

Credendo

Consolidated Financial Statements

31 December 2023

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Consolidated statement of financial position¹

in thousands EUR	31/12/2023	31/12/2022 Restated	1/01/2022 Restated
ASSETS			
Intangible assets	120,082	112,559	97,343
Property, plant and equipment	22,164	22,897	25,244
Other financial assets	2,379	14,897	12,983
Financial investments	2,900,926	2,575,610	2,806,789
Deferred income tax assets	2,694	4,856	3,125
Insurance assets	9	5,661	2,704
Reinsurance assets	110,181	95,774	92,524
Loans and receivables including reinsurance receivables	150,347	187,968	146,818
Other assets	20,265	19,403	11,556
Current tax assets	1,732	2,700	3,031
Cash and cash equivalents	365,031	328,534	292,259
Assets held for sale and discontinued operations	-	26,143	-
Total assets	3,695,810	3,397,002	3,494,376
EQUITY AND LIABILITIES			
Equity			
Share capital	297,472	297,472	297,472
Consolidated reserves	2,735,885	2,605,579	2,822,442
Total other comprehensive income	11,830	6,580	2,439
Total equity excluding non-controlling interests	3,045,187	2,909,631	3,122,353
Non-controlling interests	-11	-574	5,879
Total equity	3,045,176	2,909,057	3,128,232
Liabilities			
Liabilities arising from insurance contracts	545,241	367,564	241,401
Liabilities arising from reinsurance contracts	3,087	3,153	4,186
Deferred income tax liabilities	5,105	1,115	1,960
Provisions for other liabilities and charges	30	31	185
Employee benefit liabilities	13,132	12,522	28,779
Payables	22,797	18,759	37,594
Other liabilities	52,747	50,797	46,512
Current tax liabilities	8,495	7,861	5,527
Liabilities held for sale and discontinued operations	-	26,143	-
Total liabilities	650,634	487,945	366,144
Total equity and liabilities	3,695,810	3,397,002	3,494,376

The notes 1 to 32 are an integral part of these consolidated financial statements.

¹ The consolidated statement of financial position is presented in thousands of euros, rounded to the nearest thousand using a full stop as decimal separator and a comma as thousands separator.

Consolidated income statement²

in thousands EUR	31/12/2023	31/12/2022 Restated
Insurance revenue	442,598	388,887
Insurance expenses	-328,777	-390,969
Net income/(expenses) from reinsurance contracts held	-39,826	-19,953
Insurance service result	73,995	-22,035
Net finance income/(expenses) from reinsurance contracts	-1,050	561
Net finance income/(expenses) from insurance contracts	-87	31,573
Financial income/(expenses) arising from insurance and reinsurance	-1,137	32,134
Other finance income	152,292	59,930
Other finance expense	-33,449	-240,966
Total financial income	118,843	-181,036
Net insurance and financial result	191,701	-170,937
Other operating income	3,660	9,483
Employee benefit expenses	-6,954	-6,695
Services and other goods	-8,102	-5,855
Depreciation and amortisation	-16,370	-8,997
Other operating expenses	-13,225	-10,867
Operating expenses (other than claims)	-40,991	-22,931
Share of profit of associated and joint ventures accounted for using equity method	-323	-232
Profit / (loss) of the year before tax	150,387	-194,102
Income tax credit/ (expense)	-20,108	-9,964
Profit / (loss) of the year from continuing operations	130,279	-204,066
Profit / (loss) from discontinued operations	-	-19,337
Profit / (loss) of the year	130,279	-223,403
Profit / (loss) attributable to:		
Owners of the parent	130,282	-216,950
Non-controlling interest	-3	-6,453
Total profit / (loss) of the year	130,279	-223,403

The notes 1 to 32 are an integral part of these consolidated financial statements.

² The consolidated income statement is presented in thousands of euros, rounded to the nearest thousand using a full stop as decimal separator and a comma as thousands separator.

Consolidated statement of other comprehensive income³

in thousands EUR	31/12/2023	31/12/2022 Restated
Profit / (loss) of the year	130,279	-223,403
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements on post-employment benefits	-2,377	18,110
Deferred tax on remeasurements on post-employment benefits	999	-1,472
Subtotal of other comprehensive income that will not be reclassified to profit or loss	-1,378	16,638
Items that may be subsequently reclassified to profit or loss		
Change in value of fair value through OCI financial investments	-201	-18,182
Deferred taxes thereon	189	4,099
	-12	-14,083
Exchange differences on translating foreign operations	6,640	1,586
Subtotal of other comprehensive income for the year that may be subsequently reclassified to profit or loss	6,628	-12,497
Total other comprehensive income for the year	5,250	4,141
Total comprehensive income for the year	135,529	-219,262
Attributable to:		
Owners of the parent	135,532	-212,809
Non-controlling interest	-3	-6,453
Total comprehensive income for the year	135,529	-219,262

The notes 1 to 32 are an integral part of these consolidated financial statements.

³ The consolidated statement of comprehensive income is presented in thousands of euros, rounded to the nearest thousand using a full stop as decimal separator and a comma as thousands separator.

Consolidated statement of changes in equity⁴

in thousands EUR	Attributable to owners of the parent				Total	Non-controlling interest in equity	Total equity
	Note	Endowment	Consolidated reserves	Total other comprehensive income for the year			
Balance at 01/01/2023		297,472	2,605,579	6,580	2,909,631	-574	2,909,057
Profit / (loss) of the year		-	130,282	-	130,282	-3	130,279
Other comprehensive income:							
Remeasurements on post-employment benefits	9-18	-	-	-1,378	-1,378	-	-1,378
Change in value of fair value through OCI financial investments		-	-	-12	-12	-	-12
Exchange differences on translating foreign operations		-	-	6,640	6,640	-	6,640
Total other comprehensive income for the year		-	-	5,250	5,250	-	5,250
Total comprehensive income for the year		-	130,282	5,250	135,532	-3	135,529
Other equity movements		-	24	-	24	566	590
Total equity movement for the year		-	130,306	5,250	135,556	563	136,119
Balance at 31/12/2023		297,472	2,735,885	11,830	3,045,187	-11	3,045,176

in thousands EUR	Attributable to owners of the parent				Total	Non-controlling interest in equity	Total equity
	Note	Endowment	Consolidated reserves	Total other comprehensive income for the year			
Balance at 01/01/2022		297,472	2,822,442	2,439	3,122,353	5,879	3,128,232
Profit / (loss) of the year		-	-216,950	-	-216,950	-6,453	-223,403
Other comprehensive income:							
Remeasurements on post-employment benefits	9-18	-	-	16,638	16,638	-	16,638
Change in value of fair value through OCI financial investments		-	-	-14,083	-14,083	-	-14,083
Exchange differences on translating foreign operations		-	-	1,586	1,586	-	1,586
Total other comprehensive income for the year		-	-	4,141	4,141	-	4,141
Total comprehensive income for the year		-	-216,950	4,141	-212,809	-6,453	-219,262
Other equity movements		-	87	-	87	-	87
Total equity movement for the year		-	-216,863	4,141	-212,722	-6,453	-219,175
Balance at 31/12/2022		297,472	2,605,579	6,580	2,909,631	-574	2,909,057

The notes 1 to 32 are an integral part of these consolidated financial statements.

⁴ The consolidated statement of changes in equity is presented in thousands of euros, rounded to the nearest thousand using a full stop as decimal separator and a comma as thousands separator.

Consolidated statement of cash flows⁵

in thousands EUR	Note	31/12/2023	31/12/2022 Restated
Cash flows from operating activities			
Profit / (loss) before income tax		130,279	-223,403
Adjustments for:			
Depreciation and amortisation	26	16,370	8,997
Movement of provisions	17	-2	-146
Write-offs on trade receivables	26	1,852	1,264
Fair value gains/losses on financial assets at FVPL	25	-83,694	217,936
Gains on sale of fair value through OCI financial investments	25	-	-151
Finance income (Net)		-30,529	-15,455
Net of unrealised exchange rate differences		2,655	-5,498
Subtotal (profit + adjustments)		36,932	-16,455
Changes in working capital assets and liabilities (excluding the effect of exchange differences on consolidation):			
Liabilities arising from insurance contracts		178,846	126,047
Employee benefits (excluding remeasurements through OCI)		-1,775	1,845
Payables		33,223	-29,708
Other liabilities and provisions		-2,990	-12,851
Reinsurance assets		-13,856	3,064
Changes in receivables		37,205	-32,367
Changes in other financial assets		12,518	17,558
Changes in other assets		-3,257	-6,392
Other equity movements		591	346
Cash (used in)/generated from operations		277,438	51,087
Income tax paid		-11,628	-9,423
Net cash (used in)/generated by operating activities		265,810	41,664

⁵ The consolidated statement of cash flows is presented in thousands of euros, rounded to the nearest thousand using a full stop as decimal separator and a comma as thousands separator.

**Credendo – Consolidated financial statements
for the year ended 31 December 2023**

in thousands EUR	Note	31/12/2023	31/12/2022 Restated
Cash flows from investing activities			
Purchase of property, plant and equipment	6	-1,003	-864
Sale of property, plant and equipment	6	383	305
Purchase of intangible assets	5	-16,305	-21,645
Disposal of intangible assets	5	8	22
Purchase of financial investments	8	-1,842,750	-408,966
Proceeds from sale of financial investments	8	1,600,616	385,647
Finance income		38,047	-
Interests and dividends received on financial assets		16,197	23,861
Realised exchange gains/(losses) on financial assets		-6,689	7,131
Net cash (used in)/generated by investing activities		-211,497	-14,509
Cash flows from financing activities			
Financial charges and interest costs paid		-17,025	-15,538
Net cash (used in)/generated by financing activities		-17,025	-15,538
Changes in cash and cash equivalents			
Net (decrease)/increase in cash and cash equivalents		37,287	30,954
Cash and cash equivalents at the beginning of the year		328,534	292,259
Exchange gains/(losses) on cash and cash equivalents		-790	5,320
Cash and cash equivalents at the end of the year	14	365,031	328,534

The cash and cash equivalents as at 31 December 2022 amounted to K EUR 344,230 and included K EUR 15,696 related to discontinued operations. Due to the loss of control in Protecta Trade Insurance, formerly Credendo – Ingosstrakh Credit Insurance, the 2022 cash flows have been restated on a line-by-line basis.

The notes 1 to 32 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

1.1. Introduction

Credendo – Export Credit Agency (commercial name of Delcredere | Ducreire) and its subsidiaries form Credendo.

Credendo – Export Credit Agency is the official Belgian export credit agency.

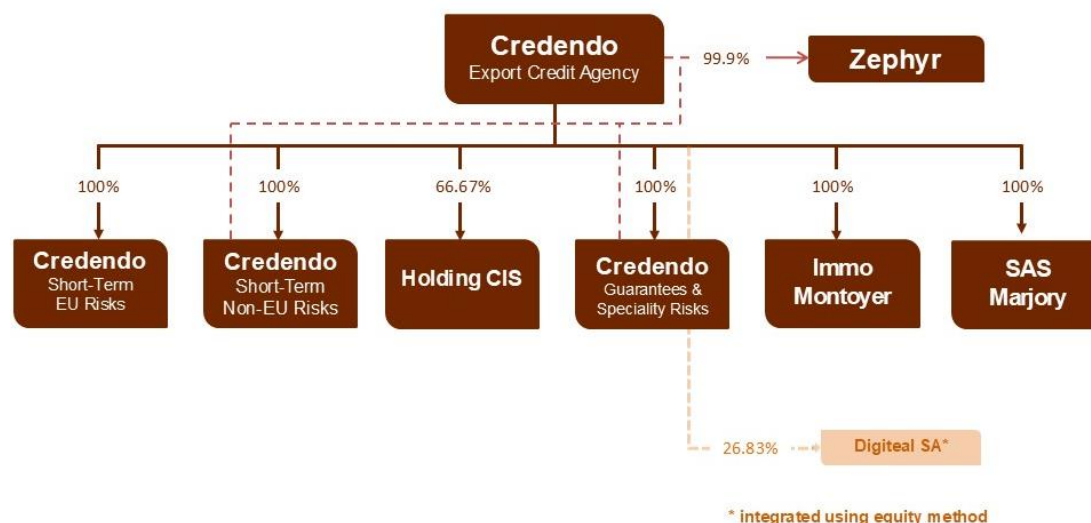
Credendo – Export Credit Agency insures companies and banks against non-payment and termination due to political and commercial risks relating to international commercial transactions, mainly regarding capital goods and industrial projects, as well as contracted works and services. For these risks, Credendo – Export Credit Agency can also work alongside banks through risk-sharing schemes. Credendo – Export Credit Agency also insures against political risks relating to foreign direct investments and directly finances commercial transactions of limited proportion.

The skills of Credendo – Export Credit Agency are complemented by those of its subsidiaries (together ‘Credendo’): Credendo – Trade Credit Insurance and Credendo – Guarantees & Speciality Risks. The strategic merger between our two short-term trade credit entities, Credendo – Short-Term Non-EU Risks and Credendo – Short-Term EU Risks, into this new entity, Credendo – Trade Credit Insurance, was completed in April 2025, with retroactive effect as from 1 January 2025.

In 2020, Credendo – Export Credit Agency acquired a 33% stake in Marjory SAS, an iPaaS provider specializing in multi-sided platforms such as marketplaces. Credendo also financed Marjory through secured debt. In 2023, Marjory required recapitalization, leading to the conversion of Credendo's credit facilities into equity, resulting in Credendo holding 100% of Marjory's shares.

In 2021, Credendo – Export Credit Agency acquired a 26.83% stake in Digiteal SA, a European fintech company active in invoice presentation, payments and bank statements, which Credendo maintained until the end of 2023. In early 2024 however the Group has also fully acquired Digiteal which subsequently merged with the Norwegian Payment-Service-Provider AERA.

Credendo – Export Credit Agency is a government body with a state guarantee, incorporated and domiciled in Belgium. The address of its registered office is rue Montoyerstraat 3, 1000 Brussels. Credendo provides insurance cover for companies within Europe, while the risks covered encompass the whole world. The company operates in Belgium, Austria, the Czech Republic, France, Germany, Ireland, Italy, the Netherlands, Poland, Slovakia (until December 2024), Spain, Switzerland and the United Kingdom.



1.2. Economic and geopolitical context

Due to technical challenges and the complexity of the Credendo consolidation according to the new IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments standards, the 2023 consolidation was delayed. In this context the 2023 economic and geopolitical facts have become outdated.

After overcoming the Covid19 pandemic, the Russian invasion of Ukraine and the Israel-Hamas war, which started in February 2022 and in October 2023 respectively, are still ongoing and have increased significantly geopolitical uncertainties worldwide. Moreover, escalating tariff and non-tariff barriers between the largest exporting countries in the world have a notable negative impact on the macroeconomic environment.

Over the past three years, our gross real exposure to Russian risks in the continuing operations of Credendo has dramatically decreased compared to the situation in February 2022. To date, no material losses have been recorded in Russia, Ukraine or Belarus. As Credendo is not entitled to variable returns from its involvement in Protecta Trade Insurance, formerly Credendo – Ingosstrakh Credit Insurance, (neither from holding the investment nor from selling it) and is not exposed to any risks related to its investment, management considered that control had been lost and it made economic sense to deconsolidate this Russian investment, as supported by IFRS 10. In addition, the sale of the company is not considered as highly probable anymore and the 'held-for-sale' classification under IFRS 5 has been dropped. The investment in the Russian company is now classified as an equity investment and accounted for under IFRS 9.

Also, the armed conflict between Israel and the Hamas-led Palestinian militant groups still has minimal to no impact on Credendo business.

With inflationary pressure easing in 2023 and the decrease of raw material and commodity pricing, the short-term business premium volume is up lightly after the sturdy increase seen in 2022. For the long-term business premium revenue was up considerably with strong growth in Credendo's core business and inward reinsurance.

The strong volatility in the financial markets continued for most of the year 2023, but the strong recovery in the two months of November and December 2023 resulted in a considerable financial profit from our financial investments.

Credendo advanced its climate action policies, implementing its policy to support the transition from fossil fuels to clean energy as from 1 January 2023 and assigning its incentive program labelled "Credendo Green Package" to 28 clean energy transactions with a contract amount of EUR 1.3 billion related to offshore wind, solar energy, hydrogen, biomass and geothermal energy. We further improved the measurement of ESG performance for the transactions we insure. In our financial investments we implemented our ESG-strategy, whereby we no longer invest in fossil fuels, the asset managers must reach a minimum ESG-score in the portfolio, and we created a "green energy solutions" fund investing in the transition toward clean energy.

With both strong operational and financial results, the going concern of Credendo stays guaranteed. The company's balance sheet remains solid, its current liquidity more than sufficient and its solvency healthy. Credendo is therefore more than ever in a strong position to overcome any further economic adversities.

2. Summary of material accounting policies

2.1. Basis of preparation of the consolidated financial statements

General principles

The consolidated financial statements of Credendo per 31 December 2023 have been prepared in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union and that had 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 assets and liabilities relating to insurance contracts, which are valued according to the methods required by IFRS 17 (note 2.13. 'Insurance contracts and reinsurance contracts'), and for financial instruments measured at fair value (derivative instruments, financial instruments at fair value through profit or loss (FVPL)) as required by IFRS 9 (note 2.7. 'Financial investments and other financial assets'). These financial statements are prepared on an accrual basis and based 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** are **mandatory** for the first time for the financial year beginning on 1 January 2023 and have been **endorsed by the European Union**:

- ✓ **IFRS 17 'Insurance contracts'**. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. On 17 March 2020, IASB decided to defer the effective date to annual reporting periods beginning on or after 1 January 2023. The endorsement includes the amendments issued by the Board in June 2020, which are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance.

The EU regulation provides an optional exemption from applying the annual cohort requirement that relates to the timing of the recognition of the profit in the contract, the contractual service margin, in profit or loss. Entities making use of the exemption are not applying IFRSs as issued by the IASB and need to disclose the fact.

- ✓ **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies**. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.
- ✓ **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**. The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.
- ✓ **Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**. The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS

12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

- ✓ **Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.** The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities and therefore improve the usefulness of comparative information for users of financial statements.
- ✓ **Amendments to IAS 12 ‘Income Taxes’: International Tax Reform – Pillar Two Model Rules.** The IASB has issued these amendments introducing:
 - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and
 - targeted disclosure requirements for affected entities.

The following **amendments** have been issued, but are **not mandatory** for the first time for the financial year beginning on 1 January 2023 and have been **endorsed** by the European Union:

- ✓ **Amendments to IFRS 16 ‘Leases’: Lease Liability in a Sale and Leaseback (effective 1 January 2024).** The amendments explain how an entity accounts for a sale and leaseback after the date of the transaction, specifically where some or all the lease payments are variable lease payments that do not depend on an index or rate. They state that, in subsequently measuring the lease liability, the seller-lessee determines ‘lease payments’ and ‘revised lease payments’ in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains. Any gains and losses relating to the full or partial termination of a lease continue to be recognised when they occur as these relate to the right of use terminated and not the right of use retained.
- ✓ **Amendments to IAS 1 ‘Presentation of Financial Statements: Classification of Liabilities as current or non-current’ (effective 1 January 2024),** affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:
 - Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
 - Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services;
 - Clarify how conditions with which an entity must comply within 12 months after the reporting period, such as covenants, affect the corresponding liability’s classification.
- ✓ **Amendments to IAS 7 ‘Statement of Cash Flows’ and IFRS 7 ‘Financial Instruments: Disclosures’: Supplier Finance Arrangements (effective 1 January 2024).** The amendment describes the characteristics for which reporters will have to provide additional disclosures regarding the impact of supplier finance arrangements on liabilities, cash flows and exposure to liquidity risk.

- ✓ **Amendments to IAS 21 ‘The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability’ (effective 1 January 2025).** IAS 21 previously did not cover how to determine exchange rates in case there is long-term lack of exchangeability and the spot rate to be applied by the company is not observable. The narrow scope amendments add specific requirements on:
 - Determining when a currency is exchangeable into another and when it is not;
 - Determining the exchange rate to apply in case a currency is not exchangeable;
 - Additional disclosures to provide when a currency is not exchangeable.

- ✓ **Amendments to IFRS 9 and to IFRS 7: the Classification and Measurement of Financial Instruments (effective on 1 January 2026).** On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:
 - Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
 - Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement environment, social and governance (ESG) targets); and
 - Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

- ✓ **Amendments to IFRS 9 and to IFRS 7: Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (effective on 1 January 2026).** On 18 December 2024, the IASB issued amendments to IFRS 9 and IFRS 7:
 - Clarify the application of the ‘own-use’ requirements;
 - Permit hedge accounting if these contracts are used as hedging instruments; and
 - New disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

- ✓ **Annual improvements Volume 11 (effective 1 January 2026).** The amended standards are:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash Flows.

The following standards have been issued, but are **not mandatory** for the first time for the financial year beginning on 1 January 2023 and have **not been endorsed** by the European Union:

- ✓ **IFRS 18 Presentation and Disclosure in Financial Statements (effective on 1 January 2027).** The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’.

IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by IFRS 18 might require system and process changes.

- ✓ **IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective on 1 January 2027).** The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 'Subsidiaries without Public Accountability: Disclosures' permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements.

The Group is currently assessing the impact of those standards and amendments that are effective from 2024 and beyond.

2.2. Consolidation

A. Subsidiaries

Subsidiaries are all entities (including structured entities) over which Credendo has control. Credendo controls an entity when Credendo 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. They are deconsolidated from the date control ceases.

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.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are presented separately in the consolidated statement of financial position, the consolidated income statement and the 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 has significant influence but no control, generally through a shareholding of 20% to 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'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'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's share of losses in an associate, equals or exceeds its interest in the associate, including any other unsecured receivables, Credendo 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 determines whether there is any objective evidence that the investment in the associate is impaired. If this is the case, Credendo 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 and its associates are recognised in the Credendo 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.

2.3. Business combinations

Credendo 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 at the date of the acquisition.

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 the opposite is true, 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.

Credendo recognises any non-controlling interest 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.

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.

