurance lowers the estimated real exposure in retention while excess-of-loss and stop-loss programmes mitigate exceptional risks.

4.1.1 Credit & investment insurance risk

All Credendo Group entities insure non-payment risks attached to international and domestic sales of goods, prefinancings and delivery of services. Losses may arise from debtor insolvency or debtor defaults and/or political and assimilated ("force majeure") events. Policyholders are typically companies located in the larger Europe, while the risks covered encompass the whole world. These types of risks may be covered through different products, like single-risk policies, turnover policies, excess-of-loss products, captive schemes, forfaiting contracts and financial guarantees.

Another type of risk under credit insurance cover offered by some entities concerns losses due to contract cancellation and illicit calling of guarantees. Other accessory risks from current trade transactions that may be covered are the risk of infringement of property rights, like deliveries of equipment and goods for consignment or in the framework of processing contracts and of loans for use. Infringement of property rights due to political and assimilated events is also one of the risks covered by the investment insurance policy of Delcredere | Ducroire and the PRI product of Garant. The investment insurance can be extended to include the risks of non-repatriation of invested funds and dividends or the non-payment of investment credits.

The above risks are managed through the underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

4.1.2 Surety contracts risk

Credendo Group entity Credimundi and its subsidiary KUPEG are entitled to issue bonds for the account of companies established in the European Union in favour of different (public or private) applicants. The bond is issued on behalf of the principal (a company) in order to guarantee the payment of a certain sum to the beneficiary in the event that the principal's contractual or legal obligations have not been met. There are two categories of bonds/guarantees issued by Credendo Group entities:

- contractual/commercial bonds/guarantees: these bonds are issued within the framework of contracts between private companies (e.g. the beneficiaries can require that an advance payment bond or a performance bond be issued in their favour); and
- legal bonds/guarantees (issued by Credimundi only): the issue of these bonds is required and organised by legal or statutory provisions (e.g. custom bonds, transport bonds to cover the amount of the current transport licences, bonds in favour of VAT administration, etc.)

Before granting a bond on account of a company, its financial situation is analysed, taking its experience and its reputation into account.

4.1.3 Inward reinsurance contracts

Some Credendo Group entities reinsure similar risks and bonds underwritten or issued by other insurance/surety companies. This inward reinsurance business takes place on a facultative and on a treaty basis and is subject to similar risk management processes as direct business. Credimundi put the underwriting of reinsurance treaties that are not administered by itself in run-off as of 2013.

4.1.4 Sensitivity analysis

The underwriting risk being the most important risk in Credendo Group risk profile, the impact of standard sensitivity analyses is larger than for other risks. A 10% fall in the average premium level would ceteris paribus lead to a lowering of pre-tax income with EUR 24.4 mio (2012: EUR 23.2 mio). A 10% rise in claims expenses would lower the pre-tax income with EUR 10.1 mio (2012: EUR 7.9 mio).

4.1.5 Change in assumptions

Delcredere | Ducroire changed its valuation of IBNR provisions for direct business in the fourth quarter of 2012. Previously this provision was basically calculated by putting an amount equal to the premium allocated to the maturities of the last 3 months (considered to be the delay for loss notification) into an IBNR provision for the traditional credit insurance business. The method introduced at the end of 2012 has been derived from a classic IBNR estimation in insurance which is a function of the expected frequency and size of incurred losses. The scope for the provision was extended to investment insurance as well as the market activity. The simulated impact vis-à-vis the original estimation at mid-2012 was an increase of the IBNR provision by EUR 16.3 mio.

No other assumption changes with material impact have occurred since 01/01/2012.

4.1.6 Quantitative concentrations

The following table discloses the highest concentrations of total potential exposure from underwritten risks from all business lines by debtor country:

Total Potential Exposure (mio EUR) by Top 10 debtor countries								
	31/12/2013			31/12/2012			01/01/2012	
Country	Total Potential Exposure	%	Country	Total Potential Exposure	%	Country	Total Potential Exposure	%
Russia	4,149	6.6%	Russia	3,738	6.7%	Russia	3,490	6.9%
Brazil	2,716	4.3%	Belgium	2,944	5.3%	Turkey	2,390	4.7%
United States	2,617	4.1%	Brazil	2,631	4.7%	Brazil	2,215	4.3%
France	2,464	3.9%	Turkey	2,417	4.3%	India	2,035	4.0%
Turkey	2,414	3.8%	Italy	1,888	3.4%	Belgium	1,970	3.9%
Germany	2,397	3.8%	India	1,820	3.2%	China	1,834	3.6%
China	2,268	3.6%	France	1,631	2.9%	Czech Republic	1,676	3.3%
Belgium	2,246	3.5%	China	1,571	2.8%	France	1,494	2.9%
Italy	2,213	3.5%	Germany	1,566	2.8%	Germany	1,392	2.7%
United Kingdom	1,876	3.0%	Czech Republic	1,539	2.7%	United Arab Emirates	1,239	2.4%
Other countries	37,932	59.9%	Other countries	34,268	61.2%	Other countries	31,188	61.2%
Total Potential Exposure	**63,291**	**100%**	**Total Potential Exposure**	**56,013**	**100%**	**Total Potential Exposure**	**50,922**	**100%**

4.1.7 Claims development tables

In addition to scenario testing, the development of insurance liabilities provides a measure of Credendo Group's ability to estimate the ultimate value of claims. The following tables give an overview of how claims payments and provisions for direct business develop through the years on a basis gross and net of reinsurance. The claims development tables below illustrate how Credendo Group entities' estimates of total claims outstanding for each occurrence/underwriting year have changed at successive year-ends. Amounts are gross of any intragroup transactions and give insight in how uncertainties surrounding claims evolve and possible overestimations or underestimations of ultimate payments.

In the following development tables on reported claims for Delcredere | Ducroire's direct medium-/ long-term (MLT) business, the accident or risk occurrence year is defined in terms of the (first maturity) date on which the risk materialises:

Delcredere | Ducroire Direct MLT Business	Reported Claims, gross					
Occurrence year	2009	2010	2011	2012	2013	Total
Estimate of claims incurred:						
At end of reporting year	123.9	263.5	153.2	196.9	108.9	
One year later	75.3	235.0	167.5	172.9		
Two years later	73.1	130.3	174.3			
Three years later	67.9	120.2				
Four years later	59.3					
Current estimate of cumulative claims	59.3	120.2	174.3	172.9	108.9	635.6
Cumulative payments to date	47.6	94.3	103.0	52.1	5.9	303.0
Liability in respect to prior years						12.6
Total liability included in the balance sheet at 31/12/2013						**345.2**

Delcredere | Ducroire Direct MLT Business	Reported Claims, net					
Occurrence year	2009	2010	2011	2012	2013	Total
Estimate of claims incurred:						
At end of reporting year	92.0	251.8	139.5	177.2	98.2	
One year later	52.3	228.9	153.7	150.9		
Two years later	52.4	118.6	164.1			
Three years later	46.9	109.3				
Four years later	43.0					
Current estimate of cumulative claims	43.0	109.3	164.1	150.9	98.2	565.5
Cumulative payments to date	33.9	86.3	92.9	35.8	5.5	254.3
Liability in respect to prior years						10.4
Total liability included in the balance sheet at 31/12/2013						**321.5**

Most Credendo Group entities, however, mainly deal with short-term (ST) business, for which uncertainty about the amount and timing of claims payments is typically resolved within one year.

In the following development tables on reported claims for Delcredere | Ducroire's ST and Credimundi's direct business, the accident or risk occurrence year is defined in terms of the (first) maturity date for credit insurance and, for Credimundi's small surety contracts business, in terms of the date of bond calling:

Delcredere | Ducroire Direct ST Business & Credimundi	Reported Claims, gross					
Occurrence year	2009	2010	2011	2012	2013	Total
Estimate of claims incurred:						
At end of reporting year	182.1	36.0	43.7	31.9	50.2	
One year later	143.7	35.3	34.1	34.7		
Two years later	158.9	33.4	30.2			
Three years later	153.5	26.3				
Four years later	150.2					
Current estimate of cumulative claims	150.2	26.3	30.2	34.7	50.2	291.6
Cumulative payments to date	117.3	20.5	24.8	26.3	9.9	198.7
Liability in respect to prior years						4.9
Total liability included in the balance sheet at 31/12/2013						**97.8**

Delcredere | Ducroire Direct ST Business & Credimundi	Reported Claims, net					
Occurrence year	2009	2010	2011	2012	2013	Total
Estimate of claims incurred:						
At end of reporting year	133.2	27.3	32.9	21.4	36.0	
One year later	94.8	25.9	23.0	22.5		
Two years later	110.8	23.8	19.9			
Three years later	104.4	17.0				
Four years later	102.8					
Current estimate of cumulative claims	102.8	17.0	19.9	22.5	36.0	198.2
Cumulative payments to date	81.0	11.7	15.5	15.8	6.1	130.0
Liability in respect to prior years						3.9
Total liability included in the balance sheet at 31/12/2013						**72.1**

In the following claims development tables for KUPEG and INGO-ONDD (gross and net of reinsurance; including IBNR provisions), the accident or risk occurrence year for reported claims is defined in terms of the date of reporting of the loss:

KUPEG & INGO-ONDD	Incurred Losses, gross					
Occurrence year	2009	2010	2011	2012	2013	Total
Estimate of claims incurred:						
At end of reporting year	18.1	9.7	13.8	34.6	17.0	
One year later	23.9	8.1	12.7	34.6		
Two years later	22.4	7.3	11.8			
Three years later	21.7	7.0				
Four years later	21.5					
Current estimate of cumulative claims	21.5	7.0	11.8	34.6	17.0	91.9
Cumulative payments to date	21.3	7.0	11.7	9.4	5.8	55.2
Liability in respect to prior years						0.2
Total liability included in the balance sheet at 31/12/2013						**36.9**

KUPEG & INGO-ONDD	Incurred Losses, net					
Occurrence year	2009	2010	2011	2012	2013	Total
Estimate of claims incurred:						
At end of reporting year	6.3	4.8	5.4	5.8	6.1	
One year later	8.4	4.1	4.9	5.2		
Two years later	7.8	3.6	4.4			
Three years later	7.6	3.5				
Four years later	7.5					
Current estimate of cumulative claims	7.5	3.5	4.4	5.2	6.1	26.7
Cumulative payments to date	7.5	3.5	4.4	3.7	2.3	21.3
Liability in respect to prior years						0.1
Total liability included in the balance sheet at 31/12/2013						**5.5**

Finally, the following development tables for reported claims for Garant and the excess-of-loss activity of Trade Credit (gross and net of reinsurance) are defined in underwriting years:

Trade Credit & Garant(1)	Reported Claims, gross					
Underwriting year	2009	2010	2011	2012	2013	Total
Estimate of claims incurred:						
At end of reporting year	9.0	7.3	11.2	12.1	11.7	
One year later	18.2	13.0	17.0	31.5		
Two years later	19.3	13.9	18.5			
Three years later	19.7	14.6				
Four years later	18.2					
Current estimate of cumulative claims	18.2	14.6	18.5	31.5	11.7	94.6
Cumulative payments to date	17.8	11.3	12.1	7.7	0.1	49.1
Liability in respect to prior years						2.1
Total liability included in the balance sheet at 31/12/2013						**47.6**

Trade Credit & Garant(1)	Reported Claims, net					
Underwriting year	2009	2010	2011	2012	2013	Total
Estimate of claims incurred:						
At end of reporting year	-1.7	3.2	3.8	4.1	6.0	
One year later	3.0	5.0	5.7	10.4		
Two years later	4.4	5.0	5.8			
Three years later	3.2	4.7				
Four years later	-0.2					
Current estimate of cumulative claims	-0.2	4.7	5.8	10.4	6.0	26.8
Cumulative payments to date	-1.4	3.2	3.2	3.7	0.0	8.8
Liability in respect to prior years						1.0
Total liability included in the balance sheet at 31/12/2013						**19.0**

(1) Garant's claims provision includes its Pauschal reserve

4.2. FINANCIAL RISK

Credendo Group is exposed to a range of financial risks through its financial investments, reinsurance assets and insurance liabilities. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

Credendo Group entities' risk management framework also covers the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The objective is to identify, quantify, manage and then monitor events or actions that could lead to financial losses.

