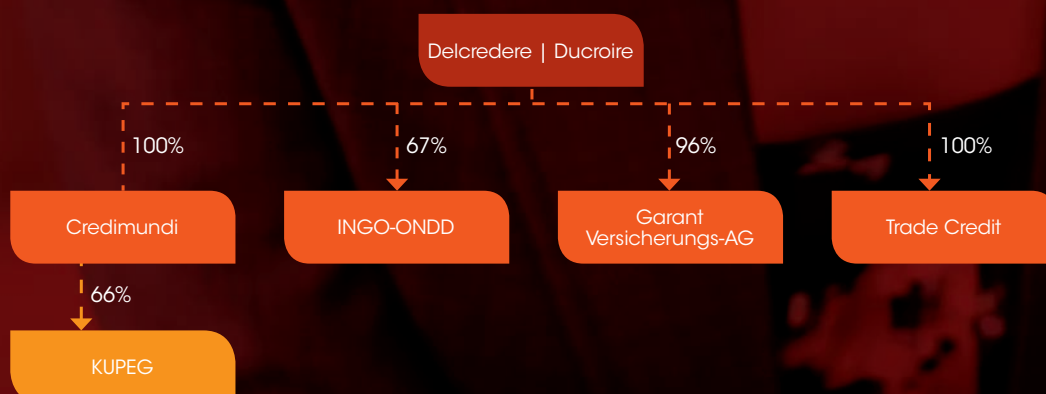


TURNING UNCERTAINTIES INTO OPPORTUNITIES

ANNUAL REPORT 2014

**SIMPLIFIED SHAREHOLDING STRUCTURE OF THE CREDENDO GROUP
AS AT 31/12/2014**



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

MESSAGE OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER OF THE GROUP

SUSTAINABLE INSURANCE,
SUSTAINABLE FINANCIAL RESULTS:
CREDENDO GROUP DELIVERS

EUR 344 million

total comprehensive income

The past year will probably be remembered as turbulent. Both emerging and advanced countries were buffeted by geopolitical events as well as volatile commodity prices. Global economic performance was mixed, with North America recovering, Europe risking deflation, a soft landing in China and strong growth in India. Economic sanctions and the lower oil price hit the Russian economy hard, while Brazil also experienced a major slowdown. The decline in oil prices was a boon to importing countries such as China and India, but devastating for exporting countries with relatively weak liquidity or high extraction costs such as Venezuela, Ghana and Angola. Heightened geopolitical tensions impeded our business in Russia, Ukraine, Syria, Libya, Iraq and Yemen.

In the face of the difficult geopolitical and economic environment, Credendo Group nonetheless maintained its commitment to providing a high level of personal service and tailor-made products. We continued to adapt our product range depending upon the needs of our clients, to invest directly or to find creative solutions in countries where clients want to do business and to support SMEs.

Credendo Group achieved excellent financial results in 2014. Amounts insured increased by more than 15% compared with the previous year to EUR 95 billion, driven primarily by growth in the medium- and long-term and single-risk businesses. In line with market conditions, the premium level remained relatively flat, increasing by 1.5% overall. Our strong net loss ratio of 1% resulted from the release of earlier years' conservative provisions and the successful exits out of significant risks. The net cost ratio only increased to 24% when excluding the accounting losses resulting from exchange rate movements when provisions were revalued.

In our core operations, employee benefit expenses and expenses for service and other goods both decreased. As a result of the positive contribution of the net insurance claims and loss adjustment expenses and the strong financial result of 2014, total comprehensive income for the year more than doubled compared with the previous year to EUR 344 million. We were therefore able to increase our reserves by EUR 332 million including changes in ownership interest in subsidiaries.

Credendo Group remains the 4th largest short-term trade credit insurer and the 6th largest export credit agency in Europe, and more importantly, clients are very satisfied with what we deliver. Customer satisfaction surveys were conducted by the independent research firm Ipsos for Delcredere | Ducreire, Credimundi and KUPEG. Among the results, we found that 96% of our parent company's clients said they would recommend us to their colleagues or business partners, 98% said they would purchase from us again and 78% are highly satisfied with the service that they receive from their dedicated Account Manager.

Our success in a challenging operating environment throughout the 75 years of our parent company's existence underlines the effectiveness of our long-term view. We look through the cycle and deliver sustainable insurance as well as sustainable financial results, even in turbulent years.

Dirk Terweduwe
Group Chief Executive Officer

Vincent Reuter
Group Chairman

EUR 95 billion

value of transactions insured

HIGHLIGHTS OF THE YEAR

CREDENDO GROUP MEMBERS

GOVERNANCE: NEW BOARD OF DIRECTORS FOR THE PARENT COMPANY

A majority of representatives now come from the federated (regional) entities, aligning with the sixth reform of the Belgian state. The composition of Delcredere | Ducroire's Board of Directors has been streamlined, being reduced from 20 members to 12, while its competences remain unchanged.



POLAND: ENTERING AN ATTRACTIVE GROWTH MARKET

KUPEG, our Czech affiliate, reinforced its local presence in Central and Eastern Europe with the opening of a branch in Warsaw in 2015.

Poland's economy remained robust throughout the economic crisis in the EU and the Polish market for credit insurance continues to grow. In this supportive context, KUPEG wants to give Polish credit managers and CFOs the opportunity to experience the high-level service derived from direct contact with nine Underwriters and Account Managers. This presence "on the ground" enables us to demonstrate our smart risk appetite and our ability to tailor our products to local needs. We now offer the full range of short-term trade credit insurance and contractual bonds to clients all over Poland in their own language. Simultaneously, Trade Credit, another member of Credendo Group, provides access to excess-of-loss and top-up products to the Polish credit management community, thereby rounding out our insurance offer in Poland.

"The new office in Warsaw provides Polish clients with direct contact with Risk Underwriters in their native language and allows us to leverage the potential of the largest market in Central and Eastern Europe," according to Michal Veselý, CEO of KUPEG.



NEW PRODUCT: EXPORT FUNDING GUARANTEE FOR COVERED BONDS PROGRAMMES IMPROVES ACCESS TO FINANCING

Last year we also extended our export funding guarantee product for buyer credits. The export funding guarantee was initially launched to allow the banks insured by Delcredere | Ducroire to refinance specific (individual) buyer credits. In 2014, we extended it for use in covered bonds financing programmes. The extended export funding guarantee allows the simultaneous refinancing of several credits or even entire portfolios. Our aim is to help Belgian exporters benefit from the more competitive interest rates that their bankers will be able to offer if they raise funds on the capital markets using our product.

DELCREDERE | DUCROIRE BECOMES SOLE SHAREHOLDER IN TRADE CREDIT

Delcredere | Ducroire has become the sole shareholder in Trade Credit Re Insurance Company SA (Trade Credit). We completed this operation through a purchase of the remaining 45% shares still in the hands of Compagnie du Bois Sauvage, Office du Ducroire Luxembourgeois and a private investor.

This transaction confirms Credendo Group's desire to fully support Trade Credit in its development and also reinforces our position as a European credit insurance group.

KEY FIGURES OF THE GROUP

ACTIVITIES AND RESULTS

in million EUR	2014	2013
Value of transactions insured during the financial year ⁽¹⁾⁽²⁾	95,082.6	82,370.0
Total potential exposure ⁽²⁾	61,639.4	63,291.2
Insurance premium revenue ⁽¹⁾	371.3	365.6
Insurance claims and loss adjustment expenses ⁽¹⁾	45.8	183.5
Total comprehensive income	343.5	163.2
Total equity	2,368.4	2,036.7
Staff	455	442
Ratios (in %) ⁽³⁾		
Net loss ratio ⁽⁴⁾	0.76%	39.42%
Net cost ratio ⁽⁵⁾	24.01%	22.20%

(1) before cession to reinsurers

(2) including excess-of-loss transactions

(3) 2013 ratios restated with reclassification of Foreign Exchange differences on operating activities as loss expenses

(4) net insurance claims and loss adjustment expenses / net insurance premium revenue (including FOREX on operating activities)

(5) (operating expenses, excluding operational foreign exchanges, minus other operating income) / net insurance premium revenue (excluding FOREX on operating activities)

EUR 371.3 million

insurance premium revenue

MANAGEMENT REPORT

ON THE 2014 CONSOLIDATED FINANCIAL STATEMENTS

1. IFRS CONSOLIDATION

Conform to the provisions of the European regulation n° 1606/2002 of 19/07/2002 and the Royal Decree of 27/09/2009, we report on our consolidated activities over the financial year and present the consolidated financial statements closed as at 31/12/2014.

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**).

These consolidated financial statements of Credendo Group are presented based on the International Financial Reporting Standards (IFRS) as applicable per 31/12/2014, and as adopted by the European Union.

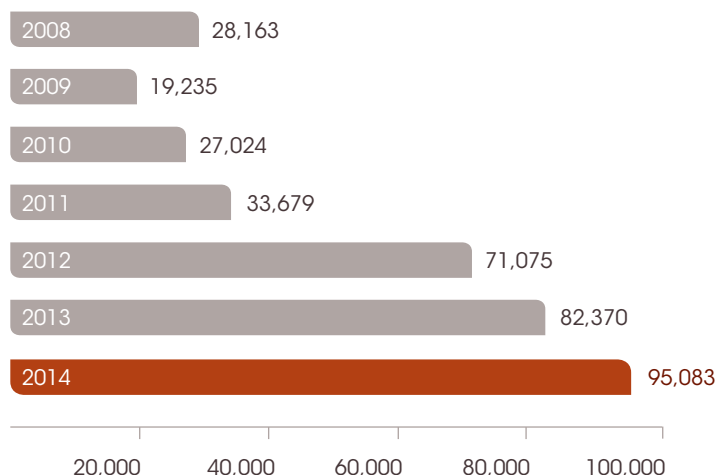
The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 01/01/2014:

> **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.

VALUE OF TRANSACTIONS INSURED⁽¹⁾ (IN MILLION EUR)



(1) including excess-of-loss transactions starting 2012

- > **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 36 'Impairment of assets'**, effective for annual 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.
- > **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.

IAS 27 R, IAS 28 R, IFRS 11 and related transition guidance amendments, the amendments to IAS 32, to IAS 39 and to IFRS 10, 12 and IAS 27 for investment entities are not applicable for the consolidated financial statements of Credendo Group for the year ended 31/12/2014. The amendments to IAS 36 were already applied by Credendo Group in the consolidated financial statements for the year ended 31/12/2013. The application of IFRS 10, IFRS 12 and related transition guidance amendments did not have a material effect on the consolidated financial statements of Credendo Group for the year ended 31/12/2014.

EUR 191 million
profit from operating activities

2. KEY EVENTS OF THE REPORTING PERIOD

In October and December 2014, Delcredere | Ducroire acquired an additional interest of 44.89% of the share capital of Trade Credit. Since March 2012, Delcredere | Ducroire already controlled Trade

Credit by owning 55.11% of its share capital. After the October – December 2014 acquisition, the total ownership interest in Trade Credit amounted to 100%.

3. FINANCIALS

The 2014 Consolidated Statement of Financial Position shows a balance total of EUR 3,630.3 million compared to EUR 3,526.5 million at the end of 2013. The main movements are related to the Consolidated Statement of Cash Flows where the net cash used by operating, investing and financing activities (EUR 70.7 million) reduced the Cash and Cash Equivalents position from EUR 347.3 million in 2013 to EUR 283.4 million at the end of 2014 excluding exchange gains. The increase of the financial investment portfolio from EUR 2,225.9 million in 2013 to EUR 2,413.6 million at the end of 2014 is in large part due to the EUR 122.7 million fair value gain through profit of the Zephyr investment fund and a net total of EUR 65.0 million additions, disposals and other movements.

The Consolidated Income Statement shows another strong performance with a profit for the year 2014 of EUR 352.6 million up from a EUR 254.9 million profit in 2013. The 2014 profit from operating activities grows to EUR 190.9 million compared to EUR 93.7 million in 2013. The insurance premium revenues, including variance in unearned premium reserve, increased from EUR 365.6 million in 2013 to EUR 371.3 million in 2014 and after the cession of premium to reinsurance the net insurance premium revenue ends at EUR 253.7 million in 2014 or 3.9% up from EUR 244.1 million in 2013.

in million EUR	Value of transactions insured			Insurance premium revenue		
	2014	2013	Variation	2014	2013	Variation
Delcredere Ducroire	13,864	6,860	102%	218	188	16%
Traditional activity	7,538	3,099	143%	115	81	42%
Market activity	6,326	3,761	68%	100	107	-6%
Credimundi (100%)	26,633	26,121	2%	85	94	-10%
Garant AG (95.63%)	5,016	3,855	30%	36	33	11%
INGO-ONDD (66.67%)	5,115	5,364	-5%	13	14	-9%
KUPEG (66%)	7,145	7,645	-7%	14	14	0%
Trade Credit (100%)	39,982	36,065	11%	44	45	-1%
Intercompany	-2,673	-3,540	-24%	-36	-22	63%
Total group	95,083	82,370	15%	371	366	2%

EUR 332 million

increase in our reserves

The 2014 other operating income of EUR 77.2 million contains commissions received from reinsurers, recharges of investigation costs and other recoveries of expenses (EUR 69.1 million in 2013). Because of releases of previous years' conservative provisions and some successful exits out of important risks the net insurance claims and loss adjustment expenses become negative and represent an income of EUR 19.9 million in 2014 compared to an expense of EUR 100.5 million in 2013.

The operating expenses other than claims increase from EUR 119 in 2013 to EUR 159.9 in 2014. Main causes are the exchange rate losses on operating activities, from a EUR 4.3 million profit in 2013 to a EUR 21.8 million loss in 2014, and the impairment on goodwill and other non-current assets of INGO-ONDD (EUR 5.6 million).

The net financial income of EUR 163.9 million in 2014 remains almost equal to the EUR 163.7 million of last year. The 2014 income tax expense is slightly down from EUR 2.5 million in 2013 to EUR 2.1 million this year.

The 2013 remeasurement profit on defined benefit pension plans of EUR 10.5 million (net of deferred tax thereon) has again turned into a net remeasurement loss of EUR 2.8 million for 2014 mainly due to the negative impact of the lower 2014 discount rate (1.75% in 2014 against 3.30% in 2013 for the Belgian plans, 2% in 2014 against 3.10% in 2013 for the Austrian plan).

With the 2013 reinvestment in Zephyr the previously unrealised capital gains became realised gains and were thus recycled from Other Comprehensive Income to financial income (EUR 117.7 million). The Zephyr institutional fund is classified as a financial investment at fair value through profit or loss and

consequently all capital gains or losses are recorded as finance income or expense in the Consolidated Income Statement. This largely explains the 2014 finance income of EUR 176.7 million.

The total Other Comprehensive Income for the year 2014 is a loss of EUR 9.1 million compared to the EUR 91.6 million loss in 2013. This brings the Total Comprehensive Income to EUR 343.5 million for 2014 (EUR 163.2 million in 2013).

In 2014 the operating activities used EUR 7.7 million net cash compared to the EUR 144.7 million generated in 2013. Together with the EUR 63 million cash used by investing and financing activities in 2014 (net EUR 5.7 million generated in 2013) this resulted in a negative change in the 2014 Cash and Cash Equivalents position of EUR 70.7 million excluding exchange gains of EUR 6.8 million compared to last year's positive change of EUR 150.4 million.

Finally the Consolidated Statement of Changes in Equity is explaining the movements for each component of the total Equity attributable to the Owner of the parent, i.e. Endowment, Consolidated Reserves 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 Other Comprehensive Income.

The total 2014 consolidated audit fees of our statutory auditor PwC Belgium amount to EUR 133,175. The 2014 fees for our statutory auditor's network include audit fees of EUR 122,988 and other missions external to the audit for a total value of EUR 389,375.

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 Claims 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. As of 2016, **Solvency II** will replace 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.

As of 2014 transitional measures towards the Solvency II entry into force in 2016 have been implemented by national supervisory authorities. Besides actively preparing for and monitoring the quantitative, governance and reporting requirements, all Credendo Group entities subject to Solvency II have produced during 2014 a first full **Own Risks & Solvency Assessment**, considered the key process of the Solvency II regulatory framework.

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 31/12/2014.

The 2014 IFRS Consolidated Financial Statements have been established on the basis of going concern.