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

2.4. Foreign-currency translation

A. Functional and presentation currency

Items included in the financial statements of each of the Credendo 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 is the euro except for Credendo – Short-Term EU Risks, for which the functional currency is the Czech crown (until the merger with Credendo – Short-Term Non-EU Risks into Credendo – Trade Credit Insurance with retroactive effect to 1 January 2025).

The consolidated financial statements are presented in thousands of euros, which is Credendo – Export Credit Agency'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/or qualifying net investment hedges.

Foreign-exchange gains and losses that relate to borrowings, cash and cash equivalents, financial investments and receivables/payables are presented in the income statement within 'Net financial income'. All other foreign-exchange gains and losses are presented in the income statement within the 'Financial income/(expenses) arising from insurance and reinsurance'.

Cash flows arising from transactions in a foreign currency are translated at the exchange rates at the dates of the cash flows (using average rates only when they approximate the actual rates). Cash flows of foreign subsidiaries are translated at the exchange rates at the dates of the cash flows. The effect of exchange-rate changes on cash and cash equivalents is presented separately from operating, investing and financing cash flows.

Changes in the fair value of monetary securities denominated in foreign currency classified as amortised cost (previously classified as available for sale under IAS 39) 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 equity instruments designated at fair value through other comprehensive income (FVOCI), are included in 'Other comprehensive income'.

The results and financial positions of all Credendo 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'.

2.5. Property, plant and equipment

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 and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate an item's cost to its residual values over its estimated useful life, 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

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.

2.6. Intangible assets

A. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Credendo'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. 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.

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 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.

Computer software is tested 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 capitalised development costs of the computer software not yet available for use are tested for impairment on an annual basis.

C. Concessions, patents and licences

Separately acquired 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.

Separately acquired concessions, patents and licences that have a finite useful life are carried at cost less accumulated amortisation.

2.7. Financial investments and other financial assets

2.7.1 Financial investments

A. Classification and measurement

Credendo classifies its financial investments into the following categories: at fair value through profit or loss and at amortised cost (AC). The classification depends on the nature of the instrument, its SPPI-characteristics (solely payments of principal and interest), and the business model of the company holding it. Management determines the classification of its financial investments at initial recognition.

Debt versus equity

As a first step, an entity should first consider whether an asset is an investment in an equity instrument or in a debt instrument. The result of this consideration will determine how the asset is to be categorised. In the case of derivatives, the remainder of the analysis is quite simple, as such instruments may only be recorded at Fair Value through Profit and Loss (FVPL). In any other case, a number of further conditions must be assessed.

Business models

Secondly, the business model of the entity holding the financial asset on its balance sheet should be taken into account. There are two business models:

- ✓ The 'Hold to collect' model, where an entity holds on to an asset until maturity and collects the cash flows in the meantime. Sales of instruments are incidental, and not the main way to generate cash flows.

This model generally applies to the financial products of Credendo – Export Credit Agency, as well as the bonds held by this entity (investment of the endowment) and Credendo – Short-term EU Risks.

- ✓ The 'Hold to collect and sell' model, in which entities keep financial assets to collect their cash flows but also sell them in a non-incidental manner, integral to the way the business generates cash flows. As a consequence, purchases and sales of financial instruments tend to be more frequent than in a 'hold to collect' model.

- ✓ Other instruments through FVPL: This constitutes the residual category for those cases where the business model meets the criteria of neither the 'Hold to collect' nor the 'Hold to collect and sell' model. In addition, note that assets managed on a fair value basis also belong in this category, equity instruments held for trading purposes are also included in this category.

This model applies to the investments in equities of investment funds made by Credendo – Export Credit Agency, Credendo – Short-term Non-EU Risks and Credendo – Guarantees & Speciality Risks.

SPPI test

For those debt instruments that belong to either of the two prescribed business models (amortised cost and FVOCI) the next step consists of the 'Solely Payment of Principal and Interests' test (SPPI test). This test verifies whether the cash flows derived from a debt instrument are consistent with features of a basic lending arrangement.

The criteria for this test are as follows:

- ✓ 'Principal' is defined as the fair value of the financial asset at initial recognition.
- ✓ 'Interest' consists of consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs) as well as a reasonable profit margin.

Note that this test is not relevant for those instruments that belong in the 'Other' category.

It was concluded from the SPPI test that all bonds held by Credendo – Export Credit Agency and Credendo – Short-term Non-EU Risks meet the requirements of having solely payments of principal and interest (given these are all plain vanilla government bonds). The same applies to the financial products of Credendo – Export Credit Agency.

FVPL option for SPPI-compliant debt instruments

For debt instruments that pass the SPPI test (and whose cash flows are thus consistent with features of a basic lending arrangement), there exists an optional (but irrevocable) Fair Value approach, as mentioned before, provided that doing so eliminates or significantly reduces accounting mismatch.

FVOCI option for equity instruments

Equity instruments (for which the SPPI test is not relevant) also possess an optional - but irrevocable - option to use FVOCI (no recycling) rather than FVPL.

Note that in this case there is no recycling of amounts from OCI to profit or loss – for example, on sale of an equity investment – nor are there any impairment requirements.

Credendo has not applied the FVOCI option.

Finally, the sum of the steps above will determine the ultimate classification (amortised cost, FVPL, FVOCI with recycling, FVOCI without recycling).

- ✓ The amortised cost approach is applied on the direct line bonds held by Credendo – Export Credit Agency and Credendo – Short-term EU-Risks and the financial products of Credendo – Export Credit Agency. These investments are booked at acquisition value, subsequent measurement takes into account the effective interest rate method and expected credit losses; both elements go through profit- and loss.
- ✓ The FVPL approach is applied to the investments in equities (investment funds) held by Credendo – Export Credit Agency, Credendo – Short-term Non-EU Risks and Credendo – Guarantees & Speciality Risks. These investments are booked at acquisition value, subsequent measurement at market value whereby latent capital gains or losses are go through profit and loss account.

B. 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 (i.e. a 'mark-to-market' approach to determine its fair value). 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 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 input existing at the dates of the consolidated statement of financial position.

C. Impairment of financial investments – Expected credit loss model

Credendo assesses on a forward-looking basis the expected credit loss (ECL) associated with its debt instrument assets carried at AC and FVOCI. Credendo recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

- ✓ an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- ✓ the time value of money; and
- ✓ reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 4.2.2 provides more detail on how the ECL allowance is measured.

D. Investments in other investment funds: valuation

The investments in other investment funds are classified as financial investments through profit or loss (FVPL). 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 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 makes adjustments to the net asset value of the investee funds to obtain the best estimate of fair value.

E. Transition

Credendo applied the optional deferral of IFRS 9's application, as permitted by the amendments to IFRS 4 'Extension of the temporary exemption from applying IFRS 9', up until 31 December 2022, allowing it to continue applying IAS 39.

Under this previous standard, financial assets were to be classified as either 'held-to-maturity' (measured at amortised cost), 'loans and receivables' (measured at amortised cost), 'available-for-sale' (measured at FVOCI), 'held-for-trading' (measured at FVPL) or as financial assets designated at fair value through profit or loss.

The application of IFRS 9 resulted in a change in classification categories, which are now named after their measurement basis (i.e. amortised cost, fair value through other comprehensive income and fair

value through profit or loss). Credendo has thus reviewed and updated its existing classifications to reflect this change, using all reasonably available information at that date.

Using reasonably available information at the transition date, Credendo has identified the following impacts resulting from the changes to the classification model:

- ✓ The largest type of investments held consists of the Zephyr fund, which is classified as FVPL based on its business model: the fund is managed and its performance is evaluated on a fair value basis. Secondly, Credendo does not receive any income from the fund in the form of dividends. No income, interest income received or realised gain on sale of the funds' investments, is distributed to Credendo, but is instead reinvested ('capitalised') in the fund. Moreover, the collection of contractual cash flows is only incidental to the fair value strategy. Also refer to note 3.4 for more details on the presentation of this fund. Under IAS 39, the fund was measured at FVPL as well.
- ✓ A number of Credendo entities hold significant bond portfolios. These consist of European government bonds (mainly Belgian, Czech bonds and US treasuries). Based on their business model, these are considered 'hold-to-collect'. As their contractual cash flows consist solely of payments of principal and interest on the principal amount outstanding (i.e. the SPPI-test), such instruments are measured at amortised cost. Under IAS 39, they were considered 'loans and receivables'.
- ✓ In the past, Credendo held investments in a few other investment funds (mainly in debt instruments), which also pass the SPPI-test, and would now be measured at amortised cost based on Credendo's business model managing these investments. Under IAS 39, these were considered 'available-for-sale' (i.e. at FVOCI).
- ✓ Funded solutions, which are further detailed in section 2.7.3, consist of products such as forfeiting and buyer loans. These are accounted for as financial instruments (rather than insurance products) under IAS 39 as 'loans and receivables' and under IFRS 9 at amortised cost.

Credendo decided to apply these classifications retrospectively, as if the financial assets had always been measured as such since their initial recognition.

For a quantified overview of transition impacts we refer to note 4.

2.7.2 Other financial assets

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.

2.7.3 Funded solutions

Aside from its financial investments, lease liabilities and other financial assets, Credendo has a range of products known as 'Funded solutions', such as forfeiting and buyer loans. These are accounted for under IFRS 9 and measured at amortised cost.

These instruments consist of:

- ✓ Forfeiting: a solution in case an exporter wants to grant a credit facility to its foreign buyer to allow it to pay for the equipment goods it bought from the exporter. For a credit facility of up to EUR 8 million and a tenor between 2 and 5 years, Credendo Agency covers and pays the exporter after delivery of the equipment.
- ✓ Buyer credit: Export credit of max. EUR 8 million for a foreign buyer located in a specific country, to pay for delivery of capital goods by an exporter.

2.7.4 Financial liabilities

Financial liabilities only include payables arising from leasing operations and are measured at amortised cost.

2.8. Derivative financial instruments

Credendo does not apply hedge accounting and thus currently makes no use of derivative financial instruments.

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' include 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

Credendo – Export Credit Agency 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 issues the following types of insurance contracts:

- ✓ *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, project cash transactions, unfair calling of guarantees, contracting equipment), excess-of-loss policies and captive policies. The foreign-exchange risk can be included.
- ✓ *Investment insurance contracts*: insurance contracts for foreign direct investments (FDI) whereby the investor or bank is insured against the 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 and risk participations*: 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 bondholder.
- ✓ *Surety(ship) contracts*: also known as 'bonding contracts', these are contracts that provide compensation to the beneficiary of the contract if Credendo's bonding customer fails to perform a contractual obligation towards the beneficiary. Contractual bonds (advance payment bond, performance bond, etc.) guarantee the proper performance as well as the technical and financial abilities of the bonding customer in favour of a commercial partner. Credendo also issues legal bonds, e.g. in favour of the VAT or customs administration. Credit insurance, investment insurance, financial guarantees and surety business are commonly referred to as direct business activity. Part of the risk of these insurance activities – financial guarantees excluded – is ceded to reinsurers.
- ✓ *Issued reinsurance contracts*: contracts that reinsure similar risks as the direct business underwritten or issued by other insurance/surety companies.
- ✓ *Funded solutions*, such as Forfaiting and Buyer Credit, are not accounted for as insurance contracts under IFRS 17. Please refer to note 2.7.3 for further details

A. Definition of insurance contracts

Credendo issues insurance contracts and takes up the risks of the insured by insuring them. Insurance contracts are those contracts under which Credendo 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 defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% higher than the benefits payable if the insured event did not occur.

As permitted by IFRS 17 para 7 (e), Credendo has elected to account for financial guarantee-contracts as insurance contracts rather than financial instruments, on the basis that Credendo has previously explicitly asserted that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts.

None of the insurance contracts of Credendo contains a discretionary participation feature (DPF), nor embedded derivatives. Credendo does not hold any service contract falling within the scope of the IFRS 15 standard.

No contracts will be combined for the purposes of IFRS 17 applying paragraph 9, nor components will be separated from an insurance contract applying paragraphs 10 to 13 of IFRS 17.

B. Level of aggregation

In order to determine the IFRS 17 units of account, the contracts are firstly divided into portfolios, which comprise contracts that share similar risks and that are managed together. Usually, contracts that are in the same product line are expected to share similar risks and therefore fall in the same portfolio if they are managed together. Secondly, the portfolios are divided into a minimum of three profitability groups, which are (i) contracts that are onerous; (ii) contracts that are profitable with no significant chances of becoming onerous; or (iii) other contracts. Finally, contracts that are in the same group shall not be issued more than one year apart (i.e. contracts shall be grouped in at minimum annual cohorts).

This results in the following portfolios:

- ✓ Single risk credit insurance and single risk financial loss insurance policy
- ✓ Multi-risk Credit insurance – Comprehensive policy
- ✓ Multi-risk Credit insurance – Top-up and Excess-of-Loss (XoL) policies, and Captive business
- ✓ Guarantees and Risk participations

- ✓ Risk participation (L/C confirmations)
- ✓ Suretyship
- ✓ Reinsurance contracts issued:
 - Proportional reinsurance – treaty
 - Proportional reinsurance – facultative
 - Non-proportional reinsurance – treaty
 - Non-proportional reinsurance – facultative
- ✓ Reinsurance contracts held:
 - Proportional reinsurance – treaty
 - Proportional reinsurance – facultative
 - Non-proportional reinsurance – treaty
 - Non-proportional reinsurance – facultative
 - Retrocession

The contracts issued by different entities of Credendo are not included within the same portfolio. Some reinsurance contracts issued may be grouped with direct insurance contracts if they are managed together and share similar risks. Namely, the reinsurance contracts issued by Credendo – Guarantees & Speciality Risks will be grouped with Credendo – Guarantees & Speciality Risks direct business contracts. Indeed, the conditions for grouping the contracts together are met for this entity.

For insurance contracts issued and reinsurance contracts issued, the portfolios will be divided into three groups which are:

- ✓ Contracts that are profitable on initial recognition, with no significant chances of becoming onerous subsequently;
- ✓ Contracts that are onerous on initial recognition;
- ✓ Other profitable contracts.

For reinsurance contracts held, the portfolios will be divided into the three following groups:

- ✓ Contracts on which there is a net cost on initial recognition that have no significant chances of becoming a net gain subsequently;
- ✓ Contracts on which there is a net gain on initial recognition;
- ✓ Other contracts.

The profitability assessment is made based on combined ratios. For contracts to which the Premium Allocation Approach (PAA) applies, Credendo assumes that no contract is onerous on initial recognition, unless facts and circumstances indicate otherwise. Finally, the groups will not include contracts that are issued more than one year apart (representing the calendar year) for the determination of the annual cohorts.

Finally, the ultimate Unit of Account (UoA) is defined as follows:

- ✓ For contracts that include both intercompany and extracompany trading partners:
 - $UoA = \text{Contract level} \times \text{contractual percentage}$
- ✓ For other contracts (i.e. with a single trading partner):

- UoA = Legal_Entity x Company_code (Branch) x Portfolio x Profitability_Group x Cohort x Currency x Axis interco/extraco

These Units of Account determine the level at which insurance and reinsurance contracts are initially recognised and measured, they are not subsequently reconsidered.

Two of the three measurement models introduced by IFRS 17 are applicable to Credendo, that is the general model (Building Block Approach – BBA), and the simplified approach (Premium Allocation Approach – PAA). The detail of the measurement models applied per portfolio is disclosed in the following table:

Insurance contracts	Measurement model
Single risk credit insurance and Single risk financial loss insurance policy	BBA
Multi-risk Credit insurance - Comprehensive policy	BBA / PAA
Multi-risk Credit insurance - Top-up and Excess-of-Loss (XoL) policies, and Captive business	BBA
Guarantees and Risk participations	BBA
Risk participation (L/C confirmations)	BBA / PAA
Suretyship	BBA
Reinsurance contracts issued	Measurement model
Proportional reinsurance - treaty	BBA
Proportional reinsurance - facultative	BBA
Non-proportional reinsurance - treaty	BBA
Non-proportional reinsurance - facultative	BBA
Reinsurance contracts held	Measurement model
Proportional reinsurance - treaty	BBA
Proportional reinsurance - facultative	BBA
Non-proportional reinsurance - treaty	BBA
Non-proportional reinsurance - facultative	BBA
Retrocession	BBA

The VFA (Variable Fee Approach) is not applied to any of the contracts issued or held by Credendo.

C. Contract recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- ✓ The beginning of the coverage period;
- ✓ The date when the first payment from the policyholder is due or actually received, if there is no due date; and
- ✓ When Credendo determines that a group of contracts becomes onerous.

Typically, the beginning of the coverage period is marked by the contractual dates, when Credendo 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, except in some cases such as for comprehensive policies where the approval of the DI's (declarations of insurance) determine the beginning of the coverage period. The suretyship contracts portfolios typically comprise repricing mechanisms, which have the consequence of cutting the contract boundary at each repricing date. When the repricing is

made yearly, the groups of contracts become eligible for the PAA, although in practice Credendo always applies the BBA to Suretyship contracts.

- ✓ Groups of reinsurance contracts held that cover the losses of separate insurance contracts on a proportionate basis are recognised at the later of:
 - The beginning of the coverage period of the group of contracts; or
 - The initial recognition of any underlying insurance contract.

D. Contract boundaries

For reinsurance contracts that are loss-occurring (incl. claim incurred), the contract boundary matches the actual duration of the contracts. That is because loss-occurring arrangements cover only claims that occur within the contractual period. At Credendo, most of the loss-occurring contracts (around 90%) have one-year terms. These contracts are therefore eligible for the PAA.

For reinsurance contracts that are risk-attaching, the contract boundary is the sum of the risk-attaching period (usually one year) and the tenor period (which is variable depending on the contracts). These contracts are therefore longer than one year and are thus most likely not eligible for the PAA.

Most of the contracts within Credendo's reinsurance portfolio are risk-attaching. The contract boundaries are therefore expected to be long, and the BBA is the primary measurement approach.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups of contracts in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction.

E. Measurement

E.1 Initial measurement of the LRC (Liability for Remaining Coverage) for groups of contracts to which the BBA applies

E.1.1 Future cash flows

On initial recognition, Credendo shall measure the insurance liability (or asset) of a group of contracts as the total of the present value of the future cash flows, the (non-financial) risk adjustment, and the contractual service margin.

The estimates of future cash flows include all the cash inflows and outflows, within the boundary of the group of contracts, calculated as a probability-weighted average of the possible outcomes of the group. Cash flows that are outside the contract boundary shall not be included in the future cash flows as they relate to future insurance contracts. Cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract. The Fulfilment Cash Flows (FCF) comprise these future cash flows, adjusted for the time value of money (E.1.2 Discount rates) and the risk adjustment for non-financial risk (E.1.3).

The future cash flows are related to future services. Any cost or change in estimate that is linked with current or past services will be recognised directly in the income statement.

Only the cash flows that arise from reasonable and supportable information available without undue cost or effort shall be included in the estimations of the cash flows. The determination of the fulfilment cash flows may be done at a higher level than the groups of contracts, provided that Credendo can allocate the resulting future cash flows to the groups of contracts. The estimates used are current and explicit (which means that Credendo accounts for non-financial risk, cash flows, financial risk, and discount rates separately).

After analysis of the cash flows, Credendo determined that most expenses are considered as directly attributable to groups of insurance contracts with limited exceptions. General expenses that are attributable to a portfolio of (existing) insurance include – with relevance for the Credendo products:

- ✓ insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- ✓ claim handling costs (i.e. the costs the entity will incur in investigating, processing and resolving claims under existing insurance contracts)
- ✓ policy administration and maintenance costs, such as costs of premium billing and handling policy changes but also recurring commissions that are expected to be paid to intermediaries if a particular policyholder continues to pay the premiums within the boundary of the insurance contract
- ✓ transaction-based taxes and levies that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis
- ✓ an allocation of fixed and variable overheads (such as the costs of accounting, human resources, information technology and support, building depreciation, rent, and maintenance and utilities) directly attributable to fulfilling insurance contracts.

Expenses that are not primarily computed at the IFRS 17 unit of account are allocated to the groups of contracts using allocation keys. The allocation keys are determined for Credendo – Export Credit Agency and Credendo – Guarantees & Speciality Risks as other entities only issue contracts that are included in one single portfolio. The weights for splitting costs allocated to cost centres and salary accounts over Cost Function and the various product portfolios are based on either Full-Time Equivalents, time or premium repartition and /or salary weight.

The expenses that are not attributable to a portfolio of existing insurance contracts are not included in insurance service expenses but in other expenses.

For contracts that are measured using the PAA, there will be no estimation of the fulfilment cash flows as such. Instead, the liability for remaining coverage (LRC) will be recognised as the premiums are received. Also, under the PAA and for contracts with a coverage period of no more than one year, the option of expensing the insurance acquisition cash flows as they are incurred is applied.

E.1.2 Discount rates

The estimates of future cash flows shall be adjusted to reflect the time value of money and financial risks related to those cash flows.

The discount rates used to reflect the time value of money of the fulfilment cash flows are computed using the bottom-up approach for all the groups of contracts. This is because Credendo does not have insurance contracts with cash flows that vary based on the returns on underlying items. The discount rates under this approach are the sum of a risk-free rate and a premium that reflects the liquidity characteristics of the group of contracts (otherwise referred to as “(il)liquidity premium”). The risk-free rate will be determined based on the EIOPA curve (if available), and the illiquidity premium will be based on rates available on the market.

The section 10.3. discloses the discount rates over time for each unit of account.

E.1.3 Risk adjustment for non-financial risk

The risk adjustment represents the risk arising from insurance contracts other than financial risk and is consequently referred to as the risk adjustment for non-financial risk. It is deemed to reflect the compensation that Credendo requires for bearing the uncertainty about the amount and timing of the cash flows. The risk adjustment shall be explicit and computed and disclosed separately from the other estimates.

The risk adjustment is computed using a Value at Risk (VaR) methodology at 75%. Credendo decided to include the entire part of the changes relating to the risk adjustment in the insurance service result instead of disaggregating it between the insurance service result and finance income or expenses as permitted by IFRS 17.

E.1.4 Contractual service margin (CSM)

The CSM represents the unearned profit associated with a group of insurance contracts and, at initial recognition, is determined as the amount that ensures no gain is recognised on day one. This calculation takes into account:

- ✓ the initial recognition of the fulfilment cash flows;
- ✓ the derecognition at the date of initial recognition of any asset or liability previously recognised for insurance acquisition cash flows; and
- ✓ cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition. For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as CSM.