Taking into account risk appetite, the administrative or supervisory board of the entity determines limits regarding asset allocation as reflected in the investment strategy. The investment strategy typically identifies the asset allocations across the main investment categories, possible allocation limits by counterparty, business sector, geography, type of instrument and currency, the return to be targeted and the nature of any outsourcing and requirements for the safekeeping of assets (custodial arrangements). The portfolios of financial investments are managed and monitored through regular dedicated meetings by management bodies, whether or not assisted by a specialised committee.

Due to data insufficiencies for parent company Delcredere | Ducroire 2011 figures had to be left out of the quantitative information on market and credit risks.

4.2.1 Market risk

4.2.1.1 Interest rate risk

The interest rate risk stems from the risk of adverse movements in interest rates. Credendo Group exposure to interest rate risk is primarily limited to fixed income instruments and, if discounted, technical provisions due to the fact that Credendo Group has no borrowings. Given the nature of the insurance activity, the undiscounted insurance liabilities are not sensitive to the level of market interest rates as they are contractually non-interest bearing. A higher interest rate lowers ceteris paribus the value of bonds and, if applied, the discounted value of technical provisions. At the end of the reporting period, a sensitivity analysis on that small part of the bond portfolio at variable interest rate points to a negligible decrease/increase in pre-tax profit of EUR 0.6 mio (2012: EUR 0.3 mio) due to change in financial income, if interest rates would have been respectively 100 bps lower/higher.

4.2.1.2 Currency risk

Credendo Group is active in the insurance of international trade transactions, leading to it holding insurance liabilities and related assets in several currencies on its statement of financial position. This creates risks of losses due to adverse movements in these currencies. The most material foreign currency positions are for Credendo Group as follows:

Currency risk exposures (mio EUR)	31/12/2013	31/12/2012
Assets denominated in foreign currency		
Financial investments		
USD	190.5	121.2
GBP	34.5	26.7
Reinsurers' share of insurance liabilities		
USD	59.9	51.3
GBP	1.2	3.3

Currency risk exposures (mio EUR)	31/12/2013	31/12/2012
Liabilities denominated in foreign currency		
Financial liabilities		
USD		
GBP		
Liabilities arising from insurance contracts		
USD	502.0	390.1
GBP	3.8	8.7

At the end of the reporting period, a sensitivity analysis on the above positions points to an increase of the net liability position in USD of EUR 25.1 mio (2012: EUR 21.8 mio) and the net asset position in GBP of EUR 3.2 mio (2012: EUR 2.1 mio) if these currencies would appreciate by 10% vis-à-vis the EUR, ceteris paribus. A 10% depreciation of the currencies would lead to inverse movements in the net position. Pre-tax profit would, for both currencies combined, respectively decrease/ increase by EUR 22 mio (2012: EUR 19.6 mio).

4.2.1.3 Equity price risk

Equity represents a significant percentage in the consolidated Credendo Group investment portfolio. Since equity is typically a higher risk instrument that is more sensitive to volatility and possibly large shocks, a safe investment strategy is pursued. Volatility risk is mitigated through the use of mixed target volatility funds and diversified hedging of risk positions. While a decent return is sought after, it is equally important to hold equity in secure assets. Furthermore, also geographically, the equity portfolio generally favours safer more mature markets over risky markets.

At the end of the reporting period, a sensitivity analysis on funds invested in equity instruments (not contained in the target volatility or other mixed funds) demonstrates that if equity market prices had been 10% higher/lower, with all other variables held constant, pre-tax impact on OCI would have been EUR 3.2 mio higher/lower (2012: EUR 24.4 mio) respectively, due to the change in mark-to-market of equity AFS.

4.2.2 Credit risk

Credit or counterparty default risk is defined as the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which Credendo Group is exposed. Credit risk is typically assessed through ratings reflecting the creditworthiness of the counterparty. The credit risk exposure arises from financial transactions with security issuers, debtors, intermediaries, policyholders or reinsurers. Most notably, there is a significant credit risk when considering the investment portfolio and when considering the reinsurance recoverables. The receivables from the insurance activities mostly concern exposures to typically unrated counterparties, like policyholders and brokers, for which the overall credit risk is mitigated through the very diversification of the exposures.

The credit risk inherent in the investment portfolio mainly concerns the bonds, term deposits and monetary funds. Where such instruments are involved, the clear strategic decision is taken to favour highly-rated counterparties. The majority of the bonds are government bonds and where corporate bonds are held, the counterparty is generally well-rated.

The following table demonstrates the credit quality of the consolidated financial investments that are neither overdue nor impaired. Mixed funds are classified on a look-through basis i.e. according to the category of the underlying financial investments. Therefore, amounts e.g. classified as equity instruments or cash (equivalents), are different from amounts in the balance sheet. Investments for which no clear identification (other than e.g. "other liquidity") was found are classified as non-rated.

Credit risk exposures (mio EUR)	AAA	AA	A	BBB	<BBB	Non rated	Total
Financial investments & cash (equivalents) at 31/12/2013							
Government bonds	13	344	8	7	0	1	374
Funds invested in debt/security instruments	163	213	388	208	4	37	1,014
Funds invested in equity instruments	0	0	0	0	0	513	513
Fixed term deposits	0	0	89	7	0	0	96
Cash and cash equivalents	0	1	319	5	0	251	576
Total	**176**	**558**	**805**	**227**	**4**	**802**	**2,572**

Credit risk exposures (mio EUR)	AAA	AA	A	BBB	<BBB	Non rated	Total
Financial investments & cash (equivalents) at 31/12/2012							
Government bonds	8	400	9	1	2	0	420
Funds invested in debt/security instruments	138	98	265	71	1	195	768
Funds invested in equity instruments	0	0	0	0	0	575	575
Fixed term deposits	0	0	191	10	0	4	206
Cash and cash equivalents	0	1	39	6	0	363	408
Total	**146**	**499**	**504**	**88**	**3**	**1,137**	**2,378**

While reinsurance agreements help mitigating and managing the insurance risks, there is a possibility that the reinsurer will not fulfil its obligations. This boils down to the reinsurer not compensating an incurred loss, because it is not able or willing to do so. Credendo Group carefully selects its reinsurers and sets an internal requirement for all reinsurers to be rated at least investment grade. Furthermore, a strict follow-up and regular review of the relations and the performance of the agreements enable to optimise these agreements beyond the pure rating requirement. The choice of counterparties varies little from year to year, indicating an overall satisfaction with both the relationships and the creditworthiness of these counterparties.

The following table demonstrates the distribution of the consolidated technical provisions, recoverable from reinsurers, per rating category of the counterparty:

Counterparty risk exposures	AAA	AA	A	BBB	<BBB	Non rated	Total
Reinsurers' share of insurance liabilities (in mio EUR)							
31/12/2013	0.2	65.3	101.0	4.2	1.3	35.9	207.9
31/12/2012	0.2	61.1	84.6	25.2	0.0	29.6	200.7

Non-rated reinsurers concern especially foreign government-related credit insurers and the counterparties in Trade Credit's captive activity (upon which credit risk is mitigated by dedicated clauses). These latter captives have all been classified as non-rated (for a total of EUR 27.4 mio in 2013 and 2012).

4.2.3 Liquidity risk

Liquidity risk is defined as the risk that funds are not available in order to settle financial obligations when they fall due. Credendo Group entities' principal cash outflow commitments are related to its insurance liabilities. Credendo Group's (non-) derivative financial liabilities equal close to zero.

The insurance liabilities of most of the Credendo Group entities are especially short-term liabilities. High fluctuations in the claims payments may cause severe liquidity stresses. This means that, at all times, a solid balance between higher-yielding longer-term securities and keeping sufficient liquid funds to cover short-duration insurance liabilities has to be struck. Resources to cover day-to-day cash requirements are, besides cash inflows from especially net written premiums and recoveries of paid claims, available cash and deposit holdings and highly liquid financial investments. Given the nature of Credendo Group's insurance business, expected cash inflows do not take into account expected profit included in future premiums from in-force contracts.

Policies and procedures for management of the liquidity risk have regard to the investment strategy, the global underwriting strategy and the claims management. Liquidity risk management covers both the operational liquidity or cash management and the longer term strategic liquidity needs. Taking into account available resources and existing untapped sources of funding, and the fact that Credendo Group has no borrowings or significant financial liabilities, the liquidity risk is assessed to be low.

4.2.4 Capital management

The adequate capital level is determined by the risk appetite and longer-term business strategy. Today, Credendo Group's capital management strategy is basically oriented towards disposing of a buffer for complying with regulatory capital levels. Credendo Group entities subject to the forthcoming EU-wide Solvency II insurance regulation, that is all entities except Russia-based INGO-ONDD and parent Delcredere | Ducroire, have generally their risk appetite framework set with an overall risk tolerance defined in terms of solvency capital requirements in the context of the Solvency II framework.

Solvency II will replace as of 2016 the current regulatory Solvency I framework, which was one of the first major international attempts to set industry solvency capital requirements. The Solvency II regulatory framework assesses the solvency capital requirements in a more holistic way. In order to guarantee that insurers have sufficient capital to withstand adverse events Solvency II requires insurers to hold capital also against at least market risk, counterparty risk and operational risk.

Additionally, the Solvency II framework does not only set capital requirements – it also entails the creation of a risk management system within the insurance industry. Insurers will be required to focus on the active identification, measurement and management of risks, and to consider any future developments, such as new business plans or the possibility of catastrophic events, that might affect their financial standing. Under Solvency II, insurers need to assess their capital needs in light of all risks by means of the "Own Risk and Solvency Assessment" (ORSA), while the "Supervisory Review Process" would shift supervisors' focus from compliance monitoring and capital to evaluating insurers' risk profiles and the quality of their risk management and governance systems.

The Solvency II process and development is followed closely and awareness within Credendo Group entities is promoted to ensure progress and successful implementation within the given timeframe. Credendo Group entities have been actively preparing for and monitoring the Solvency II development process.

Two entities within Credendo Group currently hold ratings from recognised rating agencies:

> Garant holds an AM Best financial strength rating and Fitch IFS rating of A-;

> parent Delcredere | Ducroire is rated AA by S&P.

4.3. FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

> quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

> inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);

> inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables present Credendo Group's assets and liabilities measured at fair value at 31/12/2013, 31/12/2012 and 01/01/2012. Note that only the financial instruments measured at fair value are included in the tables below. As loans and receivables are not measured at fair value, these have not been included in the tables below.

31/12/2013	Level 1	Level 2	Total
Assets			
Financial assets at fair value through profit or loss			
Government bonds	31,874	-	31,874
Funds invested in debt instruments	214,375	-	214,375
Mixed & other funds	1,437,427	-	1,437,427
Available-for-sale financial assets			
Government bonds	23,195	10,566	33,760
Funds invested in debt instruments	60,845	-	60,845
Funds invested in equity instruments	31,596	-	31,596
Mixed & other funds	47,041	-	47,041
Total assets	**1,846,353**	**10,566**	**1,856,919**

31/12/2012	Level 1	Level 2	Total
Assets			
Financial assets at fair value through profit or loss			
Government bonds	30,237	-	30,237
Funds invested in debt instruments	9,784	-	9,784
Mixed & other funds	29,500	-	29,500
Available-for-sale financial assets			
Government bonds	26,985	3,962	30,947
Funds invested in debt/security instruments	646,332	-	646,332
Funds invested in equity instruments	243,918	-	243,918
Mixed & other funds	819,558	-	819,558
Total assets	**1,806,314**	**3,962**	**1,810,277**

01/01/2012	Level 1	Level 2	Total
Assets			
Financial assets at fair value through profit or loss			
Government bonds	27,092	-	27,092
Funds invested in debt/security instruments	18,752	-	18,752
Funds invested in equity instruments	-	-	0
Mixed & other funds	50,148	-	50,148
Available-for-sale financial assets			
Government bonds	13,190	7,742	20,932
Funds invested in debt/security instruments	675,957	-	675,957
Funds invested in equity instruments	213,905	-	213,905
Mixed & other funds	779,390	-	779,390
Total assets	**1,778,435**	**7,742**	**1,786,177**

At 31/12/2013, investments classified as level 1 comprise approximately 99.4% (31/12/2012: 99.8%, 01/01/2012: 99.6%) of financial investments measured at fair value on a recurring basis. Fair value measurements classified as level 1 include exchange-traded prices of fixed maturities, equity securities and derivative contracts.