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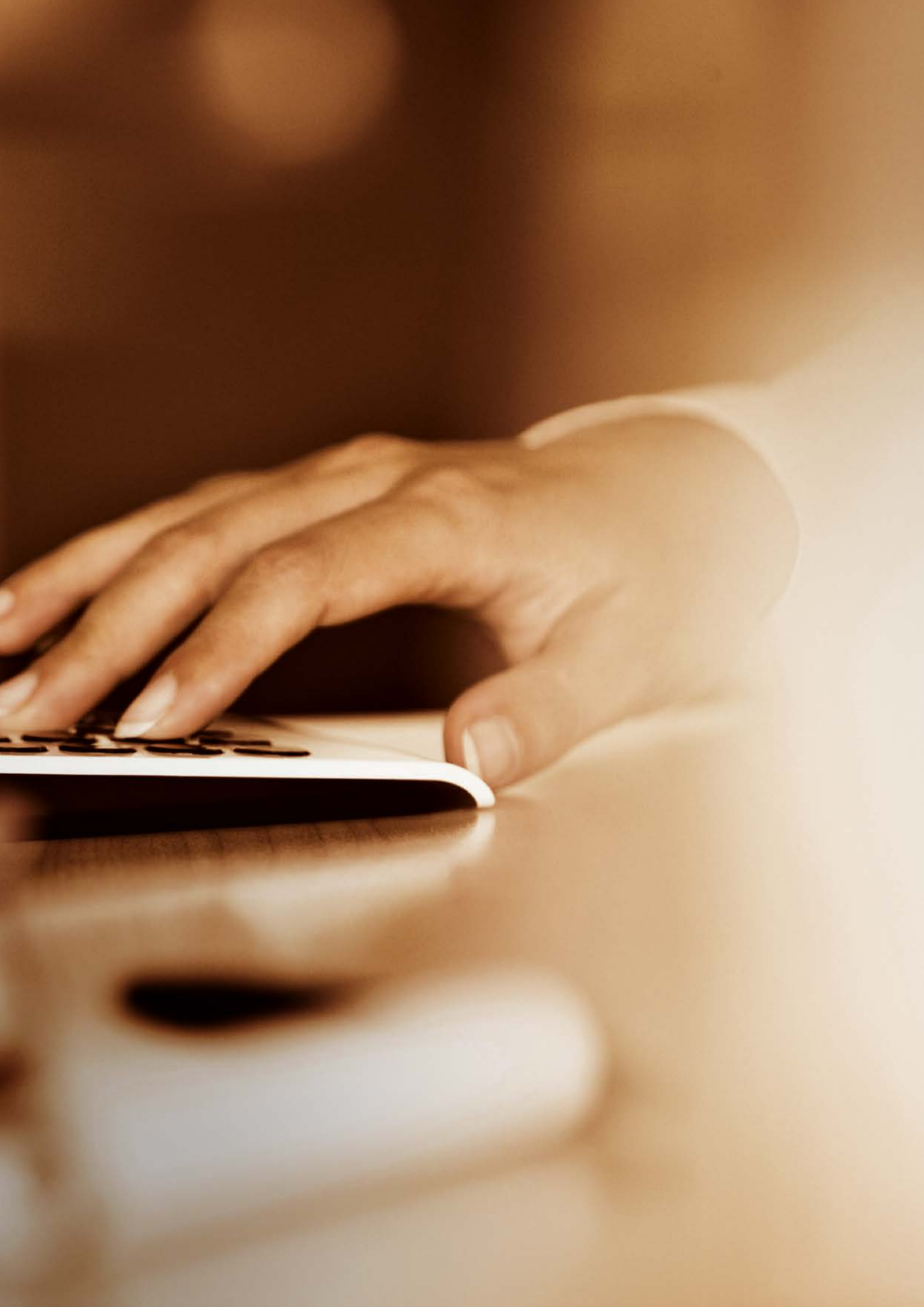
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CONSOLIDATED STATEMENT
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PwC Réviseurs d'Entreprises - Bedrijfsrevisoren, has audited Credendo Group's annual accounts (statutory accounts, as well as consolidated accounts presented by applying the IFRS standards) as of and for the year ended 31/12/2014, in accordance with the legal and regulatory requirements applicable in Belgium. It has issued an unqualified audit opinion on these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾⁽²⁾

in thousands EUR	Note	31/12/2014	31/12/2013
ASSETS			
Intangible assets	5	17,472	15,673
Property, plant and equipment	6	21,555	22,235
Other financial assets	7	201	103
Financial investments	8	2,413,605	2,225,866
Deferred income tax assets	9	9,378	8,351
Reinsurance assets	10	201,930	207,895
Loans and receivables including reinsurance receivables	11	674,830	689,863
Other assets	12	7,604	8,814
Current income tax assets		386	389
Cash and cash equivalents	13	283,388	347,284
TOTAL ASSETS		3,630,349	3,526,471
EQUITY AND LIABILITIES			
Equity			
Endowment	14	297,472	297,472
Consolidated reserves	15	2,062,166	1,719,283
Total other comprehensive income	15	-1,004	-1,218
Total equity excluding non-controlling interests		2,358,634	2,015,538
Non-controlling interests		9,742	21,208
Total equity		2,368,377	2,036,746
Liabilities			
Liabilities arising from insurance contracts	16	1,052,970	1,287,020
Deferred income tax liabilities	9	5,809	4,419
Provisions for other liabilities and charges	17	240	581
Employee benefit obligations	18	13,346	8,983
Payables	19	162,311	160,031
Other liabilities	20	23,632	25,957
Current income tax liabilities		3,664	2,735
Total liabilities		1,261,972	1,489,725
TOTAL EQUITY AND LIABILITIES		3,630,349	3,526,471

(1) The Consolidated Statement of Financial Position is presented in thousands of Euros, rounded to the nearest thousand.

(2) The notes 1 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT ⁽¹⁾⁽²⁾

in thousands EUR	Note	31/12/2014	31/12/2013
Insurance premium revenue		371,318	365,629
Insurance premium ceded to reinsurers		-117,583	-121,481
Net insurance premium revenue	21	253,734	244,147
Other operating income	22	77,196	69,115
Net income		330,931	313,263
Insurance claims and loss adjustment expenses		-45,837	-183,514
Insurance claims and loss adjustment expenses recovered from reinsurers		65,700	82,997
Net insurance claims and loss adjustment expenses	23	19,862	-100,517
Employee benefit expenses	24	-38,705	-39,440
Services and other goods	25	-55,609	-58,454
Depreciation and amortisation ⁽³⁾	26	-2,723	-2,450
Other operating expenses ⁽³⁾	22	-62,876	-18,700
Operating expenses (other than claims)		-159,913	-119,044
Expenses		-140,051	-219,561
Profit / (loss) from operating activities		190,880	93,701
Finance income ⁽⁴⁾	27	176,702	169,588
Finance expense ⁽⁴⁾	27	-12,811	-5,938
Net financial income		163,891	163,650
Profit / (loss) of the year before tax		354,771	257,351
Income tax credit/(expense)	29	-2,125	-2,486
Profit / (loss) of the year		352,647	254,865
Profit / (loss) attributable to:			
Owners of the parent		352,063	255,581
Non-controlling interest		583	-716
Total profit / (loss) of the year		352,647	254,865

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

(2) The notes 1 to 35 are an integral part of these consolidated financial statements.

(3) In 2014, write-offs on trade receivables have been taken up in 'Other operating expenses' instead of 'Depreciation and amortisation'. Comparative figures for 2013 have been restated.

(4) The split between finance income and finance expense has been changed compared to prior year financial statements (see note 27). Comparative figures for 2013 have been restated.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME ⁽¹⁾⁽²⁾

in thousands EUR	Note	31/12/2014	31/12/2013
Profit / (loss) of the year		352,647	254,865
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit pension plans	18	-3,485	10,882
Deferred tax on remeasurements on defined benefit pension plans	9	663	-380
Subtotal of other comprehensive income that will not be reclassified to profit or loss		-2,822	10,502
Items that may be subsequently reclassified to profit or loss			
Change in value of available-for-sale financial investments		2,024	-100,946
Deferred taxes thereon	9	-1,890	1,903
		134	-99,043
Exchange differences on translating foreign operations		-6,419	-3,081
Subtotal of other comprehensive income for the year that may be subsequently reclassified to profit or loss		-6,285	-102,124
Total other comprehensive income for the year		-9,106	-91,622
Total comprehensive income for the year		343,540	163,243
Attributable to:			
Owners of the parent		345,139	164,987
Non-controlling interest		-1,599	-1,744
Total comprehensive income for the year		343,540	163,243

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

(2) The notes 1 to 35 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾⁽²⁾

in thousands EUR	Note	Attributable to owners of the parent				Non-controlling interest in equity	Total equity
		Endowment	Consolidated reserves	Total other comprehensive income for the year	Total		
Balance at 01/01/2014		297,472	1,719,283	-1,218	2,015,538	21,208	2,036,746
Other movements ⁽³⁾		-	-6,995	7,124	129	-129	-
Adjusted balance at 01/01/2014		297,472	1,712,288	5,907	2,015,666	21,079	2,036,746
Profit / (loss) of the year		-	352,063	-	352,063	583	352,647
Other comprehensive income:							
Remeasurements on defined benefit pension plans	18	-	-	-2,801	-2,801	-21	-2,822
Change in value of available-for-sale financial investments		-	-	149	149	-15	134
Exchange differences on translating foreign operations		-	-	-4,272	-4,272	-2,146	-6,419
Total other comprehensive income for the year		-	-	-6,925	-6,925	-2,182	-9,106
Total comprehensive income for the year		-	352,063	-6,925	345,139	-1,599	343,540
Total transactions with owners		-	-2,382	-	-2,382	-9,738	-12,121
Changes in ownership interest in subsidiairies that do not result in a change in control	32	-	-2,382	-	-2,382	-9,738	-12,121
Other equity movements		-	197	13	210	-	210
Total equity movement for the year		-	349,878	-6,911	342,967	-11,337	331,630
Balance at 31/12/2014		297,472	2,062,166	-1,004	2,358,634	9,742	2,368,377

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

(2) The notes 1 to 35 are an integral part of these consolidated financial statements.

(3) The other equity movements as presented in the Consolidated Statement of Changes in Equity for 2013 have mainly been reversed as further examination pointed out that other comprehensive income for the subsidiaries was offset against consolidated reserves erroneously in the opening balance as per 01/01/2013. The correction also had an impact on the equity to be allocated to non-controlling interests. Total equity remains unchanged.

in thousands EUR	Attributable to owners of the parent					Non-controlling interest in equity	Total equity
	Note	Endowment	Consolidated reserves	Total other comprehensive income for the year	Total		
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:							
Remeasurements on defined benefit pension plans	18	-	-	10,495	10,495	7	10,502
Change in value of 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 subsidiaries 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

CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾⁽²⁾

in thousands EUR	Note	31/12/2014	31/12/2013
Cash flows from operating activities			
Profit / (loss) before income tax		354,771	257,351
Adjustments for:			
Depreciation and amortisation	26	2,723	2,372
Movement of provisions	17	-341	5
Write-offs on trade receivables	22	175	405
Impairment charges	22	5,600	-
Fair value gains/losses on financial assets at FVTPL	27	-122,682	-11,147
Impairment losses on available-for-sale financial assets		-	1,145
Gains on sale of available-for-sale financial investments	27	-1,368	-21,342
Other fair value adjustments of financial investments	27	-1,294	470
Other Finance income (net)		-23,123	-125,268
Net of unrealised exchange rate differences		12,657	-
Subtotal (profit + adjustments)		227,119	103,991
Changes in working capital assets and liabilities (excluding the effect of exchange differences on consolidation):			
Liabilities arising from insurance contracts		-252,407	48,539
Employee benefits (excluding remeasurements through OCI)		887	-10,286
Payables		4,131	32,646
Other liabilities		-2,015	-1,187
Reinsurance assets		2,211	-7,175
Changes in receivables		12,900	-14,502
Changes in financial assets		-98	-70
Change in other assets		1,387	3,179
Other equity movements		197	-772
Foreign currency translation differences on balance sheet movements		-	-3,081
Cash (used in)/generated from operations		-5,688	151,282
Income taxes (paid)		-1,973	-2,022
Net cash (used in)/generated by operating activities		-7,660	149,259

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

(2) The notes 1 to 35 are an integral part of these consolidated financial statements.

in thousands EUR	Note	31/12/2014	31/12/2013
Cash flows from investing activities			
Purchase of property, plant and equipment	6	-601	-854
Sale of property, plant and equipment	6	136	291
Purchase of intangible assets	5	-8,986	-2,172
Sale of intangible assets		-	107
Purchase of financial investments		-260,898	-2,130,631
Proceeds from sale of financial investments		196,540	2,130,460
Interests and dividends received on financial assets		11,961	10,544
Realised exchange gains/(losses) financial assets		13,442	-
Other movements		1	1,947
Net cash (used in)/generated by investing activities		-48,404	9,694
Cash flows from financing activities			
Acquisition of non-controlling interests	32	-12,121	-3,861
Financial charges and interest costs paid ⁽¹⁾		-2,482	-4,593
Dividends paid to non-controlling interests		-	-90
Net cash (used in)/generated by financing activities		-14,603	-8,544
Changes in cash and cash equivalents			
Net (decrease)/increase in cash and cash equivalents	13	-70,667	150,409
Cash and cash equivalents at the beginning of the year		347,284	196,875
Exchange gains/(losses) on cash and cash equivalents		6,772	-
Cash and cash equivalents at the end of the year	13	283,388	347,284

(1) Financial charges and interest costs paid have been presented as part of cash flows from financing activities as from 2014 onwards. Comparative amounts of 2013 have been restated.

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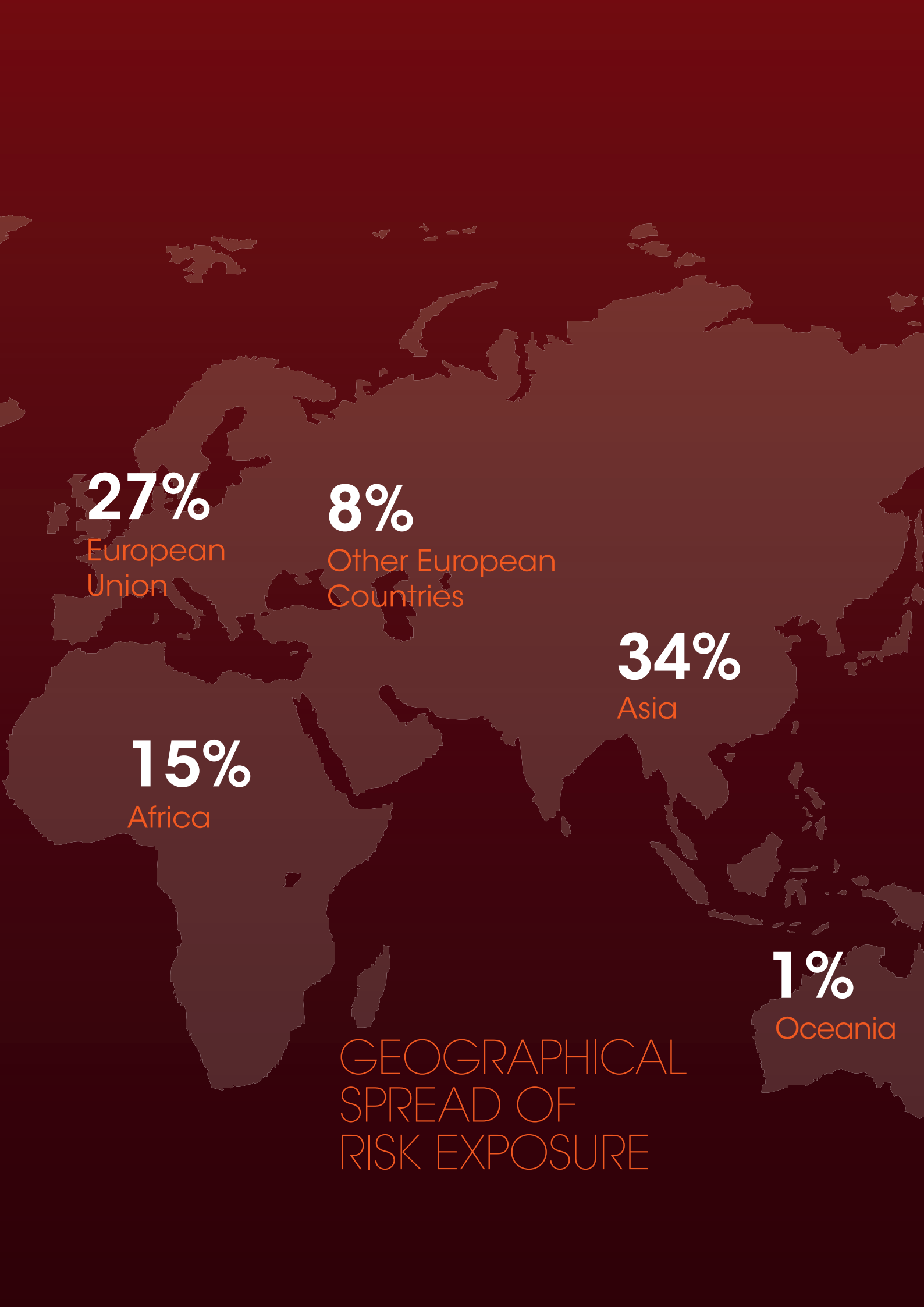
TOP-UP COVER

4%

North America

11%

Central &
South America



27%

European
Union

8%

Other European
Countries

34%

Asia

15%

Africa

1%

Oceania

GEOGRAPHICAL
SPREAD OF
RISK EXPOSURE

MEDIUM- AND LONG-TERM TRADE CREDIT INSURANCE

Delcredere | Ducroire as the official Belgian Export Credit Agency primarily supports Belgian corporates in their exporting activities and investments abroad. It offers trade credit and political risk insurance solutions for single transactions, mostly for risk periods of two years or more, designed to cover the risks in nearly every possible scenario encountered by Belgian exporters as well as Belgian companies investing abroad and their financing banks. We also provide guarantees and financing solutions. And if one of our products does not entirely fit your specific needs, we will provide you with a bespoke solution.