E.2 Subsequent measurement of the LRC for groups of contracts to which the BBA applies

Subsequently, the carrying amount at the end of each reporting period of a group of contracts is measured as the sum of:

- ✓ the liability for remaining coverage, comprising:
 - the fulfilment cash flows related to future service allocated to the group of contracts at that date; and
 - the CSM of the group of contracts at that date;
- ✓ the liability for incurred claims (LIC), comprising the fulfilment cash flows related to past service allocated to the group of contracts at the reporting date; and
- ✓ fulfilment cash flows

On subsequent measurement, the fulfilment cash flows are updated to reflect (changes in) current assumptions. The estimates made are updated at each reporting period. Changes related to current or past coverage are recognised in the P&L as insurance service result.

The future cash flows of the LRC are computed based on combined ratios.

The effect of time value of money and financial risk are recognised under either insurance finance income or expense. There is also an option to disaggregate those changes between P&L and OCI, which is not applied by Credendo. Changes related to future coverage adjust the CSM, until it reaches zero. The amounts for which the CSM would be below zero are directly recognised into P&L. The CSM is discounted at a discount rate determined at initial recognition and locked-in subsequently. This discount rate is used subsequently to accrete interest on the carrying amount of the CSM in each reporting period, measured using locked-in discount curves.

The contractual service margin is recognised in profit or loss at each reporting date based on the quantity of coverage provided during the period. The quantity of coverage should be determined based on the coverage units, which represent the quantity of benefits provided during the coverage period.

Credendo assessed that the quantity of benefits provided during a period, driving the release pattern of the coverage units, will be computed as the earned premium for the period by the total outstanding

premium from the beginning of the period until the end of the boundary. When the premiums are linked to more than one period (i.e. more than one year), the earning pattern of the premiums, together with a risk amelioration or deterioration factor (if applicable), are used to allocate the premium to the current year.

E.3 Initial and subsequent measurement of the LIC (Liability for Incurred Claims) for groups of contracts to which the BBA applies

The LIC is computed similarly as the LRC except that no CSM is computed anymore (as there is no profit to be recognised in the LIC context).

The LIC triangles are built per underwriting quarter or occurrence quarter (depending on the entity). The triangles are computed with traditional methods such as Chain Ladder and Bornhuetter-Ferguson. If the traditional methods do not give satisfying results, expert judgement is applied.

E.4 Initial and subsequent measurement of the LRC for groups of contracts to which the PAA applies

PAA – Liability for Remaining Coverage (LRC)

In most cases, the PAA is applied for groups of contracts that have a coverage period of no more than one year and those for which the LRC obtained applying PAA does not materially differ from the LRC obtained applying BBA. Credendo determines that the LRC obtained under the two methods does not materially differ when the resulting difference in LRC is for each scenario no higher than 5% of the PAA LRC. Once it is determined that the PAA is applicable for a group of contracts, Credendo might still chose to apply the BBA for the group.

The PAA is applied for most of the groups of contracts that are included within the following portfolios:

- ✓ Multi-risk Credit insurance – Comprehensive policy
- ✓ Risk participation (L/C confirmations)

Under the PAA, the LRC is measured on initial recognition as the amount of premiums received less any acquisition cash flows paid (and not expensed) and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

There are two simplifications available under the PAA regarding the LRC, which are as follows:

- ✓ Possibility to recognise insurance acquisition cash flows directly into the P&L as they are incurred for groups of contracts with a coverage period of no more than one year. This option is applied by Credendo; and
- ✓ Possibility to not consider the time value of money for groups of contracts with a coverage period of no more than one year. This option is not applied by Credendo.

Under the PAA, the same approach to calculating the release pattern is applied as under the BBA.

E.5 Initial and subsequent measurement of the LIC for groups of contracts to which the PAA applies

PAA – Liability for Incurred Claims (LIC)

The LIC computed applying PAA uses the same principle as the LIC computed using the BBA. However, there exists an additional simplification which is the possibility to not reflect the time value of money of the future cash flows if they are expected to be paid or received in no more than one year. This simplification is not applied by Credendo as a substantial part of the claims incurred is expected to be paid within more than one year.

F. Transition methods

The Group has adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was applied to the insurance contracts in force as from 1 January 2019. The fair value approach was applied to insurance contracts that were originated prior to 1 January 2019.

The transition approach was determined at the level of a group of insurance contracts and led to the use of either of the two approaches below in calculating the CSM on initial adoption of IFRS 17:

- ✓ full retrospective approach – the CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 had always been applied;
- ✓ fair value approach – the pre-transition FCF and experience are not considered.

F.1 Full retrospective approach

Credendo has determined that reasonable and supportable information was available for all contracts in force as from the transition date of 1 January 2019.

Accordingly, the Group has: identified, recognised and measured each group of insurance contracts and each insurance acquisition cash flows asset, if applicable, in this category as if IFRS 17 had always applied (except that a retrospective impairment test has not been performed); derecognised any existing balances that would not exist if IFRS 17 had always applied; and recognised any resulting net difference in equity.

F.2 Fair value approach

After making reasonable efforts to gather necessary historical information, the Group has determined that, for certain groups of contracts, such information was not available or was not available in a form that would enable it to be used without undue cost and effort. It was therefore impracticable to apply the full retrospective approach, and the fair value approach has been used for these groups.

The Group applied the fair value approach to insurance contracts that were originated prior to 1 January 2019. Applying the fair value approach, the Group determined the CSM to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13, 'Fair Value Measurement' (IFRS 13), and its FCF at the transition date. The Group did not apply the deposit floor when measuring insurance contracts when using the fair value approach on transition.

The fair value of an insurance liability is the price that a market participant would be willing to pay/receive to assume the obligation and the remaining risks of the in-force contracts as at the transition date. Where available, recent market transactions were used to estimate the fair value of groups of contracts. In the absence of recent market transactions for similar contracts, a present value technique was used to value groups of contracts.

In estimating the fair value of groups of insurance contracts, the following considerations were applied:

- ✓ only future cash flows within the boundaries of the insurance contracts were included in the fair value estimation, excluding future renewals and new business that would be outside the contract boundary of the contracts under IFRS 17;
- ✓ assumptions about expected future cash flows and risk allowances were adjusted for the market participant's view, as required by IFRS 13; and
- ✓ profit margins were included to reflect what a market participant would require for accepting obligations under insurance contracts, beyond the risk adjustment for non-financial risk.

The Group used significant judgement to determine adjustments required to reflect the market participant's view, and it has applied the cost-of-capital approach to estimate the fair value, which is

best tailored for its contracts. This is a widely used method, particularly in regulatory frameworks such as Solvency II, for calculating the risk margin and measuring insurance liabilities under standards such as IFRS 17.

The risk margin is defined as the present value of the cost of holding Solvency II capital required (SCR) necessary to cover non-hedge-able risks (e.g., underwriting risk, credit risk, operational risk) until all insurance liabilities are settled. The approach relies on several key assumptions to estimate the cost of assuming non-financial risks over the life of an insurance contract. These assumptions are essential to ensure that the risk margin is calculated accurately and reflects market conditions.

The SCR calculated for determining the risk margin is based on the Solvency II standard formula but with undertaking-specific parameters (at the end of 2021) for estimating premium and reserve risk volatility. Because Credendo ECA is not subject to the Solvency II regulation, an SCR and end-2021 calculations were produced for this valuation exercise. The cost-of-capital rate used is aligned with the rate used at the end of 2021 to value Credendo subsidiaries based on the CAPM model.

An "RM ratio", defined as the total of the calculated risk margin (RM) over the best estimate, is applied to the calculated present value of future cash-flows (PVFCF) for pre-2019 cohorts and represents the additional cost of holding capital to bear the associated risk. The sum of PVFCF and RM equals the Solvency II best estimate liability (BEL) which is considered as the liabilities' fair value.

Ultimately, the CSM would be the difference between:

- ✓ the fair value of the liabilities (SII BEL); and
- ✓ the fulfilment cash flows at transition

The SII best estimate will be used as the fair value of insurance contracts, and the following attention points are to be noted:

- ✓ the risk margin will not be used in determining the risk adjustment;
- ✓ for the cash flows, use of combined ratio that includes attributable expenses and acquisition costs;
- ✓ use of SII discount rates as a proxy for IFRS 17 discount rates; and
- ✓ SII results allocated to IFRS 17 groups using allocation keys.

For the rest, Solvency II is assumed to be already sufficiently aligned with IFRS 17 and the "raw" results will therefore be used.

For a quantified overview of transition impacts we refer to note 4. Management of insurance and financial risk.

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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial

statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction effects 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 Credendo – Export Credit Agency 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 the 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

In accordance with IAS 19, Credendo applies the international accounting standard for employee benefits, ensuring that the recognition, measurement and disclosure of obligations and costs are consistent and transparent. The policies described below are implemented in line with these requirements.

A. Post-employment benefits:

Credendo operates various post-employment schemes, including both defined-benefit and defined-contribution pension plans and other post-employment benefits such as health care granted after completion of the employment.

Pension obligations

A defined-contribution plan is a pension plan under which Credendo pays fixed contributions into a separate entity. Credendo has theoretically no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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

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

Post-employment health benefit plan

Credendo also operates a post-employment health benefit plan in Belgium.

Credendo provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined-benefit pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

B. Seniority bonuses

Credendo provides seniority bonuses rewarding employees for many 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 before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Credendo recognises termination benefits at the earlier of the following dates: when Credendo can no longer withdraw the offer of those benefits, or 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 twelve months after the end of the reporting period are discounted at their present value.

D. Bonus plans

Credendo recognises a liability and an expense for bonuses. Credendo 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 has a present legal or constructive obligation because 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.

2.17. Revenue recognition

A. *Insurance service result*

Insurance revenue from direct business

As Credendo provides insurance contract services, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that Credendo expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

Amounts relating to the changes in the LRC:

- ✓ claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - amounts allocated to the loss component; and
 - amounts related to the risk adjustment for non-financial risk (see (b));
- ✓ changes in the risk adjustment for non-financial risk, excluding:
 - changes included in insurance finance income (expenses);
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss component;
- ✓ amounts of the CSM recognised for the services provided in the period;
- ✓ experience adjustments – arising from premiums received in the period other than those that relate to future service; and
- ✓ other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

For groups of insurance contracts measured under the PAA, Credendo recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance services expenses

Insurance service expenses include the following:

- ✓ incurred claims and benefits, excluding investment components reduced by loss component allocations;
- ✓ other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
- ✓ insurance acquisition expenses;
- ✓ insurance acquisition cash flows amortisation;
- ✓ insurance acquisition cash flows assets impairment, net of reversals;
- ✓ changes that relate to past service – changes in the FCF relating to the LIC; and

- ✓ changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Insurance acquisition cash flow recovery is determined by allocating the portion of premiums related to the recovery of those cash flows based on the passage of time over the expected coverage of a group of contracts.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

Net income (expenses) from reinsurance contracts held

Credendo presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- ✓ reinsurance expenses;
- ✓ for groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses;
- ✓ incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
- ✓ other incurred directly attributable expenses;
- ✓ changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- ✓ effect of changes in the risk of reinsurers' non-performance; and
- ✓ amounts relating to accounting for onerous groups of underlying insurance contracts issued:
 - income on initial recognition of onerous underlying contracts;
 - reinsurance contracts held under the BBA: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
 - reinsurance contracts held under the BBA: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that Credendo expects to pay in exchange for those services. Additionally, for reinsurance contracts held measured under the PAA, broker fees are included in reinsurance expenses.

For contracts measured under the BBA, reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

- ✓ claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
 - amounts allocated to the loss-recovery component;
 - repayments of investment components; and
 - amounts related to the risk adjustment for non-financial risk (see (b));
- ✓ changes in the risk adjustment for non-financial risk, excluding:
 - changes included in finance income (expenses) from reinsurance contracts held;
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss-recovery component;
- ✓ amounts of the CSM recognised for the services received in the period; and
- ✓ experience adjustments – arising from premiums paid in the period other than those that relate to future service.

For groups of reinsurance contracts held measured under the PAA, Credendo recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- ✓ the effect of the time value of money and changes in the time value of money; and
- ✓ the effect of financial risk and changes in financial risk.

For contracts measured under the BBA, the main amounts within insurance finance income or expenses are:

- ✓ interest accreted on the FCF and the CSM; and
- ✓ the effect of changes in interest rates and other financial assumptions.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- ✓ interest accreted on the LIC; and
- ✓ the effect of changes in interest rates and other financial assumptions

For the contracts measured under the BBA and the PAA, the Group includes all insurance finance income or expenses for the period in profit or loss (that is, the profit or loss option (the PL option) is applied).

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Applying IAS 21 – The Effects of Changes in Foreign Exchange Rates at the end of the reporting period, the carrying amount of the group of insurance contracts, including the CSM, is translated into the functional currency at the closing rate. Credendo has chosen to present the resulting foreign exchange differences within the line item “Net finance income/(expenses) from insurance contracts”.

B. Net investment income

Net income on financial investments (included under ‘Other finance income’ in the income statement) comprises interest income on funds invested, dividend income, gains/losses on the disposal of FVPL and FVOCI 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.

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

2.18. Interest income and expenses

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within ‘Finance income and expense’ (note 25) in the income statement using the effective-interest rate method. When a receivable is impaired, Credendo reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective-interest rate of the instrument and continues unwinding the discount as interest income.

2.19. Dividend income

Dividend income is recognised when the right to receive payment is established which, in the case of quoted securities, is the ex-dividend date.

2.20. Leases

Credendo has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- ✓ fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- ✓ variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- ✓ amounts expected to be payable by Credendo under residual value guarantees;
- ✓ the exercise price of a purchase option if Credendo is reasonably certain to exercise that option; and
- ✓ payments of penalties for terminating the lease, if the lease term reflects Credendo exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in Credendo, the lessee's incremental borrowing rate is used.

To determine the incremental borrowing rate, Credendo:

- ✓ where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- ✓ uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Credendo, which does not have recent third-party financing; and
- ✓ makes adjustments specific to the lease, e.g. term, country, currency and security.

Credendo is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If Credendo is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Extension and termination options are included in a number of property and equipment leases in different entities of Credendo. The majority of extension and termination options held are exercisable only by Credendo and not by the respective lessor.

2.21. Assets and liabilities held for sale and discontinued operations

Non-current assets (or disposals) are classified as held for sale if their carrying amount will be recovered principally through a sale rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of the disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and that represents a separate major line of business or geographical area of operations, is part of a single coordination plan to dispose of a separate major line of business or

geographical area of operations or is a subsidiary acquired exclusively with a view to a resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

3. Critical accounting estimates and judgements

Credendo 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.

For all specific critical accounting estimates and judgements related to IFRS 17 and IFRS 9, such as level of aggregation, revenue recognition, contract boundaries, measurement, classification and measurement of financial investments, SPPI testing, etc we refer to the notes 2.7 Financial investments and other financial assets and 2.13 Insurance contracts and reinsurance contracts.

3.1. Impairment losses on loans and receivables

Significant judgements in applying the Expected Credit Loss model

The IFRS 9 standard stipulates that an entity shall recognise a loss allowance for Expected Credit Losses (ECL) on a financial asset.

- At each reporting day, the entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.
- If the credit risk on a financial instrument has not increased significantly since the initial recognition, the entity shall measure the loss allowance for that financial instrument at an amount equal to the 12-month expected credit losses.
- A financial asset is considered to be “credit impaired” as of 180 days overdue or a transfer to the claims department. Indeed, given the nature of the funded solutions that are always coming out of a commercial transaction, it is not unusual that a debtor restarts paying after more than 90 days overdue. The overdue might be in such cases the result of a missing document, provisional acceptance, bank issues, etc.

Expected credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate (EIR).

The measurement of the ECL allowance for financial assets measured at AC and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (for example, the likelihood of customers defaulting and the resulting losses, interpretation of significant increase in credit risk etc.).

For more information, refer to note 4.2.2.

Assumptions and methodologies underpinning the ‘probability of default’ calculation

Expected credit loss is a function of the probability of default (PD) and loss-given-default (LGD).

- The LGD will be estimated globally on Credendo’s past (credit insurance) experience and is currently averaging around 70%;
- The risk model currently in place computes a 3-year local currency-based PD and is fed by the debtor’s financials. This local currency PD is adapted with a country risk factor to derive a foreign currency PD and a related credit rating. This country’s risk factor captures not only the current state of the economy but also forward-looking data on GDP growth, public debt, external debts,

debt service, inflation, current account balance etc. from a baseline or best-estimate scenario that is considered reflecting a probability-weighted scenario. These forward-looking indicators are provided by external sources. The outcome of the 3-year model will be adjusted with factors based on the observed PD experience on S&P Global ratings to obtain a 1-, 2-, 4- and 5-year PD to be used for estimating expected credit loss over the (remaining) lifetime of the instrument.

Assumptions and methodologies underpinning the determination of the credit stage

IFRS 9 does not specify the term “significant”, it gives however some indications and assumes for instance that in case of more than 30 days overdue of contractual payment there is a rebuttable presumption that the credit risk has increased significantly unless the entity has reasonable and supportable information to demonstrate that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

Credendo therefore set down the following rules to make the distinction between an insignificant increase in credit risk and a significant increase in risk (SICR):

- ✓ Every funded solutions contract with a three-year probability of default below 1.30% (equivalent to BBB- rating or investment grade) is considered low risk and will remain in stage one;
- ✓ An increase of 100% in the three years PD vis-à-vis initial recognition will result in a significant increase in Credit Risk if the resulting PD is above 1.30%;
- ✓ An increase of the probability of default within the next 3 years above 15% (slightly better than B-) is automatically associated with significant risk increase;
- ✓ All funded solutions contracts for which the country risk rating moves to a particular elevated level will be considered as subject to a significant credit risk increase;
- ✓ Any overdue of less than 30 days will be considered as a simple (administrative) delay and therefore will not give rise to an increase in the probability of default;
- ✓ Any overdue in excess of 30 days is subject to close attention by the business and will lead to a significant increase of risk, and the PD will be increased accordingly.

Credit impaired instruments

A Funded Solutions financial asset (forfeiting/buyer loan) will be recognised as “credit impaired” (stage 3) after 180 days of overdue or/and its transfer to the claims department. In all cases, the PD will be set to 100%. The loss-given-default (LGD) can differ according to specific cases but by default is aligned with the average of LGD parameter based on the experience of Credendo (currently 70%). Any financial asset that is credit impaired but for which cash flows return to normal (on schedule) during a period of 6 months will return to stage 2. Another 6 months of on-time payments will then push the asset back to Stage 1.

3.2. Pension benefits

The present value of the pension obligations depends on several 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 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 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. Income taxes

Credendo is subject to income taxes in Belgium, Austria, the Czech Republic, France, Germany, Ireland, Italy, the Netherlands, Poland, Slovakia (till end 2024), Spain, Switzerland and the 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 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.

Credendo is not impacted by the introduction of the Pillar Two legislation, as its scope is limited to groups with an annual consolidated turnover of at least 750 million EUR. As this is not the case for Credendo, the Group is currently not in scope of the legislative requirements.

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'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 operates. Given the various uncertainties described above, a time horizon of three years is used by Credendo in its analysis. The underlying assumptions of this analysis are reviewed annually.

3.4. Financial investments

Credendo holds 99.9% of 4 compartments of Zephyr (fund Zephyr Target Volatility 1 and 2, Zephyr "Protected Global Diversified World", which contains the three benchmark mandates under the umbrella of the Dynamic Risk Overlay protection mechanism and a new compartment called "Green Energy Solutions") and a line-by-line consolidation would be expected.

However, the investment portfolio in Zephyr has been classified as a financial asset at fair value through profit or loss (please see Note 8), as if it were one single item. This is justified by the fact that the financial investments in Zephyr are managed as one group, and their performance is evaluated on a fair-value basis in accordance with a documented risk management and investment strategy. Credendo management believes that presenting the entire Zephyr portfolio at FVPL in one line item both in the income statement and on the balance sheet, provides better information to the readers of the financial statements regarding the performance and the financial position of the portfolio as a whole.

This is a judgement that management has taken on the basis that the entire portfolio is externalised and managed through an external agent. It follows from there, that information about the performance and the financial position of the Zephyr portfolio could have been obscured and lost had the portfolio been presented into a line-by-line disaggregation of the individual items which Zephyr is made up of. Furthermore, we refer to notes 8 and 25 where the underlying details of the fund are provided at both financial position and income statement level to give the reader all the necessary information in line with IFRS requirements.

4. Management of insurance and financial risk

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

Credendo – Export Credit Agency's Board of Directors lays out the Credendo risk management strategy to implement a consistent group-wide risk management framework, applicable for the different entities that are part of Credendo. The relevant bodies of the entities organise their risk management framework

in function of the key principles defined in this group risk management strategy, keeping in mind the applicable laws and prudential regulations. The group risk management strategy defines how the risk management framework within Credendo is structured and how it should operate in practice, in order to balance control, risk management and transparency, while supporting Credendo'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 regarding the risk management framework in Credendo.

Credendo – Export Credit Agency's Board of Directors is responsible for risk management and internal control at Credendo level. Without affecting this responsibility in any way, it has delegated its authority to take decisions in this context to Credendo – Export Credit Agency's Executive Committee, which in turn has charged an independent Group Risk Management function with the responsibility of day-to-day group risk management. The Group Risk Management function is held within Credendo – Export Credit Agency's Risk Management department. Together with the actuarial function, the Group Risk Management function assists the subsidiaries' risk management functions in the effective implementation of the risk management system, and it assists entities, 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 entities, 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 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, resulting from inadequate pricing and provisioning assumptions due to internal or external factors, including sustainability risks. 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'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 to clearly and diligently assign risk decisions and manage risks, both for the complete underwriting portfolio and for every product that is offered.