At 31/12/2013, investments classified as level 2 comprise approximately 0.6% (31/12/2012: 0.2%, 01/01/2012: 0.4%) of financial investments measured at fair value on a recurring basis. They primarily include government and agency securities and certain corporate debt securities, such as private fixed maturities.
As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined utilising relevant information generated by market transactions involving comparable securities. They are often based on model pricing techniques that effectively discount prospective cash flows to present value using appropriate sector-adjusted credit spreads commensurate with the security's duration, also taking into consideration issuer-specific credit quality and liquidity. These valuation methodologies have been studied and evaluated by Credendo Group and the resulting prices determined to be representative of exit values.

Credendo Group has no investments classified as level 3.

For the accounting policies regarding the determination of the fair values of financial investments and financial liabilities, see note 2.7.1.

There were no transfers between levels 1 and 2 during the year.

There are no financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

5. Intangible assets

Intangible assets	Note	Goodwill	Software	Internally generated software development costs	Concessions, patents & licences	Other	Total
At cost at 01/01/2013		**5,835**	**638**	**5,000**	**4,673**	**4,079**	**20,225**
Additions		-	73	1,088	283	728	2,172
Business combination		-	-	-	-	-	-
Disposals		-	-33	-74	-	-	-107
Transfers		-	-	1,562	-	-1,562	-
Exchange differences		-	-52	-	-	-	-52
Other adjustments		-	-	-	-	-	-
At cost at 31/12/2013		**5,835**	**626**	**7,576**	**4,956**	**3,244**	**22,238**
Accumulated amortisation and impairments at 01/01/2013		**-**	**-310**	**-482**	**-3,623**	**-1,181**	**-5,596**
Amortisation charge	26	-	-81	-545	-345	-23	-993
Amortisation on disposals		-	-	-	-	-	-
Impairment charge		-	-	-	-	-	-
Transfers		-	-	-	-	-	-
Exchange differences		-	25	-	-	-	25
Accumulated amortisation and impairments at 31/12/2013		**-**	**-366**	**-1,027**	**-3,968**	**-1,204**	**-6,565**
Balance at 01/01/2013		5,835	328	4,518	1,050	2,898	14,629
Balance at 31/12/2013		**5,835**	**260**	**6,549**	**988**	**2,040**	**15,673**

Intangible assets	Note	Goodwill	Software	Internally generated software development costs	Concessions, patents & licences	Other	Total
At cost at 01/01/2012		**5,599**	**326**	**1,897**	**3,284**	**5,847**	**16,954**
Additions		-	304	3,421	277	1,849	5,852
Business combination	32	236	-	-	1,111	-	1,348
Disposals		-	-	-319	-	-3,618	-3,936
Exchange differences		-	8	-	-	-	8
At cost at 31/12/2012		**5,835**	**638**	**5,000**	**4,673**	**4,079**	**20,225**
Accumulated amortisation and impairments at 01/01/2012		**-**	**-249**	**-195**	**-2,693**	**-1,101**	**-4,238**
Amortisation charge	26	-	-55	-287	-411	-80	-833
Business combination	32	-	-	-	-519	-	-519
Amortisation on disposals		-	-	-	-	-	-
Impairment charge		-	-	-	-	-	-
Transfers		-	-	-	-	-	-
Exchange differences		-	-6	-	-	-	-6
Accumulated amortisation and impairments at 31/12/2012		**-**	**-310**	**-482**	**-3,623**	**-1,181**	**-5,596**
Balance at 01/01/2012		**5,599**	**78**	**1,703**	**591**	**4,746**	**12,716**
Balance at 31/12/2012		**5,835**	**328**	**4,518**	**1,050**	**2,898**	**14,629**

The total amortisation expense of K EUR 993 (31/12/2012: K EUR 833) has been charged in "Depreciation and amortisation" in the income statement.

The internal hours spent on the development of IT are activated under the internally generated software development costs. These projects are mainly related to datawarehouse & interfaces, accounting and reporting applications, reinsurance applications, functional integration and other applications.

The significant additions in 2013 are mainly relating to accounting & reporting applications (K EUR 1,304) and datawarehouse (K EUR 579).

The additions in 2012 are mainly relating to datawarehouse & interfaces (K EUR 1,184) and reinsurance application (K EUR 780).

Credendo Group's current and future intangible assets are not pledged nor restricted.

5.1. GOODWILL

Management reviews the business performance based on an entity level as this is how the goodwill is monitored by management. The following is a summary of goodwill allocation for each entity:

31/12/13	Opening	Addition	Closing
Trade Credit	275	-	275
INGO-ONDD	5,560	-	5,560
Total	**5,835**	**-**	**5,835**

31/12/12	Opening	Addition	Closing
Trade Credit	39	236	275
INGO-ONDD	5,560	-	5,560
Total	**5,599**	**236**	**5,835**

01/01/2012	Opening	Addition	Closing
Trade Credit	39	-	39
INGO-ONDD	5,560	-	5,560
Total	**5,599**	**-**	**5,599**

The increase in goodwill in 2012 is due to the additional acquisition of 28.70% of the share capital of Trade Credit. Since Credendo Group already owned 26.41% of the share capital of Trade Credit, Credendo Group obtained control of Trade Credit in 2012.

During the fourth quarter of 2013, Credendo Group completed its annual impairment test for goodwill. No impairment charges were deemed necessary.

INGO-ONDD has the most significant carrying amount of goodwill.

The recoverable amount of the CGU INGO-ONDD has been determined based on a value-in-use calculation. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a six-year period.

Management is convinced that a six-year period is justified due to the nature of the activities. Cash flows beyond the six-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the insurance business in which the CGU operates. The key assumptions used for value-in-use calculations are as follows:

Key assumptions	31/12/2013	31/12/2012	01/01/2012
Long-term growth rate	1.50%	0.85%	0.85%
Discount rate	12.61%	11.80%	10.57%

Management-determined budgeted gross margin based on past performance and its expectations of market development. The growth rate does not exceed the long-term average growth rate for the credit insurance business in which INGO-ONDD operates. The discount rates used are pre-tax and reflect specific risks relating to INGO-ONDD.

No impairment charge arose during the year ended 31/12/2013.

No reasonably possible change in the key assumptions would remove any remaining headroom in the impairment calculation.

6. Property, plant and equipment

Property, plant and equipment	Note	Land and buildings	Plant, machinery & equipment	Office furniture, equipment, furnishing and vehicles	Operating Equipment	Assets under construction	Other	Total
At cost at 01/01/2013		**18,746**	**9,396**	**7,725**	**300**	**243**	**718**	**37,127**
Additions		42	334	360	33	23	63	854
Disposals		-	-140	-296	-15	-	-	-451
Other adjustments		-	-	-22	-	-	-47	-69
At cost at 31/12/2013		**18,788**	**9,590**	**7,767**	**318**	**266**	**733**	**37,461**
Accumulated depreciation and impairments at 01/01/2013		**-1,403**	**-5,097**	**-6,705**	**-253**	**-**	**-599**	**-14,057**
Depreciation charge	26	-161	-514	-614	-27	-	-64	-1,379
Depreciation on disposals		-	47	98	15	-	-	160
Transfers		-	-	-4	0	-	-	-4
Exchange differences		-	-	13	0	-	39	53
Accumulated amortisation and impairments at 31/12/2013		**-1,564**	**-5,564**	**-7,212**	**-265**	**-**	**-624**	**-15,228**
Balance at 01/01/2013		**17,343**	**4,299**	**1,019**	**47**	**243**	**119**	**23,070**
Balance at 31/12/2013		**17,224**	**4,026**	**555**	**53**	**266**	**110**	**22,234**

Property, plant and equipment	Note	Land and buildings	Plant, machinery & equipment	Office furniture, equipment, furnishing and vehicles	Operating Equipment	Assets under construction	Other	Total
At cost at 01/01/2012		**18,267**	**9,017**	**7,645**	**292**	**182**	**670**	**36,073**
Additions		-	412	152	10	127	69	771
Business combination		-	284	137	-	-	-	421
Disposals		-	-17	-35	-	-67	-34	-153
Other adjustments		478	-299	-175	-3	-	13	15
At cost at 31/12/2012		**18,746**	**9,396**	**7,724**	**300**	**243**	**718**	**37,126**
Accumulated depreciation and impairments at 01/01/2012		**-1,250**	**-4,290**	**-6,003**	**-205**	**-**	**-524**	**-12,273**
Depreciation charge	26	-152	-559	-671	-47	-	-99	-1,530
Business combination		-	-251	-51	-	-	-	-302
Depreciation on disposals		-	3	24	-	-	34	61
Exchange differences		-	-	-4	-	-	-10	-14
Accumulated depreciation and impairments at 31/12/2012		**-1,403**	**-5,097**	**-6,705**	**-253**	**-**	**-599**	**-14,057**
Balance at 01/01/2012		**17,017**	**4,727**	**1,641**	**87**	**182**	**146**	**23,800**
Balance at 31/12/2012		**17,343**	**4,299**	**1,019**	**47**	**243**	**119**	**23,070**

The total depreciation expense of K EUR 1,379 (31/12/2012: K EUR 1,530) has been charged in "Depreciation, amortisation and impairment" in the income statement.

Lease rentals amounting to K EUR 952 (31/12/2012: K EUR 1,239) relating to the lease of offices, cars and office equipment are included in the income statement.

Credendo Group's current and future tangible assets are not pledged nor restricted.

7. Investments in associates

Credendo Group had holdings of 26.41% in the associate Trade Credit at 01/01/2012.

Trade Credit is an insurance company specialised in the excess-of-loss (XoL) cover of the commercial credit risk. The originality of the Trade Credit trade finance management risk coverage lies in the fact that its cover does not depend on credit limits determined on each debtor of the insured, but that it accepts to cover the credit management of the insured, handled in full autonomy.

The investment in Trade Credit was accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The financial data for Credendo Group's associate as per 01/01/2012 are as follows (data as per 01/01/2012 or for the year ended 31/12/2011):

2011	Country of incorporation	% of interest held	Net assets	Revenues	Profit/(loss) of the year
Trade Credit	Belgium	26.41%	21,847	40,442	296

There are no contingent liabilities relating to Credendo Group's interest in Trade Credit, and no contingent liabilities of Trade Credit itself.

In March 2012, Credendo Group acquired an additional holding of 28.7% in Trade Credit. As a result the total holding of Credendo Group reached 55.11% and Trade Credit was accounted for as a subsidiary. We refer to note 32 on business combinations for further information.