EXPORT CREDIT INSURANCE FOR EVERY SITUATION

Export credit insurance is the insurance of credit risk related to the sale of capital goods, industrial projects, contracted works and services to buyers in another country. Delcredere | Ducroire covers risks that have an intensity and duration that require complex solutions including:

- > **Insurance of supplier credits:** covers non-payment by foreign buyers who terminate the contract before your goods or services have been delivered, pay only part or none of the agreed amount, or pay late. This insurance also covers events linked to political risk.
- > **Insurance of buyer credits:** covers banks against buyers who default on a loan and covers exporters against buyers who terminate a contract or call the contract guarantees unfairly. Both options also apply for events caused by political risks.

- > **Insurance of special cash transactions:** designed specifically for projects that involve progressive payments such as dredging operations or large-scale engineering projects. Covers the exporter against contract termination after the exporter has already incurred expenses or if the client fails to make payment during the course of the project.
- > **Insurance of contract guarantees (bonds):** as an exporter, to close an export contract, you may be required to put up a contract guarantee or bond. We insure contract guarantees or bonds against unfair calling and calling due to a political event.
- > **Insurance of contracting equipment:** for construction or engineering projects abroad, we cover the risk of total or partial destruction of equipment as well as loss of possession due to political events.

MARKET WINDOW

In order to develop and maintain a diversified portfolio, Delcredere | Ducroire also offers, for trade-related transactions, a product portfolio comprising unfunded risk participation in loans, participation in insurance syndicates, participation in risks related to the confirmation of letters of credit, facultative and treaty reinsurance. We always participate on a risk-sharing basis.

"We're very satisfied with the services they offer. We can always come to them with questions or queries about pretty much any project. They give honest and concrete advice."

"Everything is transparent. Not too much legal jargon. Everyone can read and understand what's communicated very clearly. There's also a personal contact point."

INSURANCE OF IMPORT PRE-FINANCING

For pre-financing an advance in an import transaction, we cover the risk of non-repayment of the advance (non-delivery risk). The advance can be made to the foreign producer by the importer (commercial pre-financing) or by a bank (banking pre-financing).

INVESTMENT INSURANCE

If you plan to set up operations abroad, then we safeguard your equity participation in a foreign company or your investment loans granted to a foreign company against political risks.

FINANCIAL GUARANTEES

Delcredere | Ducroire offers several types of financial guarantees that help to facilitate your access to additional credit.

- > **Financial guarantee for bank credits:** when you have concluded an export deal but in order to start the work you require additional working capital or credit to invest in fixed assets or to set up or acquire a business, we can guarantee part of your loan or credit line.
- > **Financial guarantee for private bond issues:** whether you want to raise funds for expansion by issuing a bond or you simply need to have contractual bonds issued by your bank, we can assist you in finding additional funds by providing a guarantee to the investors.

Helping Belgian companies benefit from rapid growth in India's petroleum sector

A major Indian petroleum company had increased its revenues by 14 times in 14 years, amidst rapid growth in India's private sector petroleum industry. The company wished to expand and develop four sites for production and refining. Five Belgian exporters signed contracts with the Indian company. Delcredere | Ducroire is covering credit lines granted by the bank. In doing so, we are not only covering the existing contracts, but are also opening a door to the conclusion of new transactions, under the condition that they also benefit Belgian companies.

- > **Export funding guarantee for buyer credits:** this is a guarantee that we issue in order to facilitate the refinancing of individual buyer credits, several credits or even entire portfolios in the framework of covered bonds financing programmes. In doing so, we help the banks to liberate funds and to finance more transactions.

FORFAITING

Delcredere | Ducroire can finance medium-term supplier credits of limited amounts. We may refinance supplier credits and purchase them outright through our forfaiting product. We then bear the risk of non-payment by the buyer and take responsibility for collection.

"They're very flexible and they're open in spirit and mentality. They are open to discussion. With Delcredere | Ducroire we can cover nearly every country in the world."

SHORT-TERM TRADE CREDIT INSURANCE

You always face the risk that a buyer will default on a payment obligation. By purchasing a short-term trade credit insurance policy, you can reduce the risk of payment default and at the same time offer insured credits to your customers.

PROTECT YOURSELF FROM BUYER DEFAULT AND MUCH MORE

Through its subsidiaries **Credimundi**, **KUPEG**, and **INGO-ONDD**, as well as through partners, Credendo Group is allowed to issue policies in almost 80 countries for transaction periods of up to two to three years and for risks worldwide. Our policies offer protection against buyer insolvency, delayed payment, political risks or claims resulting from force majeure. You can also secure protection against termination of a contract by the buyer.

COVERING THE FULL SPECTRUM OF RISKS

Credendo Group covers the full spectrum of risks, even if it means that we have to tailor a policy to your precise needs. We cover risks arising from other contracts such as:

- > Project-style contracts (including various types of bonds)
- > Pre-financings
- > Consignment contracts
- > Guarantees you need to issue
- > Processing contracts
- > If-and-when or pay-when-paid structures

"The stability of Credendo Group is excellent. Moreover, there's also room for discussion and negotiation. That really makes a big difference compared with other credit insurance companies who are less flexible."

MORE BENEFITS TO INCREASE YOUR FINANCIAL STRENGTH

In addition to indemnification, a short-term trade credit insurance policy from Credendo Group offers many other benefits. Since we analyse your clients and define a credit limit, you gain a more accurate picture of your customers' creditworthiness, thereby mitigating risks. In collaboration with you, we also help collect outstanding debts or recover them after a buyer default. Lastly, the mere fact of having a policy with us assures your bank that trade cash flows are insured, thus enhancing your financing options.

A top 10 commodity trading company safely expands its business in Africa

One of the world's top ten commodity trading companies wanted to expand its business in Africa. It sells its goods to small and medium-sized agribusinesses in more than 15 Sub-Saharan countries. We adapted ourselves to the many payment modes used to grant payment terms to its buyers. Moreover, we enabled the company to optimise the attractiveness of its credit facilities by topping up or replacing letters of credit by open account.

Open account cover closes the gap

Upon the recommendation of its debtors, the company approached Credendo Group. Providing open account cover for some companies was a challenge due to limited financial information or their location in riskier countries like Mauritania. Nonetheless, a policy was successfully established to insure several million dollars, worth of the company's transactions. A flexible arrangement filled in the gaps in the company's letter of credit cover too, greatly reducing its temporary exposure when there was a delay between when goods were shipped and when local African bank cover commenced.

Good cover is good business

This European-based commodities trading company has greatly expanded its business as well as its relationship with Credendo Group; the value of transactions we insured in 2014 nearly quadrupled. Moreover, saving money thanks to open account cover has made the client's products more price-competitive, giving the company an advantage in the fiercely competitive commodities trading business. Having established a smoothly functioning partnership with Credendo Group, the company is now well positioned to further grow its trading business in Sub-Saharan Africa.

SURETY

Credendo Group's surety contracts are offered in our home markets of Belgium (by **Credimundi**) and the Czech Republic (by **KUPEG**). They are designed to enable you to prove to counterparties or official authorities that you are financially sound and reliable; in short, to convince them to do business with you.

"I appreciate their flexible approach to specific questions and their willingness to comply. Through their excellent communication, they manage to solve unusual issues that may come up."

OFFERING A WIDE RANGE OF CONTRACTUAL AND LEGAL BONDS

Our surety contracts establish the framework under which we can issue a wide range of bonds or guarantees to the beneficiaries you identify, so that you can meet your obligations.

MEETING YOUR OBLIGATIONS AND MAINTAINING YOUR CASH FLOW

Our bonds or guarantees give you the backing you need to win business, to participate in bids, to continue working for a particular client or to meet your legal obligations.

Examples of contractual bonds we regularly issue:

- > Bid bonds
- > Advance payment bonds
- > Performance bonds
- > Retention money bonds
- > Warranty bonds

Examples of legal bonds we regularly issue:

- > Custom and excise bonds
- > Transport bonds
- > Value-added tax bonds
- > Bonds for municipalities, local governments, financial supervisors, etc.

"Direct contact is always possible and I'm very satisfied with that. When I ask a specific question, they always do their utmost to answer the question quickly. Administrative problems are solved quickly, too. In general, there's a good atmosphere at Credendo Group. You feel that immediately."

SINGLE-RISK INSURANCE

Sometimes you need to cover export, trading or prepayment risks that are specific to a single buyer or transaction. Within Credendo Group, **Garant** covers single-risk transactions in more than 160 countries.

CREDIT INSURANCE

Our single-buyer credit insurance protects:

- > Account receivables against credit default by a private debtor for revolving sales
 - with a credit insurance based on sales declaration
 - within a credit limit
 - for consumer goods and semi-finished products
- > Credit default by a private debtor
 - based on a commercial contract
 - with case-by-case approval
 - for capital goods
 - with payment terms of up to seven years

- > Default and/or non-performance by a private debtor

- non-delivery of pre-financed goods
- pre- or post-shipment and breach of contract in an export contract
- barter operations
- tolling and processing contracts

PROTECTION FROM POLITICAL RISKS

Our single-risk insurance is one of the few that also covers your political risks in emerging countries as an exporter, importer, foreign direct investor or bank. When your debtor is unable to pay an invoice due to inconvertibility of the local currency or is unable to transfer payment due to a decision by a foreign government or political events, Garant covers your losses.

"In the last two years in particular, Garant has grown to be one of our most important underwriting counterparties in covering our international trader and bank clients' risk portfolios. This growth is driven by Garant consistently demonstrating their ability to be responsive, flexible and innovative in their approach to understanding and covering even the most challenging risk issues that we presented them with. All of this combined with being such a personable team to work with. It's no coincidence that they've been at the heart of several of our landmark placements in the market, and we very much look forward to continuing to develop our relationship in the months and years ahead."

TYPES OF POLITICAL RISK EVENTS INSURED

- > Contract repudiation by a public debtor
- > Contract repudiation due to an act or decision emanating from a public authority
- > Confiscation or embargo of goods (including products belonging to the insured in country of risk or in transit in the case of import contracts)
- > Non-repatriation of goods
- > Withdrawal of export approval and licences
- > Inconvertibility and/or non-transfer
- > Non-honouring of arbitration awards
- > Change of law or regulations
- > Breach of contract or non-respect of a contract by a public debtor or a private debtor in the wake of government decisions or wars
- > Arbitrary and unfair calling of guarantees by a public buyer

INSURANCE FOR BANKS AND OTHER FINANCIAL INSTITUTIONS

As a bank or a financial institution, you can also benefit from our political risk insurance to cover your funding of a trade contract or project. We provide coverage against the non-reimbursement of the loan you have granted or the non-honouring of a letter of credit, and you can be the loss payee under the policy issued to your client or the named insured.

Garant covers companies' risks in specific and difficult situations

"A UK trading company concluded a contract to export food products via an African central purchasing organisation that provided a letter of credit issued by a state-owned bank from the same country. The bank did not honour its obligation after payment default by the African purchasing organisation. Garant indemnified the insured for non-payment and non-respect by the bank of its obligations."

"A consortium was conducting a programme to build up production utilities. Some of them had been damaged during the civil disturbance in Libya and had to be abandoned due to the high level of insecurity. Garant indemnified the insured under coverage for business interruption and political violence."

"A shipyard in China, finding itself in financial difficulties, was unable to pay for equipment delivered by a Northern European firm. The parent company of the shipyard launched credit protection measures. Garant and a co-insurer indemnified the insured for non-payment at the end of the waiting period."

"An investor with a significant shareholding in a foreign company based in South America wished to transfer dividends outside the country. Because of a decree issued by the local government prohibiting capital movements, however, the investor was unable to repatriate the dividends. Garant indemnified the insured for non-repatriation of dividends."

"An importer of rice was required to pay 30% of the total amount of the transaction before delivery. The country of the supplier decided to revoke the export licences of all rice producers in order to stem a wheat shortage caused by a bad harvest. Garant indemnified the insured for termination or non-respect of the contract."

EXCESS-OF-LOSS INSURANCE

Even if you have advanced credit management capabilities, you may face exceptional and unforeseeable risks that could endanger your financial health.

With its excess-of-loss insurance, **Trade Credit** covers these risks for you according to three parameters: risks you transfer to the insurer, risks retained by you and the premium. At the same time, you retain full autonomy over your own credit management according to your procedures. We have also extended our excess-of-loss insurance to businesses – both SMEs and large companies – that work with external partners such as information agencies and debt collection companies.

“We became aware of the fact that a default by one of our major customers could’ve had dramatic consequences for us, but at the same time, refusing to deliver through fear of the credit risk would’ve had a negative impact on our commercial policy.”

“We had credit opening procedures which we believed to be effective. Unfortunately, although they were effective for everyday matters, they were not effective for all situations. In fact, we were running more risks than we thought.”

“Trade Credit gives us the flexibility we need to be able to manage risk ourselves, without having to abandon prudence in our cover policy.”

International food producer finds insurer with confidence in the former's own credit management capability

A Belgian producer of soya-based products, frozen bakery products and margarines & fats had grown to become one of the largest food producers in Europe, with 19 factories and as many marketing units throughout Western, Central and Eastern Europe. Certain business units were insured against credit risks, while others were not. There were also national variations. The challenge was to find a trade credit insurer to which the food producer could transfer the risk beyond a certain level.

Consultant recommends excess-of-loss policy to cover threat to profitability

The food producer had called upon the services of a credit management control consultant to carry out an audit. The consultant studied the group's credit management practices across its many divisions and international subsidiaries, and also analysed the group's performance and exposure to risks related to their 30 largest customers. The consultant recommended Trade Credit's excess-of-loss policy as flexible cover.

Made to measure policy

“We didn't want a credit insurance policy where the insurer arbitrarily sets a credit limit for each of our customers and sticks to it come what may,” says the Secretary-General of the group. “We retain a certain level of debtor risk for ourselves, and we are sufficiently strong to do so.” Trade Credit had confidence in and respect for the multinational food producer's own credit management systems and at the same time, beyond a certain level, took on risks that the group didn't want to run.

“Trade Credit showed itself to be that rare bird – unique in fact in the marketplace – for which we were looking. Everybody wins: Trade Credit recognised the quality of our credit management and the specific need for a win-win situation not only at group level, but also for the different business units,” notes the Secretary-General with satisfaction.

TOP-UP COVER

Sometimes your existing whole turnover insurance is just not enough. Trade Credit's new top-up product enables you to automatically double the credit limits, even the largest ones, set by your primary insurer.

This additional capacity is usually sufficient to cover your buyers' commitments.