The underwriting process is strictly defined by underwriting guidelines and rules on delegation of authority. 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 fewer people of lower seniority, while important transactions will be evaluated by committees and people with higher seniority. To assign the tasks and the decision levels in a clear way, the delegation of authority in risk underwriting is clearly described and documented. The delegation of authority is the hierarchy management has put in place to assess and underwrite risks. This is different for every line of business. Exposure to a single counterparty – a debtor (group) or a country – is subject to appropriate risk limits and managed considering 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 or reinsurance held 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. Proportional (especially 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 and investment insurance risk

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

Other types of risk under the credit insurance cover offered by some entities, concern losses due to contract termination and illicit calling of guarantees. Other ancillary 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 loans for use. Infringement of property rights due to political and assimilated events is also one of the risks covered by the financial-loss insurance products of Credendo – Export Credit Agency and Credendo – Guarantees & Speciality Risks. These policies 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 risks underwritten are well diversified in terms of type and amount of risk, industry and geography.

4.1.2 Surety contracts risk

Credendo – Guarantees & Speciality Risks is 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 this Credendo entity:

- 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: 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 entities reinsure similar risks and bonds underwritten or issued by other insurance/surety companies. This inward reinsurance business or reinsurance issued takes place on a facultative and on a treaty basis and is subject to a similar risk management process as direct business.

4.1.4 Sensitivity analysis

4.1.4.1 Sensitivity interest rate risk (5%)

This sensitivity analysis shows how changes in market interest rates affect the valuation of insurance contracts and the related impact on profit or loss and equity. Interest rate risk stems from the risk of adverse movements in interest rates. Credendo's exposure to interest rate risk is primarily limited to bonds and, if discounted as in IFRS17 and Solvency II, technical provisions since Credendo has no borrowings. Given the nature of the insurance activity, the insurance liabilities themselves are not

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sensitive to the level of market interest rates as they are contractually non-interest bearing. A higher interest rate lowers the value of the bonds and, if applied, the discounted value of technical provisions.

At the end of the reporting period, a sensitivity analysis on the interest rate risk points to an decrease of the net liability position of EUR 2.9 million (2022: EUR 1.9 million) if these interest rates would appreciate by 5% vis-à-vis the EUR, ceteris paribus a 5% depreciation of the interest rates would lead to an increase of the net liability position of EUR 0.7 million (2022: EUR 2.1 million).

Pre-tax profit of contracts net of reinsurance for both movements would respectively increase/decrease by EUR 2.1 million / EUR 1.3 million (2022: EUR 2.6 million / EUR 1.3 million).

Sensitivity Interest rate risk	Balance before changes		5% increase in interest rates		5% decrease in interest rates	
	Insurance contracts balance	Profit before income tax	Insurance contracts balance	Profit before income tax	Insurance contracts balance	Profit before income tax
31/12/2023						
Contracts gross of reinsurance	545,231	113,734	-3,519	3,525	2,228	-2,200
Contracts net of reinsurance	438,138	72,858	-2,858	2,118	659	-1,312

Sensitivity Interest rate risk	Balance before changes		5% increase in interest rates Impact on:		5% decrease in interest rates Impact on:	
	Insurance contracts balance	Profit before income tax	Insurance contracts balance	Profit before income tax	Insurance contracts balance	Profit before income tax
31/12/2022						
Contracts gross of reinsurance	361,902	29,490	-2,379	2,462	1,587	-1,475
Contracts net of reinsurance	269,281	10,098	-1,859	2,618	2,109	-1,321

4.1.4.2 Sensitivity insurance risk BBA

The underwriting risk under the Building Block Approach being the most important risk in Credendo's risk profile, the impact of standard sensitivity analyses is larger than for other risks. A 10% fall in the average premium level would lead to a lowering of pre-tax income net of reinsurance by EUR 3.3 million (2022: EUR 2.7 million). A 10% rise in expected claims expenses would lower the pre-tax income net of reinsurance by EUR 4.5 million (2022: EUR 3.4 million).

Sensitivity Insurance risk on Liabilities for remaining coverage	Balance before changes			Impact on :		
	FCF	CSM	Profit before income tax	FCF	CSM	Profit before income tax
31/12/2023						
Premium - 10% decrease						
Contracts gross of reinsurance	124,811	88,313	395,577	12,677	-10,251	-2,957
Contracts net of reinsurance	169,551	54,224	285,795	10,285	-7,541	-3,291
Expected claims - 10% increase						
Contracts gross of reinsurance	124,811	88,313	395,577	14,409	-9,486	-5,144
Contracts net of reinsurance	169,551	54,224	285,795	12,101	-7,824	-4,511
Insurance service expenses other - 10% increase						
Contracts gross of reinsurance	124,811	88,313	395,577	5,055	-5,176	100
Contracts net of reinsurance	169,551	54,224	285,795	5,523	-5,241	-319

Sensitivity Insurance risk on Liabilities for remaining coverage	Balance before changes			Impact on :		
	FCF	CSM	Profit before income tax	FCF	CSM	Profit before income tax
31/12/2022						
Premium - 10% decrease						
Contracts gross of reinsurance	83,387	80,583	369,226	9,666	-7,122	-2,852
Contracts net of reinsurance	124,429	46,508	270,415	7,042	-4,685	-2,656
Expected claims - 10% increase						
Contracts gross of reinsurance	83,387	80,583	369,226	12,713	-8,682	-4,210
Contracts net of reinsurance	124,429	46,508	270,415	10,289	-7,064	-3,395
Insurance service expenses other - 10% increase						
Contracts gross of reinsurance	83,387	80,583	369,226	4,631	-4,261	-388
Contracts net of reinsurance	124,429	46,508	270,415	5,063	-4,304	-768

4.1.4.3 Sensitivity insurance risk PAA

The underwriting risk under the Premium Allocation Approach is almost as important in Credendo's risk profile as that of those contracts under BBA, the impact of standard sensitivity analyses is equally larger than for other risks. A 10% increase in incurred losses to a lowering of pre-tax income net of reinsurance by EUR 18.1 million (2022: EUR 6.9 million). A 10% rise in insurance service expenses would lower the pre-tax income net of reinsurance by EUR 2.0 million (2022: EUR 0.5 million).

Sensitivity Insurance risk 31/12/2023	Balance before changes		Impact on :	
	LIC	Profit before income tax	LIC	Profit before income tax
Incurring losses - 10% increase				
Contracts gross of reinsurance	332,108	-281,843	24,536	-24,126
Contracts net of reinsurance	214,363	-212,938	17,770	-18,068
Insurance service expenses other - 10% increase				
Contracts gross of reinsurance	332,108	-281,843	1,365	-1,295
Contracts net of reinsurance	214,363	-212,938	1,365	-2,023

Sensitivity Insurance risk 31/12/2022	Balance before changes		Impact on :	
	LIC	Profit before income tax	LIC	Profit before income tax
Incurring losses - 10% increase				
Contracts gross of reinsurance	171,762	-339,736	13,379	-12,995
Contracts net of reinsurance	111,351	-260,317	7,968	-6,923
Insurance service expenses other - 10% increase				
Contracts gross of reinsurance	171,762	-339,736	1,316	-1,209
Contracts net of reinsurance	111,351	-260,317	1,316	-543

4.1.4.4 Sensitivity currency risk

The sensitivity analysis on currency risk adopts a holistic approach, encompassing all foreign currencies across the Group to ensure a comprehensive assessment of potential foreign exchange impacts on financial performance.

At the end of the reporting period, a sensitivity analysis on foreign currency positions points to an increase of the net liability position of EUR 4.1 million (2022: EUR 4.3 million) if these currencies would appreciate by 5% vis-à-vis the EUR, ceteris paribus a 5% depreciation of the currencies would lead to a decrease of the net liability position of EUR 6.1 million (2022: EUR 4.1 million).

Pre-tax profit of contracts net of reinsurance for both movements would respectively decrease/increase by EUR 4.5 million / EUR 5.2 million (2022: EUR 3.5 million / EUR 4.8 million).

Sensitivity Exchange rate risk 31/12/2023	Balance before changes		5% increase in exchange rates Impact on		5% decrease in exchange rates Impact on	
	Insurance contracts balance	Profit before income tax	Insurance contracts balance	Profit before income tax	Insurance contracts balance	Profit before income tax
Contracts gross of reinsurance	545,231	113,734	4,201	-3,877	-7,364	7,131
Contracts net of reinsurance	438,138	72,858	4,084	-4,494	-6,147	5,159

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Sensitivity	Balance before changes		5% increase in exchange rates Impact on		5% decrease in exchange rates Impact on	
	Insurance contracts balance	Profit before income tax	Insurance contracts balance	Profit before income tax	Insurance contracts balance	Profit before income tax
Contracts gross of reinsurance	361,902	29,490	4,366	-4,234	-5,212	5,275
Contracts net of reinsurance	269,281	10,098	4,280	-3,474	-4,084	4,824

4.1.5 Quantitative concentrations

Concentration of risk is closely monitored at Credendo and - given our type of business - mostly relevant by obligor country. Credendo's tool to manage the concentration by country is the Cover Policy which defines maximum concentration caps on own risk retention for country risk, taking the political risk rating for countries into account.

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

Total Potential Exposure (in Million EUR) by Top 10 debtor countries					
Country	31/12/2023		Country	31/12/2022	
	Total Potential Exposure	%		Total Potential Exposure	%
Italy	3,824	4.8%	Italy	3,466	4.7%
Poland	3,677	4.7%	Poland	2,906	4.0%
Germany	3,338	4.2%	Czech Republic	2,876	3.9%
United Arab Emirates	3,319	4.2%	Germany	2,756	3.8%
France	3,062	3.9%	Russia	2,699	3.7%
Czech Republic	2,961	3.8%	China	2,696	3.7%
United States	2,759	3.5%	France	2,691	3.7%
China	2,565	3.3%	United States	2,315	3.2%
Brazil	2,340	3.0%	Brazil	2,277	3.1%
Spain	2,123	2.7%	United Arab Emirates	2,089	2.9%
Other countries	49,038	62.1%	Other countries	46,640	63.5%
Total Potential Exposure	79,006	100%	Total Potential Exposure	73,411	100%

4.1.6 Claims development tables

In addition to scenario testing, the development of insurance liabilities provides a measure of Credendo's ability to estimate the ultimate value of claims. The following section presents the evolution of reported claims across underwriting years for all entities within Credendo. Two claims development tables are disclosed: one gross of reinsurance and the other net of reinsurance, in accordance with IFRS 17 requirements.

These tables provide insight into how the Credendo estimates of total claims outstanding have evolved over time, reflecting the inherent uncertainty in claims provisioning and the impact of reinsurance arrangements. In line with the IFRS 17 standard Credendo does not disclose previously unpublished information about claims developments that occurred earlier than five years before the end of the first application of IFRS 17 in 2023.

Each table is structured by underwriting year, allowing for a transparent view of how initial estimates have been revised at successive year-ends. This longitudinal perspective supports the assessment of reserving adequacy and highlights potential over- or underestimations in ultimate claims liabilities. The claims development data is consolidated across all Credendo entities and includes both short-term and medium-/long-term business segments.

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By incorporating the risk adjustment and other relevant components (such as the discounting effects, etc..) into the ultimate at year-end 2023, it becomes possible to reconcile the result with the Liability for Incurred Claims (LIC) as reported in the consolidated balance sheet.

Gross Liability for Incurred Claims at 31/12/2023	Insurance contracts					Total
	Underwriting years	Incurred Claims (gross of reinsurance, undiscounted) (in million EUR)				
	2019	2020	2021	2022	2023	
Estimate of ultimate claim costs incurred:						
At the end of underwriting year	55.3	66.7	32.7	73.0	73.5	
One year later	127.8	43.3	64.2	98.8		
Two years later	108.4	161.9	116.5			
Three years later	122.7	92.8				
Four years later	139.9					
Current estimate of cumulative claims	139.9	92.8	116.5	98.8	73.5	521.4
Other directly attributable expenses paid	1.4	0.8	1.4	2.4	1.0	7.0
Cumulated gross claim costs paid, up to date	100.1	45.8	48.9	44.4	6.4	245.6
Cumulative gross claims and other directly attributable expenses paid	141.3	93.7	117.8	101.1	74.5	528.4
Gross cumulative claims liabilities - underwriting years from 2019 to 2023	41.2	47.9	68.9	56.7	68.1	282.8
Gross cumulative claims liabilities - prior underwriting years						13.9
Effect of discounting						-48.4
Effect of NCB						7.9
Effect of payables and receivables						45.7
Effect of the risk adjustment						30.2
Gross Liability for Incurred Claims included in the balance sheet at 31/12/2023 *						332.1

* The difference between the total LIC presented in this disclosure and the LIC reported on the balance sheet arises from insurance payables and receivables, which are not included in this disclosure.

Net Liability for Incurred Claims at 31/12/2023	Insurance contracts					Total
	Underwriting years	Incurred Claims (net of reinsurance, undiscounted) (in million EUR)				
	2019	2020	2021	2022	2023	
Estimate of Ultimate claim costs incurred:						
At the end of underwriting year	33.8	39.8	18.8	49.8	47.0	
One year later	80.0	26.5	45.0	73.3		
Two years later	70.5	149.0	96.6			
Three years later	79.3	75.8				
Four years later	94.2					
Current estimate of cumulative claims	94.2	75.8	96.6	73.3	47.0	386.8
Other directly attributable expenses paid	1.5	0.8	1.4	2.4	1.0	7.1
Cumulated net claim costs paid, up to date	67.5	32.0	37.5	32.3	5.3	174.6
Cumulative net claims and other directly attributable expenses paid	95.6	76.7	97.9	75.6	48.0	393.9
Net cumulative claims liabilities - underwriting years from 2019 to 2023	28.1	44.6	60.5	43.3	42.8	219.3
Net cumulative claims liabilities - prior underwriting years						7.2
Effect of discounting						-42.6
Effect of NCB						5.1
Effect of payables and receivables						2.0
Effect of the risk adjustment						23.3
Net Liability for Incurred Claims included in the balance sheet at 31/12/2023 *						214.4

* The difference between the total LIC presented in this disclosure and the LIC reported on the balance sheet arises from insurance payables and receivables, which are not included in this disclosure.

4.2. Financial risk

Credendo 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 entities' risk management framework also covers the unpredictability of financial markets and seeks to minimise potential adverse effects on their 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, 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'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 has no borrowings. Given the nature of the insurance activity, the undiscounted insurance liabilities are not sensitive to the level of market interest rates as they are contractually non-interest bearing. A higher interest rate lowers ceteris paribus the value of bonds and, if applied, the discounted value of technical provisions. At the end of the reporting period, a sensitivity analysis on that part of the bond portfolio identified as or assumed to be at variable interest rate points to a negligible increase/decrease in pre-tax profit of maximum K EUR 239 (2022: K EUR 70) due to a change in financial income, if interest rates would have increased/decreased by 5% respectively.

	5% increase in interest rates Impact on			5% decrease in interest rates Impact on		
	Investment assets subject to interest rate risk	Profit or loss	Equity	Investment assets subject to interest rate risk	Profit or loss	Equity
31/12/2023						
Investment assets	143,606.5	239.1	167.4	143,606.5	-239.1	-167.4
31/12/2022						
Investment assets	66,266.4	70.2	49.1	66,266.4	-70.2	-49.1

- **4.2.1.2 Currency risk**

The risk of losses resulting from changes in the level or in the volatility of currency exchange rates is defined as currency risk. The currency part of countries that are vulnerable to the rise of extreme weather events and natural disasters and, thus, to increased currency volatility is immaterial. Credendo 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 (re)insurance contract assets and liabilities are as follows:

Currency risk exposures	31/12/2023					
	CZK	EUR	PLN	USD	Other currencies	Total
Insurance contract assets	-	9	-	-	-	9
Reinsurance contract assets	8,084	90,674	125	9,124	2,174	110,181
Insurance contract liabilities	5,675	427,625	14,130	83,230	14,581	545,241
Reinsurance contract liabilities	-	3,087	-	-	-	3,087
Total insurance contract balances	-2,409	309,881	14,005	74,106	42,555	438,138

Currency risk exposures	31/12/2022					
	CZK	EUR	PLN	USD	Other currencies	Total
Insurance contract assets	-	3,102	-	2,559	-	5,661
Reinsurance contract assets	4,146	78,884	37	11,151	1,556	95,774
Insurance contract liabilities	4,646	332,285	7,366	37,998	-14,731	367,564
Reinsurance contract liabilities	-	3,153	-	-	-	3,153
Total insurance contract balances	500	253,452	7,329	24,288	-16,288	269,281

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	CZK	PLN	USD
Exchange rate at the end of 2023	24.72	4.34	1.11
% fluctuation since the end of 2022	3%	-7%	4%
Average 2023	24.37	4.25	1.08
Exchange rate at the end of 2022	24.12	4.68	1.07
% fluctuation since the end of 2021	-3%	2%	-6%
Average 2022	24.80	4.49	1.05

- **4.2.1.3 Equity price risk**

Equity represents a significant percentage in the consolidated Credendo 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 (after look-through and including commodities and derivatives) demonstrates that if equity market prices had been 5% higher/lower, with all other variables held constant, pre-tax impact on P&L would have been EUR 30 million higher/lower (2022: EUR 31 million) respectively, due to the change in mark-to-market of equity.

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 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 tables demonstrate the credit quality of the consolidated financial investments that are neither overdue nor impaired, except for the funded solutions. 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. A total amount of EUR 867.9 million is classified as not rated. It refers to equity investments (EUR 596.9 million), to debt instrument funds for which the average rating was not available (EUR 72.6 million) to cash held in non-rated banks (EUR 36.6 million) and finally EUR 161.8 million of funded solutions for which there is no external rating. Note that the carrying amounts of financial assets at reporting date are representative of the entity's exposure to credit risk during the period.

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Credit risk exposures	AAA	AA	A	BBB	<BBB	Non rated	Total
Financial investments & cash (equivalents) at 31/12/2023							
Government bonds	429,674	763,788	42,411	80,715	5,833	5,004	1,327,426
Funds invested in debt/security instruments	14,397	36,306	234,060	290,963	12,128	67,618	655,472
Funds invested in equity instruments	-	-	-	-	-	596,854	596,854
Fixed term deposits	-	-	198,397	-	-	-	198,397
Cash and cash equivalents	-	3,779	445,647	1,754	-	36,630	487,809
Funded solutions	-	-	-	-	-	161,824	161,824
12 months ECL	-	-	-	-	-	107,855	107,855
Lifetime ECL	-	-	-	-	-	25,833	25,833
Purchased or originated credit-impaired financial assets	-	-	-	-	-	28,136	28,136
Total	444,071	803,873	920,515	373,432	17,961	867,930	3,427,782

Credit risk exposures	AAA	AA	A	BBB	<BBB	Non rated	Total
Financial investments & cash (equivalents) at 31/12/2022							
Government bonds	213,898	496,103	18,705	17,074	-	-	745,781
Funds invested in debt/security instruments	189,860	166,140	124,402	444,879	34,882	57,512	1,017,677
Funds invested in equity instruments	-	-	-	-	-	620,226	620,226
Fixed term deposits	-	-	15,918	-	-	-	15,918
Cash and cash equivalents	4,955	-	340,310	-	-	158,740	504,004
Funded solutions	-	-	-	-	-	-	184,784
12 months ECL	-	-	-	-	-	-	140,182
Lifetime ECL	-	-	-	-	-	-	19,197
Purchased or originated credit-impaired financial assets	-	-	-	-	-	-	25,405
Total	408,713	662,243	499,335	461,953	34,882	836,478	3,088,390

Under IFRS 9's Expected Credit Loss (ECL) model, our financial assets have been classified into three stages based on changes in credit risk:

- Stage 1 includes assets with no significant increase in credit risk since initial recognition. The ECL is recognised on a 12-month basis, and interest income is calculated on the gross carrying amount.
- Stage 2 applies when credit risk has significantly increased. Here, lifetime ECL is recognised, but interest income remains based on the gross amount.
- Stage 3 covers assets that are credit impaired. Lifetime ECL is recognised, but interest income is calculated on the net carrying amount (i.e., after deducting the loss allowance).

Government bonds	Stage 1		Stage 2		Stage 3		Total ECL
	Carrying amount	ECL allowance	Carrying amount	ECL allowance	Carrying amount	ECL allowance	
Balance at 01/01/2023	298,024	42	-	-	-	-	42
Transfers	-	-	-	-	-	-	-
Originated or purchased	-	-	-	-	-	-	-
Matured or sold	-	-	-	-	-	-	-
Remeasurements	286	-20	-	-	-	-	-20
Total impairment charge	286	-20	-	-	-	-	-20
Balance at 31/12/2023	298,310	22	-	-	-	-	22

Government bonds	Stage 1		Stage 2		Stage 3		Total ECL
	Carrying amount	ECL allowance	Carrying amount	ECL allowance	Carrying amount	ECL allowance	
Balance at 01/01/2022	297,740	42	-	-	-	-	42
Transfers	-	-	-	-	-	-	-
Originated or purchased	-	-	-	-	-	-	-
Matured or sold	-	-	-	-	-	-	-
Remeasurements	284	-	-	-	-	-	-
Total impairment charge	284	-	-	-	-	-	-
Balance at 31/12/2022	298,024	42	-	-	-	-	42

Loans	Stage 1		Stage 2		Stage 3		Total ECL
	Carrying amount	ECL allowance	Carrying amount	ECL allowance	Carrying amount	ECL allowance	
Balance at 01/01/2023	13,443	13	-	-	-	-	13
Transfers	-	-	-	-	-	-	-
Originated or purchased	-	-	-	-	-	-	-
Matured or sold	-13,433	-13	-	-	-	-	-13
Remeasurements	-	-	-	-	-	-	-
Total impairment charge	-13,433	-13	-	-	-	-	-13
Balance at 31/12/2023	10	-	-	-	-	-	-

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Loans	Stage 1		Stage 2		Stage 3		Total ECL
	Carrying amount	ECL allowance	Carrying amount	ECL allowance	Carrying amount	ECL allowance	
Balance at 01/01/2022	10,604	10	-	-	-	-	10
Transfers	-	-	-	-	-	-	-
Originated or purchased	1,811	2	-	-	-	-	2
Matured or sold	-	-	-	-	-	-	-
Remeasurements	1,028	1	-	-	-	-	1
Total impairment charge	2,839	3	-	-	-	-	3
Balance at 31/12/2022	13,443	13	-	-	-	-	13

Funded solutions	Stage 1		Stage 2		Stage 3		Total ECL
	Carrying amount	ECL allowance	Carrying amount	ECL allowance	Carrying amount	ECL allowance	
Balance at 01/01/2023	140,182	783	19,197	956	25,405	24,244	25,983
Transfers	-14,702	-37	7,511	9	3,213	3,164	3,136
Originated or purchased	26,395	161	2,659	62	50	8	231
Matured or sold	-8,003	-33	-1,519	-203	-43	-30	-266
Remeasurements	-36,017	-259	-2,015	-103	-489	-464	-826
Total impairment charge	-32,327	-168	6,636	-235	2,731	2,678	2,275
Balance at 31/12/2023	107,855	615	25,833	721	28,136	26,922	28,258

Funded solutions	Stage 1		Stage 2		Stage 3		Total ECL
	Carrying amount	ECL allowance	Carrying amount	ECL allowance	Carrying amount	ECL allowance	
Balance at 01/01/2022	116,097	511	9,187	418	27,979	27,888	28,817
Transfers	-10,072	-40	8,316	512	-1,151	-1,899	-1,427
Originated or purchased	69,952	436	2,685	50	386	65	551
Matured or sold	-7,977	-28	-943	-127	-1,039	-1,039	-1,194
Remeasurements	-27,818	-96	-48	103	-770	-771	-764
Total impairment charge	24,085	272	10,010	538	-2,574	-3,644	-2,834
Balance at 31/12/2022	140,182	783	19,197	956	25,405	24,244	25,983

The distribution of financial investments by currency indicates that Credendo is primarily exposed to hard currencies, thereby mitigating risks associated with volatility and depreciation.