8. Financial investments and other financial assets

Credendo Group's financial investments are summarised by measurement category in the tables below:

Analysis by classes 2013	AFS	Fair value through profit or loss	Loans and receivables	Total
Government bonds(1)	**33,760**	**31,874**	**-**	**65,634**
Quoted	23,195	31,874	-	55,068
Unquoted	10,566	-	-	10,566
Funds invested in debt instruments	**60,845**	**214,375**	**-**	**275,221**
Quoted	60,845	214,375	-	275,221
Funds invested in equity instruments	**31,596**	**-**	**-**	**31,596**
Quoted	31,596	-	-	31,596
Mixed & Other Funds	**47,041**	**1,437,427**	**297,860**	**1,782,328**
Quoted	47,041	1,437,427	-	1,484,468
Unquoted	-	-	297,860	297,860
Fixed-term deposit	**-**	**-**	**71,087**	**71,087**
Total financial investments	**173,243**	**1,683,676**	**368,947**	**2,225,866**

Analysis by classes 2012	AFS	Fair value through profit or loss	Loans and receivables	Total
Government bonds(1)	**30,947**	**30,237**	**-**	**61,185**
Quoted	26,985	30,237	-	57,223
Unquoted	3,962	-	-	3,962
Funds invested in debt instruments	**646,332**	**9,784**	**-**	**656,116**
Quoted	646,332	9,784	-	656,116
Funds invested in equity instruments	**243,918**	**-**	**-**	**243,918**
Quoted	243,918	-	-	243,918
Mixed & Other Funds	**819,558**	**29,500**	**306,024**	**1,155,082**
Quoted	819,558	29,500	-	849,058
Unquoted	-	-	306,024	306,024
Fixed-term deposit	**-**	**-**	**63,691**	**63,691**
Total financial investments	**1,740,755**	**69,522**	**369,715**	**2,179,992**

Analysis by classes 2011	AFS	Fair value through profit or loss	Loans and receivables	Total
Government bonds(1)	**20,932**	**27,092**	**-**	**48,024**
Quoted	13,190	27,092	-	40,283
Unquoted	7,742	-	-	7,742
Funds invested in debt instruments	**675,957**	**18,752**	**-**	**694,710**
Quoted	675,957	18,752	-	694,710
Funds invested in equity instruments	**213,905**	**-**	**-**	**213,905**
Quoted	213,905	-	-	213,905
Mixed & Other Funds	**779,390**	**50,148**	**306,024**	**1,135,562**
Quoted	779,390	50,148	-	829,538
Unquoted	-	-	306,024	306,024
Fixed-term deposit	**-**	**-**	**60,850**	**60,850**
Total financial investments	**1,690,185**	**95,992**	**366,874**	**2,153,050**

(1) including local and regional authorities, and other related issuers

The fair values of the unlisted bonds are determined by reference to comparable securities. More information on the applied valuation technique is included in note 4.3.

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as either held for sale or as fair value through profit or loss.

Major part of the financial investments can be considered as current.

At the reporting date there were no available-for-sale financial investments that were overdue but not impaired.

Equity and debt securities classified at fair value through profit or loss are designated in this category upon initial recognition.

ZEPHYR

The financial investments as per 31/12/2013 include financial investments in an institutional fund, called Zephyr, for an amount of EUR 1.6 billion. These are classified as financial investments at fair value through profit or loss. During 2013 Delcredere | Ducroire decided to sell its entire investment portfolio and to reinvest the considerations received in an institutional fund, called Zephyr, which is under global custody. This transaction did not impact the underlying asset management model.

Zephyr is a multi-asset investment fund with the following subfunds and investment objectives and strategy:

> 2 money market funds of EUR 100 million each with an investment objective to preserve the invested capital over a 1-month period and a 3-month period corresponding to the recommended investment horizon while producing the best possible money market return for the investors;

> 3 mixed funds for a total amount of EUR 698 million managed by 3 different asset managers within a traditional balanced mandate on the basis of the following benchmark: 35% government bonds of OECD countries, 26% corporate bonds investment grade, 29% equities, 6% commodities and 4% real estate;

> 2 mixed funds for a total amount of EUR 710 million managed by 2 different asset managers within specific mandates with as primary objective to optimise the return while maintaining ex ante and ex post a predefined measure of risk budget.

The Strategic Asset Allocation (SAA) for the entire investment portfolio is reviewed at least annually by the Board of directors, the Executive Management Committee and the Financial Asset Management Committee.

The investments within Zephyr represent the major part of the entire investment portfolio of the group. Most of the asset classes with a higher risk profile are managed within Zephyr.

The Financial Asset Management Committee reviews the portfolio positioning related to Zephyr at least on a monthly basis and reviews the entire portfolio positioning related to risk and performance at least on a quarterly basis by, amongst other things, verifying that asset classes remain within expected boundaries and by assessing the investment portfolio against the SAA benchmark.

The fair value of these financial investments is determined based on the following principles:

> the valuation of financial instruments and monetary market instruments that are traded on a regulated, regularly functioning and open market is based on the last known price on such market. If such instrument is traded on more than one market, the valuation is based on the last known price on its principal trade market. If such price is not representative, the valuation is based on the likely realisation value;

> the valuation of financial instruments and monetary market instruments that are not tradable on a regulated, regularly functioning and open market is based on the likely realisation value; all liquidities, including surplus balances on demand accounts and current accounts with regard to credit institutions, or short-term payables and receivables, fiscal assets and liabilities are valuated at their nominal value. However, for those compartments of which the investment policy is primarily aimed at liquidity investments, the liquidities shall be valuated based on the market interest rate;

> the term receivables and term debts, other than those mentioned under the bullet point above, which are not represented by tradable financial instruments, are valuated based on the market interest rate that is applicable to equivalent financial instruments with a comparable remaining maturity;

> unmatured receivables and liabilities are valuated pro rata temporis based on their exact value, if known, or on their estimated value;

> valuations that are expressed in another currency than the one of the concerned compartment shall be converted into EUR based on the last known exchange rate;

> all other assets are valuated at their likely realisation value.

The financial investment portfolio in Zephyr as per 31/12/2013 can be detailed as follows:

Detail per asset class

Asset Class	Market Value
Government bonds	290,023
Corporate bonds	613,656
Monetary Funds	200,009
Equity	404,580
Cash and Equivalents	60,303
Commodities	22,452
Real estate	17,325
Forward	-40
Total	**1,608,309**

Detail per currency

Currency	Market Value
EUR	1,476,910
USD	90,226
JPY	20,586
GBP	17,370
CHF	2,734
SEK	482
Total	**1,608,309**

The financial risks related to the portfolio in Zephyr can be described as follows:

MARKET RISK

Market risk is the risk that the value of the Zephyr investment fund will be adversely affected by movements in market variables such as interest rates, equity prices and currency exchange rates.

a) Interest rate risk

Interest rate risk is the risk that the value of an asset or a liability will change due to the movement in the absolute level of interest rates.

An excellent parameter to measure the interest sensitivity is the modified duration percentage. Modified duration within Zephyr at 31/12/2013 is 3.82%.

The bonds within Zephyr amount to EUR 903 million. An increase (decrease) of 100 basis points in interest rates at the reporting date would have decreased (increased) the market value of the bonds with EUR 34.5 million. This analysis instrument assumes that all other variables, in particular foreign currency rates remain constant.

b) Variation in equity prices

Equity price risk in Zephyr is mitigated by holding a diversified and liquid portfolio of investment funds. The exposure to equity investments can at any time be reduced if a substantial risk is perceived in the financial markets. The volatility risk is mitigated through the use of mixed target volatility funds with a limited risk budget. The other mixed funds holding equity are protected by a dynamic risk overlay aiming at protecting these funds against a drop of 5%.

c) Currency risk

The main assets in foreign currency within Zephyr are denominated in USD and amount to USD 124 million (EUR 90 million) at 31/12/2013.

They mitigate the foreign currency exchange risk of the insurance liabilities.

The asset managers within Zephyr are monitoring the exchange risk by hedging the risk if necessary.

CREDIT RISK

The credit risk, i.e. the risk that a counterparty will be unable to pay amounts in full when due, is strictly managed within Zephyr.

Within the balanced mandates in Zephyr only investment grade securities are allowed. Government bonds on the peripheral countries in the Eurozone are excluded.

Also debt instruments within the Target Volatily mandates (with limited risk budget) are of high quality (minimum 90% investment grade).

Both monetary funds in Zephyr are composed of high-quality short-term-rated paper with a weighted average maturity (WAM) of 60 and 180 days.

LIQUIDITY RISK

The group is exposed to liquidity risk if there is insufficient cash available to meet its financial obligations, when due, at a reasonable cost.

Although substantial cash amounts are available outside Zephyr, funds included in Zephyr are all liquid with highly marketable underlying securities.

The 2 money market funds included in Zephyr amounting to EUR 200 million have daily liquidation dates.

The movements in Credendo Group's financial investments are summarised in the table below by measurement category:

	Note	AFS	Fair value through profit or loss	Loans and receivables	Total
At 01/01/2012		**1,690,185**	**95,992**	**366,874**	**2,153,050**
Business combinations		4,666	-	-	4,666
Additions		1,186,436	2,928	131,165	1,320,529
Disposals		-1,202,070	-35,141	-317,419	-1,554,630
Net gains/(losses) transfer to equity		119,244	-	-	119,244
Net (gains)/losses transfer from equity		-57,640	-	-	-57,640
Exchange differences		251	-	-	251
Net gains/(losses) through profit or loss		-201	5,516	-	5,315
Other		-114	226	189,096	189,208
At 31/12/2012		**1,740,755**	**69,522**	**369,715**	**2,179,992**
Business combinations		-	-	-	-
Additions		232,773	1,602,725	295,132	2,130,631
Disposals		-1,696,559	-	-294,883	-1,991,442
Net gains/(losses) transfer to equity		16,217	-	-	16,217
Net (gains)/losses transfer from equity	27	-117,676	-	-	-117,676
Exchange differences		-465	-463	-1,018	-1,946
Net gains/(losses) through profit or loss	27	-1,145	11,147	-	10,001
Amortisation charge for the year		-	-	-	-
Other		-657	746	-	89
At 31/12/2013		**173,242**	**1,683,676**	**368,947**	**2,225,865**

No collateral is held by Credendo Group against potential losses arising from impairments of available-for-sale financial investments. A specific impairment provision has been provided against each of the individually impaired financial investments for the full amount of the impairment. The impairment loss for 2013 amounts to K EUR 1,145 and has been charged in "finance expense".

During the period 01/01/2013 till 31/12/2013 there were no reclassifications of financial investments.

The other financial assets relate to the participation in Global Trade Security (GTS) (situated at Route de l'Aéroport 29 in Geneva, Switzerland) in which 50% was held up till 2013. In the beginning of 2013 an additional 50% was acquired. Due to its insignificant impact on the consolidated figures, GTS was not consolidated as per 31 December 2013, 2012 and 2011.

9. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable, i.e. in those companies where there is reasonable assurance as to the realisation of these losses.

Credendo Group has withdrawn deferred income tax assets of K CZK 10,100 (K EUR 388) relating to tax losses carried forward of KUPEG because the realisation of these deferred tax assets has been assessed as not being probable in the near future. There are no other unrecognised deferred income tax assets in respect of losses carried forward.

Deferred income tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of the subsidiaries. Such amounts are permanently reinvested.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets and liabilities	31/12/2013	31/12/2012	01/01/2012
Deferred tax assets to be recovered after more than 12 months	8,351	6,383	5,125
Deferred tax assets to be recovered within 12 months	-	1,085	-
Deferred tax assets	**8,351**	**7,468**	**5,125**
Deferred tax liabilities to be recovered after more than 12 months	-4,419	-4,844	-1,943
Deferred tax liabilities to be recovered within 12 months	-	-	-
Deferred tax liabilities	**-4,419**	**-4,844**	**-1,943**
Net deferred tax position	**3,932**	**2,624**	**3,182**

The gross movement in the deferred income tax account is as follows:

Gross movement deferred taxes	2013	2012
Balance at 01/01	**2,624**	**3,182**
Business combinations	-	716
Income statement (charge)/credit	-71	170
Tax (charge)/credit relating to components of other comprehensive income	1,523	-1,392
Exchange differences	-143	-53
Balance at 31/12	**3,932**	**2,624**

10. Reinsurance assets

Reinsurance assets	31/12/2013	31/12/2012	01/01/2012
Reinsurers' share of insurance liabilities			
Provision for unearned premium	31,793	30,565	12,631
Provision for risk deterioration	6,377	6,963	3,400
Provision for IBNR	18,154	32,295	4,178
Provision for claims - reported losses - expected claims	149,284	128,276	79,731
Provisions profit share & refunds	1,992	2,455	1,298
Provision for claims management expenses	229	143	76
Other technical provisions	67	23	0
Total	**207,895**	**200,720**	**101,315**

Reinsurance assets	2013	2012	2011
Current	202,846	196,340	91,569
Non-current	5,049	4,381	9,746
Total	**207,895**	**200,720**	**101,315**

The recognition and measurement of reinsurance assets follow the recognition and measurement of the insurance liabilities that have been ceded to the reinsurer. For the accounting policies of Credendo Group relating to the liabilities arising from insurance contracts we refer to note 2.15 "Insurance contracts and reinsurance contracts".