Trade Credit does not interfere in your credit management or your relationship with your credit insurer. We just follow the limit decisions, collections procedures and claims decisions of your chosen credit insurer. The automatic coverage mirrors the primary insurance contract which therefore requires no adjustments.

"Trade Credit appreciated our desire for transparency. I think that they appreciated the true value of our company's performance and the procedures put in place to prevent customer defaults."

Trade Credit's top-up cover meets requirements of international multi-product company

An international corporation registered on the Japanese stock market with European headquarters in Belgium chose Trade Credit's top-up product without hesitation. "Top-up cover was chosen for two of our European product lines while our French subsidiary had already experienced the efficiency of excess-of-loss cover for several years. Trade Credit appreciated our desire for transparency, and I think that they also appreciated the true value of our company's performance and the procedures put in place to prevent customer defaults," explains the financial director.

Perfection comes in three

The worldwide company was looking for a credit insurance product in Europe that had three key features: it had to be easy to work with, global and unique. Trade Credit Brussels and Trade Credit Spain worked together smoothly to meet these three requirements. "The top-up policy is a unique solution and is truly easy to manage. It provides extra capacity that allows us to cover all our outstanding invoices. The top-up product is a real added value for us."

OUR COMPANIES

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TRADE CREDIT

COUNTRIES WHERE WE'VE OFFICES



DELCREDERE | DUCROIRE

ACTIVITIES AND RESULTS

in million EUR	2014	2013
Value of transactions insured during the financial year ⁽¹⁾	13,864.0	6,859.9
Total potential exposure ⁽¹⁾	26,332.7	25,677.7
Insurance premium revenue ⁽¹⁾	217.7	188.3
Staff	180	174

(1) before cession to reinsurers

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 Kookken, 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

Corporate Secretary-General and Compliance

Claudine Collin

Head of underwriting

Dominique Meessen

Group functional managers

Paul Balthasart, Group Chief Reinsurance Officer
 Thibaut De Haene, Group Chief Legal Officer
 Marina Hautman, Group Human Resources Manager
 Ronny Matton, Group Chief Financial Officer
 Hans Slock, Group Chief Risk Officer
 Lode Vermeersch, Group Chief Information Officer

Internal audit

Laurent Massin

External audit

PricewaterhouseCoopers

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



CREDIMUNDI

ACTIVITIES AND RESULTS

in million EUR	2014	2013
Value of transactions insured during the financial year ⁽¹⁾	26,633.0	26,121.3
Total potential exposure ⁽¹⁾	24,987.8	30,204.6
Insurance premium revenue ⁽¹⁾	84.9	94.3
Staff	122	122

(1) before cession to reinsurers

CORPORATE GOVERNANCE

Board of directors

Dirk Terweduwe, Chairman
 Filip Abraham, Member⁽²⁾
 Laurence Christians, Member
 Niko Demeester, Member⁽²⁾
 Yves Goldstein, Member
 Nabil Jijakli, Member
 Marc Monbaliu, Member
 Georges Stienlet, Member
 Frank Vanwingh, Member
 Stefaan Van Boxtael, Member
 Karin Deesen, Member
 Jean-Paul Steenbeke, Member

Executive Committee

Stefaan Van Boxtael, 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

Remuneration committee

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



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

Compliance officer

Geert Goossens

Chief Risk Officer

Hans Slock

Actuary

Jérôme Lokasso

Internal audit

Laurent Massin

External audit

PricewaterhouseCoopers

(2) independent member

ACTIVITIES AND RESULTS

in million EUR	2014	2013
Value of transactions insured during the financial year ⁽¹⁾	7,145.5	7,644.7
Total potential exposure ⁽¹⁾	2,803.6	3,128.6
Insurance premium revenue ⁽¹⁾	13.8	13.9
Staff	64	60

(1) before cession to reinsurers

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 Hrnčířik, Member

External audit

PricewaterhouseCoopers

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



INGO-ONDD

ACTIVITIES AND RESULTS

in million EUR	2014	2013
Value of transactions insured during the financial year ⁽¹⁾	5,115.2	5,364.3
Total potential exposure ⁽¹⁾	1,143.5	1,532.0
Insurance premium revenue ⁽¹⁾	13.0	14.3
Staff	29	28

(1) before cession to reinsurers

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⁽²⁾

Alexey Bezdenezhnykh, Chief Executive Officer
 Sergey Chulkov, Deputy Chief Executive Officer

Internal audit

Evgeniy Samarov

External audit

PricewaterhouseCoopers



from left to right:
 Alexey Bezdenezhnykh, Sergei Chulkov

(2) On 28/04/2015, Mr Alexey Bezdenezhnykh was appointed Chief Executive Officer to replace Mr Viktor Klimov, who deceased unexpectedly on 01/03/2015. Credendo Group will always remember Mr Viktor Klimov as a person who was much appreciated and respected throughout the credit insurance world for both his human and professional qualities.

GARANT

ACTIVITIES AND RESULTS

in million EUR	2014	2013
Value of transactions insured during the financial year ⁽¹⁾	5,015.9	3,855.1
Total potential exposure ⁽¹⁾	5,763.9	4,982.8
Insurance premium revenue ⁽¹⁾	36.5	32.9
Staff	30	27

(1) before cession to reinsurers

CORPORATE GOVERNANCE

Supervisory board

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

Executive committee

Michaël Frank, Chief Executive Officer
Christian Hendriks, Member
Dmitry Lokshin, Member

External audit

PricewaterhouseCoopers

from left to right: Christian Hendriks,
Michaël Frank, Dmitry Lokshin



TRADE CREDIT

ACTIVITIES AND RESULTS

in million EUR	2014	2013
Value of transactions insured during the financial year ⁽¹⁾⁽²⁾	39,982.0	36,064.7
Total potential exposure ⁽¹⁾	608.0	504.5
Insurance premium revenue ⁽¹⁾	44.1	44.6
Staff	30	31

(1) before cession to reinsurers

(2) including excess-of-loss transactions

CORPORATE GOVERNANCE

Board of Directors

Dirk Terweduwe, Chairman

Nabil Jijakli, Member

Ronny Matton, Member

Frank Vanwingh, Member

Eckhard Horst, Member

Eric Joos, Member

Niels Bervoets, Member

Executive committee

Eckhard Horst, Chief Executive Officer

Eric Joos, Member

Niels Bervoets, Member

External audit

PricewaterhouseCoopers



from left to right:
Eckhard Horst, Niels Bervoets, Eric Joos



NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Delcredere | Ducroire and its subsidiaries form Credendo Group.

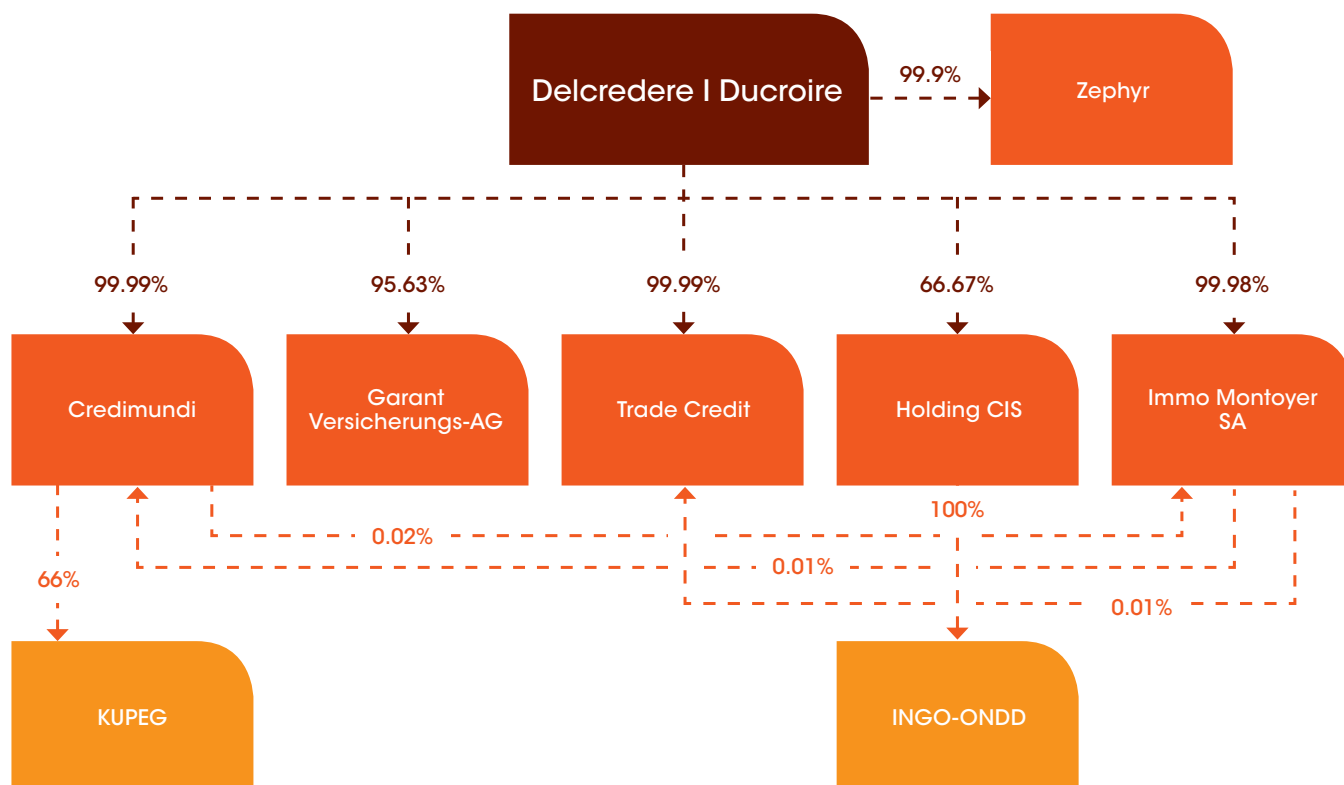
Delcredere | Ducroire is the official Belgian Export Credit Agency.

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 government body with a 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, Poland, 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 31/12/2014 have been prepared 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).

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.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 01/01/2014:

- > 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 36 'Impairment of assets', effective for annual 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.
- > 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.

IAS 27 R, IAS 28 R, IFRS 11, the amendments to IAS 32, to IAS 39 and to IFRS 10, 12 and IAS 27 for investment entities are not applicable for the consolidated financial statements of Credendo Group for the year ended 31/12/2014. The amendments to IAS 36 were already applied by Credendo Group in the consolidated financial statements for the year ended 31/12/2013. The application of IFRS 10, IFRS 12 and related transition guidance amendments did not have a material effect on the consolidated financial statements of Credendo Group for the year ended 31/12/2014.

The following new interpretation 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 01/01/2014:

- > IFRIC 21 'Levies', effective for annual periods beginning on or after 17/06/2014. 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 (2010-2012 cycle)' with minor amendments to eight standards, effective for annual periods beginning on or after 01/02/2015. 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' and IAS 24 'Key management personnel'.
- > 'Annual improvements (2011-2013 cycle)' in response to four issues addressed during the 2011-2013 cycle, effective for annual periods beginning on or after 01/01/2015. The amendments include IFRS 1 'Meaning of effective IFRSs', 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 annual periods beginning on or after 01/02/2015. The amendment seeks clarification for the accounting of employee contributions set out in the formal terms of a defined benefit plan.

None of the above mentioned amendments to the standards or interpretation are expected to have an effect on the consolidated financial statements of Credendo Group at the date of initial application.

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning 01/01/2014 and have not been endorsed by the European Union:

- > IFRS 14 'Regulatory deferral accounts', effective for annual 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.
- > 'Annual Improvements (2012-2014 cycle)' with amendments to four standards, effective for annual periods beginning on or after 01/01/2016. The amendments include IFRS 5, 'Non-current assets held for sale and discontinued operations', IAS 19, 'Employee benefits', IFRS 7, 'Financial instruments: disclosures' and IAS 34, 'Interim financial reporting'.
- > Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on depreciation and amortisation, effective for annual periods beginning on or after 01/01/2016. In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- > Amendment to IAS 16 'Property, plant and equipment' and IAS 41 'Agriculture' on bearer plants, effective for annual periods beginning on or after 01/01/2016. These amendments change the financial reporting for bearer plants, such as grapevines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing.

- > Amendment to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation, effective for annual periods beginning on or after 01/01/2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- > Amendments to IAS 27 'Separate financial statements' on the equity method, effective for annual periods beginning on or after 01/01/2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- > Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective for annual periods beginning on or after 01/01/2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- > IFRS 15 'Revenue from contracts with customers'. The IASB and FASB have jointly issued a converged standard on the recognition of revenue from contracts with customers. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after 01/01/2017, subject to EU endorsement.
- > IFRS 9 'Financial instruments', effective for annual periods beginning on or after 01/01/2018. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.
- > Amendment to IFRS 9 'Financial instruments' on general hedge accounting, effective for annual 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.
- > Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 'Disclosure of interests in other entities' and IAS 28, 'Investments in associates and joint ventures', effective for annual periods beginning on or after 01/01/2016. These narrow-scope amendments introduce clarifications to the requirements when accounting for investment entities.
- > Amendments to IAS 1 'Presentation of financial statements', effective for annual periods beginning on or after 01/01/2016. The amendments to IAS 1 are part of the initiative of the IASB to improve presentation and disclosure in financial reports and are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

The following new standards and amendments to standards are expected not to be applicable to the consolidated financial statements of Credendo Group: IFRS 14, annual improvements (2012-2014 cycle), amendments to IAS 16 and IAS 38, amendments to IAS 16 and 41, amendment to IFRS 11, amendment to IAS 27, amendments to IFRS 10 and IAS 28, IFRS 15, amendment to IFRS 9 relating to hedge accounting, amendments to IFRS 10, IFRS 12 and IAS 28.

The financial statements of Credendo Group will be impacted by the application of IFRS 9. However Credendo Group is still in the process of examining the impact. A more detailed analysis will be performed once the impact of IFRS 4, not issued yet at this moment, has been examined as these new standards need to be considered together. The amendments to IAS 1 will not materially affect the presentation and disclosures of the financial statements of Credendo Group upon initial application.

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 investments in associates include 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.

At each reporting date Credendo Group determines 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 the 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 investors' 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 interests 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 initially measured 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 interests in the acquired entity 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 acquired entity's identifiable net assets. The share of equity and result of any non-controlling interests is recognised on a separate line, respectively in the statement of financial position and 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 on which 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, cash and cash equivalents and financial investments 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 cumulative amount of exchange differences are reattributed to non-controlling interests in that foreign operation and are 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 are 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, 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 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 ten years for internally generated software.

C. Concessions, patents and licences

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 an 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 better reflects 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 a

part of a portfolio of financial investments in which there is evidence of short-term profit-taking, or if so designated by management. A group of financial assets, financial liabilities or both that is managed and of which the performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, is designated in the 'fair value through profit or loss' category at initial recognition. 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 also 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 purchasing or selling 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 substantially transferred 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.

Interests on available-for-sale securities calculated using the effective interest method are 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 the 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 (or have) an impact on the estimated future cash flows of the financial investment or group of financial investments that can be reliably estimated.

The criteria Credendo Group uses to determine if 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 be identified yet 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 | Ducreire received an endowment (capital) from the Belgian state several decades ago. This endowment is classified as equity since 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 them. 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 termination 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's 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.

> **Forfeiting 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 forfeiting are commonly referred to as direct business activity. Part of the risk from these insurance activities, financial guarantees and forfeiting excepted, is ceded to reinsurers.

> **Inward reinsurance contracts:** 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 the 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.

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.

All entities calculate their IBNR provision using insurance-mathematical and statistical methods. 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.

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 provisions.

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 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 defined benefit plans as well as defined contribution plans (in Belgium). A defined contribution plan is a pension plan under which the employer pays fixed contributions per employee into a separate fund. The employer has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits they are entitled to under the existing schemes. However, because of the Belgian legislation applicable to 2nd-pillar pension plans (so-called 'Law Vandebroucke'), all Belgian defined contribution plans have to be considered under IFRS as defined benefit plans. Law Vandebroucke 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). Therefore all pension plans operated by Credendo Group are accounted for as defined benefit plans under IFRS.

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, which is dependent on age, years of service and compensation. The schemes are funded through payments to insurance companies, 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.

Actuarial gains and losses (remeasurements) 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.