Credit risk exposures	EUR	USD	GBP	CHF	JPY	CAD	CZK	Others	Total
Financial investments & cash (equivalents) at 31/12/2023									
Government bonds	1,127,577	102,489	2,008	28,271	163	5,607	27,931	33,380	1,327,426
Funds invested in debt/security instruments	589,476	61,357	4,411	36	30	139	-	24	655,472
Funds invested in equity instruments	303,890	181,523	22,957	14,969	22,655	4,018	-	46,842	596,854
Fixed term deposits	85,896	98,226	-	-	-	-	12,693	1,582	198,397
Cash and cash equivalents	256,769	190,394	33,387	271	140	89	5,257	1,502	487,809
Funded solutions	147,750	14,010	64	-	-	-	-	-	161,824
Total	2,511,358	647,999	62,826	43,547	22,988	9,853	45,881	83,330	3,265,958

Credit risk exposures	EUR	USD	GBP	CHF	JPY	CAD	CZK	Others	Total
Financial investments & cash (equivalents) at 31/12/2022									
Government bonds	626,433	31,881	6,165	25,697	-	3,804	26,757	25,043	745,781
Funds invested in debt/security instruments	896,708	106,412	-	-	-	3,424	-	11,134	1,017,677
Funds invested in equity instruments	448,381	171,845	-	-	-	-	-	-	620,226
Fixed term deposits	-	-	-	-	-	-	15,918	-	15,918
Cash and cash equivalents	324,137	155,922	17,564	63	122	22	4,622	1,554	504,004
Funded solutions	168,924	15,765	96	-	-	-	-	-	184,784
Total	2,464,582	481,824	23,825	25,760	122	7,249	47,297	37,731	3,088,390

At the end of the reporting period, a sensitivity analysis on foreign currency positions points to an increase/decrease of the financial assets by EUR 37.7 million (2022: EUR 31.2 million) if these currencies would appreciate/depreciate by 5% vis-à-vis the EUR.

While reinsurance agreements help to mitigate and manage the insurance risks, there is a possibility that the reinsurer will not fulfil its obligations. This comes down to the reinsurer not compensating an incurred loss, because it is not able or willing to do so. Credendo 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.

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Counterparty risk exposures	AAA	AA	A	BBB	<BBB	Non_Rated	Total
Reinsurers' share of insurance liabilities (in in thousands EUR)							
31/12/2023							
Reinsurance contract assets	8,499	26,538	67,586	2,799	-	4,759	110,181
Reinsurance contract liabilities	-	338	2,020	590	-	139	3,087
Maximum credit risk exposure	8,499	26,200	65,566	2,209	-	4,620	107,094
31/12/2022							
Reinsurance contract assets	87	24,063	62,589	3,808	-	5,227	95,774
Reinsurance contract liabilities	-	321	2,079	611	-	142	3,153
Maximum credit risk exposure	87	23,742	60,510	3,197	-	5,085	92,621

Non-rated reinsurers concern especially foreign government-related credit insurers. For our direct business, the credit risk is part of our underwriting risk (see section 4.1.4).

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 entities' principal cash outflow commitments are related to their insurance liabilities. Credendo's (non-)derivative financial liabilities are close to zero.

The insurance liabilities of most of Credendo's entities are mid-term and long-term liabilities especially. High fluctuations in 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 must be struck. Resources to cover day-to-day cash requirements are, besides cash inflows from net written premiums and recoveries of paid claims, available cash and deposit holdings and highly liquid financial investments.

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

The below tables indicate the maturities of the insurance contracts (for contracts measured under the BBA). The differences with the statement of financial position pertain to the contracts measured under the PAA.

31/12/2023		Present value of the future cash flows						
Maturity analysis by years, for contracts measured BBA	1	2	3	4	5	>5	Total	
Insurance contracts assets	-	-	-	9	-	-	9	
Reinsurance contracts assets	6,925	2,746	11,793	5	13,035	73,503	108,007	
Insurance contracts liabilities	30,027	64,717	16,822	16,302	23,057	341,850	492,775	
Reinsurance contracts liabilities	3,107	-	-	-	-	-20	3,087	
Insurance contract balances (net)	26,209	61,971	5,029	16,288	10,022	268,327	387,846	

31/12/2022		Present value of the future cash flows						
Maturity analysis by years, for contracts measured BBA	1	2	3	4	5	>5	Total	
Insurance contracts assets	-	24	1,829	369	22	3,417	5,661	
Reinsurance contracts assets	6,748	832	2,286	12,655	-84	73,337	95,774	
Insurance contracts liabilities	-99,070	24,300	33,760	27,175	24,464	306,243	316,872	
Reinsurance contracts liabilities	-	3,215	-	-	-	-62	3,153	
Insurance contract balances (net)	-105,818	26,659	29,645	14,151	24,526	229,427	218,590	

4.2.4 Capital management

The capital management framework considers the interaction between available and required capital on the one hand, and the risk profile and its expected and stressed evolution on the other.

Credendo entities relate risk tolerance to risk-based capital concepts, relevant for different stakeholders. The following capital concepts are used within Credendo:

- Solvency II Capital Requirement (SCR): the regulatory SCR corresponds to a value-at-risk (VaR) of the basic own funds subject to a confidence level of 99.5% to meet obligations to policyholders over the following 12 months.
- Rating capital: rating agencies also use risk-based capital models that indicate the VaR amount of own funds corresponding to varying confidence intervals commensurate with a target rating category.
- Economic capital: amount of own funds needed according to an internal model and a defined measure (value-at-risk, tail-value-at-risk, etc.) and confidence level.

Regarding the external regulation, all Credendo entities met the minimum capital requirement thresholds in 2023 as imposed by their respective jurisdictions.

Credendo entities subject to the EU-wide Solvency II insurance regulation, that is all entities except parent company Credendo – Export Credit Agency, have a general risk tolerance set in terms of maintaining a comfortable buffer vis-à-vis the solvency capital requirements in the context of the Solvency II framework.

Indeed, at the end of 2023, the Solvency Capital Requirement (SCR) ratios for Credendo – Short-term Non-EU Risks, Credendo – Short-term EU-Risks and Credendo – Guarantees & Speciality Risks largely exceeded the 100% threshold, reaching 240%, 220%, and 255% respectively. Detailed calculations can be found in each entity's Solvency and Financial Condition Report.

All Credendo entities, currently hold ratings from S&P Global at the end of the reporting period:

- Credendo – Short-term Non-EU Risks merged through absorption with Credendo – Short-term EU Risks in April 2025. The newly merged entity was renamed Credendo – Trade Credit Insurance and its A rating with a stable outlook was affirmed in April 2025;
- Credendo – Short-term EU Risks had the same rating as Credendo – Short-term Non-EU Risks until both entities merged through absorption into Credendo – Trade Credit Insurance in April 2025;
- Credendo – Guarantees & Speciality Risks is rated A- with a positive outlook since July 2024;
- Parent company Credendo – Export Credit Agency is rated AA with a negative outlook in April 2025, in line with the sovereign rating of the Kingdom of Belgium.

The structure and quality of the own funds are managed so as to optimise the mix of available resources, taking into account that capital requirements are to be covered by own funds but also that different metrics are applied according to regulatory, rating agencies' or shareholders' views. The own funds management aims to maximise available resources that provide full absorption of losses on a going-concern basis.

The capital planning strategy aligns the internal capital demand (based on projections of capital requirements taking account of the risk appetite and longer-term business strategy) and the internal capital supply (own funds) over the business planning period, identifying possible needs to raise additional resources. Medium-term capital planning and the projection of risk-based capital metrics should reduce volatility in the capital position and support the capital buffer, ensure access to capital in the future and increase capital efficiency. Optimising capital management includes assessing whether to retain or transfer risks, taking into account the projection of capital required.

4.3. Fair-value hierarchy

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

- ✓ quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- ✓ input, other than quoted prices included in level 1, that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2);
- ✓ input for the asset or liability that is not based on observable market data (unobservable input) (level 3).

The following tables present Credendo's assets and liabilities measured at fair value at 31 December 2023 and 2022. Note that only the financial instruments measured at fair value are included in the tables below. As loans and receivables are not measured at fair value, they have not been included in the tables below.

31/12/2023 (in Million EUR)	Level 1	Total
Assets		
Financial assets at fair value through profit or loss	2,389	2,389
Mixed & other funds	2,389	2,389
Fair value to OCI financial assets	27	27
Funds invested in debt instruments	27	27
Total assets	2,416	2,416

31/12/2022 (in Million EUR)	Level 1	Total
Assets		
Financial assets at fair value through profit or loss	2,234	2,234
Mixed & other funds	2,234	2,234
Fair value to OCI financial assets	27	27
Funds invested in debt instruments	27	27
Total assets	2,261	2,261

The split by asset class has been changed, so that it represents the different categories of financial instruments as invested in by Credendo. A look-through of the investments in other investment funds is provided in note 8. 'Total value by measurement category remains unchanged'.

On 31 December 2023, all financial investments measured at fair value on a recurring basis are classified as level 1 (31 December 2022: 100%). Fair-value measurements classified as level 1 include exchange-traded prices of fixed maturities, equity securities and derivative contracts. Credendo 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 have been no transfers between levels during the year.

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

4.4. IFRS 17 and IFRS 9 transition disclosures

The following disclosures provide the information regarding the Credendo transition from IFRS 4 to IFRS 17 and from IAS 39 to IFRS 9 excluding non-controlling interest. The IFRS 17 results for credit insurance entities align with Solvency II outcomes, except for the parent company, which is not included under SII. The IFRS 17 best estimate for long-term business – factoring in future premiums and discounted fulfilment cash flows – shows a fairer forward-looking method than the more conservative provisioning approach of BeGAAP. For IFRS 9 the main impact is related to the Funded Solutions, now using the ECL model.

The Contractual Service Margin (CSM) position of K EUR 15,696 as of 1 January 2022 is equal to the 2022 CSM opening position of the insurance contracts under the Fair Value Approach (K EUR 9,470) and the Full Retrospective Approach (K EUR 39,877), net of the reinsurance contracts held under the Fair Value Approach (K EUR 6,578) and the Full Retrospective Approach (K EUR 27,073). We refer to note 10.5 Insurance measurement components and note 11.2 Reinsurance measurement components respectively.

Line item	Endowment	Consolidated reserves	Total other comprehensive income	Group equity
Equity as of 31/12/2021 (IAS 39 / IFRS 4)	297,472	2,632,936	1,122	2,931,530
IFRS 17 impact	-	183,642	-	183,642
IFRS 9 impact	-	4,452	1,318	5,770
Tax impact	-	1,412	-	1,412
Equity as of 1/1/2022 (IFRS 9 / IFRS 17)	297,472	2,822,442	2,439	3,122,353
CSM as of 1/1/2022				15,696

The table below presents a disclosure of the fair value at the end of the reporting period and the change in fair value during the period for the groups of financial assets that pass the SPPI (solely payment of principal and interest) test and the other financial assets separately. This is a comprehensive table, which includes the total amount of financial investments (EUR 2.9 billion in 2023 against EUR 2.6 billion in 2022) and cash and cash equivalents (EUR 365.0 million in 2023 against EUR 328.5 million in 2022), as well as the funding solutions receivables which form part of loans and receivables including reinsurance receivables (EUR 160.3 million in 2023 against EUR 182.2 million in 2022).

Asset Class	Group 1 - SPPI financial instruments				Group 2 - Other financial investments			
	31/12/2023	FVOCI	Amortised cost	Cash and cash equivalents	Total	FVPL	FVOCI	Total
Financial investments								
Opening Balance	27,059	315,027	328,534	670,620	2,233,524	-	-	2,233,524
Additions	6,046	185,909	36,497	228,452	1,650,795	-	-	1,650,795
Disposals	-5,889	-16,019	-	-21,908	-1,578,708	-	-	-1,578,708
Change in fair value	-410	-114	-	-524	83,707	-	-	83,707
Closing Balance	26,806	484,803	365,031	876,640	2,389,318	-	-	2,389,318
Receivables arising from funded solutions*								
Opening Balance	-	182,189	-	182,189	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-21,905	-	-21,905	-	-	-	-
Change in fair value	-	-	-	-	-	-	-	-
Closing Balance	-	160,284	-	160,284	-	-	-	-

* The receivables from policyholders and assets from reinsurers will be excluded from the scope of IFRS 9.

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Asset Class	Group 1 - SPPI financial instruments				Group 2 - Other financial investments			
	31/12/2022	FVOCI	Amortised cost	Cash and cash equivalents	Total	FVPL	FVOCI	Total
Financial investments								
Opening Balance	30,082	317,892	292,259	640,233	2,226,056	232,759	2,458,815	
Additions	10,818	21,587	36,275	68,680	373,858	2,703	376,561	
Disposals	-12,319	-15,206	-	-27,525	-198,705	-157,431	-356,136	
Change in fair value	-1,522	-9,247	-	-10,769	-162,685	-83,031	-245,716	
Closing Balance	27,059	315,026	328,534	670,619	2,233,524	-	2,233,524	
Receivables arising from funded solutions*								
Opening Balance	-	131,403	-	131,403	-	-	-	
Additions	-	50,785	-	50,785	-	-	-	
Disposals	-	-	-	-	-	-	-	
Change in fair value	-	-	-	-	-	-	-	
Closing Balance	-	182,188	-	182,188	-	-	-	

* The receivables from policyholders and assets from reinsurers will be excluded from the scope of IFRS 9.

5. Intangible assets

Intangible assets	Note	Goodwill	Externally acquired software	Internally generated software development costs	Internally generated software in development	Concessions, patents & licences	Other	Total
At cost at 01/01/2023		5,835	813	99,506	33,486	12,525	447	152,612
Additions		-	-	1,447	14,851	-	7	16,305
Business combination		-	-	2,543	-	-	1,097	3,640
Disposals		-	-	-1,522	-	-71	-7	-1,600
Transfers		-	-	7,139	-7,139	-	-	-
Exchange differences		-	-19	-	-	-	-	-19
At cost at 31/12/2023		5,835	794	109,113	41,198	12,454	1,544	170,938
Accumulated amortisation and impairments at 01/01/2023								
Amortisation charge	26	-	-2	-11,197	-	-237	-81	-11,517
Amortisation on disposals		-	-	1,522	-	70	-	1,592
Business combination		-	-	-850	-	-	-47	-897
Exchange differences		-	19	-	-	-	-	19
Accumulated amortisation and impairments at 31/12/2023		-5,560	-780	-32,087	-	-11,922	-507	-50,856
Balance at 01/01/2023		275	16	77,944	33,486	770	68	112,559
Balance at 31/12/2023		275	14	77,026	41,198	532	1,037	120,082

Intangible assets	Note	Goodwill	Externally acquired software	Internally generated software development costs	Internally generated software in development	Concessions, patents & licences	Other	Total
At cost at 01/01/2022		5,835	774	30,582	82,181	12,307	606	132,285
Additions		-	15	1,322	19,769	321	218	21,645
Disposals		-	-	-862	-	-103	-	-965
Transfers		-	-	68,464	-68,464	-	-	-
Exchange differences		-	24	-	-	-	-4	20
Held for sale and discontinued operations		-	-	-	-	-	-373	-373
At cost at 31/12/2022		5,835	813	99,506	33,486	12,525	447	152,612
Accumulated amortisation and impairments at 01/01/2022								
Amortisation charge	26	-	-	-5,799	-	-252	-35	-6,086
Amortisation on disposals		-	-	862	-	81	-	943
Exchange differences		-	-24	-	-	-	-5	-29
Held for sale and discontinued operations		-	-	-	-	-	61	61
Accumulated amortisation and impairments at 31/12/2022		-5,560	-797	-21,562	-	-11,755	-379	-40,053
Balance at 01/01/2022		275	1	13,957	82,181	723	206	97,343
Balance at 31/12/2022		275	16	77,944	33,486	770	68	112,559

The total amortisation expense of K EUR 11,517 (2022: K EUR 6,086) has been charged in 'Depreciation and amortisation' in the income statement.

The total additions of 2023 amount to K EUR 16,305 (2022: K EUR 21,645) and are mainly related to the continuing IT investment projects.

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

5.1. Impairment testing on intangible assets not yet ready for use

Policy

Intangible assets not yet ready for use are subject to annual impairment testing, which management monitors on an ongoing, continuous basis. As such, they are allocated to the smallest identifiable group of assets that independently generates cash inflows, which in this case is Credendo – Export Credit Agency.

These intangible assets mainly consist of software systems such as SAP4I (SAP for Insurance) and other SAP4I-related systems that have been assessed by management as viable projects with feasible outcome and for which sufficient budgets to bring the projects to fruition have been approved.

CGU

The valuation of CGUs (cash-generating units) is based on the assets and liabilities held by Credendo – Export Credit Agency, except for two separately treated elements excluded from this exercise:

- 1) investments in consolidated entities (not included in Credendo – Export Credit Agency's budget);
- 2) mandatory investment in Belgian government bonds or notes, that is equal to the endowment received from the Belgian state.

Method and assumptions

The value-in-use of the assets was estimated using a dividend discount model, which is comparable to the practice of competitors in similar markets, albeit tailored to Credendo's specific characteristics.

The basis for the test consists of management's business forecasts for the next 5 years, which are recent and thus take into account current market conditions. The management forecasts of the net finance income as at 31 December 2023 applied in the test, are significantly more prudent than those applied as at 31 December 2022. Also included in the estimate is the value of the excess capital that Credendo – Export Credit Agency could potentially distribute to shareholders.

Estimating the WACC has resulted in a rate of 8.33%. This rate is applied based on the fact that Credendo – Export Credit Agency is a government agency under state guarantee with its primary mission of facilitating Belgian exports. Also, it is in line with the observable market information in the industry.

A long-term growth rate of 1.5% was applied. This rate is based on a prudent estimate of net profit growth in management's long-term budget as well as the benchmark of the market. Finally, the assumption was made that Credendo's tax regime will remain unchanged.

The key assumptions in the model, i.e. the long-term growth rate and the WACC, have been tested for sensitivity by applying multiple reasonable scenarios.

Increase in WACC

If the model's WACC is increased to 9.0%, the reduction in headroom does not result in the need to impair the intangible assets.

Decrease in permanent growth rate (g)

In case of a decrease in the g value, assumed in the model, to 0.65%, the resulting reduction in headroom does not lead to the need to impair the intangible assets.

5.2. Goodwill

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

31/12/2023	Opening	Impairment	Closing
Credendo – Guarantees & Speciality Risks	275		275
Total	275	-	275

31/12/2022	Opening	Impairment	Closing
Credendo – Guarantees & Speciality Risks	275		275
Total	275	-	275

During the fourth quarter of 2023, Credendo completed its annual impairment test for goodwill. There was no impairment of goodwill required.

6. Property, plant and equipment

6.1. Property, plant and equipment owned by Credendo

Property, plant and equipment	Note	Land & buildings	Plant, machinery & equipment	Office furniture, furnishing and vehicles	Operating equipment	Other	Total
At cost at 01/01/2023		18,746	13,456	9,561	-	19	41,782
Additions		-	423	255	-	325	1,003
Business combination		-	-	-	-	105	105
Disposals		-	-259	-267	-	-313	-839
Exchange differences		-	-17	-16	-	-	-33
At cost at 31/12/2023		18,746	13,603	9,533	-	136	42,018
Accumulated depreciation and impairments at 01/01/2023		-2,928	-11,647	-8,865	-	-5	-23,445
Depreciation charge	26	-152	-885	-244	-	-	-1,281
Depreciation on disposals		-	246	210	-	-	456
Business combination		-	-	-	-	-52	-52
Exchange differences		-	17	9	-	-	26
Accumulated depreciation and impairments at 31/12/2023		-3,080	-12,269	-8,890	-	-57	-24,296
Balance at 01/01/2023		15,818	1,809	696	-	14	18,337
Balance at 31/12/2023		15,666	1,334	643	-	79	17,722

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Property, plant and equipment	Note	Land & buildings	Plant, machinery & equipment	Office furniture, furnishing and vehicles	Operating equipment	Other	Total
At cost at 01/01/2022		18,746	15,324	9,689	185	153	44,097
Additions		-	760	69	35	-	864
Disposals		-	-2,780	-120	-	-2	-2,902
Transfers		-	132	-	-	-132	-
Exchange differences		-	20	26	12	-	58
Held for sale and discontinued operations		-	-	-103	-232	-	-335
At cost at 31/12/2022		18,746	13,456	9,561	-	19	41,782
Accumulated depreciation and impairments at 01/01/2022		-2,775	-13,201	-8,765	-166	-7	-24,914
Depreciation charge	26	-153	-901	-274	-	-	-1,328
Depreciation on disposals		-	2,475	120	-	2	2,597
Exchange differences		-	-20	-22	-10	-	-52
Held for sale and discontinued operations		-	-	76	176	-	252
Accumulated depreciation and impairments at 31/12/2022		-2,928	-11,647	-8,865	-	-5	-23,445
Balance at 01/01/2022		15,971	2,123	924	19	146	19,183
Balance at 31/12/2022		15,818	1,809	696	-	14	18,337

The total depreciation expense of K EUR 1,281 (2022: K EUR 1,328) has been charged in 'Depreciation and amortisation' in the income statement.