Amounts due from reinsurers in respect of claims already paid by Credendo Group on the contracts that are reinsured are included in the receivables (note 11).

As Credendo Group does not discount its insurance liabilities, reinsurance assets are also not discounted.

As a security against potential default by reinsurance counterparties, Credendo Group retains part of the premium that has to be paid to the reinsurer on a deposit account. Yearly, an interest of 80% of Euribor 3 months is paid on this deposit.

11. Loans and receivables including reinsurance receivables

The receivables are analysed by classes in the table below:

Analysis by classes	31/12/2013	31/12/2012	01/01/2012
Receivables on insurance and reinsurance business			
Amounts owed by policyholders and direct insurance operations	1,180,628	1,207,347	1,330,942
Receivables arising out of reinsurance	29,451	27,478	34,743
Expected recovery on claims paid	260,001	279,142	229,624
Provision for impairment	-835,568	-881,731	-959,677
Total receivables related to insurance activity	**634,511**	**632,236**	**635,632**
Other receivables	55,352	41,888	30,773
Provision for impairment	0	0	0
Total other receivables	**55,352**	**41,888**	**30,773**
Total receivables	**689,863**	**674,124**	**666,405**

The outstanding receivables are substantially all current and consequently their fair values do not materially differ from the book value.

There is no concentration of credit risk with respect to loans and receivables, as Credendo Group has a large number of internationally dispersed debtors. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. Credendo Group does not hold any collateral as security.

The other classes within receivables do not contain impaired assets.

Movements in the provision for impairment on receivables are as follows:

Movements in the provision for impairment on receivables	31/12/2013	31/12/2012
Balance at 01/01	**-881,731**	**-959,677**
Business combinations	0	0
Provision for impairment on receivables	13	0
Receivables written off during the year as uncollectable	16,463	-180,749
Reversal of previously recorded provision for impairment	32,760	256,923
Other movements	-3,075	1,772
Balance at 31/12	**-835,568**	**-881,731**

The creation and release of the provision for impaired receivables have been included in "Other operating expenses" in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

Total movement of K EUR 46,149 (2012: K EUR 77,946) includes an amount of K EUR 337 (2012: K EUR 298) for allowances on trade debtors (see note 26). The remaining amount relates to allowances on receivables from claims and indemnities.

As of 31/12/2013, total loans and receivables of K EUR 549,171 were past due but not impaired. These mainly relate to accounts receivable from indemnities for which there is no recent history of default.

Loans and receivables	Impaired and provided for	Due but not impaired	Not due	Total
Gross	835,568	549,171	140,692	1,525,431
Impairment	-835,568			-835,568
Net	**0**	**549,171**	**140,692**	**689,863**

The ageing analysis of these receivables that are past due but not impaired is as follows:

Ageing	Less than 3 months	3 to 6 months	> 6 months	Total
Past due but not impaired	44,791	302,829	201,551	549,171
% of total	8%	55%	37%	100%

As of 31/12/2013, receivables of K EUR 835,568 were impaired. The amount of the provision amounts to K EUR 835,568 as of 31/12/2013.

12. Other assets

The other assets can be detailed as follows:

Other assets	31/12/2013	31/12/2012	01/01/2012
Deferred charges	1,802	4,925	1,181
Prepaid expenses	918	400	252
Accrued interests	2,737	2,933	2,855
Accrued revenue on insurance premiums	2,065	728	0
Other accrued income	1,292	3,006	1,436
Total other assets	**8,814**	**11,993**	**5,724**

13. Cash and cash equivalents

Cash and cash equivalents	31/12/2013	31/12/2012	01/01/2012
Cash at bank and in hand	322,471	42,087	41,612
Short-term bank deposits	24,813	154,787	48,952
Cash and cash equivalents in the statement of financial position	**347,284**	**196,875**	**90,564**

The effective interest rate on short-term bank deposits for 2013 amounted to 0.2453% (2012: 0.55%). The average maturity is 1 day.

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

Cash and cash equivalents	31/12/2013	31/12/2012	01/01/2012
Cash and cash equivalents	347,284	196,875	90,564
Bank overdrafts	-	-	-
Cash and cash equivalents in the statement of cash flows	**347,284**	**196,875**	**90,564**

14. Endowment

Endowment	Endowment	Total
At 01/01/2012	**297,472**	**297,472**
Change in endowment	-	-
At 31/12/2012	**297,472**	**297,472**
Change in endowment	-	-
At 31/12/2013	**297,472**	**297,472**

Delcredere | Ducroire has an endowment of EUR 297.5 million. This endowment (capital) is granted by the Belgian State as financial assets, more particularly as Belgian Government bonds. These assets represent the capital of Delcredere | Ducroire and cannot be sold or liquidated without the approval of the Belgian State. This amount has not been changed for several decades.

15. Consolidated reserves and other comprehensive income

15.1. CONSOLIDATED RESERVES

	Note	2013	2012
Balance at 01/01		**1,457,597**	**1,278,484**
Profit / (loss) of the year		255,581	179,279
Changes in ownership interests in subsidiairies that do not result in a change in control	32	-302	-
Other movements		6,407	-167
Balance at 31/12		**1,719,283**	**1,457,597**

15.2. OTHER COMPREHENSIVE INCOME (EXCLUDING NON-CONTROLLING INTEREST)

	2013	2012
Balance at 01/01	**96,544**	**47,588**
Items that will not be reclassified to profit or loss		
Actuarial gains / (losses) on defined benefit pension plans	10,873	-9,272
Deferred tax on actuarial gains / (losses) on defined benefit pension plans	-378	340
Subtotal items that will not be reclassified to profit or loss	**10,495**	**-8,932**
Items that may be subsequently reclassified to profit or loss		
Fair value change in available-for-sale financial investments	16,821	119,692
Foreign exchange differences on available-for-sale financial investments	-564	-491
Available-for-sale reserves recycled to profit or loss during the year	-117,206	-59,474
Deferred taxes thereon	1,906	-1,775
	-99,043	57,953
Exchange differences on translating foreign operations	-2,045	307
Subtotal of items that may be subsequently reclassified to profit or loss	**-101,089**	**58,260**
Changes in ownership interests in subsidiairies that do not result in a change in control	**11**	**-**
Other movements	**-7,179**	**-371**
Balance at 31/12	**-1,218**	**96,544**

16. Liabilities arising from insurance contracts and reinsurance assets

	31/12/2013			31/12/2012			01/01/2012		
	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net
Single risk	977,403	-69,406	907,997	986,298	-87,245	899,053	1,092,207	-64,109	1,028,099
Investment insurance	4,321	-	4,321	5,607	-	5,607	11,183	-127	11,056
Financial guarantees	34,689	-	34,689	35,161	-	35,161	30,555	-	30,555
Sureties	3,679	-970	2,709	2,401	-412	1,988	4,774	-735	4,039
Excess of loss & Captives	83,439	-64,855	18,583	78,747	-56,395	22,353	20,659	-9,496	11,163
Turnover policies	121,060	-62,287	58,774	92,947	-54,764	38,183	69,007	-25,818	43,188
Inward Reinsurance	62,429	-10,377	52,052	48,202	-1,904	46,298	29,396	-1,031	28,366
Liabilities arising from insurance contracts presented in the statement of financial position	**1,287,020**	**-207,895**	**1,079,125**	**1,249,363**	**-200,720**	**1,048,643**	**1,257,781**	**-101,315**	**1,156,466**

16.1. SINGLE-RISK INSURANCE (IN EUR)

	31/12/2013			31/12/2012			01/01/2012		
	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net
Provision for reported claims and loss adjustment expenses	678,764,194	-56,266,245	622,497,949	697,669,408	-73,324,429	624,344,979	831,719,118	-54,811,072	776,908,045
Claims incurred but not reported	48,937,063	-4,939	48,932,124	62,797,908	-9,240	62,788,668	71,217,899	-40,961	71,176,939
Provision for profit sharing and rebates	61,500	-26,500	35,000	-	-	-	-	-	-
Provision for risk deterioration	26,550,389	-5,873,133	20,677,256	34,777,329	-6,584,174	28,193,155	16,657,366	-1,214,525	15,442,841
Provision for unearned premiums	212,053,353	-7,128,074	204,925,279	177,203,659	-7,327,160	169,876,499	161,373,078	-8,042,010	153,331,068
Provision for claims management expenses	11,036,083	-106,930	10,929,152	13,849,293	-	13,849,293	11,239,907	-	11,239,907
Total	**977,402,582**	**-69,405,822**	**907,996,760**	**986,297,597**	**-87,245,003**	**899,052,593**	**1,092,207,367**	**-64,108,568**	**1,028,098,799**

16.2. INVESTMENT INSURANCE (IN EUR)

	31/12/2013			31/12/2012			01/01/2012		
	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net
Provision for reported claims and loss adjustment expenses	3,293,577	-	3,293,577	956,569	-	956,569	9,826,440	-	9,826,440
Provision for risk deterioration	-	-	-	3,346,226	-	3,346,226	-	-	-
Provision for unearned premiums	981,901	-	981,901	1,286,420	-	1,286,420	1,220,949	-126,853	1,094,096
Provision for claims management expenses	45,684	-	45,684	17,692	-	17,692	135,305	-	135,305
Total	**4,321,162**	**-**	**4,321,162**	**5,606,907**	**-**	**5,606,907**	**11,182,694**	**-126,853**	**11,055,841**

16.3. FINANCIAL GUARANTEES (IN EUR)

	31/12/2013			31/12/2012			01/01/2012		
	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net
Provision for reported claims and loss adjustment expenses	28,568,381	-	28,568,381	30,866,844	-	30,866,844	25,530,015	-	25,530,015
Provision for risk deterioration	2,296,304	-	2,296,304	-	-	-	1,695,035	-	1,695,035
Provision for unearned premiums	3,538,512	-	3,538,512	3,872,086	-	3,872,086	3,019,733	-	3,019,733
Provision for claims management expenses	286,007	-	286,007	422,473	-	422,473	310,650	-	310,650
Total	**34,689,203**	**-**	**34,689,203**	**35,161,403**	**-**	**35,161,403**	**30,555,433**	**-**	**30,555,433**

16.4. SURETIES (IN EUR)

	31/12/2013			31/12/2012			01/01/2012		
	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net
Provision for reported claims and loss adjustment expenses	2,012,607	-357,421	1,655,186	1,404,742	-104,290	1,300,452	1,097,773	-111,464	986,308
Claims incurred but not reported	-	-	-	-	-	-	2,228,642	-	2,228,642
Provision for unearned premiums	1,591,452	-612,963	978,489	845,195	-308,176	537,019	1,319,720	-623,511	696,209
Provision for claims management expenses	74,848	-	74,848	150,953	-	150,953	127,637	-	127,637
Total	**3,678,908**	**-970,384**	**2,708,523**	**2,400,890**	**-412,466**	**1,988,424**	**4,773,771**	**-734,975**	**4,038,797**