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;
- > forfeiting;
- > excess-of-loss policies;
- > captive 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. See also note 2.13 on valuation rules for insurance and reinsurance contracts.

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

Net income on financial investments (included under 'Finance income' in the income statement) comprises interest income on funds invested (including available-for-sale financial investments), dividend income, gains / losses on the disposal of available-for-sale financial investments, increases / decreases in the fair value of financial investments at fair value through profit or loss that are recognised in the income statement and impairment losses recognised on financial investments. 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.

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 expense' (note 27) 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. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. 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 substantially has 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. 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. See note 18.2 for assumptions used and a sensitivity analysis on these assumptions.

3.3. Estimated impairment of goodwill

Credendo Group annually tests 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). An impairment charge of K EUR 5,599 was accounted for as per 31/12/2014.

3.4. Income taxes

Credendo Group is subject to income taxes in Belgium, Austria, Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Poland, Russia, Slovakia, Spain, Switzerland and United Kingdom. Significant judgement is required in determining the provision for income taxes. There are some 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.

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 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 | Ducreire'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 in Credendo Group.

Delcredere | Ducreire'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 | Ducreire's Executive Committee which in turn has charged an independent Group Risk Management function with the responsibility of the day-to-day group risk management. The Group Risk Management function is held within Delcredere | Ducreire's Risk Management department. The Group Risk Management function assists, together with the actuarial function, the subsidiaries' risk management functions in the effective implementation of the risk management system and assists subsidiaries, subject to Solvency II regulation, in their own risk and solvency assessment processes. 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

The 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 a 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 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, prefinancing and delivery of services. Losses may arise from debtor insolvency of debtor defaults and/or political and assimilated ('force majeure') events. Policy holders 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, forfeiting contracts and financial guarantees.

Another type of risk under credit insurance cover offered by some entities concerns losses due to contract termination 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 on account of companies established in the European Union in favour of different (public or private) applicants. The bond is issued on account 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 the 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 a similar risk management process as a 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's 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 25.4 million (2013: EUR 24.4 million). A 10% rise in claims expenses would lower the pre-tax income with EUR 2.6 million (2013: EUR 10.1 million).

4.1.5 Change in assumptions

Credimundi changed its valuation of IBNR provisions on comprehensive policies in the first quarter of 2014. Previously this provision was calculated by applying a prospective loss ratio to the premium volume earned during an estimated reporting delay prior to closing. The latter so-called 'IBNR perimeter' corresponded to the average reporting delay observed in the three previous years. The method introduced early 2014 has been derived from a classic IBNR estimation in insurance which is a function of the expected frequency and size of incurred losses. The simulated impact vis-à-vis the original estimation at the end of 2013 was a decrease of the IBNR provision with EUR 3.8 million.

Credimundi also enhanced its method for provisioning claims handling expenses for the comprehensive policies and suretyship business in 3Q2014. The basic approach of calculating the provision as the product of the average cost per claim file with an estimate for the number of claim files remained unchanged. However, the estimations of the average handling time as well as the number of claim files handled were refined.

The simulated impact vis-à-vis the original estimation of 2Q2014 was a decrease of the provision for claims handling expenses of EUR 5.1 million.

Garant substituted its Pauschal reserve at the end of 2014 for a separate unearned premium provision and an IBNR provision. The Pauschal reserve covered both the premium as well as the IBNR provision and was calculated as 40% of written premiums: for turnover policies, the Pauschal reserve was released on a quarterly basis (25% per quarter), for single-risk and inward reinsurance activities the provision was maintained until the full liability had expired. The unearned premium provision corresponds to the pro rata temporis share of the premiums to be allocated to

the period following the closing date. The IBNR provision has been derived from a classic IBNR estimation in insurance which is a function of the expected frequency and size of incurred losses. The simulated impact per end of 2014 of replacing the Pauschal reserve vis-à-vis a scenario with Pauschal reserve was an increase in provisions of EUR 1.5 million.

No other assumption changes with material impact have occurred since 01/01/2014.

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 (in million EUR) by Top 10 debtor countries					
Country	31/12/2014		Country	31/12/2013	
	Total Potential Exposure	%		Total Potential Exposure	%
Russia	3,575	6.1%	Russia	4,149	6.6%
Turkey	2,536	4.3%	Brazil	2,716	4.3%
Belgium	2,369	4.0%	United States	2,617	4.1%
Brazil	2,362	4.0%	France	2,464	3.9%
France	2,170	3.7%	Turkey	2,414	3.8%
Italy	1,906	3.2%	Germany	2,397	3.8%
Germany	1,864	3.2%	China	2,268	3.6%
United States	1,737	3.0%	Belgium	2,246	3.5%
China	1,612	2.7%	Italy	2,213	3.5%
Saudi Arabia	1,531	2.6%	United Kingdom	1,876	3.0%
Other countries	37,107	63.1%	Other countries	37,932	59.9%
Total Potential Exposure	58,769	100%	Total Potential Exposure	63,291	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 intra-group transactions and give insight on how uncertainties surrounding claims evolve and on 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	2014	Total
Estimate of claims incurred:							
At end of reporting year	123.9	263.5	153.2	196.9	108.9	54.5	
One year later	75.3	235.0	167.5	172.9	101.9		
Two years later	73.1	130.3	174.3	103.2			
Three years later	67.9	120.2	197.7				
Four years later	59.3	137.9					
Five years later	77.2						
Current estimate of cumulative claims	77.2	137.9	197.7	103.2	101.9	54.5	672.4
Cumulative payments to date	65.9	125.9	138.8	65.8	18.5	0.1	414.9
Liability in respect to prior years							9.8
Total liability included in the balance sheet at 31/12/2014							267.4

Delcredere Ducroire Direct MLT Business		Reported Claims, net					
Occurrence year	2009	2010	2011	2012	2013	2014	Total
Estimate of claims incurred:							
At end of reporting year	92.0	251.8	139.5	177.2	98.2	50.8	
One year later	52.3	228.9	153.7	150.9	85.2		
Two years later	52.4	118.6	164.1	60.8			
Three years later	46.9	109.3	104.8				
Four years later	43.0	49.0					
Five years later	43.7						
Current estimate of cumulative claims	43.7	49.0	104.8	60.8	85.2	50.8	394.3
Cumulative payments to date	35.4	39.6	45.9	29.4	8.6	0.0	158.9
Liability in respect to prior years							8.2
Total liability included in the balance sheet at 31/12/2014							243.6

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	2014	Total
Estimate of claims incurred:							
At end of reporting year	182.1	36.0	43.7	31.9	49.7	74.9	
One year later	143.7	35.3	34.1	34.7	66.7		
Two years later	158.9	33.4	30.2	32.0			
Three years later	153.5	26.3	29.1				
Four years later	150.2	23.3					
Five years later	139.4						
Current estimate of cumulative claims	139.4	23.3	29.1	32.0	66.7	74.9	365.3
Cumulative payments to date	118.2	21.0	26.0	29.4	45.9	32.8	273.3
Liability in respect to prior years							4.4
Total liability included in the balance sheet at 31/12/2014							96.3

Delcredere DuCroire Direct ST Business & Credimundi			Reported Claims, net				
Occurrence year	2009	2010	2011	2012	2013	2014	Total
Estimate of claims incurred:							
At end of reporting year	133.2	27.3	32.9	21.4	35.6	46.1	
One year later	94.8	25.9	23.0	22.5	42.9		
Two years later	110.8	23.8	19.9	19.7			
Three years later	104.4	17.0	18.7				
Four years later	102.8	13.8					
Five years later	59.5						
Current estimate of cumulative claims	59.5	13.8	18.7	19.7	42.9	46.1	200.7
Cumulative payments to date	44.8	12.1	16.2	17.6	29.6	19.9	140.1
Liability in respect to prior years							3.5
Total liability included in the balance sheet at 31/12/2014							64.1

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	2014	Total
Estimate of claims incurred:							
At end of reporting year	17.9	9.6	12.4	34.0	14.4	13.8	
One year later	23.6	8.0	11.4	34.0	14.9		
Two years later	22.1	7.2	10.4	33.7			
Three years later	21.4	6.9	10.3				
Four years later	21.2	6.7					
Five years later	21.2						
Current estimate of cumulative claims	21.2	6.7	10.3	33.7	14.9	13.8	100.5
Cumulative payments to date	21.1	6.7	10.2	9.2	14.6	5.8	67.6
Liability in respect to prior years							0.0
Total liability included in the balance sheet at 31/12/2014							32.9

KUPEG & INGO-ONDD	Incurred Losses, net						
Occurrence year	2009	2010	2011	2012	2013	2014	Total
Estimate of claims incurred:							
At end of reporting year	6.3	4.8	5.3	5.7	5.3	5.0	
One year later	8.3	4.0	4.8	5.1	5.1		
Two years later	7.7	3.6	4.3	5.0			
Three years later	7.5	3.5	4.2				
Four years later	7.4	3.3					
Five years later	7.4						
Current estimate of cumulative claims	7.4	3.3	4.2	5.0	5.1	5.0	26.7
Cumulative payments to date	7.4	3.3	4.2	3.6	5.0	2.3	25.8
Liability in respect to prior years							0.0
Total liability included in the balance sheet at 31/12/2014							0.9

Finally, the following development tables for the excess-of-loss activity of Trade Credit

(gross and net of reinsurance) are defined in underwriting years:

Trade Credit	Reported Claims, gross						
Underwriting year	2009	2010	2011	2012	2013	2014	Total
Estimate of claims incurred:							
At end of reporting year	4.8	3.5	5.6	2.8	3.8	3.4	
One year later	9.5	7.7	11.7	10.3	5.6		
Two years later	12.3	9.7	15.4	15.7			
Three years later	12.6	11.1	19.6				
Four years later	11.4	11.0					
Five years later	11.0						
Current estimate of cumulative claims	11.0	11.0	19.6	15.7	5.6	3.4	66.3
Cumulative payments to date	10.8	10.1	14.8	8.5	3.5	0.8	48.6
Liability in respect to prior years							1.8
Total liability included in the balance sheet at 31/12/2014							19.5

Trade Credit	Reported Claims, net						
Underwriting year	2009	2010	2011	2012	2013	2014	Total
Estimate of claims incurred:							
At end of reporting year	1.2	0.9	1.4	0.7	1.0	0.9	
One year later	2.4	1.9	2.9	2.6	1.4		
Two years later	3.1	2.4	3.8	3.9			
Three years later	3.2	2.8	4.9				
Four years later	2.9	2.7					
Five years later	2.7						
Current estimate of cumulative claims	2.7	2.7	4.9	3.9	1.4	0.9	16.6
Cumulative payments to date	2.7	2.5	3.7	2.1	0.9	0.2	12.1
Liability in respect to prior years							0.5
Total liability included in the balance sheet at 31/12/2014							4.9

Garant's historical claims developments (2009-2013) include the Pauschal reserve which was replaced at the end of 2014 by a separate unearned premium provision and IBNR provision. Therefore,

2014 marks the starting point of a new set of claims development tables that will be disclosed in future reporting.

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.

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's exposure to the 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 reporting period, a sensitivity analysis on that part of the bond portfolio identified as or assumed to be at variable interest rate points to a negligible decrease/increase in pre-tax profit of maximum EUR 2.3 million (2013: EUR 0.6 million) 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, meaning that it holds 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 for Credendo Group are as follows:

Currency risk exposures (in million EUR)	31/12/2014	31/12/2013
Assets denominated in foreign currency		
Financial investments		
USD	206.4	190.5
GBP	34.3	34.5
Reinsurers' share of insurance liabilities		
USD	68.7	59.9
GBP	4.2	1.2

Currency risk exposures (in million EUR)	31/12/2014	31/12/2013
Liabilities denominated in foreign currency		
Financial liabilities		
USD	-	-
GBP	-	-
Liabilities arising from insurance contracts		
USD	422.7	502.0
GBP	2.9	3.8

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 14.8 million (2013: EUR 25.1 million) and the net asset position in GBP of EUR 3.6 million (2013: EUR 3.2 million) 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 for both currencies combined would respectively decrease/increase by EUR 11.2 million (2013: EUR 22 million).

Similar analysis may exceptionally be performed for the group financial investments in rouble given the

currency's 37% drop during the year 2014. Through INGO-ONDD, the financial investments in rouble (including reinsurers' share of insurance liabilities) amounted to EUR 16.8 million at the end of 2014. At the 2013 exchange rate, it would have represented EUR 26.9 million. The sensitivity analysis shows that if the currency would appreciate by 10% vis-à-vis the EUR, the net asset position would increase EUR 1.1 million and inversely for a 10% depreciation of the currency.

The rates used for the translation of the most important foreign currencies in these financial statements are the following:

Most important currencies vis-à-vis EUR	USD	GBP	CZK	RUB
Exchange rate at the end of 2014	1.21	0.78	27.74	72.34
% fluctuation since the end of 2013	13.6%	7.0%	-1.1%	-37.3%
Average 2014	1.32	0.80	27.55	51.93

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 possible large shocks, a safe investment strategy is pursued. The 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 2.2 million higher/lower (2013: EUR 3.2 million) 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 (in million EUR)	AAA	AA	A	BBB	<BBB	Non-rated	Total
Financial investments & cash (equivalents) at 31/12/2014							
Government bonds	85	473	20	42	-	27	647
Funds invested in debt/security instruments	26	47	299	188	4	375	939
Funds invested in equity instruments						499	499
Fixed-term deposits	-	-	135	6	1	-	142
Cash and cash equivalents	5	10	347	6	0	100	469
Total	115	531	802	242	4	1,001	2,696

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

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 million EUR)							
31/12/2014	0.1	69.0	114.6	0.2	0	18.1	202.0
31/12/2013	0.2	65.3	101.0	4.2	1.3	35.9	207.9

Non-rated reinsurers concern especially foreign government-related credit insurers.

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 their insurance liabilities. Credendo Group's (non-) derivative financial liabilities equal close to zero.

The insurance liabilities of most of Credendo Group's 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 managing 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's entities subject to the forthcoming EU-wide Solvency II insurance regulation, that is all entities except Russia-based INGO-ONDD and parent Delcredere | Ducroire, generally have 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.

As of 2014 transitional measures towards the Solvency II entry into force in 2016 have been implemented by national supervisory authorities. Besides actively preparing for and monitoring the quantitative, governance and reporting requirements, all Credendo Group entities subject to Solvency II have produced during 2014 a first full Own Risks & Solvency Assessment, considered the key process of the Solvency II regulatory framework.

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 hereafter 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 assets and liabilities measured at fair value at 31/12/2014 and 2013. Note that only the financial instruments measured at fair value are included in the tables hereafter. As loans and receivables are not measured at fair value, these have not been included in the tables hereafter.

31/12/2014	Level 1	Total
Assets		
Financial assets at fair value through profit or loss	1,831,862	1,831,862
Government bonds	298,120	298,120
Funds invested in debt instruments	1,061,549	1,061,549
Funds invested in equity instruments	441,137	441,137
Mixed & other funds	31,056	31,056
Available-for-sale financial assets	188,242	188,242
Government bonds	35,203	35,203
Funds invested in debt instruments	53,067	53,067
Funds invested in equity instruments	22,088	22,088
Mixed & other funds	77,884	77,884
Total assets	2,020,103	2,020,103

31/12/2013	Level 1	Total
Assets		
Financial assets at fair value through profit or loss	1,683,676	1,683,676
Government bonds	302,371	302,371
Funds invested in debt instruments	928,035	928,035
Funds invested in equity instruments	444,357	444,357
Mixed & other funds	8,913	8,913
Available-for-sale financial assets	173,243	173,243
Government bonds	33,760	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	1,856,919	1,856,919

At 31/12/2014, all financial investments measured at fair value on a recurring basis are classified as level 1 (31/12/2013: 100%). Fair value measurements classified as level 1 include exchange-traded prices of fixed maturities, equity securities and derivative contracts.

The split by asset class for 2013 changed compared to prior year's financial statements mainly due to a corrected presentation of Belgian Treasury Bills and a corrected presentation for the financial investments included in Zephyr (see note 8). Total values by measurement category remain unchanged.