The total additions of 2023 amount to K EUR 1,003 (2022: K EUR 864) and are mainly related to the acquisition of hardware and furniture (K EUR 678).

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

6.2. Leased property, plant and equipment

6.2.1 Amounts recognised in the balance sheet

Following the first application of IFRS 16 on 1 January 2019, the right-of-use assets are included in the line 'Property, plant and equipment' in the balance sheet.

Right-of-use assets	2023	2022
Buildings	2,504	2,817
Vehicles	1,938	1,743
Total	4,442	4,560

Lease liabilities	2023	2022
Current	1,059	1,329
Non-current	3,541	3,367
Total	4,600	4,696

Disclosed in the table below are the contractual undiscounted cash flows related to lease contracts.

31/12/2023	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of lease liabilities
Contractual maturities of lease liabilities					
Buildings	922	1,729	-	2,650	2,650
Vehicles	1,671	1,272	-	2,944	1,950
Lease liabilities	2,593	3,001	-	5,594	4,600

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31/12/2022						
Contractual maturities of lease liabilities	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of lease liabilities	
Buildings	1,274	2,084	-	3,358	2,976	
Vehicles	994	726	-	1,720	1,720	
Lease liabilities	2,268	2,810	-	5,078	4,696	

The table below shows the aging of the maturities:

	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
Lease Liabilities								
31/12/2023	1,984	858	481	267	267	743	-	4,600
31/12/2022	2,215	819	461	248	248	705	-	4,696

6.2.2 Amounts recognised in the P&L

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	Note	2023	2022
Buildings		-1,937	-1,395
Vehicles		-1,635	-1,050
Subtotal	26	-3,572	-2,445
Interest expense (incl. In Finance cost)		94	50
Expense related to leases of low-value assets not shown as short-term leases		33	33

7. Other financial assets

The other financial assets can be detailed as follows:

in thousands EUR	2023	2022
Investments in companies in equity method	1,483	1,807
Loans to associates	708	12,908
Cash guarantees	188	182
Total Other financial assets	2,379	14,897

As mentioned in section 1. General Information, Credendo – Export Credit Agency acquired a 33% stake in Marjory SAS in 2020, which was thus integrated using the equity method. The value of the investment in Marjory SAS as at 31 December 2022 was reduced to zero due to previous year losses.

The line “Loans to associates” as at 31 December 2022 included predominantly secured debt from Credendo – Export Credit Agency to Marjory SAS. In 2023, Marjory required recapitalization, leading to the conversion of Credendo's credit facilities into equity, resulting in Credendo holding 100% of Marjory's shares and therefore fully consolidated. The loss with respect to the conversion of debt to equity in Marjory SAS was calculated as the difference between the fair value of the equity stake and the carrying amount of the converted loan at acquisition date with an impact of EUR 10.5 million. We refer to note 31.1 for more information.

In 2021, Credendo – Export Credit Agency acquired a 26.83% stake in Digiteal SA, which is also integrated using the equity method. As of 31 December 2023, Digiteal SA had a loss from continuing operations of K EUR 1,208 of which K EUR 324 are recorded as share of profit of associated and joint ventures accounted for using the equity method in the financial statements of Credendo. Due to this fact, the value of the investment in Digiteal SA as at 31 December 2023 is reduced to K EUR 1,483.

8. Financial investments

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

Analysis by classes 2023	Fair value through other comprehensive income	Fair value through profit or loss		Amortised cost	Total	
		Mandatory	Designated			Mandatory
Government bonds⁽¹⁾	-	-22		298,922	298,900	
Quoted	-	-22		-	-22	
Unquoted	-	-		298,922	298,922	
Funds invested in debt instruments	26,806	-		-	26,806	
Quoted	26,806	-		-	26,806	
Mixed & Other Funds	-	2,389,340		328	2,389,668	
Quoted	-	2,389,340		-	2,389,340	
Unquoted	-	-		328	328	
Fixed-term deposits	-	-		185,552	185,552	
Total financial investments	26,806	2,389,318		484,802	2,900,926	

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

Analysis by classes 2022	Fair value through other comprehensive income	Fair value through profit or loss		Amortised cost	Total	
		Mandatory	Designated			Mandatory
Government bonds⁽¹⁾	-	-42		298,922	298,880	
Quoted	-	-42		-	-42	
Unquoted	-	-		298,922	298,922	
Funds invested in debt instruments	27,059	-		-	27,059	
Quoted	27,059	-		-	27,059	
Mixed & Other Funds	-	2,233,566		187	2,233,753	
Quoted	-	2,233,566		-	2,233,566	
Unquoted	-	-		187	187	
Fixed-term deposits	-	-		15,918	15,918	
Total financial investments	27,059	2,233,524		315,027	2,575,610	

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

The split by asset class represents the different categories of financial instruments in which Credendo has invested. A look-through of the investments in other investment funds (Zephyr) is provided below. Total value by measurement category remains unchanged.

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 fair value through other comprehensive income financial investments that were overdue but not impaired.

At the reporting date no loans and receivables had been 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	2023	2022
Current	511,280	341,899
Non-current	2,389,646	2,233,711
Total	2,900,926	2,575,610

Zephyr

The financial investments as per 31 December 2023 mainly include financial investments in an institutional fund, called Zephyr, for an amount of EUR 2.38 billion (2022: EUR 2.22 billion). These are classified as financial investments at fair value through profit or loss (see table below for more details per asset class). Credendo chose to designate the entire portfolio of these financial investments as a whole, instead of individual classification, as financial investments at fair value through profit or loss based on the fact that these relate to 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 sub-funds and investment objectives and strategy:

- three mixed funds for a total amount of EUR 1.30 billion, managed by three different asset managers within a traditional balanced mandate on the basis of the following benchmark: 51.5% government bonds of OECD countries, 26% investment-grade corporate bonds, 12.5% equities, 6% commodities and 4% real estate;
- two mixed funds for a total amount of EUR 0,95 billion, managed by two 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 the risk budget;
- one fund that contains investments used for the Dynamic Risk Overlay of EUR 0,05 billion, managed by one asset manager, when non-active, with a traditional balanced mandate on the basis of the above-mentioned benchmark, and when active, investing in securities to counter decreasing financial markets;
- one fund that contains investments of EUR 0.08 billion that support the Energy Transition as defined in SDG n° 7 of the UN, managed by one asset-manager, with as primary objective to support this transition while optimising the return.

The Strategic Asset Allocation (SAA) for the entire investment portfolio is reviewed at least annually by the Boards of Directors, the Executive Committees and the Financial Asset Management Committees of the participating Credendo entities.

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 Committees review the portfolio positioning related to Zephyr at least on a quarterly 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 Strategic Asset Allocation 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 to EUR based on the last known exchange rate.

The financial investment portfolio in Zephyr as per 31 December 2023 can be detailed as follows:

- detail per asset class:

Asset Class	Market Value	
	2023	2022
Corporate bonds	666,644	839,994
Government bonds	925,787	740,374
Equity	449,382	283,668
Cash and cash equivalents	162,994	178,099
Commodities	118,429	111,291
Real estate	55,759	49,546
Other	-	22,148
Forward	-	-1,407
Total	2,378,995	2,223,713

- detail per currency:

Currency	Market Value	
	2023	2022
EUR	2,012,360	1,826,335
USD	289,506	299,089
CHF	28,902	29,353
JPY	708	10,896
GBP	5,769	11,563
SEK	1,216	1,334
OTHER	40,534	45,141
Total	2,378,995	2,223,713

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 a 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 December 2023 is 3.45 (31 December 2022: 3.73).

The bonds within Zephyr amount to EUR 1,592 million (2022: EUR 1,580 million). An increase (decrease) of 100 bps in interest rate at the reporting date would have decreased (increased) the market value of the bonds by EUR 54.3 million (2022: EUR 58.9 million). This analysis instrument assumes that all other variables, in particular foreign-currency rates remain constant.

The government bonds are protected by a Dynamic Risk Overlay aiming at protecting these bonds against a drop in market value higher than 7% per year.

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 via a rolling-option overlay for a drop in market value against more than 15% per month.

c) Currency risk:

The main assets in foreign currency within Zephyr are denominated in USD and amount to USD 261 million (EUR 233 million) at 31 December 2023 (31 December 2022: USD 244 million or EUR 299 million).

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

The asset managers within Zephyr monitor 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 peripheral EU countries such as Italy, Spain, Portugal and Ireland are allowed, as long as they meet all other requirements.

Debt instruments within the target volatility mandates (with limited risk budget) are of high quality as well (minimum 90% investment grade).

- Liquidity risk

The group is exposed to a 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.

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

	Note	Fair value through other comprehensive income	Fair value through profit or loss		Amortised cost	Total
		Mandatory	Designated	Mandatory		
At 01/01/2022		262,841	2,226,056		317,892	2,806,789
Additions		13,521	373,858		21,587	408,966
Disposals		-232,557	-137,884		-15,206	-385,647
Net gains/(losses) transfer to equity	16.2	-18,072	-		-	-18,072
Net gains/(losses) transfer from equity	16.2	-110	-		-	-110
Conversion differences		1,436	1,539		984	3,959
Net gains/(losses) through profit or loss		-	-217,933		-	-217,933
Held for sale and discontinued operations		-	-12,112		-10,230	-22,342
At 31/12/2022		27,059	2,233,524		315,027	2,575,610
Additions		6,046	1,650,795		185,909	1,842,750
Disposals		-5,889	-1,578,708		-16,019	-1,600,616
Net gains/(losses) transfer to equity	16.2	-12	-		-	-12
Conversion differences		-341	-		-256	-597
Net gains/(losses) through profit or loss		-	83,707		141	83,848
Other movements		-57	-		-	-57
At 31/12/2023		26,806	2,389,318		484,802	2,900,926

The huge variance in 2023 additions/disposals is explained by an internal reorganisation of the Zephyr fund. The three benchmark funds became sub-compartments of the Dynamic Risk Overlay fund. This merger did not impact the total value but did inflate the additions/disposals for the same amount. No collateral is held by Credendo against potential losses arising from impairments of fair value through other comprehensive income financial investments. A specific impairment provision will be provided against each of the individually impaired financial investments for the full amount of the impairment. In 2023, no impairment was booked (2022: no impairment).

During the period from 1 January 2023 till 31 December 2023, there have been 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	31/12/2023	31/12/2022
Deferred tax assets to be recovered after more than 12 months	2,694	4,856
Deferred tax assets to be recovered within 12 months	-	-
Deferred tax assets	2,694	4,856
Deferred tax liabilities to be recovered after more than 12 months	-5,105	-1,115
Deferred tax liabilities to be recovered within 12 months	-	-
Deferred tax liabilities	-5,105	-1,115
Net deferred tax position	-2,411	3,741

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The amounts of deferred tax assets and liabilities before set-off are as follows:

Deferred tax assets and liabilities - Set-off	31/12/2023	31/12/2022
Deferred tax assets before set-off	5,941	7,830
Set-off of deferred tax position	-3,248	-2,974
Deferred tax assets presented in the statement of financial position	2,694	4,856
Deferred tax liabilities before set-off	8,353	4,089
Set-off of deferred tax position	-3,248	-2,974
Deferred tax liabilities presented in the statement of financial position	5,105	1,115

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

Gross movements deferred taxes	Note	2023	2022
Balance at 01/01		3,741	5,292
Income statement (charge)/credit	28	-7,337	-3,432
Tax (charge)/credit relating to components of other comprehensive income	16.2	1,188	1,549
Exchange differences		-4	331
Balance at 31/12		-2,411	3,741

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the set-off 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	Financial investments	Other	Total
Balance at 01/01/2023	4,397	2,974	-	459	-	-	7,830
Charged/(credited) to the income statement	-2,149	295	-	-35	-	-	-1,889
Charged/(credited) to other comprehensive income	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
Balance at 31/12/2023	2,247	3,269	-	425	-	-	5,941

The deferred tax assets before set-off include an amount of K EUR 2,247 which relates to Credendo's tax losses carried forward. Management has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

Deferred Tax Liabilities	Provision for pension and other employee benefit obligations	Financial investments	Liabilities arising from insurance contracts	Timing differences on property, plant and equipment	Timing differences on intangible assets	Other	Total
Balance at 01/01/2023	3,349	55	34	9	585	58	4,089
Charged/(credited) to the income statement	2,972	2,489	-37	13	44	-33	5,448
Charged/(credited) to other comprehensive income	-999	-189	-	-	-	-	-1,188
Exchange differences	-	1	3	-	-	-	4
Balance at 31/12/2023	5,321	2,356	-	22	628	25	8,353

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. Insurance assets and liabilities arising from insurance contracts

10.1. Contractual Service Margin (CSM)

The CSM release pattern reflects the risk durations of the underwritten underlying contracts. The direct activity relates especially to shorter tenors, although Credendo ECA also underwrites longer tenors (in casu single risk; guarantees and risk participations). The pattern for the reinsurance contracts (held) reflects the one for the insurance liabilities ceded to the reinsurers. Reinsurance contracts (issued) are concentrated on the short term.

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31/12/2023	Contractual Service Margin							Total
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	
Insurance contracts								
Single risk	17,634	4,971	4,205	3,502	3,284	11,916	5,371	50,883
Comprehensive policy	6	-	-	-	-	-	-	6
Top-up and Excess-of-Loss	6,944	1,408	877	148	-	-	-	9,376
Guarantees and Risk participations	6,961	3,278	2,675	2,278	1,802	3,690	1,344	22,029
Risk participation (L/C confirmations)	-	-	-	-	-	-	-	-
Suretyship	101	1	-	-	-	-	-	102
Total Insurance contracts	31,646	9,657	7,757	5,928	5,087	15,606	6,715	82,396
Reinsurance contracts (issued)								
Proportional reinsurance – treaty	2,742	735	579	557	558	56	-	5,227
Proportional reinsurance – facultative	-	-	-	-	-	-	-	-
Non-proportional reinsurance – treaty	538	86	39	17	3	6	-	690
Non-proportional reinsurance – facultative	-	-	-	-	-	-	-	-
Total Reinsurance contracts (issued)	3,280	821	619	575	561	62	-	5,917
Reinsurance contracts (held)								
Proportional reinsurance – treaty	-4,643	-1,309	-1,138	-1,048	-1,054	-5,094	-2,868	-17,154
Proportional reinsurance – facultative	-340	-138	-138	-151	-151	-453	-	-1,372
Non-proportional reinsurance – treaty	-2,775	-1,197	-1,197	-1,197	-1,200	-5,225	-2,773	-15,563
Non-proportional reinsurance – facultative	-	-	-	-	-	-	-	-
Retrocessions	-	-	-	-	-	-	-	-
Total Reinsurance contracts (held)	-7,758	-2,644	-2,473	-2,396	-2,405	-10,773	-5,641	-34,089

31/12/2022	Contractual Service Margin							Total
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	More than 10 years	
Insurance contracts								
Single risk	16,786	4,751	4,407	3,727	3,007	11,632	5,577	49,887
Comprehensive policy	7	-	-	-	-	-	-	7
Top-up and Excess-of-Loss	4,130	163	-	-	-	-	-	4,293
Guarantees and Risk participations	5,417	2,466	2,111	1,749	1,411	3,700	1,899	18,753
Risk participation (L/C confirmations)	-	-	-	-	-	-	-	-
Suretyship	178	23	2	1	1	1	-	205
Total Insurance contracts	26,518	7,403	6,520	5,477	4,419	15,333	7,476	73,145
Reinsurance contracts (issued)								
Proportional reinsurance – treaty	3,087	971	799	712	704	767	-	7,041
Proportional reinsurance – facultative	-	-	-	-	-	-	-	-
Non-proportional reinsurance – treaty	321	49	16	8	2	3	-	399
Non-proportional reinsurance – facultative	-	-	-	-	-	-	-	-
Total Reinsurance contracts (issued)	3,408	1,020	815	720	706	770	-	7,439
Reinsurance contracts (held)								
Proportional reinsurance – treaty	-7,198	-946	-943	-953	-840	-3,493	-3,320	-17,693
Proportional reinsurance – facultative	403	54	94	90	-0	-1	-	640
Non-proportional reinsurance – treaty	-5,270	-866	-1,064	-1,065	-1,065	-5,022	-2,671	-17,022
Non-proportional reinsurance – facultative	-	-	-	-	-	-	-	-
Retrocessions	-	-	-	-	-	-	-	-
Total Reinsurance contracts (held)	-12,065	-1,758	-1,913	-1,927	-1,906	-8,515	-5,991	-34,075

The recognition and measurement of reinsurance assets follow the recognition and measurement of the insurance liabilities that have been ceded to the reinsurer. For Credendo's accounting policies 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 on the contracts that are reinsured, are included in the receivables (note 12).

As a security against potential default by reinsurance counterparties, Credendo may retain part of the premium that must be paid to the reinsurer on a deposit account. Each year, an interest of 80% of Euribor 3 months is paid on this deposit.

10.2. Balance sheet composition

Balance sheet composition	Current	Non-current	Total
31/12/2023			
Insurance contract assets	-	9	9
Insurance contract liabilities	28,207	517,034	545,241
Reinsurance contract assets	7,668	102,513	110,181
Reinsurance contract liabilities	3,107	-20	3,087

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Balance sheet composition	Current	Non-current	Total
31/12/2022			
Insurance contract assets	-	5,661	5,661
Insurance contract liabilities	-84,180	451,744	367,564
Reinsurance contract assets	6,020	89,754	95,774
Reinsurance contract liabilities	-	3,153	3,153

10.3. Discount rates

Currency	31/12/2023				
	1 year	5 years	10 years	15 years	20 years
CHF	0.30%	0.30%	0.30%	0.30%	0.40%
CZK	1.30%	0.80%	0.80%	0.80%	0.90%
EUR	0.80%	0.60%	0.60%	0.60%	0.60%
GBP	1.20%	0.80%	0.80%	0.80%	0.90%
HUF	0.00%	0.00%	0.00%	0.00%	0.00%
ILS	0.00%	0.00%	0.00%	0.00%	0.00%
PLN	1.20%	1.20%	1.30%	1.30%	1.20%
RON	1.50%	1.50%	1.50%	1.50%	1.40%
RUB	3.50%	3.00%	2.90%	2.90%	2.80%
UAH	2.30%	2.40%	1.30%	0.90%	0.70%
USD	1.20%	0.90%	0.90%	0.90%	0.90%

Currency	31/12/2022				
	1 year	5 years	10 years	15 years	20 years
CHF	0.30%	0.30%	0.40%	0.40%	0.40%
CZK	1.60%	1.20%	1.10%	1.10%	1.10%
EUR	0.80%	0.80%	0.80%	0.80%	0.70%
GBP	1.10%	1.00%	0.90%	0.90%	0.90%
HUF	0.00%	0.00%	0.00%	0.00%	0.00%
ILS	0.00%	0.00%	0.00%	0.00%	0.00%
PLN	1.60%	1.60%	1.60%	1.60%	1.50%
RON	1.70%	1.90%	2.10%	2.10%	2.00%
RUB	2.50%	2.30%	2.50%	2.60%	2.40%
UAH	2.30%	3.00%	1.70%	1.20%	0.90%
USD	1.30%	1.00%	0.90%	0.90%	0.90%

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10.4. LRC-LIC

The increase in LRC over 2023 goes in tandem with the increase in premium volumes. The liabilities for incurred claims increased during 2023, with a lower estimation for expected recoveries on Cuba related claims as main driver. These increases are also reflected in the estimated PVFCF figures in the next note 10.5 Insurance measurement components.

Insurance contracts by remaining coverage and incurred claims	2023					Total
	Net liabilities or assets for remaining coverage excluding loss component	Loss component	Liabilities for incurred claims (not under PAA)	LIC for contracts under the PAA		
				PVFCF	RA	
Balance at 01/01: Assets	441	-	5,220	-	-	5,661
Balance at 01/01: Liabilities	164,412	-	152,922	46,149	4,080	367,564
Balance at 01/01	163,971	-	147,702	46,149	4,080	361,903
Increase (decrease) in the statement of profit or loss and OCI						
Insurance revenue						
All other contracts	-400,653	-	-	-	-	-400,653
Total	-400,653	-	-	-	-	-400,653
Insurance service expenses						
Incurred claims* and other incurred insurance service expenses	-	-	97,156	49,927	-4,014	143,069
Amortisation of insurance acquisition cash flows	7,468	-	-	-	-	7,468
Changes related to past service (changes in FCFs related to LIC)	-	-	84,156	16,349	1,895	102,401
Changes related to future service (losses on onerous groups and reversals of such losses)	77,741	23,642	-	-	-	77,741
Total	85,209	23,642	181,312	66,277	-2,119	330,679
Insurance finance income or expense	3,014	-	-2,108	572	64	1,544
Total increase (decrease) in the statement of P&L and OCI	-312,429	23,642	179,204	66,850	-2,054	-68,430
Increase (decrease) in the cash flows						
Premiums received	392,015	-	-	-	-	392,015
Insurance acquisition cash flows	-69,109	-	-	-	-	-69,109
Incurred claims paid and other insurance service expenses paid	-	-	-48,209	-81,007	-	-129,216
Total increase (decrease) in the cash flows	322,906	-	-48,209	-81,007	-	193,690
Balance at 31/12: Assets	9	-	-	-	-	9
Balance at 31/12: Liabilities	213,133	-	298,260	31,843	2,004	545,241
Balance at 31/12 **	213,124	-	298,260	31,843	2,004	545,232

* Excluding investment components

** The difference between the opening balance plus the total adjustments for the year and the closing balance arises because payables and receivables are not included in the yearly adjustments.