16.5. EXCESS-OF-LOSS & CAPTIVES INSURANCE (IN EUR)

	31/12/2013			31/12/2012			01/01/2012		
	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net	Gross	Recover-able from reinsurance	Net
Provision for reported claims and loss adjustment expenses	46,466,639	-40,460,371	6,006,268	48,460,785	-36,986,202	11,474,583	20,076,404	-9,132,940	10,943,464
Claims incurred but not reported	12,128,166	-9,096,124	3,032,041	4,605,487	-3,459,211	1,146,276	-	-	-
Provision for profit sharing and rebates	1,010,876	-455,079	555,797	2,641,736	-1,126,721	1,515,014	496,343	-341,373	154,970
Provision for risk deterioration	-	-	-	-	-	-	-	-	-
Provision for unearned premiums	23,172,183	-14,777,152	8,395,030	22,381,159	-14,735,164	7,645,995	32,700	-11,445	21,255
Provision for claims management expenses	660,965	-	660,965	599,578	-64,532	535,046	53,281	-9,987	43,295
Other technical provisions	-	-66,670	-66,670	58,700	-23,105	35,595	-	-	-
Total	**83,438,829**	**-64,855,396**	**18,583,432**	**78,747,444**	**-56,394,936**	**22,352,508**	**20,658,728**	**-9,495,744**	**11,162,983**

16.6. TURNOVER POLICIES (IN EUR)

	31/12/2013			31/12/2012			01/01/2012		
	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net
Provision for reported claims and loss adjustment expenses	84,778,063	-48,518,461	36,259,601	36,335,679	-17,861,461	18,474,218	35,106,504	-15,295,795	19,810,710
Claims incurred but not reported	12,841,370	-6,649,878	6,191,491	34,242,917	-28,836,139	5,406,778	9,140,933	-4,004,150	5,136,784
Provision for profit sharing and rebates	3,197,118	-1,372,519	1,824,599	2,832,138	-1,315,356	1,516,781	2,300,234	-956,759	1,343,475
Provision for risk deterioration	1,365,607	-503,902	861,706	710,938	-378,770	332,168	5,467,680	-2,185,928	3,281,752
Provision for unearned premiums	10,950,670	-5,120,116	5,830,554	11,143,298	-6,294,000	4,849,299	9,446,667	-3,309,216	6,137,451
Provision for claims management expenses	7,927,484	-121,914	7,805,570	7,681,793	-78,316	7,603,477	7,544,566	-66,472	7,478,094
Total	**121,060,311**	**-62,286,790**	**58,773,521**	**92,946,763**	**-54,764,041**	**38,182,721**	**69,006,584**	**-25,818,319**	**43,188,265**

16.7. INWARD REINSURANCE (IN EUR)

	31/12/2013			31/12/2012			01/01/2012		
	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net
Provision for reported claims and loss adjustment expenses	23,640,237	-3,681,606	19,958,631	14,683,466	-	14,683,466	10,710,045	-379,993	10,330,053
Claims incurred but not reported	24,083,729	-2,402,617	21,681,112	25,739,632	9,311	25,748,943	18,686,367	-132,962	18,553,405
Provision for profit sharing and rebates	313,000	-138,000	175,000	122,000	-13,000	109,000	-	-	-
Provision for unearned premiums	14,205,429	-4,154,449	10,050,980	7,652,598	-1,900,284	5,752,314	-	-517,835	-517,835
Provision for claims management expenses	-	-	-	4,333	-	4,333	-	-	-
Other technical provisions	186,700	-	186,700	-	-	-	-	-	-
Total	**62,429,096**	**-10,376,672**	**52,052,424**	**48,202,030**	**-1,903,973**	**46,298,057**	**29,396,412**	**-1,030,789**	**28,365,622**

17. Provisions for other liabilities and charges

Provisions for other liabilities and charges	Onerous contracts	Litigation	Other	Total
Balance at 01/01/2013	**96**	**123**	**357**	**577**
Charged/(credited) to the income statement:				
Additional provisions	111	3	-	114
Business combination	-	-	-	-
Unused amounts reversed	-96	-	-13	-109
Balance at 31/12/2013	**111**	**126**	**344**	**581**
Current	111	-	-	**111**
Non-current	-	126	344	**470**

Provisions for other liabilities and charges	Onerous contracts	Litigation	Other	Total
Balance at 01/01/2012	**115**	**78**	**23**	**216**
Charged/(credited) to the income statement:				
Additional provisions	96	45	13	154
Business combination	-	-	470	470
Unused amounts reversed	-	-	-	-
Used during period	-115	-	-148	-263
Balance at 31/12/2012	**96**	**123**	**357**	**577**
Current	96	-	-	**96**
Non-current	-	123	357	**480**

18. Employee benefit obligations

The table below outlines the amounts recognised as employee benefit obligations on the statement of financial position:

Employee benefit obligations	31/12/2013	31/12/2012	01/01/2012
Short-term employee benefits	4,662	4,337	4,022
Post-employment benefits	3,645	14,385	5,075
Other long-term employee benefits	230	232	277
Termination benefits	446	315	354
Total	**8,983**	**19,269**	**9,728**

18.1. SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits represent accruals for bonuses, social security charges and holiday pay.

18.2. POST-EMPLOYMENT BENEFITS

Credendo Group operates a defined contribution pension plan in Belgium and a defined benefit pension plan in Belgium and Austria under broadly similar regulatory frameworks.

The TOU (Technical Operating Unit) Credendo Group operates defined benefit pension plans based on employee pensionable remuneration and length of service. The plans are final salary plans coming in addition to the Belgian legal pension. The benefits are determined by the plan rules and are defined as a retirement pension with the option to convert the pension into a retirement lump sum. These pension benefits are externally funded by means of an annual dotation at an insurance company. The covering plan assets are invested into insurance products providing minimum guaranteed interest rates.

The TOU (Technical Operating Unit) Garant operates defined benefit pension plans based on employee pensionable remuneration and length of service. The plans are final salary plans coming in addition to the Austrian legal pension. The benefits are determined by the plan rules and are defined as a retirement pension with the option to convert the pension into a retirement lump sum. Garant holds special bonds or investment funds amounting to 50% of the value of the provision. These assets are not included in the tables below detailing plan assets.

Defined contribution pension plan (Belgium)

There is one pension plan in place in Belgium that is legally structured as a defined contribution plan.

Because of the Belgian legislation applicable to 2nd pillar pension plans (so-called "Law Vandenbroucke"), all Belgian defined contribution plans have to be considered under IFRS as defined benefit plans. The Law Vandenbroucke states that in the context of defined contribution plans, the employer must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions.

Because of this minimum guaranteed return for defined contribution plans in Belgium, the employer is exposed to a financial risk (there is a legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods). These plans should therefore be classified and accounted for as a defined benefit plan under IAS 19.

In the past Credendo Group did not apply the defined benefit accounting for these plans because higher discount rates were applicable and the return on plan assets provided by insurance companies was sufficient to cover the minimum guaranteed return. As a result of continuously low interest rates offered by the European financial markets, the employers in Belgium effectively assumed a higher financial risk related to the pension plans with a minimum fixed guaranteed return than in the past, requiring them to measure the potential impact of defined benefit accounting for these plans.

We made an estimate of the potential additional liabilities as at 31/12/2013 and these are assessed as not significant. For information some key figures related to the plans are given below:

- employer's contributions 2013: K EUR 44 (excl. taxes);
- amount of the plan assets at 31/12/2013: K EUR 336.

Defined benefit pension plans (Belgium, Austria)

The amounts for post-employment benefits recognised in the consolidated statement of financial position are determined as follows:

Defined benefit plan	31/12/2013	31/12/2012	01/01/2012
Year ended 31/12			
Present value of funded obligations	-36,403	-42,969	-32,318
Present value of unfunded obligations	**-3,468**	**-3,537**	**-2,386**
Total present value	-39,871	-46,505	-34,705
Fair value of plan assets	36,226	32,120	29,629
Deficit of funded plans	**-177**	**-10,849**	**-2,689**
Net asset/liability (-) in the statement of financial position at 31/12	**-3,645**	**-14,385**	**-5,075**

The movement in the defined benefit obligation over the year is as follows:

Defined benefit obligation	31/12/2013	31/12/2012	01/01/2012
Defined benefit obligation at 01/01	**46,505**	**34,705**	**31,876**
Current service cost	3,318	2,439	2,174
Interest cost	1,294	1,619	1,614
Remeasurements:	-10,723	8,815	-411
Actuarial (gains)/losses from changes in financial assumptions	-8,417	10,024	-
Experience (gains)/losses	-2,306	-1,209	-
Administration expense	-93	-	-
Taxes paid	-323	-	-
Benefits paid from plan	-107	-1,073	-549
Defined benefit obligation at 31/12	**39,871**	**46,505**	**34,705**

The weighted average duration of the defined benefit obligation in Belgium is 12 years.

In Austria the average duration of the defined benefit obligation is 19 years.

The movement in the fair value of plan assets of the year is as follows:

Fair value of plan assets	31/12/2013	31/12/2012	01/01/2012
Fair value of plan assets at 01/01	**32,120**	**29,629**	**25,990**
Interest income	927	1,440	1,295
Remeasurements: Return on plan assets excluding interest income	159	-637	166
Employer contributions	3,437	2,658	2,629
Administration expense	-93	-	-
Taxes paid	-323	-	-
Benefits paid from plan	-1	-970	-450
Fair value of plan assets at 31/12	**36,226**	**32,120**	**29,629**

Plan assets are represented by the following instruments:

Plan assets	31/12/2013	31/12/2012	01/01/2012
Equity instruments	1,113	489	511
Government bonds	16,571	15,738	16,457
Corporate bonds	1,426	830	868
Corporate loans	370	86	90
Real estate	3,514	2,821	2,949
Qualifying insurance policies	13,233	12,156	8,753
Total	**36,226**	**32,120**	**29,629**

Pension plan assets include three financing funds at insurance companies of which two funds are included under "Qualifying insurance funds".

The amounts recognised in the income statement are as follows:

Income statement	31/12/2013	31/12/2012
Current service cost	3,318	2,319
Net interest cost	366	180
Total	**3,685**	**2,499**

The total cost of post-employment benefits of K EUR 3,685 (31/12/2012: K EUR 2,499) are included within employee benefit expenses in the income statement.

Remeasurements included in other comprehensive income are as follows:

Remeasurements other comprehensive income	31/12/2013	31/12/2012
Remeasurements:	10,723	-8,815
Actuarial (gains)/losses from changes in financial assumptions	8,417	-10,024
Experience (gains)/losses	2,306	1,209
Return on plan assets excluding interest income	159	-637
Total remeasurements included in OCI	**10,882**	**-9,453**

The significant actuarial assumptions used for post-employment benefits are as follows:

a) For the Belgian defined benefit pension plans

Actuarial assumptions	31/12/2013	31/12/2012	01/01/2012
Discount rate	3.30%	2.80%	4.70%
Future inflation rate	2.00%	2.00%	2.00%
Future salary increases (after age of 30)	3.25%	4.00%	4.00%
Future salary increases (up to age of 30)	7.00%	4.00%	4.00%
Indexation rate	2.00%	2.00%	2.00%
Mortality	MR-5/FR-5	MR-5/FR-5	MR-5/FR-5

The mortality rate of the employees follows the Belgian mortality table MR|FR with an age correction of -5 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

Sensitivity analysis	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Year ended 31/12/2013			
Discount rate	0.10%	Decrease by 1.20%	Increase by 1.19%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

b) For the Austrian defined benefit pension plan

	31/12/2013	31/12/2012	01/01/2012
Discount rate	3.1%	2.8%	4.7%
Future inflation rate	0.0%	0.0%	0.0%
Rate of compensation increase	3.0%	3.0%	3.5%
Rate of benefit in payment increase	3.0%	3.0%	3.5%

Through its defined benefit pension plans, Credendo Group Consolidated is exposed to a number of risks, the most significant of which are detailed below:

> asset volatility: the plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit;

> changes in bond yields: a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings;

> inflation risk: the pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Expected contributions to post-employment defined benefit plans for the year ending 31/12/2014 are K EUR 2,680.