Credendo Group has no investments that are measured at fair value and that are classified as level 2 or 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 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

	Note	Goodwill	Software	Internally generated software development costs	Concessions, patents & licences	Other	Total
At cost at 01/01/2014		5,835	626	7,576	4,956	3,244	22,238
Additions		-	6	1,128	6,930	922	8,986
Transfers		-	-	921	-	-921	-
Exchange differences		-	-7	-	-	-	-7
Other movements		-	8	-64	-	-3	-59
At cost at 31/12/2014		5,835	633	9,561	11,886	3,242	31,156
Accumulated amortisation and impairments at 01/01/2014		-	-366	-1,027	-3,968	-1,204	-6,565
Amortisation charge	26	-	-79	-839	-630	-75	-1,624
Impairment charge	5.1	-5,560	-	-	-	-	-5,560
Exchange differences		-	5	-	-	-	5
Other movements		-	-8	67	-	-	59
Accumulated amortisation and impairments at 31/12/2014		-5,560	-448	-1,799	-4,598	-1,279	-13,685
Balance at 01/01/2014		5,835	260	6,549	988	2,040	15,673
Balance at 31/12/2014		275	185	7,762	7,288	1,962	17,472

	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
Disposals		-	-33	-74	-	-	-107
Transfers		-	-	1,562	-	-1,562	-
Exchange differences		-	-52	-	-	-	-52
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
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

The total amortisation expense of K EUR 1,624 (31/12/2013: K EUR 993) has been charged in 'Depreciation and amortisation' in the income statement.

The total additions of 2014 amount to K EUR 8,986 and mainly relate to the SAP license fee (K EUR 6,824) and the capitalisation of internal hours spent on the development of IT. These development costs are mainly related to the SAP migration project (K EUR 1,033) and project portfolio management (K EUR 126).

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

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 the management. The following is a summary of goodwill allocation for each entity:

31/12/2014	Opening	Impairment	Closing
Trade Credit	275	-	275
INGO-ONDD	5,560	-5,560	-
Total	5,835	-5,560	275

31/12/2013	Opening	Impairment	Closing
Trade Credit	275	-	275
INGO-ONDD	5,560	-	5,560
Total	5,835	-	5,835

During the fourth quarter of 2014, Credendo Group completed its annual impairment test for goodwill, which resulted in a total impairment charge of K EUR 5,560 on the goodwill allocated to INGO-ONDD. Given the Russian economic recession in 2015, the continued volatility of the rouble, low average oil prices and the imposed sanctions remaining in place at least until the end of this year, we do not expect a recovery of the situation in the short or medium term.

Impairment test of goodwill

The recoverable amount of the CGU INGO-ONDD has been determined based on a dividend discount

model calculation. This calculation uses cash flow projections over 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 rate 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 the budget and dividend discount model calculations are as follows:

Key assumptions	2014	2013
Net written Premium (% of annual growth)	10.70%	8.20%
Gross Loss Ratio	40.00%	40.00%
Gross Cost Ratio	33.90%	30.40%
Cession Ratio	72.00%	62.70%
Long-term Growth Rate	1.50%	1.50%
Discount Rate	19.80%	12.60%

The impairment test resulted in the carrying amount of goodwill being written down to nil (K EUR 5,560). All other non-monetary assets have been written down to nil as well (K EUR 39, see also note 6), except for the deferred tax assets as management

believes that there are sufficient taxable temporary differences available against which the deductible temporary differences can be offset (see also note 22).

6. PROPERTY, PLANT AND EQUIPMENT

	Note	Land and buildings	Plant, machinery & equipment	Office furniture, furnishing and vehicles	Operating equipment	Assets under construction	Other	Total
At cost at 01/01/2014		18,788	9,591	7,767	319	266	733	37,463
Additions		-	459	80	10	34	19	601
Disposals		-	-135	-11	-	-	-	-146
Transfers		-	266	122	-	-266	-122	-
Conversion differences		-	-	-38	-39	-0	-6	-83
Other movements		-	1	48	-	-	-	49
At cost at 31/12/2014		18,788	10,181	7,968	289	34	624	37,883
Accumulated depreciation and impairments at 01/01/2014		-1,564	-5,564	-7,212	-265	-	-624	-15,228
Depreciation charge	26	-161	-677	-215	-21	-	-25	-1,100
Depreciation on disposals		-	7	3	0	-	-	10
Impairment charge	5	-	-	-34	-5	-	-	-39
Transfers		-	-	-62	-	-	62	-
Conversion differences		-	-	30	38	-	6	62
Other movements		-	4	-49	-	-	-	-45
Accumulated depreciation and impairments at 31/12/2014		-1,725	-6,229	-7,539	-253	-	-581	-16,339
Balance at 01/01/2014		17,224	4,027	555	54	266	110	22,235
Balance at 31/12/2014		17,063	3,952	428	36	34	43	21,555

	Note	Land and buildings	Plant, machinery & equipment	Office furniture, 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	34	23	63	855
Disposals		-	-140	-296	-15	-	-	-451
Other movements		-	-	-22	-	-	-47	-69
At cost at 31/12/2013		18,788	9,591	7,767	319	266	733	37,463
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	-	-	-	-4
Other movements		-	-	13	-	-	39	53
Accumulated depreciation 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	4,027	555	54	266	110	22,235

The total depreciation expense of K EUR 1,100 (2013: K EUR 1,379) has been charged in 'Depreciation and amortisation' in the income statement.

The total additions of 2014 amount to K EUR 601 (2013: K EUR 855) and are mainly relating to the acquisition of audio equipment and hardware (K EUR 309).

Lease rentals amounting to K EUR 2,111 (2013: K EUR 952) 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. OTHER FINANCIAL ASSETS

The other financial assets can be detailed as follows:

in thousands EUR	2014	2013
Shares in non-consolidated companies	103	103
Cash guarantees	98	0
Total Other financial assets	201	103

The other financial assets relate to cash guarantees and the participation in Global Trade Security (GTS) (situated at Route de l'Aéroport 29 in Geneva, Switzerland) in which Credendo Group holds 100%.

Due to its insignificant impact on the consolidated figures, GTS was not consolidated as per 31/12/2014 and 2013.

8. FINANCIAL INVESTMENTS

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

Analysis by classes	AFS	Fair value through profit or loss	Loans and receivables	Total
2014				
Government bonds ⁽¹⁾	35,203	298,120	297,860	631,182
Quoted	35,203	298,120	-	333,323
Unquoted	-	-	297,860	297,860
Funds invested in debt instruments	53,067	1,061,549	-	1,114,617
Quoted	53,067	1,061,549	-	1,114,617
Funds invested in equity instruments	22,088	441,137	-	463,224
Quoted	22,088	441,137	-	463,224
Mixed & Other Funds	77,884	31,056	-	108,940
Quoted	77,884	31,056	-	108,940
Fixed-term deposits	-	-	95,642	95,642
Total financial investments	188,242	1,831,862	393,501	2,413,605

Analysis by classes	AFS	Fair value through profit or loss	Loans and receivables	Total
2013				
Government bonds ⁽¹⁾	33,760	302,371	297,860	633,991
Quoted	33,760	302,371	-	336,131
Unquoted	-	-	297,860	297,860
Funds invested in debt instruments	60,845	928,035	-	988,881
Quoted	60,845	928,035	-	988,881
Funds invested in equity instruments	31,596	444,357	-	475,953
Quoted	31,596	444,357	-	475,953
Mixed & Other Funds	47,041	8,913	-	55,954
Quoted	47,041	8,913	-	55,954
Fixed-term deposits	-	-	71,087	71,087
Total financial investments	173,243	1,683,676	368,947	2,225,866

(1) Including local and regional authorities, and other related issuers.

The split by asset class for 2013 changed compared to prior year's financial statements mainly due to a corrected presentation of Belgian Treasury Bills (see below) and a corrected presentation for the financial investments included in Zephyr (see below). Total values by measurement category remain unchanged.

Loans and receivables are not presented on Credendo Group's consolidated balance sheet at their fair value. These are valued at amortised cost. The unquoted government bonds relate to Belgian Treasury Bills that represent the endowment from the Belgian Government to Delcredere | Ducroire (see note 14). The fair value of the loans and receivables approximates their carrying amount due to the short-term character of these financial instruments.

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities and term deposits.

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

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

There are no non-derivative financial assets held for trading.

Current/Non-current split	2014	2013
Current	561,879	510,484
Non-current	1,851,726	1,715,382
Total	2,413,605	2,225,866

Zephyr

The financial investments as per 31/12/2014 include financial investments in an institutional fund, called Zephyr, for an amount of EUR 1.78 billion. These are classified as financial investments at fair value through profit or loss (see table hereafter for more details per asset class). Credendo Group has elected to designate these financial investments as financial investments at fair value through profit or loss based on the fact that these concern a group of financial assets that is managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management and investment strategy.

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

- > 2 money market funds for a total amount of EUR 200 million 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 820 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 759 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.

These financial investments are quoted and therefore classified as level 1 financial investments. 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;

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

The financial investment portfolio in Zephyr as per 31/12/2014 can be detailed as follows:

Detail per asset class

Asset Class	Market Value	
	2014	2013
Government bonds	287,451	290,023
Corporate bonds	834,047	613,656
Monetary Funds	-	200,009
Equity	431,636	404,580
Cash and cash equivalents	206,820	60,303
Other Fixed income	10,165	-
Commodities	9,500	22,452
Real estate	-	17,325
Other	83	-
Forward	21	-40
Total	1,779,724	1,608,309

Detail per currency

Currency	Market Value	
	2014	2013
EUR	1,534,478	1,476,910
USD	182,422	90,226
JPY	17,619	20,586
GBP	32,747	17,370
CHF	3,381	2,734
SEK	1,068	482
KRW	1,068	-
HKD	1,780	-
Other	5,161	-
Total	1,779,724	1,608,308

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 31/12/2014 is 3.78 (31/12/2013: 3.82).

The bonds within Zephyr amount to EUR 1,121.45 million (2013: 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 42.4 million (2013: 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 220.9 million (EUR 182.4 million) at 31/12/2014 (31/12/2013: USD 124.0 million – EUR 90.0 million).

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 Volatility 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 01/01/2013		1,740,755	69,522	369,715	2,179,992
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		-117,676	-	-	-117,676
Conversion differences		-465	-463	-1,018	-1,946
Net gains/(losses) through profit or loss		-1,145	11,147	-	10,001
Other movements		-657	746	-	89
At 31/12/2013		173,243	1,683,676	368,947	2,225,866
Additions		104,786	131,791	27,013	263,591
Disposals		-92,947	-102,225	-	-195,172
Net gains/ (losses) transfer to equity	15.2	4,682	-	-	4,682
Net gains/ (losses) transfer from equity	15.2	-1,368	-	-	-1,368
Conversion differences		-136	-4,062	-2,459	-6,657
Net gains/(losses) through profit or loss	27	-	122,682	-	122,682
Other movements		-18	-	-	-18
At 31/12/2014		188,242	1,831,862	393,501	2,413,605

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.

No impairment losses have been recorded in 2014 (2013: K EUR 1,145).

During the period from 01/01/2014 till 31/12/2014 there were no reclassifications of financial investments.

9. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against 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 offset amounts are as follows:

Deferred tax assets and liabilities	31/12/2014	31/12/2013
Deferred tax assets to be recovered after more than 12 months	9,378	8,351
Deferred tax assets to be recovered within 12 months		
Deferred tax assets	9,378	8,351
Deferred tax liabilities to be recovered after more than 12 months	-5,809	-4,419
Deferred tax liabilities to be recovered within 12 months		
Deferred tax liabilities	-5,809	-4,419
Net deferred tax position	3,568	3,932

The amounts of deferred tax assets and liabilities before offset are as follows:

Deferred tax assets and liabilities - Set-off	31/12/2014
Deferred tax assets before set-off	9,673
Set-off of deferred tax position	-295
Deferred tax assets presented in the statement of financial position	9,378
Deferred tax liabilities before set-off	6,105
Set-off of deferred tax position	-295
Deferred tax liabilities presented in the statement of financial position	5,809

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

Gross movements deferred taxes	2014
Balance at 01/01	3,932
Income statement (charge) /credit	256
Tax (charge)/credit relating to components of other comprehensive income	-1,227
Other movements	431
Exchange differences	176
Balance at 31/12	3,568

The movement in deferred income tax assets and liabilities during the year, without taking into

consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred Tax Assets	Tax losses	Provision for pensions and other employee benefit obligations	Liabilities arising from insurance contracts	Timing differences on property, plant and equipment	Other	Total
Balance at 01/01/2014	6,254	623	506	1,296	-	8,680
(Charged)/credited to the income statement	903	-30	-344	-110	-	419
(Charged)/credited to other comprehensive income	-	663	-	-	-	663
Other movements	-	-	-	-	9	9
Transfers	-	-	-	-357	357	-
Exchange differences	-	-	-	-99	-	-99
Balance at 31/12/2014	7,158	1,256	162	730	367	9,673

Deferred Tax Liabilities	Financial investments	Liabilities arising from insurance contracts	Other	Total
Balance at 01/01/2014	1,747	199	2,802	4,748
(Charged)/credited to the income statement	-111	-82	355	162
(Charged)/credited to other comprehensive income	1,917	-	-27	1,890
Other movements	-	-	-421	-421
Transfers	42	-	-42	-
Exchange differences	-	-	-275	-275
Balance at 31/12/2014	3,595	117	2,393	6,105

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. As per 31/12/2014 no net deferred income tax assets are recognised for entities that are loss-making in 2014.

In 2013, 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 probable in the near future. No additional deferred tax assets have been withdrawn in the current year. 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.

10. REINSURANCE ASSETS

	31/12/2014	31/12/2013
Reinsurers' share of insurance liabilities		
Provision for unearned premium	32,235	31,793
Provision for risk deterioration	5,704	6,377
Provision for IBNR	16,086	18,154
Provision for claims - reported losses - expected claims	144,933	149,284
Provisions profit sharing and rebates	2,628	1,992
Provision for claims management expenses	296	229
Other technical provisions	49	67
Total	201,930	207,895

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 2.13 '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	31/12/2014	31/12/2013
Receivables on insurance and reinsurance business		
Amounts owed by policyholders and direct insurance operations	1,301,696	1,180,628
Receivables arising out of reinsurance	54,681	29,451
Expected recovery on claims paid	197,572	260,001
Provision for impairment	-937,827	-835,568
Total receivables related to insurance activity	616,122	634,511
Other receivables	58,708	55,352
Provision for impairment	-	-
Total other receivables	58,708	55,352
Total receivables	674,830	689,863

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

For certain reinsurance contracts (mostly Italian and Spanish business) an interest of 90% of Euribor 3 months, on average, is received by Credendo Group on retained deposits in the framework of its assumed reinsurance activity.

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	2014	2013
Balance at 01/01	-835,568	-881,731
Provisions for impairment on receivables	-267	-1,642
Reversal of provisions for impairment on receivables	92	1,305
Provisions for impairment on outstanding claims	-105,038	28,422
Reversal of provisions for impairment on outstanding claims	55,641	18,064
Other movements	-52,686	13
Balance at 31/12	-937,827	-835,568

The creation and release of the provision for impaired receivables of K EUR 175 (2013: K EUR 337) 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.

As of 31/12/2014, total loans and receivables of K EUR 384,174 (31/12/2013: 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 - 31/12/2014	Impaired and provided for	Due but not impaired	Not due	Total
Gross	937,827	384,174	290,656	1,612,657
Impairment	-937,827		-	-937,827
Net	-	384,174	290,656	674,830

Loans and receivables - 31/12/2013	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	-	549,171	140,692	689,863

As of 31/12/2014, K EUR 937,827 (2013: K EUR 835,568) of total receivables were impaired.

Ageing analysis - 31/12/2014	Less than 3 months	3 to 6 months	> 6 months	Total
Impaired and provided for	42,702	20,309	874,816	937,827
% of total	5%	2%	93%	100%
Total	42,702	20,309	874,816	937,827

Ageing analysis - 31/12/2014	Less than 3 months	3 to 6 months	> 6 months	Total
Past due but not impaired	24,002	1,439	358,733	384,174
% of total	6%	0%	93%	100%
Total	24,002	1,439	358,733	384,174

12. OTHER ASSETS

The other assets can be detailed as follows:

	31/12/2014	31/12/2013
Deferred charges	2,735	1,802
Prepaid expenses	844	918
Accrued interests	2,939	2,737
Accrued revenue on insurance premiums	911	2,065
Other accrued income	174	1,292
Total other assets	7,604	8,814

13. CASH AND CASH EQUIVALENTS

	31/12/2014	31/12/2013
Cash at bank and in hand	258,310	322,471
Short-term bank deposits	25,078	24,813
Cash and cash equivalents in the statement of financial position	283,388	347,284

The effective interest rate on short-term bank deposits for 2014 amounted to 0.45% (2013: 0.25%). The average maturity is 11 days (2013: 1 day).