Insurance contracts by remaining coverage and incurred claims	2022					Total
	Net liabilities or assets for remaining coverage excluding loss component	Loss component	Liabilities for incurred claims (not under PAA)	LIC for contracts under the PAA		
				PVFCF	RA	
Balance at 01/01: Assets	-139,758	-	142,461	-	-	2,704
Balance at 01/01: Liabilities	38,853	-	153,247	45,453	3,847	241,401
Balance at 01/01	178,611	-	10,786	45,453	3,847	238,697
Increase (decrease) in the statement of profit or loss and OCI						
Insurance revenue						
All other contracts	-344,270	-	-	-	-	-344,270
Total	-344,270	-	-	-	-	-344,270
Insurance service expenses						
Incurred claims* and other incurred insurance service expenses	-	-	173,974	63,216	-4,946	232,244
Amortisation of insurance acquisition cash flows	20,353	-	-	-	-	20,353
Changes related to past service (changes in FCFs related to LIC)	-	-	51,398	40,518	4,075	95,992
Changes related to future service (losses on onerous groups and reversals of such losses)	117,037	2,037	-	-	-	117,037
Total	137,390	2,037	225,372	103,734	-871	465,626
Insurance finance income or expense	-3,973	-	-26,903	-565	1,109	-30,331
Total increase (decrease) in the statement of P&L and OCI	-210,853	2,037	198,469	103,169	238	91,024
Increase (decrease) in the cash flows						
Premiums received	250,860	-	-	-	-	250,860
Insurance acquisition cash flows	-43,133	-	-	-	-	-43,133
Incurred claims paid and other insurance service expenses paid	-	-	-72,270	-102,473	-	-174,744
Total increase (decrease) in the cash flows	207,727	-	-72,270	-102,473	-	32,983
Balance at 31/12: Assets	441	-	5,220	-	-	5,661
Balance at 31/12: Liabilities	164,412	-	152,922	46,149	4,080	367,564
Balance at 31/12 **	163,971	-	147,702	46,149	4,080	361,903

* Excluding investment components

** The difference between the opening balance plus the total adjustments for the year and the closing balance arises because payables and receivables are not included in the yearly adjustments.

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10.5. Insurance measurement components

The increases in the estimated PVFCF figures in the table below reflect the 2023 increases in LRC which are aligned with the premium volume growth. The liabilities for incurred claims increased during 2023, with a lower estimation for expected recoveries on Cuba related claims as main driver (see also note 10.5 LRC-LIC).

Reconciliation of changes in insurance contracts by components	2023					Total
	Estimates of PV of future cash flows	RA for non-financial risk	CSM		Contracts to which PAA has been applied	
			Contracts under the FVA*	Contracts under the FRA**		
Balance at 01/01: Assets	6,661	-529	-89	-382	-	5,661
Balance at 01/01: Liabilities	185,526	35,430	15,085	65,028	66,495	367,564
Balance at 01/01	178,865	35,959	15,174	65,410	66,495	361,903
Increase (decrease) in the statement of P&L and OCI						
Changes related to future services						
Changes in estimates that adjust the CSM	-2,484	5,530	6,115	26,360	-	35,521
Changes in estimates that do not adjust the CSM	-10,655	-951	-	-	-59,215	-70,821
Changes in estimates through effects of contracts initially recognised in the period	-33,860	7,968	5,731	24,707	-	4,546
Changes related to current services						
Recognition of CSM in P&L to reflect transfer of services	-	-	-11,308	-48,743	-	-60,051
Change in RA for risk that does not relate to future or past services	-	-9,006	-	-	-	-9,006
Experience adjustments	-153,203	-14,551	-	-	95,193	-72,561
Changes related to past services (LIC)	64,062	20,094	-	-	18,244	102,400
Total	-136,140	9,084	539	2,323	54,222	-69,972
Insurance finance income or expense	-3,416	-499	916	3,951	590	1,542
Total increase (decrease) in the statement of P&L and OCI	-139,556	8,585	1,455	6,274	54,812	-68,430
Increase (decrease) in the cash flows						
Premiums received	392,015	-	-	-	-	392,015
Insurance acquisition cash flows	-69,109	-	-	-	-	-69,109
Incurred claims paid and other insurance service expenses paid	-48,209	-	-	-	-81,007	-129,216
Total increase (decrease) in the cash flows	274,697	-	-	-	-81,007	193,690
Balance at 31/12: Assets	2,271	-	-426	-1,836	-	9
Balance at 31/12: Liabilities	374,517	44,544	16,203	69,848	40,129	545,241
Balance at 31/12 ***	372,246	44,544	16,629	71,684	40,129	545,232

* Fair Value Approach

** Full Retrospective Approach

*** The difference between the opening balance plus the total adjustments for the year and the closing balance arises because payables and receivables are not included in the yearly adjustments.

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Reconciliation of changes in insurance contracts by components	2022					Total
	Estimates of PV of future cash flows	RA for non-financial risk	CSM		Contracts to which PAA has been applied	
			Contracts under the FVA*	Contracts under the FRA**		
Balance at 01/01: Assets	60,086	-27,245	-5,662	-24,409	-66	2,704
Balance at 01/01: Liabilities	126,111	21,284	3,808	15,468	74,730	241,401
Balance at 01/01	66,025	48,529	9,470	39,877	74,796	238,697
Increase (decrease) in the statement of P&L and OCI						
Changes related to future services			-			
Changes in estimates that adjust the CSM	-27,873	-1,647	6,212	26,776	-	3,468
Changes in estimates that do not adjust the CSM	-6,045	-403	-	-	-127,081	-133,529
Changes in estimates through effects of contracts initially recognised in the period	-30,258	5,343	4,946	21,318	-	1,349
Changes related to current services			-			
Recognition of CSM in P&L to reflect transfer of services	-	-	-6,053	-26,092	-	-32,145
Change in RA for risk that does not relate to future or past services	-	-5,730	-	-	-	-5,730
Experience adjustments	35,833	-20,820	-	-	176,937	191,950
Changes related to past services (LIC)	39,747	11,651	-	-	44,594	95,992
Total	11,404	-11,606	5,104	22,003	94,450	121,355
Insurance finance income or expense	-33,222	-963	599	2,582	674	-30,330
Total increase (decrease) in the statement of P&L and OCI	-21,819	-12,570	599	29,690	95,125	91,025
Increase (decrease) in the cash flows						
Premiums received	250,860	-	-	-	-	250,860
Insurance acquisition cash flows	-43,133	-	-	-	-	-43,133
Incurred claims paid and other insurance service expenses paid	-72,270	-	-	-	-102,473	-174,743
Total increase (decrease) in the cash flows	135,457	-	-	-	-102,473	32,984
Balance at 31/12: Assets	6,661	-529	-89	-382	-	5,661
Balance at 31/12: Liabilities	185,526	35,430	15,085	65,028	66,495	367,564
Balance at 31/12 ***	178,865	35,959	15,174	65,410	66,495	361,903

* Fair Value Approach

** Full Retrospective Approach

*** The difference between the opening balance plus the total adjustments for the year and the closing balance arises because payables and receivables are not included in the yearly adjustments.

10.6. Initial recognition of contracts

Effect of contracts initially recognised in the period: Insurance contracts	2023			Total
	Profitable contracts issued	Onerous contracts issued	Acquired in a business combination	
Estimates of the present value of future cash outflows				
Insurance acquisition cash flows	-	-	-	-
Other cash flows	77,761	25,607	-	103,368
Estimates of present value of cash inflows	-113,749	-23,479	-	-137,228
Risk adjustment for non-financial risk	6,146	1,823	-	7,969
CSM	30,344	94	-	30,438
Total	502	4,045	-	4,547

Effect of contracts initially recognised in the period: Insurance contracts	2022			Total
	Profitable contracts issued	Onerous contracts issued	Acquired in a business combination	
Estimates of the present value of future cash outflows				
Insurance acquisition cash flows	-	-	-	-
Other cash flows	70,385	7,466	-	77,851
Estimates of present value of cash inflows	-101,180	-6,929	-	-108,109
Risk adjustment for non-financial risk	4,834	509	-	5,343
CSM	26,215	50	-	26,265
Total	254	1,096	-	1,350

11. Assets and liabilities from reinsurance contracts held

11.1. Reinsurance LRC – LIC

Reinsurance contracts by remaining coverage and incurred claims	2023					Total
	Net liabilities or assets for remaining coverage		Liabilities for incurred claims (not under PAA)	LIC for contracts under the PAA		
	Excluding loss-recovery component	Loss recovery component		PVFCF	RA	
Balance at 01/01: Assets	-7,028	-	102,802	-	-	95,774
Balance at 01/01: Liabilities	-62	-	3,215	-	-	3,153
Balance at 01/01	-6,966	-	99,587	-	-	92,621
Net income (expenses) from reinsurance contracts held						
Reinsurance expenses	-58,205	-	3,403	-	-	-54,802
Claims recovered	-54,064	-	-	-	-	-54,064
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	68,458	-	-	68,458
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contract held	2,702	-	-	-	-	2,702
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-2,738	-	-	-	-	-2,738
Total	-112,305	-	71,861	-	-	-40,444
Effect of changes in the risk of reinsurers non-performance	17	-	-223	-	-	-206
Reinsurance finance income or expense	2,679	-	-3,834	-	-	-1,155
Total increase (decrease) in the statement of P&L and OCI	-109,609	-	67,804	-	-	-41,805
Increase (decrease) in the cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	109,833	-	-	-	-	109,833
Recoveries from reinsurance	-	-	-54,172	-	-	-54,172
Total increase (decrease) in the cash flows	109,833	-	-54,172	-	-	55,661
Balance at 31/12: Assets	-10,670	-	120,851	-	-	110,181
Balance at 31/12: Liabilities	-19	-	3,106	-	-	3,087
Balance at 31/12 *	-10,651	-	117,745	-	-	107,094

* The difference between the opening balance plus the total adjustments for the year and the closing balance arises because payables and receivables are not included in the yearly adjustments.

Reinsurance contracts by remaining coverage and incurred claims	2022					Total
	Net liabilities or assets for remaining coverage		Liabilities for incurred claims (not under PAA)	LIC for contracts under the PAA		
	Excluding loss-recovery component	Loss recovery component		PVFCF	RA	
Balance at 01/01: Assets	4,808	-	87,711	-	5	92,524
Balance at 01/01: Liabilities	-98	-	4,284	-	-	4,186
Balance at 01/01	4,906	-	83,427	-	5	88,338
Net income (expenses) from reinsurance contracts held						
Reinsurance expenses	-54,924	-	30,539	-	-	-24,385
Claims recovered	-46,136	-	-	-	-	-46,136
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	50,563	-	-	50,563
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contract held	3,008	-	-	-	-	3,008
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-2,195	-	-	-	-	-2,195
Total	-100,247	-	81,102	-	-	-19,145
Effect of changes in the risk of reinsurers non-performance	12	-	-67	-	-	-55
Reinsurance finance income or expense	1,270	-	126	-	-	1,396
Total increase (decrease) in the statement of P&L and OCI	-98,965	-	81,161	-	-	-17,804
Increase (decrease) in the cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	103,626	-	-	-	-	103,626
Recoveries from reinsurance	-	-	-88,886	-	-	-88,886
Total increase (decrease) in the cash flows	103,626	-	-88,886	-	-	14,740
Balance at 31/12: Assets	-7,028	-	102,802	-	-	95,774
Balance at 31/12: Liabilities	-62	-	3,215	-	-	3,153
Balance at 31/12 *	-6,966	-	99,587	-	-	92,621

* The difference between the opening balance plus the total adjustments for the year and the closing balance arises because payables and receivables are not included in the yearly adjustments.

11.2. Reinsurance measurement components

Reconciliation of changes in reinsurance contracts by components	2023					Total
	Estimates of PV of future cash flows	RA for non-financial risk	CSM		Contracts to which PAA has been applied	
			Contracts under the FVA*	Contracts under the FRA**		
Balance at 01/01: Assets	53,319	8,442	6,650	27,363	-	95,774
Balance at 01/01: Liabilities	3,286	-71	-11	-51	-	3,153
Balance at 01/01	50,033	8,513	6,661	27,414	-	92,621
Increase (decrease) in the statement of P&L and OCI						
Changes related to future services						
Changes in estimates through effects of contracts initially recognised in the period	-30,352	3,242	4,999	22,110	-	-
Changes in estimates that adjust the CSM	-5,249	-68	980	4,337	-	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-2,458	-279	498	2,205	-	-35
Changes related to current services						
Recognition of CSM in P&L to reflect transfer of services	-	-	-6,963	-30,800	-	-37,763
Change in RA for risk that does not relate to future or past services	-	-3,270	-	-	-	-3,270
Experience adjustments	-62,168	-5,666	-	-	-	-67,834
Changes related to past services (LIC)	62,292	6,166	-	-	-	68,458
Total	-37,935	125	-486	-2,148	-	-40,444
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	-196	-10	-	-	-	-206
Reinsurance finance income or expense	-3,778	-27	488	2,161	-	-1,156
Total increase (decrease) in the statement of P&L and OCI	-41,908	88	3	12	-	-41,805
Increase (decrease) in the cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	109,833	-	-	-	-	109,833
Recoveries from reinsurance	-54,172	-	-	-	-	-54,172
Total increase (decrease) in the cash flows	55,661	-	-	-	-	55,661
Balance at 31/12: Assets	67,551	8,560	6,660	27,410	-	110,181
Balance at 31/12: Liabilities	3,147	-41	-4	-15	-	3,087
Balance at 31/12 ***	64,404	8,601	6,664	27,425	-	107,094

* Fair Value Approach

** Full retrospective approach

*** The difference between the opening balance plus the total adjustments for the year and the closing balance arises because payables and receivables are not included in the yearly adjustments.

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Reconciliation of changes in reinsurance contracts by components	2022					Total
	Estimates of PV of future cash flows	RA for non-financial risk	CSM		Contracts to which PAA has been applied	
			Contracts under the FVA*	Contracts under the FRA**		
Balance at 01/01: Assets	49,449	9,522	6,559	26,994	-	92,524
Balance at 01/01: Liabilities	4,286	-2	-19	-79	-	4,186
Balance at 01/01	45,163	9,524	6,578	27,073	-	88,338
Increase (decrease) in the statement of P&L and OCI						
Changes related to future services						
Changes in estimates through effects of contracts initially recognised in the period	-42,632	2,912	7,765	31,955	-	-
Changes in estimates that adjust the CSM	5,549	16	-1,088	-4,477	-	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-1,620	-575	588	2,420	-	813
Changes related to current services						
Recognition of CSM in P&L to reflect transfer of services	-	-	-7,472	-30,750	-	-38,222
Change in RA for risk that does not relate to future or past services	-	-2,182	-	-	-	-2,182
Experience adjustments	-23,587	-6,529	-	-	-	-30,116
Changes related to past services (LIC)	45,360	5,203	-	-	-	50,563
Total	-16,930	-1,155	-207	-852	-	-19,144
Effect of changes in the risk of non-performance by the issuer of reinsurance contracts held	-53	-2	-	-	-	-55
Reinsurance finance income or expense	-239	146	290	1,193	-	1,390
Total increase (decrease) in the statement of P&L and OCI	-17,222	-1,011	83	341	-	-17,809
Increase (decrease) in the cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	103,626	-	-	-	-	103,626
Recoveries from reinsurance	-88,886	-	-	-	-	-88,886
Total increase (decrease) in the cash flows	14,740	-	-	-	-	14,740
Balance at 31/12: Assets	53,319	8,442	6,650	27,363	-	95,774
Balance at 31/12: Liabilities	3,286	-71	-11	-51	-	3,153
Balance at 31/12 ***	50,033	8,513	6,661	27,414	-	92,621

* Fair Value Approach

** Full retrospective approach

*** The difference between the opening balance plus the total adjustments for the year and the closing balance arises because payables and receivables are not included in the yearly adjustments.

11.3. Reinsurance initial recognition

Effect of contracts initially recognised in the period: Reinsurance contracts	2023			Total
	Contracts originated in a net cost	Contracts originated in a net gain	Acquired in a business combination	
Estimates of the present value of future cash outflows	-56,860	-22,939	-	-79,799
Estimates of present value of cash inflows	40,507	8,941	-	49,448
Risk adjustment for non-financial risk	2,409	832	-	3,241
CSM	13,944	13,166	-	27,110
Total	-	-	-	-

Effect of contracts initially recognised in the period: Reinsurance contracts	2022			Total
	Contracts originated in a net cost	Contracts originated in a net gain	Acquired in a business combination	
Estimates of the present value of future cash outflows	-70,681	-18,079	-	-88,760
Estimates of present value of cash inflows	43,390	2,738	-	46,128
Risk adjustment for non-financial risk	2,484	428	-	2,912
CSM	24,807	14,913	-	39,720
Total	-	-	-	-

For Credendo's accounting policies relating to the liabilities and assets arising from insurance and reinsurance contracts, we refer to note 2.13 Insurance contracts and reinsurance contracts.

Amounts due from reinsurers in respect of claims already paid by Credendo on the contracts that are reinsured, are included in the receivables (note 12).

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

12. Loans and receivables including reinsurance receivables

The receivables are analysed by classes in the table below:

Analysis by classes	31/12/2023	31/12/2022
Receivables on insurance and reinsurance business		
Amounts owed by policyholders and direct insurance operations	1,324	2,439
Receivables arising out of reinsurance	7,401	3,109
Provision for expected credit losses	-475	-1,479
Receivables arising from funding operations	160,284	182,189
Total receivables related to insurance activity	168,534	186,258
Other receivables	10,071	27,693
Provision for expected credit losses	-28,258	-25,983
Total other receivables	-18,187	1,710
Total receivables	150,347	187,968

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 80% of the 3-month Euribor rate, on average, is received by Credendo 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 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 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 expected credit losses on receivables	2023	2022
Balance at 01/01	-27,462	-27,005
Provisions for expected credit losses on receivables	-3,114	-3,191
Reversal of provisions for expected credit losses on receivables	1,871	2,648
Other movements	-28	86
Balance at 31/12	-28,733	-27,462

The creation and release of the provision for impaired receivables of K EUR 1,243 (2022: K EUR 543) 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.

At 31 December 2023, total loans and receivables of K EUR 128,721 (31 December 2022: K EUR 157,661) were due but not impaired. These mainly relate to accounts receivable from indemnities for which there is no recent history of default.

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Loans and receivables - 31/12/2023	Impaired and provided for	Due but not impaired	Not due	Total
Gross	28,733	128,721	21,626	179,080
Expected credit losses	-28,733	-	-	-28,733
Net	-	128,721	21,626	150,347

Loans and receivables - 31/12/2022	Impaired and provided for	Due but not impaired	Not due	Total
Gross	27,462	157,661	30,307	215,430
Expected credit losses	-27,462	-	-	-27,462
Net	-	157,661	30,307	187,968

At 31 December 2023, K EUR 28,733 (2022: K EUR 27,462) of total receivables related to insurance activity and other was impaired.

Ageing analysis - 31/12/2023	Less than 3 months	3 to 6 months	> 6 months	Total
Impaired and provided for	-13,047	-1,185	-14,501	-28,733
% of total	45%	5%	50%	100%
Total	-13,047	-1,185	-14,501	-28,733

Ageing analysis - 31/12/2022	Less than 3 months	3 to 6 months	> 6 months	Total
Impaired and provided for	-12,907	-1,098	-13,457	-27,462
% of total	47%	4%	49%	100%
Total	-12,907	-1,098	-13,457	-27,462

Ageing analysis - 31/12/2023	Less than 3 months	3 to 6 months	> 6 months	Total
Due but not impaired	15,938	8,651	104,132	128,721
% of total	12%	7.0%	81.00%	100%
Total	15,938	8,651	104,132	128,721

Ageing analysis - 31/12/2022	Less than 3 months	3 to 6 months	> 6 months	Total
Due but not impaired	7,707	4,271	145,683	157,661
% of total	5%	3%	92.00%	100%
Total	7,707	4,271	145,683	157,661

13. Other assets

The other assets can be detailed as follows:

Other assets	31/12/2023	31/12/2022
Deferred charges	1,058	499
Prepaid expenses	2,050	1,801
Accrued interests	1,454	1,442
Accrued revenue on insurance premiums	14,021	13,058
Other accrued income	1,682	2,603
Total other assets	20,265	19,403

14. Cash and cash equivalents

Cash and cash equivalents	31/12/2023	31/12/2022
Cash at bank and in hand	352,287	328,526
Short-term bank deposits	12,744	8
Cash and cash equivalents in the statement of financial position	365,031	328,534

The effective interest rate on short-term bank deposits for 2023 amounted to 0,89% (calculated as interest + forex on cash, compared to the average cash position) (2022: 0.00%).

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

Cash and cash equivalents	31/12/2023	31/12/2022
Cash and cash equivalents	365,031	328,534
Bank overdrafts	-	-
Cash and cash equivalents in the statement of cash flows	365,031	328,534

15. Endowment

	Endowment	Total
At 01/01/2022	297,472	297,472
Change in endowment	-	-
At 31/12/2022	297,472	297,472
Change in endowment	-	-
At 31/12/2023	297,472	297,472

Credendo – Export Credit Agency 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, the financial assets representing the endowment have been replaced by other financial assets generating a market-conform interest rate. As per 31 December 2023 the endowment is represented by one Euro Medium-Term Note (EMTN) which will come to maturity in 2024 and one Belgian OLO bond with maturity in 2031. These financial assets represent the capital of Credendo – Export Credit Agency 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.