18.3. OTHER LONG-TERM EMPLOYEE BENEFITS

The other long-term benefits consist of the seniority bonuses. Credendo Group operates seniority bonus plans in Belgium, providing a loyalty bonus for employees in recognition of long years of service.

18.4. TERMINATION BENEFITS

The termination benefits are relating to termination benefits granted by Credendo Group to certain employees in Austria.

19. Payables

The payables are analysed in the table below:

Payables	31/12/2013	31/12/2012	01/01/2012
Payables on insurance and reinsurance business			
Amounts due to policyholders	48,083	13,834	24,090
Payables arising out of reinsurance operations	111,138	113,551	102,884
Amounts due to intermediaries	809	-	-
Total payables	**160,031**	**127,385**	**126,973**

Payables	31/12/2013	31/12/2012	01/01/2012
Current	160,031	127,385	126,973
Non-current	-	-	-
Total	**160,031**	**127,385**	**126,973**

Amounts due to policyholders and other parties related to the contract mainly relate to payables to brokers.

Payables arising out of reinsurance operations relate to payables resulting from ceded claims and provisions as well as to deposits from reinsurers.

These payables have a contractual profile payment within 1 year.

The outstanding payables are substantially all current and consequently their fair values are considered to approximate their carrying amounts.

20. Other liabilities

The other liabilities can be detailed as follows:

Other liabilities	31/12/2013	31/12/2012	01/01/2012
Other debts	16,231	14,630	6,082
Accrued charges and deferred income	9,726	12,514	20,606
Total	**25,957**	**27,144**	**26,688**

Other liabilities differ from payables (note 19) as they arise from non-insurance related activities. As per 31/12/2013 total other liabilities mainly relate to invoices to receive (K EUR 4,573), debt towards the Belgian State (K EUR 8,156) and other non-insurance related supplier debts (K EUR 3,502).

The total accrual of K EUR 9,726 mainly relates to accrued commissions and broker fees (K EUR 694), accrued operating and administration expenses (K EUR 1,884) and deferred income arising out of the rescheduling agreements with foreign government authorities (K EUR 4,423).

All other liabilities can be considered as current. The fair value therefore approximates the carrying amount.

21. Net insurance premium revenue

Insurance premium revenue	2013			2012		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Single Risk						
Written premium	184,548	-20,087	164,460	176,396	-31,735	144,661
Change in provision for unearned premium	-34,240	-200	-34,440	-15,255	-715	-15,970
Total	**150,308**	**-20,288**	**130,020**	**161,141**	**-32,449**	**128,691**
Investment insurance						
Written premium	2,103	-	2,103	3,192	-	3,192
Change in provision for unearned premium	305	-	305	-65	-127	-192
Total	**2,408**	**-**	**2,408**	**3,127**	**-127**	**3,000**
Financial guarantees						
Written premium	9,145	-	9,145	8,802	-	8,802
Change in provision for unearned premium	334	-	334	-852	-	-852
Total	**9,478**	**-**	**9,478**	**7,950**	**-**	**7,950**
Sureties						
Written premium	3,518	-1,453	2,065	3,467	-1,535	1,932
Change in provision for unearned premium	-753	233	-521	319	-242	76
Total	**2,765**	**-1,220**	**1,545**	**3,785**	**-1,777**	**2,008**
Excess of loss & Captives						
Written premium	39,501	-35,893	3,608	38,861	-34,692	4,169
Change in provision for unearned premium	1,338	-916	422	-458	349	-108
Total	**40,839**	**-36,808**	**4,031**	**38,403**	**-34,343**	**4,061**
Turnover policies						
Written premium	102,019	-49,261	52,758	96,797	-57,607	39,190
Change in provision for unearned premium	-294	-943	-1,236	-1,962	1,040	-922
Total	**101,725**	**-50,203**	**51,522**	**94,835**	**-56,567**	**38,268**
Inward Reinsurance						
Written premium	70,350	-18,525	51,826	59,153	-5,525	53,628
Change in provision for unearned premium	-5,328	1,476	-3,852	-3,066	656	-2,409
Total	**65,023**	**-17,049**	**47,974**	**56,088**	**-4,869**	**51,219**
Total written premiums	**411,185**	**-125,219**	**285,966**	**386,668**	**-131,093**	**255,575**
Change in provision for unearned premium	-38,638	-350	-38,988	-21,339	962	-20,378
Total profit share and refunds	-6,917	4,087	-2,830	-5,193	1,940	-3,253
Net insurance premium revenues	**365,629**	**-121,481**	**244,147**	**360,136**	**-128,192**	**231,944**

The table below details the written premiums according to the country where the risk is situated.

	31/12/2013	31/12/2012
Belgium	47,023	50,480
Ghana	34,102	3,162
Luxembourg	25,614	18,325
Russia	23,500	27,915
France	21,464	15,532
United States	13,930	12,934
Czech Republic	13,186	14,848
Italy	11,516	10,531
Netherlands	10,040	11,219
Spain	9,294	9,100
Turkey	8,628	10,015
Germany	7,761	7,326
Switzerland	6,978	19,462
United Kingdom	6,936	7,447
Greece	3,840	1,691
Nigeria	3,714	19,697
India	3,501	4,460
Bulgaria	3,412	708
Saudi Arabia	3,398	2,295
Brazil	3,250	10,652
Ukraine	2,807	1,916
Kazakhstan	2,741	2,203
China	2,531	4,186
Lithuania	2,074	1,442
Venezuela	2,029	2,154
Algeria	1,992	0
Argentina	1,946	0
Poland	1,906	968
Egypt	1,574	0
Qatar	1,424	1,838
Singapore	1,321	1,072
Indonesia	1,250	1,479
Norway	1,245	1,701
Bermuda	1,114	3,232
Other countries	124,144	106,678
Total premium earned	411,185	386,668

22. Other operating income and expense

Other operating income and expense	31/12/2013	31/12/2012
Other income	69,115	58,063
Other operating income	**69,115**	**58,063**
Other expense	-18,363	-24,697
Other operating expenses	**-18,363**	**-24,697**

The other operating expenses for 2013 mainly include investigation costs (K EUR 5,438), foreign exchange rate losses (K EUR 10,296) and general expenses on acquisition costs (K EUR 1,770).

The other operating income for 2013 mainly includes commissions received from reinsurers (K EUR 31,250), investigation costs that were recharged to clients (K EUR 5,444), interests received on claims (K EUR 9,876), foreign exchange rate gains (K EUR 14,575) and other recoveries of expenses.

23. Insurance benefits and claims

Insurance benefits and claims	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Single Risk						
Claims paid in the year	81,945	-17,144	64,801	170,047	-2,842	167,205
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	-15,240	-287	-15,528	-117,871	-15,177	-133,048
Total	**66,705**	**-17,432**	**49,273**	**52,176**	**-18,019**	**34,157**
Investment insurance						
Claims paid in the year	-	-	-	-	-	-
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	-	-	-	-5,774	-	-5,774
Total	**-**	**-**	**-**	**-5,774**	**-**	**-5,774**
Financial guarantees						
Claims paid in the year	7,388	-	7,388	3,246	-	3,246
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	-6,036	-	-6,036	5,092	-	5,092
Total	**1,353**	**-**	**1,353**	**8,339**	**-**	**8,339**
Sureties						
Claims paid in the year	2,290	-1,071	1,218	380	-75	304
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	378	-150	228	13,052	-4,022	9,029
Total	**2,668**	**-1,221**	**1,447**	**13,431**	**-4,097**	**9,334**
Excess of loss						
Claims paid in the year	25,194	-22,517	2,677	24,308	-22,028	2,280
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	15,728	-11,503	4,224	16,387	-17,767	-1,380
Total	**40,922**	**-34,021**	**6,901**	**40,695**	**-39,794**	**900**
Turnover policies						
Claims paid in the year	19,220	-11,737	7,483	30,208	-11,699	18,508
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	41,754	-11,415	30,339	20,897	-24,654	-3,757
Total	**60,974**	**-23,152**	**37,822**	**51,104**	**-36,353**	**14,751**
Inward reinsurance						
Claims paid in the year	25,679	-6,988	18,691	12,041	-975	11,066
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	-14,785	-184	-14,969	13,939	-7,251	6,688
Total	**10,893**	**-7,172**	**3,722**	**25,980**	**-8,226**	**17,754**
Total claim expenses	**183,514**	**-82,997**	**100,517**	**185,952**	**-106,490**	**79,462**

24. Employee benefit expense

Employee benefit expense	31/12/2013	31/12/2012
Wages, salaries and other benefits	26,335	24,342
Social security charges	8,248	7,242
Pension costs - defined contribution plans	1,173	853
Pension costs - defined benefit plans	3,685	2,499
Total employee benefit expenses	**39,440**	**34,936**

The number of employees as per 31/12/2013 (in FTE) amounted to 427 (31/12/2012: 422).

25. Services and other goods

Services and other goods	31/12/2013	31/12/2012
Broker fees	20,401	20,599
Commissions to inward reinsurance	17,889	12,144
Administration costs	19,171	21,743
Other operating costs	994	1,036
Total services and other goods	**58,454**	**55,523**

Administration costs mainly relate to housing costs (K EUR 3,199), management services and administration costs (K EUR 8,337), consultancy and other fees (K EUR 4,678), marketing expenses (K EUR 1,797), representation and travelling costs (K EUR 1,029).

26. Depreciation and amortisation

Depreciation and amortisation	Note	31/12/2013	31/12/2012
Amortisation intangible assets	5	993	833
Depreciation property, plant and equipment	6	1,379	1,529
Exchange differences on amortisation and depreciation		9	0
Other movements		68	-24
Write offs on trade receivables	11	337	298
Total		**2,786**	**2,637**

27. Finance income and expense

Finance income and expense	Note	31/12/2013	31/12/2012
Finance income:			
Cash and cash equivalents interest income		1,665	224
Other financial income		6,268	6,481
Reversal of amounts written off on interests of rescheduling agreements		2,725	135,823
Fair value gains recycled from OCI	8	117,676	57,640
Other fair value adjustments from OCI		-470	1,834
Impairment on financial investements	8	-1,145	-201
Net realised gains on sale of financial investments		21,342	9,858
Net gains on financial investments - Available for sale		137,403	69,130
Net gains on financial investments - Fair value through profit or loss	8	11,147	5,516
Interests on rescheduling agreements		4,330	5,670
Interests on Loans and receivables		2,015	8,301
Dividends and interests		5,271	3,649
		170,825	**234,795**
Finance expense:			
Exchange loss on financial assets		-1,345	-11,047
Financial charges		-3,799	-1,967
Charges of Management Investments		-794	-1,134
Amounts written off on interests of rescheduling agreements		-1,084	-132,471
Impairment on financial investment Loans & receivables		-152	-
Net finance cost		**-7,175**	**-146,618**
Net finance result		**163,650**	**88,176**

In 2013 the investment portfolio of Delcredere | Ducroire has been sold and proceeds were subsequently reinvested in an institutional fund, called Zephyr, without impacting the underlying asset management model. This reinvestment in Zephyr entailed the realisation of the previous unrealised capital gains which were recycled from other comprehensive income to financial income (EUR 117.7 million) and the realisation of the 2013 capital gains which were immediately recognised as financial income in the Consolidated Income Statement (EUR 21.3 million) at the moment of sale.

28. Net foreign exchange gains

Net foreign exchange gains	Note	31/12/2013	31/12/2012
Net exchange gains/(losses) recognised in profit or loss		**2,935**	**-16,501**
Net exchange gains/(losses) from operating activities		4,280	-5,454
Net exchange gains/(losses) from financing activities	27	-1,345	-11,047
Net exchange gains/(losses) through other comprehensive income		**-3,645**	**-25**
Net exchange gains/(losses) through other comprehensive income		-564	-491
Exchange differences on translating foreign operations		-3,081	465
Total		**-710**	**-16,526**

The total of net exchange gains recognised in the income statement amounted to K EUR 2,935 (31/12/2012: - K EUR 16,501). These exchange differences were principally generated by provisions.