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

	31/12/2014	31/12/2013
Cash and cash equivalents	283,388	347,284
Bank overdrafts	-	-
Cash and cash equivalents in the statement of cash flows	283,388	347,284

14. ENDOWMENT

	Endowment	Total
At 01/01/2013	297,472	297,472
Change in endowment	-	-
At 31/12/2013	297,472	297,472
Change in endowment	-	-
At 31/12/2014	297,472	297,472

Delcredere | Ducroire has an endowment of EUR 297.5 million. This endowment (capital) is granted / contributed by the Belgian State in the form of financial assets. The amount of the endowment represents the fair value of the original financial assets that were granted / contributed by the Belgian State. After the original grant / contribution, these financial assets have been valued at amortised cost. At each maturity date, these financial assets representing the endowment

have been replaced by other financial assets generating a market-conform interest rate. As per 31/12/2014 the endowment is represented by Belgian Treasury Bills with short-term duration. These financial assets represent the capital of Delcredere | Ducroire and cannot be sold or liquidated without the approval of the Belgian State. The amount of the endowment has not been changed for several decades.

15. CONSOLIDATED RESERVES AND OTHER COMPREHENSIVE INCOME

15.1. Consolidated reserves

	Note	2014			2013		
		Total	NCI	Share of Parent	Total	NCI	Share of Parent
Profit / (loss) of the year		352,647	583	352,063	254,865	-716	255,581
Changes in ownership interests in subsidiaries that do not result in a change in control	32	-12,121	-9,738	-2,382	-3,871	-3,569	-302
Other movements		197	-	197	6,407	-	6,407
Share in movements consolidated reserves		340,723	-9,155	349,878	257,401	-4,285	261,686

15.2. Other comprehensive income

	Note	2014			2013		
		Total	NCI	Share of Parent	Total	NCI	Share of Parent
Items that will not be reclassified to profit or loss							
Remeasurements on defined benefit pension plans	18	-3,485	-28	-3,457	10,880	7	10,873
Deferred tax on actuarial gains / (losses) on defined benefit pension plans	9	663	7	656	-378	-	-378
Subtotal of items that will not be reclassified to profit or loss		-2,822	-21	-2,801	10,502	7	10,495
Items that may be subsequently reclassified to profit or loss							
Fair value changes on available-for-sale financial assets	8	3,814	-26	3,840	16,821	-	16,821
Foreign exchange differences on available-for-sale financial assets	8	868	38	830	-564	-	-564
Fair value changes on available-for-sale financial assets - recycled to profit or loss	8-27	-1,654	21	-1,675	-117,206	-	-117,206
Foreign exchange differences on available-for-sale financial assets - recycled to profit or loss	8-27	286	13	274	-	-	-
Other changes on available-for-sale financial assets - recycled to profit or loss	27	-1,290	-59	-1,230	-	-	-
Deferred taxes thereon	9	-1,890	-1	-1,889	1,906	-	1,906
		134	-15	149	-99,043	-	-99,043
Exchange differences on translating foreign operations	28	-6,419	-2,146	-4,272	-3,081	-1,035	-2,045
Subtotal of items that may be subsequently reclassified to profit or loss		-6,284	-2,161	-4,123	-102,124	-1,035	-101,089
Total other comprehensive income for the year		-9,106	-2,182	-6,924	-91,622	-1,028	-90,594

16. LIABILITIES ARISING FROM INSURANCE CONTRACTS AND REINSURANCE ASSETS

	31/12/2014			31/12/2013		
	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net
Single risk	749,501	-66,909	682,592	977,403	-69,406	907,997
Investment insurance	5,562	-	5,562	4,321	-	4,321
Financial guarantees	15,366	-	15,366	34,689	-	34,689
Sureties	3,106	-1,052	2,054	3,679	-970	2,709
Excess of loss & Captives	66,837	-42,427	24,410	83,439	-64,855	18,583
Turnover policies	158,049	-89,679	68,371	121,060	-62,287	58,774
Inward reinsurance	54,549	-1,865	52,684	62,429	-10,377	52,052
Liabilities arising from insurance contracts presented in the statement of financial position	1,052,970	-201,930	851,039	1,287,020	-207,895	1,079,125

16.1. Single-risk insurance

	31/12/2014			31/12/2013		
	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net
Provision for reported claims and loss adjustment expenses	503,203	-48,975	454,228	678,764	-56,266	622,498
Claims incurred but not reported	7,030	-7	7,023	48,937	-5	48,932
Provision for profit sharing and rebates	-	-	-	62	-27	35
Provision for risk deterioration	28,056	-5,570	22,485	26,550	-5,873	20,677
Provision for unearned premiums	202,978	-12,147	190,831	212,053	-7,128	204,925
Provision for claims management expenses	8,119	-171	7,948	11,036	-107	10,929
Other technical provisions	115	-38	77	-	-	-
Total	749,501	-66,909	682,592	977,403	-69,406	907,997

16.2. Investment insurance

	31/12/2014			31/12/2013		
	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net
Provision for reported claims and loss adjustment expenses	4,632	-	4,632	3,294	-	3,294
Provision for unearned premiums	879	-	879	982	-	982
Provision for claims management expenses	51	-	51	46	-	46
Total	5,562	-	5,562	4,321	-	4,321

16.3. Financial guarantees

	31/12/2014			31/12/2013		
	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net
Provision for reported claims and loss adjustment expenses	10,333	-	10,333	28,568	-	28,568
Provision for risk deterioration	2,078	-	2,078	2,296	-	2,296
Provision for unearned premiums	2,872	-	2,872	3,539	-	3,539
Provision for claims management expenses	82	-	82	286	-	286
Total	15,366	-	15,366	34,689	-	34,689

16.4. Sureties

	31/12/2014			31/12/2013		
	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net
Provision for reported claims and loss adjustment expenses	1,510	-239	1,271	2,013	-357	1,655
Provision for unearned premiums	1,596	-813	783	1,591	-613	978
Provision for claims management expenses	-	-	-	75	-	75
Total	3,106	-1,052	2,054	3,679	-970	2,709

16.5. Excess-of-loss & Captive insurance

	31/12/2014			31/12/2013		
	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net
Provision for reported claims and loss adjustment expenses	21,941	-16,539	5,403	46,467	-40,460	6,006
Claims incurred but not reported	14,786	-11,095	3,691	12,128	-9,096	3,032
Provision for profit sharing and rebates	1,357	-682	676	1,011	-455	556
Provision for unearned premiums	28,086	-14,111	13,975	23,172	-14,777	8,395
Provision for claims management expenses	666	-	666	661	-	661
Other technical provisions	-	-	-	-	-67	-67
Total	66,837	-42,427	24,410	83,439	-64,855	18,583

16.6. Turnover policies

	31/12/2014			31/12/2013		
	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net
Provision for reported claims and loss adjustment expenses	133,457	-78,926	54,531	84,778	-48,518	36,260
Claims incurred but not reported	8,428	-4,319	4,109	12,841	-6,650	6,191
Provision for profit sharing and rebates	3,799	-1,946	1,853	3,197	-1,373	1,825
Provision for risk deterioration	343	-133	210	1,366	-504	862
Provision for unearned premiums	9,150	-4,218	4,933	10,951	-5,120	5,831
Provision for claims management expenses	2,847	-125	2,722	7,927	-122	7,806
Other technical provisions	25	-11	13	-	-	-
Total	158,049	-89,679	68,371	121,060	-62,287	58,774

16.7. Inward reinsurance

	31/12/2014			31/12/2013		
	Gross	Recoverable from reinsurance	Net	Gross	Recoverable from reinsurance	Net
Provision for reported claims and loss adjustment expenses	16,562	-254	16,308	23,640	-3,682	19,959
Claims incurred but not reported	28,604	-665	27,939	24,084	-2,403	21,681
Provision for profit sharing and rebates	-	-	-	313	-138	175
Provision for unearned premiums	9,383	-946	8,437	14,205	-4,154	10,051
Other technical provisions	-	-	-	187	-	187
Total	54,549	-1,865	52,684	62,429	-10,377	52,052

17. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Onerous contracts	Litigation	Other	Total
Balance at 01/01/2014	111	126	344	581
Charged/(credited) to the income statement:				
Additional provisions	-	1	40	41
Unused amounts reversed	-	-45	-	-45
Used during period	-	-	-315	-315
Exchange differences	-	-	-22	-22
Transfers	-111	111	-	-
Balance at 31/12/2014	-	193	47	240
Current	-	193	47	240
Non-current	-	-	-	-

	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
Unused amounts reversed	-96	-	-13	-109
Balance at 31/12/2013	111	126	344	581
Current	111	-	-	111
Non-current	-	126	344	470

18. EMPLOYEE BENEFIT OBLIGATIONS

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

	31/12/2014	31/12/2013
Short-term employee benefits	5,519	4,662
Post-employment benefits	7,545	3,645
Other long-term employee benefits	282	230
Termination benefits	-	446
Total	13,346	8,983

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 defined benefit pension plans 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.

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. 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). Therefore these plans are classified and accounted for as a defined benefit plan under IAS 19 except for one pension plan. The potential additional liabilities for this pension plan as at 31/12/2014 are however being assessed as not significant. For information some key figures related to the plan are given below:

> employer contributions 2014: K EUR 155.

As from 01/10/2014 the TOU Credendo Group introduced a new defined benefit plan for all new hires and with the option for current employees to remain in the old defined benefit plan.

The TOU Credendo Group will contribute to this new defined benefit plan a fixed percentage of the annual salary. The contributions are funded by the pension institution according to the plan rules as to the benefits payment to the employee.

The TOU Garant operates defined benefit pension plans based on employee pensionable remuneration and length of service. One plan is a final salary plan 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. The other plan is a plan whereby the employees are entitled to a severance payment of which the amount depends on monthly salary and years of service and which is paid out upon resignation or at retirement date.

Garant holds special bonds or investment funds amounting to 50% of the value of the provision for defined benefit plans. Since these assets are not held in a legally separate fund, these do not meet the criteria of plan assets under IAS 19 and are therefore not accounted for as plan assets but included under the financial investments.

The amounts for post-employment benefits recognised in the consolidated

statement of financial position are determined as follows:

Defined benefit plan	2014	2013
Year ended 31/12		
Present value of funded obligations	-42,242	-36,403
Fair value of plan assets	39,213	36,226
(Deficit) / surplus of funded plans	-3,030	-177
Present value of unfunded obligations	-4,516	-3,468
Net asset/(liability) in the statement of financial position at 31/12	-7,545	-3,645

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

Defined benefit obligation	2014	2013
Defined benefit obligation at 01/01	39,871	46,505
Current service cost	2,739	3,318
Current service cost - Other	-103	-
Interest cost	1,309	1,294
Remeasurements :	3,177	-10,723
Remeasurements resulting from changes in demographic assumptions	-668	-
Remeasurements resulting from changes in financial assumptions	5,214	-8,417
Remeasurements resulting from experience gains / losses	-1,471	-2,306
Remeasurements - Other	103	-
Administration expense	-70	-93
Taxes paid	-239	-323
Benefits paid from plan	-300	-107
Other movements - Transfer from termination benefit	373	-
Defined benefit obligation at 31/12	46,758	39,871

The weighted average duration of the defined benefit obligation in Belgium is 13.7 years. In Austria the average duration of the defined benefit obligation is 21 years.

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

Fair value of plan assets	2014	2013
Fair value of plan assets at 01/01	36,226	32,120
Interest income	1,228	927
Remeasurements: return on plan assets excluding interest income	-308	159
Employer contributions	2,557	3,437
Administration expense	-70	-93
Taxes paid	-239	-323
Benefits paid from plan	-182	-1
Fair value of plan assets at 31/12	39,213	36,226

Plan assets are represented by the following instruments:

Plan assets	31/12/2014	31/12/2013
Equity instruments	1,277	1,113
Government bonds	17,787	16,571
Corporate bonds	1,943	1,426
Corporate loans	258	370
Real estate	3,299	3,514
Qualifying insurance funds	14,649	13,233
Total	39,213	36,226

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	31/12/2014	31/12/2013
Current service cost	2,739	3,318
Net interest cost	81	366
Current service cost - Other	-103	-
Expense recognised in income statement	2,717	3,685

The total cost of post-employment benefits of K EUR 2,717 (31/12/2013: K EUR 3,685) are included within employee benefit expenses in the income statement.

Remeasurements included in other comprehensive income are as follows:

Remeasurements other comprehensive income	31/12/2014	31/12/2013
Remeasurements :	-3,177	10,723
Remeasurements resulting from changes in demographic assumptions	668	-
Remeasurements resulting from changes in financial assumptions	-5,214	8,417
Remeasurements resulting from experience gains / losses	1,471	2,306
Remeasurements - Other	-103	-
Return on plan assets excluding interest income	-308	159
Total remeasurements included in OCI	-3,485	10,882

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

A. For the Belgian defined benefit pension plans

Actuarial assumptions	31/12/2014	31/12/2013
Discount rate	1.75%	3.30%
Future inflation rate	1.75%	2.00%
Future salary increases (after age of 30)	1.25%	3.25%
Future salary increases (up to age of 30)	5.00%	7.00%
Mortality	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 + / Decrease -
Year ended 31/12/2014		
Discount rate	+0.25%	-3.41%

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

	31/12/2014	31/12/2013
Discount rate	2.00%	3.1%
Rate of compensation increase	2.75%	3.0%
Rate of benefit in payment increase	2.75%	3.0%

Through its defined benefit pension plans, Credendo Group 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 (fixed interest bonds) unaffected by or (equities) loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Expected contributions to post-employment defined benefit plans for the year ending 31/12/2015 are K EUR 3,344.

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 relate to termination benefits granted by Credendo Group to certain employees in Austria. As from 2014 onwards, these benefits are accounted for as post-employment benefit plans (defined benefit plans).

19. PAYABLES

The payables are analysed in the table below:

	31/12/2014	31/12/2013
Payables on insurance and reinsurance business		
Amounts due to policyholders	33,218	48,083
Payables arising out of reinsurance operations	127,400	111,138
Amounts due to intermediaries	1,693	809
Total payables	162,311	160,031

	31/12/2014	31/12/2013
Current	162,311	160,031
Non-current	-	-
Total	162,311	160,031

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:

	31/12/2014	31/12/2013
Other debts	12,825	16,231
Accrued charges and deferred income	10,807	9,726
Total	23,632	25,957

Other liabilities differ from payables (note 19) as they arise from non-insurance-related activities.

As per 31/12/2014 total other liabilities mainly relate to invoices to be received (K EUR 4,631), debt towards the Belgian State (K EUR 5,463) and other non-insurance-related supplier debts (K EUR 2,731).

As per 31/12/2013 total other liabilities mainly relate to invoices to be received (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 10,807 as per 31/12/2014 mainly relates to accrued operating and administration expenses (K EUR 3,325) and deferred income (K EUR 6,301).

The total accrual of K EUR 9,726 as per 31/12/2013 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

	2014			2013		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Single risk						
Written premium	159,940	-28,956	130,984	184,548	-20,087	164,460
Change in provision for unearned premium	6,208	8,433	14,641	-34,240	-200	-34,440
Total	166,149	-20,524	145,625	150,308	-20,288	130,020
Investment insurance						
Written premium	2,203	-	2,203	2,103	-	2,103
Change in provision for unearned premium	130	-	130	305	-	305
Total	2,334	-	2,334	2,408	-	2,408
Financial guarantees						
Written premium	7,455	-	7,455	9,145	-	9,145
Change in provision for unearned premium	697	-	697	334	-	334
Total	8,152	-	8,152	9,478	-	9,478
Sureties						
Written premium	3,125	-2,417	708	3,518	-1,453	2,065
Change in provision for unearned premium	-73	171	98	-753	233	-521
Total	3,051	-2,245	806	2,765	-1,220	1,545
Excess of loss & Captives						
Written premium	41,324	-36,889	4,436	39,501	-35,893	3,608
Change in provision for unearned premium	918	-691	227	1,338	-916	422
Total	42,242	-37,579	4,663	40,839	-36,808	4,031
Turnover policies						
Written premium	98,929	-59,638	39,292	102,019	-49,261	52,758
Change in provision for unearned premium	-2,616	3,636	1,020	-294	-943	-1,236
Total	96,313	-56,002	40,311	101,725	-50,203	51,522
Inward reinsurance						
Written premium	67,879	-2,447	65,432	70,350	-18,525	51,826
Change in provision for unearned premium	-10,604	35	-10,568	-5,328	1,476	-3,852
Total	57,276	-2,412	54,864	65,023	-17,049	47,974
Total Written premiums	380,856	-130,347	250,509	411,185	-125,219	285,966
Change in provision for unearned premium	-5,339	11,584	6,245	-38,638	-350	-38,988
Total profit share and refunds	-4,199	1,179	-3,020	-6,917	4,087	-2,830
Net Insurance premium revenue	371,318	-117,583	253,734	365,629	-121,481	244,147

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

	31/12/2014	31/12/2013
Belgium	44,039	47,023
Saudi Arabia	23,032	3,398
Luxemburg	22,104	25,614
Switzerland	19,990	6,978
France	19,772	21,464
Russia	17,710	23,500
Netherlands	16,853	10,040
Italy	13,223	11,516
Czech Republic	11,873	13,186
Nigeria	10,620	3,714
United Kingdom	10,396	6,936
Egypt	10,331	1,574
United States	9,548	13,930
Turkey	7,512	8,628
Brazil	6,164	3,250
Germany	5,874	7,761
India	5,865	3,501
Spain	3,629	9,294
Austria	3,017	2,074
China	2,972	2,531
Other countries	116,332	185,272
Total premium earned	380,856	411,185

22. OTHER OPERATING INCOME AND EXPENSE

	31/12/2014	31/12/2013
Commissions from reinsurers	33,513	31,250
Investigation costs recharged	5,416	5,444
Interest received on claims	5,966	9,876
Exchange rate gains on operating activities	27,116	14,575
Other recoveries	5,184	7,970
Other operating income	77,196	69,115
General expenses and acquisition costs	-1,352	-1,770
Investigation costs	-4,552	-5,438
Exchange rate losses on operating activities	-48,903	-10,295
Write-offs on trade receivables	-175	-337
Impairment charges	-5,599	-
Other expense	-2,296	-859
Other operating expenses	-62,876	-18,700

The other operating expenses for 2014 mainly include investigation costs (K EUR 4,552), foreign exchange rate losses (K EUR 48,903), general expenses on acquisition costs (K EUR 1,352) and impairment charges on goodwill and other non-current assets for INGO-ONDD (K EUR 5,599) (see note 5).

In 2014, write-offs on trade receivables have been taken up in 'Other operating expenses' instead of 'Depreciation and amortisation'. Comparative figures for 2013 have been restated.

The other operating income for 2014 mainly includes commissions received from reinsurers (K EUR 33,513), investigation costs that were recharged to clients (K EUR 5,416), interests received on claims

(K EUR 5,966), foreign exchange rate gains (K EUR 27,116) and other recoveries of expenses (K EUR 5,184).

The other operating expenses for 2013 mainly include investigation costs (K EUR 5,438), foreign exchange rate losses (K EUR 10,295) 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 (K EUR 7,970).

The increase in exchange gains and losses in 2014 compared to 2013 mainly relates to the fluctuations in the USD.

23. INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

Insurance benefits and claims	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Single risk						
Claims paid in the year	71,900	-14,145	57,756	81,945	-17,144	64,801
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	-142,981	7,805	-135,176	-15,240	-287	-15,528
Total	-71,081	-6,339	-77,420	66,705	-17,432	49,273
Investment insurance						
Claims paid in the year	1,033	-	1,033	-	-	-
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	-	-	-	-	-	-
Total	1,033	-	1,033	-	-	-
Financial guarantees						
Claims paid in the year	11,230	-	11,230	7,388	-	7,388
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	-9,031	-	-9,031	-6,036	-	-6,036
Total	2,199	-	2,199	1,353	-	1,353
Sureties						
Claims paid in the year	286	-283	2	2,290	-1,071	1,218
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	302	-318	-16	378	-150	228
Total	588	-602	-14	2,668	-1,221	1,447
Excess of loss						
Claims paid in the year	47,196	-42,998	4,198	25,194	-22,517	2,677
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	-34,280	29,010	-5,270	15,728	-11,503	4,224
Total	12,915	-13,987	-1,072	40,922	-34,021	6,901
Turnover policies						
Claims paid in the year	46,811	-24,095	22,717	19,220	-11,737	7,483
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	35,723	-25,100	10,623	41,754	-11,415	30,339
Total	82,534	-49,195	33,339	60,974	-23,152	37,822
Inward reinsurance						
Claims paid in the year	17,778	3,583	21,360	25,679	-6,988	18,691
Change in provision due to Liability Adequacy Test	-	-	-	-	-	-
Change in provision for outstanding claims	-128	840	712	-14,785	-184	-14,969
Total	17,649	4,423	22,072	10,893	-7,172	3,722
Total claims expenses	45,837	-65,700	-19,862	183,514	-82,997	100,517

The table below details the net insurance claims and loss adjustment expenses per country:

	31/12/2014	31/12/2013
Singapore	9,327	44
Turkey	3,646	5,173
Luxemburg	3,471	2,724
Czech Republic	2,370	3,090
Italy	2,266	1,342
Sweden	2,238	-206
Abu Dhabi	1,927	137
Switzerland	1,771	423
France	1,447	-1,131
Belgium	1,162	17,611
Australia	1,097	-
Russia	1,094	6,733
Brazil	-1,053	936
Spain	-1,817	1,348
China	-2,893	1,720
Kazakhstan	-7,281	11,047
United States	-7,723	858
Iran	-8,304	-
Germany	-9,704	11,319
Other countries	-12,903	37,349
Total	-19,862	100,517

24. EMPLOYEE BENEFIT EXPENSE

	31/12/2014	31/12/2013
Wages, salaries and other benefits	28,017	26,335
Social security charges	7,816	8,248
Pension costs - defined contribution plans	155	1,173
Pension costs - defined benefit plans	2,717	3,685
Total employee benefit expenses	38,705	39,440

The number of employees as per 31/12/2014 (in FTE) amounted to 437 (31/12/2013: 427).

25. SERVICES AND OTHER GOODS

	31/12/2014	31/12/2013
Broker fees	21,760	20,401
Commissions to inward reinsurance	15,787	17,889
Administration costs	16,389	19,171
Other operating costs	1,672	994
Total services and other goods	55,609	58,454

For 2014 administration costs mainly relate to housing costs (K EUR 2,831), management services and administration costs (K EUR 2,780), consultancy and other fees (K EUR 5,178), marketing expenses (K EUR 2,230), representation and travel costs (K EUR 1,726) and car expenses (K EUR 338).

For 2013 administration costs mainly relate to housing costs (K EUR 2,925), management services and administration costs (K EUR 4,669), consultancy and other fees (K EUR 6,161), marketing expenses (K EUR 2,442), representation and travel costs (K EUR 1,613) and car expenses (K EUR 302).

26. DEPRECIATION AND AMORTISATION

	Note	31/12/2014	31/12/2013
Amortisation intangible assets	5	1,624	993
Depreciation property, plant and equipment	6	1,100	1,380
Exchange differences on amortisation and depreciation		-	9
Other movements		-2	68
Total		2,723	2,450

Write-offs on trade receivables are included in other operating expenses as from 2014 onwards.

Comparative figures for 2013 have been restated (note 22).

27. FINANCE INCOME AND EXPENSE

	Note	31/12/2014	31/12/2013
Finance income:			
Cash and cash equivalents - interest income		1,185	1,665
Other financial income		4,682	6,268
Fair value gains/(losses) AFS - Recycled from OCI	15.2	2,662	117,676
Other fair value adjustments - Recycled from OCI		-	-470
Impairment losses on AFS		-	-1,145
Net realised gains on sale of financial investments		-	21,342
Income from Financial investments - AFS		4,396	4,883
Net gains on financial investments - Available for sale		7,058	142,287
Fair value gains/(losses) FVTPL	8	122,682	11,147
Net realised gains on sale of financial investments		-85	-
Income from Financial investments - FVTPL		58	-
Net gains on financial investments - Fair value through profit or loss		122,655	11,147
Interests on rescheduling agreements		5,603	5,819
Interest on Loans and receivables		823	2,015
Dividends and interests		99	388
Exchange gains on financial assets (other than AFS and FVTPL)		34,598	-
		176,702	169,588
Finance expense:			
Exchange losses on financial assets (other than AFS and FVTPL)		-10,288	-1,345
Charges on financial investments		-41	-
Financial charges and interest costs		-2,482	-4,593
Net finance cost		-12,811	-5,938
		-	-
Net financial result		163,891	163,650

At the end of 2013 the investment portfolio of Delcredere | Ducroire, previously accounted for as available-for-sale financial investments, had been sold which resulted in the recycling and recognition of previously unrealised capital gains in the income statement. The proceeds from sale were subsequently reinvested in an institutional fund, called Zephyr, without impacting the underlying asset management model. All financial investments in the Zephyr portfolio are accounted for as financial assets with fair changes through profit or

loss (FVTPL) based on the fact that these concern a group of financial assets that is managed and the performance of which is evaluated on a fair value basis, in accordance with a documented risk management and investment strategy. Changes in the fair value of the Zephyr financial investments are therefore immediately recognised as gains or losses in the income statement, which explains the movements between 2014 and 2013 figures on following lines: 'Fair value gains/(losses) AFS – recycled from OCI' and 'Fair value gains/(losses) FVTPL'.

28. NET FOREIGN EXCHANGE GAINS

Net foreign exchange gains/(losses)	Note	31/12/2014	31/12/2013
Net exchange gains/(losses) recognised in profit or loss		2,523	2,935
Net exchange gains/(losses) from operating activities	22	-21,787	4,280
Net exchange gains/(losses) from financing activities	27	24,310	-1,345
Net exchange gains/(losses) through other comprehensive income		-5,265	-3,645
Net exchange gains/(losses) through other comprehensive income	15.2	1,154	-564
Exchange differences on translating foreign operations	15.2	-6,419	-3,081
Total		-2,742	-710

Total net exchange gains recognised in the income statement amount to K EUR 2,523 (31/12/2013: K EUR 2,935). For more details relating to the exchange differences from operating activities we refer to note 22. For more details relating to the exchange differences from financing activities we refer to note 27.

The increase in exchange differences (gains on financing activities / losses on operating activities) is mainly due to the fluctuations in the USD during the year.

Exchange differences related to the translation of foreign operations are recognised in other comprehensive income and amount to - K EUR 6,419 (31/12/2013: - K EUR 3,081).

29. INCOME TAX EXPENSE

	2014	2013
Current taxes on income for the reporting period	-1,729	-3,172
Current taxes referring to previous periods	-668	1,643
Amount of previously unrecognised tax losses	-	-75
Amount relating to changes in accounting policies and errors	-	-885
Total current tax	-2,398	-2,490
Origination and reversal of temporary differences	273	-
Deferred tax	-	-71
Previously unrecognised tax loss/credit to reduction of deferred taxes	-	75
Total deferred tax	273	4
Income tax (expense) / credit	-2,125	-2,486

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	2014	2013
Profit before income taxes	362,502	257,351
Domestic tax rate	0%	0%
Income tax (expense) / credit calculated at domestic tax rate	-	-
Effects of:		
Tax rate effect	-1,068	-3,172
Disallowed expenses	-869	-485
Dividend received deduction	546	-
Notional interest deduction	137	300
Tax exempted income	496	-
Other permanent differences	-514	288
Other temporary items	162	-1,473
Prior year adjustment	-592	885
Other	-424	1,171
Income tax (expense) / credit for the year	-2,125	-2,486

The weighted average applicable tax rate amounts to 0.59% (31/12/2013: 0.97%).

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 2,111 (31/12/2013: K EUR 952) 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:

	31/12/2014	31/12/2013
No later than 1 year	1,722	899
Later than 1 year and no later than 5 years	1,382	892
Later than 5 years	25	-
Total	3,129	1,792

32. ACQUISITION OF NON-CONTROLLING INTERESTS

In October 2014, Delcredere | Ducroire acquired an additional interest of 31.69% of the share capital of Trade Credit Re Insurance SA.NV. Since March 2012, Delcredere | Ducroire already controlled Trade Credit Re Insurance SA.NV owning 55.11% of its share capital. After the acquisition of the additional interest of 31.68%, the total ownership interest in Trade Credit Re Insurance SA.NV amounted to 86.80%.

In December 2014, Delcredere | Ducroire acquired the remaining 13.20% of the share capital of Trade Credit Re Insurance SA.NV from the non-controlling shareholders. After the December 2014 acquisition, the total ownership interest in Trade Credit Re Insurance SA.NV, amounted to 100 %.

The total purchase consideration for the non-controlling interests in Trade Credit Re Insurance SA.NV (44.89%) amounted to K EUR 12,120 whilst the carrying amount of these non-controlling interests on the respective dates of acquisition amounted to K EUR 9,738. The group derecognised non-controlling interests for K EUR 9,738 and recorded a decrease in equity attributable to owners of the parent of K EUR 2,382.

The effect of changes in the ownership interest of Trade Credit Re Insurance SA.NV on the equity attributable to owners of the company during the year is summarised as follows:

	2014
Carrying amount of non-controlling interests disposed of	9,738
Consideration paid to non-controlling interests	-12,120
Excess of consideration paid recognised in parent's equity	-2,382

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 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:

	31/12/2014	31/12/2013
Salaries and other short-term employee benefits	6,717	6,401
Post-employment benefits	701	604
Leasing company car	115	87
Other	21	32
Total	7,554	7,123

The increase is explained by the fact that the 2013 figures did not include the key management

compensations of all subsidiaries of Credendo Group.

33.2. Year-end balances for related party transactions

	31/12/2014	31/12/2013
Loans and receivables incl. reinsurance receivables	1,231	781
Total Receivables	1,231	781
Payables	5,463	8,156
Total Payables	5,463	8,156

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. These year-end balances result from the cession to the State Account which is managed and administered by Delcredere | Ducroire.

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

We also refer to note 14 relating to the endowment that is granted to Delcredere | Ducroire by the Belgian State for an amount of K EUR 297,472.

34. LIST OF CONSOLIDATED COMPANIES

The subsidiaries of Delcredere | Ducroire and Credendo Group's percentage of ordinary share capital are presented below.

34.1. Subsidiaries

	31/12/2014		31/12/2013		Country of incorporation
	% of interest	% of control	% of interest	% of control	
Credimundi	100%	100%	100%	100%	Belgium
Trade Credit	100%	100%	55.11%	55.11%	Belgium
Holding CIS	66.67%	66.67%	66.67%	66.67%	Belgium
Immo Montoyer	100%	100%	100%	100%	Belgium
Garant Versicherungs-AG	95.63%	95.63%	95.63%	95.63%	Austria
INGO-ONDD	66.67%	66.67%	66.67%	66.67%	Russia
KUPEG	66%	66%	66%	66%	Czech Republic

Total non-controlling interests as per 31/12/2014 amount to K EUR 9,742 and mainly relate to the 33.33% participation held by CJSC InWest-Policy, having its registered office at Lesnaya street 41, 127994 Moscow, Russian Federation, in Holding CIS and indirectly in INGO-ONDD and the 34% participation held by Exportní garanční a pojišťovací společnost, a.s. (EGAP), a joint-stock company that is fully owned by the Czech State, in KUPEG.

Total non-controlling interests decreased compared to previous year due to the acquisition of non-controlling interests in Trade Credit Re Insurance SA.NV in October and December 2014 (see note 32). As total non-controlling interests are not

material to the consolidated financial statements of Credendo Group, no further detailed information on the subsidiaries with non-controlling interests are disclosed. There are no statutory, contractual or regulatory restrictions on Credendo Group's ability to access or use the assets and settle the liabilities of the group.

34.2. Non-consolidated company

Global Trade Security (GTS) (situated at Route de l'Aéroport 29 in Geneva, Switzerland) is not consolidated as per 31/12/2014 and 2013 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 31/12/2014.

Delcredere | Ducroire
rue Montoyerstraat 3
1000 Brussels, Belgium
T +32 (0)2 788 88 00
LinkedIn [linkedin.com/company/credendo](https://www.linkedin.com/company/credendo)
Twitter @CredendoEN

www.credendogroup.com

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