Exchange differences related to the translation of foreign operations are recognised in other comprehensive income and amount to - K EUR 3,081 (31/12/2012: K EUR 465).

29. Income tax expense

Income tax expense	2013	2012
Current taxes on income for the reporting period	-3,172	-834
Current taxes referring to previous periods	1,643	54
Amount of previously unused tax losses	-75	-
Prior year adjustment	-885	-
Total current tax	**-2,490**	**-780**
Deferred tax	-71	170
Origination and reversal of temporary differences	-	-
Impact of change in tax rate	-	-
Amount of previously unused tax losses	75	-
Write down or reversal of deferred tax assets	-	-
Total deferred tax	**4**	**170**
Income tax (expense) / credit	**-2,486**	**-610**

Tax on Credendo Group's profit before tax differs from the theoretical amount that would arise using the domestic tax rate (tax rate applicable to profits of Delcredere | Ducroire: 0%) as follows:

Tax rate	2013	2012
Profit before income taxes	**257,351**	**180,929**
Domestic tax rate	0%	0%
Income tax (expense) / credit calculated at domestic tax rate	0	0
Effects of:		
Different tax rates	-3,172	-834
Disallowed expenses	-485	441
Permanent difference (expense not allowed for tax purposes)	288	201
Notional tax deduction	300	-1,299
Temporary differences	-1,473	885
Prior year adjustment	885	-
Other	1,171	-4
Income tax (expense) / credit for the year	**-2,486**	**-610**

The weighted average applicable tax rate amounts to 0.97% (31/12/2012: 0.34%).

30. Contingencies

Credendo Group, like all other insurers, is subject to litigation in the normal course of its business. Credendo Group does not believe that such type of litigation will have a material effect on its profit or loss and financial condition.

31. Commitments

Credendo Group leases offices, vehicles and office equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The lease terms vary depending upon which asset is leased. Credendo Group does not have any purchase option at the end of the lease terms.

Operating leases relating to the lease of offices, vehicles and office equipment have been recognised as an expense in the period amounting to K EUR 952 (31/12/2012: K EUR 1,239) which has been included in the income statement. Those lease expenditures are disclosed in note 6. The entire amount represents minimum lease payments, no contingent rents or sublease payment are included.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Commitments	31/12/2013
No later than 1 year	899
Later than 1 year and no later than 5 years	892
Total	**1,791**

32. Business combinations and acquisition of non-controlling interests

32.1. ACQUISITION OF TRADE CREDIT IN MARCH 2012

In March 2012, Credendo Group acquired an additional interest of 28.70% of the share capital of Trade Credit. Since Credendo Group already owned 26,41% of the share capital of Trade Credit, Credendo Group obtained control of Trade Credit in 2012. Total ownership interest after the business combination amounted to 55.11%.

As a result of the acquisition, the group is expected to further increase its presence in these markets. It also expects to reduce costs through economies of scale. The goodwill of K EUR 236 arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the group and Trade Credit. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Summary of Trade Credit acquisition	
Consideration at March 2012	
Cash	6,883
Total consideration transferred	6,883
Fair value of equity interest in Trade Credit held before the business combination	5,393
Total consideration	**12,276**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	24,491
Intangible assets	592
Property, plant and equipment	119
Deferred income tax assets	2,159
Financial investments	4,666
Reinsurance assets	28,338
Receivables	22,158
Other assets	55
Liabilities arising from insurance contracts	-39,338
Non-insurance provisions	-470
Deferred income tax liabilities	-1,443
Employee benefit liabilities	-399
Current tax liabilities	-501
Payables	-17,690
Other long-term liabilities	-1,060
Other liabilities (accrued charges & deferred income)	170
Total identifiable net assets	**21,847**
Non-controlling interests	-9,807
Goodwill	236
Total	**12,276**

There were no material acquisition-related costs. No fair value adjustments were accounted for. No gain or loss was recognised as a result of measuring at fair value its 26.41% equity interest in Trade Credit held before the business combination. There was no contingent consideration.

Trade Credit has been consolidated as from 31/12/2012.

32.2. ACQUISITION OF NON-CONTROLLING INTERESTS

On 07/05/2013, Credendo Group acquired an additional interest of 12.63% of the issued shares of Garant Versicherungs-AG for a purchase consideration of K EUR 3,861. The group now holds 95.63% of the equity share capital of Garant Versicherungs-AG. The carrying amount of the non-controlling interests in Garant Versicherungs-AG on the date of acquisition was K EUR 3,569. The group derecognised non-controlling interests of K EUR 3,569 and recorded a decrease in equity attributable to owners of the parent of K EUR 291. The effect of changes in the ownership interest of Garant Versicherungs-AG on the equity attributable to owners of the company during the year is summarised as follows:

	2013
Carrying amount of non-controlling interests disposed of	3,569
Consideration paid to non-controlling interests	-3,861
Excess of consideration paid recognised in parent's equity	**-291**

33. Related party transactions

The Ultimate parent of Delcredere | Ducroire is the Belgian State.

The following transactions were carried out with related parties.

33.1. KEY MANAGEMENT COMPENSATION

Key management includes the members of the Board of Directors as well as the members of the management committee. The compensation paid or payable to key management for employee services is shown below:

	31/12/2013	31/12/2012
Salaries and other short-term employee benefits	5,939	6,199
Post-employment benefits	604	621
Leasing company car	87	83
Other	32	39
Total	**6,662**	**6,942**

33.2. YEAR-END BALANCES FOR RELATED PARTY TRANSACTIONS

	31/12/2013	31/12/2012	01/01/2012
Loans and receivables incl. reinsurance receivables	781	1	55
Total Receivables	**781**	**1**	**55**
Payables	8,156	1,512	1,507
Total Payables	**8,156**	**1,512**	**1,507**

The receivables from related parties arise from receivables on the Belgian State. The payables to related parties arise from payables to the Belgian State. The payables bear no interest.

There are no other receivables and payables from and to related parties.

34. List of consolidated companies

The more important subsidiaries and associate of Delcredere | Ducroire and the Credendo Group percentage of ordinary share capital or associate interest are presented below.

34.1. SUBSIDIARIES

	31/12/2013		31/12/2012		01/01/2012		Country of incorporation
	% of interest	% of control	% of interest	% of control	% of interest	% of control	
Credimundi	100%	100%	100%	100%	100%	100%	Belgium
Trade Credit[1]	55.11%	55.11%	55.11%	55.11%	26.41%	26.41%	Belgium
Holding CIS	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%	Belgium
Immo Montoyer	100%	100%	100%	100%	100%	100%	Belgium
Garant Versicherungs-AG	95.63%	95.63%	83%	83%	83%	83%	Austria
INGO-ONDD	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%	Russia
KUPEG	66%	66%	66%	66%	66%	66%	Czech Republic

34.2. ASSOCIATE

	31/12/2013		31/12/2012		01/01/2012		Country of incorporation
	% of interest	% of control	% of interest	% of control	% of interest	% of control	
Trade Credit[1]	55.11%	55.11%	55.11%	55.11%	26.41%	26.41%	Belgium

(1) Trade Credit ceased to be an associate in March 2012 due to the acquisition of an additional interest of 28.70% in the entity. The entity has been accounted for as a subsidiary as from the year ended 31/12/2012. We refer to note 7 for further information

34.3. NON-CONSOLIDATED COMPANY

Global Trade Security (GTS) (situated at Route de l'Aéroport 29 in Geneva, Switzerland) is not consolidated as per 31 December 2013, 2012 and 2011 due to its insignificant impact on the consolidated figures.

35. Events after the reporting period

No events occurred after the reporting period that could have a material impact on the reported figures as of 31/12/2013.

36. First-time adoption of IFRS

The effect of Credendo Group's transition to IFRS, described in note 2.1, is summarised in this note as follows:

> transition elections;

> reconciliation of equity and comprehensive income as previously reported under Belgian GAAP to IFRS; and

> adjustments to the statement of cash flows.

36.1. TRANSITION ELECTIONS

Credendo Group has applied transition exemptions to full retrospective application of IFRS, which are described in note 2.1.

36.2. RECONCILIATION OF EQUITY AND COMPREHENSIVE INCOME AS PREVIOUSLY REPORTED UNDER LOCAL GAAP TO IFRS

The following is a summary of transition adjustments for Credendo Group equity and comprehensive income from local GAAP to IFRS:

	Note	Group equity at 01/01/2012	Group 2012 income statement	Other 2012 movements in group equity	Group equity at 31/12/2012
Belgian GAAP accounts		**1,553,995**	**185,684**	**8,250**	**1,747,929**
Equalisation provision	(a)	14,528	-	-	14,528
Financial Investments	(b)	70,673	-10,413	57,992	118,252
Employee benefits	(c)	-1,603	-427	-9,067	-11,097
Revised depreciations	(d)	-	337	-	337
Deferred taxes	(e)	3,164	269	-	3,434
Pro rata revenue adjustments	(f)	308	1,193	-	1,501
Exchange differences on translating foreign operations	(g)	-756	1,040	465	749
Intercompany GAAP adjustment		-	2,635	-	2,635
Other movements		-1,223	-	1,181	-43
Total IFRS restatements	(h)	**85,091**	**-5,366**	**50,571**	**130,296**
IFRS accounts		**1,639,086**	**180,318**	**58,821**	**1,878,225**

Explanatory notes

(a) Under Local GAAP equalisation provisions were recognised to cover random fluctuations of claims expenses around the expected value of claims for some types of insurance contracts. The provisions have been reversed since IFRS prohibits the recognition of a liability of possible future claims for contracts that are not in existence at the reporting date (equalisation provisions). The result of this reversal is an increase in equity of K EUR 14,528.

(b) Under IFRS, available-for-sale equity investments not quoted in an active market must be measured at fair value, unless fair value cannot be reliably measured. Under Local GAAP, such assets were measured at the lowest of fair value (market value) and acquisition value. Accordingly, no fair value gains were recognised under local GAAP.

Under local GAAP, impairment losses are to be recognised if the current value of an asset is lower than its net book value. Credendo Group recognises impairment losses in case the losses on equity investments classified as available for sale are permanent. Credendo Group uses specific criteria to determine whether there is objective evidence of an impairment loss (see accounting policies – note 2.8)

(c) Under IFRS, Credendo Group Consolidated recognises actuarial gains and losses arising from the remeasurement of employee future benefit obligations in other comprehensive income as they arise. The cumulative actuarial gains and losses of all pension liabilities have been restated respectively and are fully recognised in other comprehensive income in the opening balance sheet.

(d) All property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss.

Pursuant the option provided in IFRS 1, Credendo Group consolidated has opted to use the carrying amount at the date of transition to IFRS as deemed cost. Changes in IFRS and Local GAAP are explained by the revision of the useful lives.

(e) Deferred income tax liabilities have been adjusted to give effect to the various adjustments that generated temporary differences under IFRS.

(f) The adjustment relates to the pro rata temporis allocation of insurance premium revenue to the period following the closing date.

(g) In accordance with IFRS transitional provisions, Credendo Group Consolidated has elected to reset the cumulative translation adjustment account, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS.

(h) In accordance with IFRS transitional provisions, Credendo Group Consolidated elected to apply IFRS relating to business combinations prospectively from 01/01/2011. As such, Local GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward without adjustment.

36.3. ADJUSTMENTS TO THE STATEMENT OF CASH FLOWS

The statement of cash flows of Credendo Group for the year ended 31/12/2013 and comparatives for 2012 have been prepared in accordance with IFRS. No statement of cash flows was prepared for the consolidated financial statements established in accordance with Belgian GAAP.

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