16. Consolidated reserves and other comprehensive income

16.1. Consolidated reserves

	2023			2022		
	Total	NCI	Share of Parent	Total	NCI	Share of Parent
Balance at 01/01	2,605,005	-574	2,605,579	2,828,321	5,879	2,822,442
Profit/(loss) of the year	130,278	-3	130,282	-223,403	-6,453	-216,950
Other movements	590	566	24	87	-	87
Share in movements consolidated reserves	130,868	563	130,306	-223,316	-6,453	-216,863
Balance at 31/12	2,735,873	-11	2,735,885	2,605,005	-574	2,605,579

16.2. Other comprehensive income

	Note	2023			2022		
		Total	NCI	Share of Parent	Total	NCI	Share of Parent
Items that will not be reclassified to profit or loss							
Remeasurements on post-employment benefits	18	-2,377	-	-2,377	18,110	-	18,110
Deferred tax on actuarial gains/(losses) on post-employment benefits	9	999	-	999	-1,472	-	-1,472
Subtotal of items that will not be reclassified to profit or loss		-1,378	-	-1,378	16,638	-	16,638
Items that may be subsequently reclassified to profit or loss							
Fair value changes on fair value to OCI financial assets	8	-201	-	-201	-18,026	-	-18,026
Foreign exchange differences on fair value to OCI financial assets	8-27	-	-	-	-46	-	-46
Fair value changes on fair value to OCI financial assets - recycled to profit or loss	8	-	-	-	119	-	119
Foreign exchange differences on fair value to OCI financial assets - recycled to profit or loss	8-27	-	-	-	-229	-	-229
Deferred taxes thereon	9	189	-	189	4,099	-	4,099
Subtotal items from financial assets that may be subsequently reclassified to profit or loss		-12	-	-12	-14,083	-	-14,083
Exchange differences on translating foreign operations	27	6,640	-	6,640	1,586	301	1,285
Subtotal of items that may be subsequently reclassified to profit or loss		6,628	-	6,628	-12,497	301	-12,798
Total other comprehensive income for the year		5,250	-	5,250	4,141	301	3,840

The negative result reflected in the line “Fair value changes on fair value to OCI financial assets” in 2022 is due to significant negative trends in financial markets during that year.

17. Provisions for other liabilities and charges

Provisions for other liabilities and charges	Litigation	Other	Total
Balance at 01/01/2023	20	11	31
Charged/(credited) to the income statement:			
Additional provisions	12	-21	-9
Unused amounts reversed	-2	10	8
Balance at 31/12/2023	30	-	30
Current			
Current	30	-	30
Non-current			
Non-current	-	-	-

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Provisions for other liabilities and charges	Litigation	Other	Total
Balance at 01/01/2022	160	25	185
Charged/(credited) to the income statement:			
Additional provisions	-132	89	-43
Unused amounts reversed	-	-103	-103
Used during period	-8	-	-8
Balance at 31/12/2022	20	11	31
Current	20	11	31
Non-current	-	-	-

18. Employee benefit obligations

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

Employee benefit obligations	31/12/2023	31/12/2022
Short-term employee benefits	8,802	9,448
Post-employment benefits	3,945	2,706
Other long-term employee benefits	385	368
Termination benefits	-	-
Total	13,132	12,522

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

18.2.1 *Pension obligations*

Credendo operates defined-benefit pension plans in Belgium and defined-contribution plans in Austria and Switzerland.

The TOU (Technical Operating Unit) Credendo 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 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. As a result of a change in the law in December 2015, the interest rate to be guaranteed is variable starting from 1 January 2016, based on a mechanism linked to the return of the Belgian OLO bond with a minimum of 1.75% and a maximum of 3.75%. For 2023 the minimum return is 1.75%.

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 employment service in the current and prior periods. Therefore, these plans are classified and accounted for as defined-benefit plans under IAS 19, except for one pension plan. The potential additional liabilities for this pension plan as at 31 December 2023 are, however, assessed as not significant. For your information, some key figures related to the plan are given below:

- employer contributions 2023 are K EUR 197 (2022: K EUR 221).

As from 1 October 2014 the TOU Credendo introduced a new defined-benefit plan for all new hires, with the option for current employees to remain in the old defined-benefit plan.

The TOU Credendo contributes 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 and to the benefit payment to the employee.

Until 29 December 2018, Credendo – Guarantees & Speciality Risks operated defined-benefit pension plans based on employees' pensionable remuneration and length of service. One plan was 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 in which employees are entitled to a severance payment, the amount of which depends on monthly salary and years of service, and which is paid out upon resignation or at the retirement date.

As from 30 December 2018, Credendo – Guarantees & Speciality Risks introduced a new defined-contribution plan for all current and newly hired employees in Austria. As from 2019, Credendo – Guarantees & Speciality Risks contributes to this new defined-contribution plan a fixed percentage of the annual salary. The acquired entitlements from the former defined-benefit pension plan have been transferred to the new pension fund on 31 December 2018. In the new defined-contribution model, there is no minimum return on the contributions guaranteed by the employer.

Credendo – Guarantees & Speciality Risks 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 financial investments.

Credendo – Guarantees & Speciality Risks contributes to a defined-contribution plan in Switzerland for all its employees.

Credendo – Guarantees & Speciality Risks' employee benefit expense related to the defined-contribution plans amounted to K EUR 55 in 2023 (as compared to K EUR 10 in 2022).

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

Defined benefit plan	31/12/2023	31/12/2022
Year ended 31/12		
Present value of funded obligations	-58,000	-53,167
Fair value of plan assets	60,445	55,680
Deficit / surplus of funded plans	2,445	2,513
Present value of unfunded obligations	-6,390	-5,219
Net asset/(liability) in the statement of financial position	-3,945	-2,706

The increase in the present value of unfunded obligations is due to the change in accounting for the post-employment health benefit plan (see note 18.2.2 for more details).

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

Defined benefit obligation - Pension plan	2023	2022
Defined benefit obligation at 01/01	53,436	61,519
Current service cost	3,034	3,419
Interest cost	1,855	436
Remeasurements :	-284	-6,802
Remeasurements resulting from changes in financial assumptions	1,795	-16,519
Remeasurements resulting from experience gains / losses	-2,079	9,717
Administration expense	-56	-72
Taxes paid	-285	-322
Internal transfers	1,099	48
Benefits paid from plan	-636	-4,790
Defined benefit obligation at 31/12	58,163	53,436

The weighted average duration of the defined-benefit obligation in Belgium is 10 years.

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

Fair value of plan assets	2023	2022
Fair value of plan assets at 01/01	55,680	56,338
Interest income	1,988	415
Remeasurements: return on plan assets excluding interest income	-905	296
Internal transfers	1,277	80
Employer contributions	3,248	3,639
Administration expense	-56	-72
Taxes paid	-285	-305
Benefits paid from plan	-502	-4,711
Fair value of plan assets at 31/12	60,445	55,680

Plan assets are represented by the following instruments:

Plan assets	31/12/2023	31/12/2022
Equity instruments	5,686	5,320
Government and corporate bonds	42,312	34,326
Corporate loans	2,780	5,245
Real estate	8,674	9,312
Cash	51	43
Qualifying insurance policies	942	1,434
Total	60,445	55,680

Pension plan assets include three financing funds at insurance companies.

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The amounts recognised in the income statement are as follows:

Income statement - Pension plan	31/12/2023	31/12/2022
Current service cost	3,034	3,419
Net interest cost	-133	-77
Expense recognised in income statement	2,901	3,342

The total cost of post-employment benefits of K EUR 2,901 (31 December 2022: K EUR 3,342) is included within employee benefit expenses in the income statement.

Remeasurements included in other comprehensive income are as follows:

Remeasurements other comprehensive income - Pension plan	31/12/2023	31/12/2022
Remeasurements :	278	6,882
Remeasurements resulting from changes in financial assumptions	-1,807	16,588
Remeasurements resulting from experience gains / losses	2,085	-9,707
Return on plan assets excluding interest income	-1,713	344
Total remeasurements included in OCI	-1,435	7,225

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

Actuarial assumptions - Pension plan	31/12/2023	31/12/2022
Discount rate	3.10%	3.50%
Future inflation rate	2.25%	2.25%
Future salary increases (after age of 30)	1.25%	1.25%
Future salary increases (up to age of 30)	5.00%	5.00%
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 31/12/2023		
Discount rate	-0.25%	+1.13%

The above sensitivity analysis is 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. For 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 for 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.

Expected contributions to post-employment defined-benefit plans for the year ending 31 December 2024 are K EUR 2,763.

18.2.2 Other post-employment obligations

The group operates a post-employment health benefit plan in Belgium. This plan is unfunded.

The movement in the other post-employment obligations over the year is as follows:

Defined benefit obligation - Health plan	2023	2022
Defined benefit obligation at 01/01	4,950	14,856
Current service cost	265	1,009
Interest cost	181	162
Remeasurements :	942	-10,885
Remeasurements resulting from changes in financial assumptions	779	-3,268
Remeasurements resulting from experience gains / losses	164	-7,617
Benefits paid from plan	-112	-192
Defined benefit obligation at 31/12	6,227	4,950

The amounts recognised in the income statement are as follows:

Income statement - Health plan	31/12/2023	31/12/2022
Current service cost	265	1,009
Net interest cost	181	-30
Expense recognised in income statement	446	979

Remeasurements included in other comprehensive income are as follows:

Remeasurements other comprehensive income - Health plan	31/12/2023	31/12/2022
Remeasurements :		
Remeasurements resulting from changes in financial assumptions	-779	3,268
Remeasurements resulting from experience gains / losses	-163	7,617
Total remeasurements included in OCI	-942	10,885

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

Actuarial assumptions - Health plan	31/12/2023	31/12/2022
Discount rate	3.10%	3.70%
Medical Increase trend	5.25%	5.25%
Mortality	MR-5/FR-5	MR-5/FR-5

Expected contributions to the post-employment health benefit plan for the year ending 31 December 2024 are K EUR 565.

18.3. Other long-term employee benefits

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

19. Payables

The payables are analysed in the table below:

Payables	31/12/2023	31/12/2022
Payables on insurance and reinsurance business		
Amounts due to policyholders	530	-
Payables arising out of reinsurance operations	22,267	18,759
Total payables	22,797	18,759

Payables	31/12/2023	31/12/2022
Current	19,390	15,676
Non-current	3,407	3,083
Total	22,797	18,759

Amounts due to policyholders and other parties related to the contract mainly concern 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 one year.

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

20. Other liabilities

The other liabilities can be detailed as follows:

Other liabilities	31/12/2023	31/12/2022
Lease liabilities	4,600	4,696
Other debts	29,075	37,672
Accrued charges and deferred income	19,072	8,429
Total	52,747	50,797

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

The detail of lease liabilities is described in notes 2.20 and 6.2.

As per 31 December 2023, total other debts mainly related to invoices to be received of K EUR 8,202 (31 December 2022: K EUR 9,751), debt towards the Belgian state of K EUR 306 (31 December 2022: K EUR 1,167) and other non-insurance-related supplier debts of K EUR 11,862 (31 December 2022: K EUR 18,274).

The total accrual of K EUR 19,072 as per 31 December 2023 mainly relates to operating and administration expenses of K EUR 16,522 (31 December 2022: K EUR 5,644), accrued interests of K EUR 860 (31 December 2022: K EUR 320) and deferred interest income of K EUR 1,620 (31 December 2022: K EUR 1,225).

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

21. Insurance revenue

31/12/2023	Insurance revenue							
	Single risk	Comprehensive policy	Top-up and Excess-of-Loss	Guarantees and Risk participations	Risk participation (L/C confirmations)	Suretyship	Reinsurance contracts (issued)	Total
Contracts measured under the BBA								
Amounts relating to changes in liabilities for remaining coverage	92,647	20,051	52,314	16,324	-	20,013	89,369	290,718
Insurance service expenses incurred during the period	73,461	19,943	39,134	12,045	-	19,016	85,049	248,648
Change in risk adjustment for non-financial risk	3,318	92	1,987	316	-	689	662	7,064
Contractual service margin recognised in profit or loss	15,868	16	11,193	3,963	-	308	3,658	35,006
Portion of premiums that relate to recovery of acquisition cash flows	-	-	-	-	-	-	-	-
Total	92,647	20,051	52,314	16,324	-	20,013	89,369	290,718
Contracts measured under the PAA								
	-	135,660	-	-	16,220	-	-	151,880
Total insurance revenue	92,647	155,711	52,314	16,324	16,220	20,013	89,369	442,598

31/12/2022	Insurance revenue							
	Single risk	Comprehensive policy	Top-up and Excess-of-Loss	Guarantees and Risk participations	Risk participation (L/C confirmations)	Suretyship	Reinsurance contracts (issued)	Total
Contracts measured under the BBA								
Amounts relating to changes in liabilities for remaining coverage	77,087	16,610	35,928	19,366	-	15,502	74,730	239,223
Insurance service expenses incurred during the period	59,625	16,510	26,941	14,983	-	14,463	65,894	198,416
Change in risk adjustment for non-financial risk	2,690	50	1,074	494	-	555	864	5,727
Contractual service margin recognised in profit or loss	14,772	50	7,913	3,889	-	484	7,972	35,000
Portion of premiums that relate to recovery of acquisition cash flows	-	-	-	-	-	-	-	-
Total	77,087	16,610	35,928	19,366	-	15,502	74,730	239,223
Contracts measured under the PAA								
	-	143,572	-	-	6,092	-	-	149,664
Total insurance revenue	77,087	160,182	35,928	19,366	6,092	15,502	74,730	388,887

22. Insurance expenses

31/12/2023	Insurance expenses							
	Single risk	Comprehensive policy	Top-up and Excess-of-Loss	Guarantees and Risk participations	Risk participation (L/C confirmations)	Suretyship	Reinsurance contracts (issued)	Total
Contracts measured under the BBA								
	111,122	9,383	33,870	14,520	-	21,954	55,518	246,367
Contracts measured under the PAA*								
	-	96,336	-	-	-13,926	-	-	82,410
Total insurance expenses	111,122	105,719	33,870	14,520	-13,926	21,954	55,518	328,777

* Premium Allocation Approach

31/12/2022	Insurance expenses							
	Single risk	Comprehensive policy	Top-up and Excess-of-Loss	Guarantees and Risk participations	Risk participation (L/C confirmations)	Suretyship	Reinsurance contracts (issued)	Total
Contracts measured under the BBA								
	154,936	5,408	11,711	12,580	-	16,143	67,505	268,283
Contracts measured under the PAA*								
	-	119,881	-	-	2,805	-	-	122,686
Total insurance expenses	154,936	125,289	11,711	12,580	2,805	16,143	67,505	390,969

* Premium Allocation Approach

23. Net finance income/(expenses) from reinsurance contracts

	Net investment result for reinsurance contracts	
	31/12/2023	31/12/2022
Insurance finance income/(expense)		
Interest expenses	-1,547	139
FX differences	497	422
Economical changes	-	-
Total	-1,050	561

24. Net finance income/(expenses) from insurance contracts

Net investment result for insurance contracts		
	31/12/2023	31/12/2022
Insurance finance income/(expense)		
Interest expenses	-3,459	36,615
FX differences	3,372	-5,042
Economical changes	-	-
Total	-87	31,573

A marked reversal in income/(expenses) is noted. The financial income of EUR 32.1 million in 2022 shifted to a financial expense of EUR 1.1 million in 2023. This is mainly due to the reversal of discounting effects, as the steep rise in EUR interest rates in 2022 drove gains that partially unwound with the modest interest rate decline in 2023.

25. Finance income and expense

2023	AC			FVOCI		FVPL		Total
				Mandatory	Designated	Mandatory		
Net gain or losses on:								
FVPL financial assets	-	-	-	-	-	100,813	-	100,813
AC financial assets	-940	-	-	-	-	-	-	-940
Total interest revenue/expense on:								
AC financial assets	19,403	-	-	-	-	-	-	19,403
Fees income or expenses on:								
Financial assets not measured at FVPL	-	-	-	-	-	-433	-	-433
Total interest revenue and investment income								
Amounts recognised in profit or loss	18,463	-	-	-	-	100,380	-	118,843
Amounts recognised in OCI	-	-	-	-	-	-	-	-
Total interest revenue and investment income	18,463	-	-	-	-	100,380	-	118,843

2022	AC			FVOCI		FVPL		Total
				Mandatory	Designated	Mandatory		
Net gain or losses on:								
FVPL financial assets	-	-	-	-	-	-203,955	-	-203,955
AC financial assets	7,552	-	-	-	-	-	-	7,552
Total interest revenue/expense on:								
AC financial assets	16,060	-	-	-	-	-	-	16,060
Fees income or expenses on:								
Financial assets not measured at FVPL	-	-	-	-	-	-693	-	-693
Total interest revenue and investment income								
Amounts recognised in profit or loss	23,613	-	-	-	-	-204,648	-	-181,036
Amounts recognised in OCI	-	-	-	-	-	-	-	-
Total interest revenue and investment income	23,613	-	-	-	-	-204,648	-	-181,036

Since 2014 most financial investments of Credendo – Export Credit Agency have been held through an institutional fund, called Zephyr, that is accounted for as financial asset with fair-value changes through profit or loss (FVPL), based on the fact that these investments 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.

**Credendo – Consolidated financial statements
for the year ended 31 December 2023**

At the end of 2021 and during 2022 both Credendo – Guarantees & Speciality Risks and Credendo – Short-Term Non-EU Risks transferred their respective investment portfolios to Credendo’s investment fund Zephyr.

The positive changes reflected in the income from these Zephyr financial assets at FVPL of EUR 100.8 million compared to the 2022 losses of EUR 204.0 million, result from a significant improvement of the financial markets at the end of 2023. This total amount contains the latent capital gains booked on the balance sheet for EUR 83.7 million and the realised capital gains, as well as several realised and unrealised forex elements. With total interest revenue including foreign exchange gains/losses, on financial assets at amortised cost (AC) of EUR 19.4 million, this positive change remains at the same level as the 2022 result of EUR 16.1 million.

26. Net operating expenses (other than claims)

Other operating income and expense	31/12/2023			31/12/2022		
	Expenses not allocated to FCF	Expenses allocated to FCF	Total expenses	Expenses not allocated to FCF	Expenses allocated to FCF	Total expenses
	Commissions from reinsurers	-	39,879	39,879	-	36,252
Investigation costs recharged	-	4,766	4,766	-	5,007	5,007
Interest received on claims	-	3,821	3,821	-	901	901
Other recoveries	3,660	264	3,924	9,483	-3,515	5,968
Other operating income	3,660	48,730	52,390	9,483	38,645	48,128
Wages, salaries and other benefits	-5,015	-38,645	-43,660	-4,778	-36,373	-41,151
Social security charges	-1,405	-9,293	-10,698	-1,295	-8,506	-9,801
Pension costs - defined contribution plans	-2	-195	-197	-	-221	-221
Pension costs - defined benefit plans	-490	-2,120	-2,610	-485	-2,857	-3,342
Health plan	-42	-293	-335	-137	-842	-979
Employee benefits expenses	-6,954	-50,546	-57,500	-6,695	-48,799	-55,494
Broker fees	-	-34,015	-34,015	-	-31,381	-31,381
Commissions to inward reinsurance	-	-28,264	-28,264	-	-19,305	-19,305
Administration costs	-8,102	-25,235	-33,337	-5,855	-27,017	-32,872
Services and other goods	-8,102	-87,514	-95,616	-5,855	-77,703	-83,558
Amortisation intangible assets	-11,517	-	-11,517	-5,390	-696	-6,086
Depreciation PPE (right-of-use assets included)	-4,853	-	-4,853	-3,607	-166	-3,773
Depreciation and amortisation	-16,370	-	-16,370	-8,997	-862	-9,859
General expenses and acquisition costs	-674	-4,516	-5,190	-9,462	-4,940	-14,402
Investigation costs	-	-3,602	-3,602	-	-3,780	-3,780
Write-offs on trade receivables	-1,852	-3,165	-5,017	-630	-774	-1,404
Final losses on trade debtors	-	-1,076	-1,076	-634	-1,738	-2,372
Other expenses	-10,699	10,651	-48	-141	61	-80
Other operating expenses	-13,225	-1,708	-14,933	-10,867	-11,171	-22,038
Total expenses	-40,991	-91,038	-132,029	-22,931	-99,890	-122,821

The number of employees (in FTE) as per 31 December 2023 amounted to 500.3 (31 December 2022: 523.6 including discontinued operations).

The total 2023 consolidated audit fees of our statutory auditor KPMG Belgium amount to K EUR 839 (2022: K EUR 498) and no other audit fees (2022: K EUR 52). The 2023 fees for our statutory auditor’s network include audit fees of K EUR 111 (2022: K EUR 64), and non-audit fees for other missions external to the audit amount to K EUR 7 (2022: K EUR 7) (mainly tax services).

27. Net foreign-exchange gains and losses

Net foreign exchange gains	Note	31/12/2023	31/12/2022
Net exchange gains/(losses) recognised in profit or loss		839	11,018
Net exchange gains/(losses) from operating activities		10,073	-1,611
Net exchange gains/(losses) from investing activities		-9,234	12,629
Net exchange gains/(losses) through other comprehensive income		6,640	1,311
Net exchange gains/(losses) through other comprehensive income	16.2	-	-275
Exchange differences on translating foreign operations	16.2	6,640	1,586
Total		7,479	12,329

Total net exchange gains recognised in the income statement amount to K EUR 839 (31 December 2022: gains of K EUR 11,018).

The volatility in exchange differences (gains on investing 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 6,640 (31 December 2022: K EUR 1,311).

28. Income tax expense

Income tax expense	2023	2022
Current taxes on income for the reporting period	-10,414	-6,627
Current taxes referring to previous periods	-2,358	95
Total current tax	-12,771	-6,532
Deferred tax expense	-7,337	-3,432
Total deferred tax	-7,337	-3,432
Income tax (expense) / credit	-20,108	-9,964

Tax on Credendo's profit before tax differs from the theoretical amount that would arise using the domestic tax rate (tax rate applicable to profits of Credendo – Export Credit Agency: 0%) as follows:

Tax rate	2023	2022
Profit before income taxes	150,387	-194,102
Domestic tax rate	0.00%	0.00%
Income tax (expense) / credit calculated at domestic tax rate		
Effects of:		
Tax rate effect	-10,752	-1,496
Disallowed expenses	-6,998	-8,562
Other permanent differences	-	-
Prior year adjustment	-2,358	95
Other	-	-
Income tax (expense) / credit for the year	-20,108	-9,964

Tax weighted average applicable 2023 tax rate amounts to 11.1% excluding discontinued operations (31 December 2022 restated: -5.1%). This results from the fact that the key source of profit is Credendo – Export Credit Agency, which is taxed at a 0% rate.

29. Contingencies

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

30. Related-party transactions

The ultimate parent of Credendo – Export Credit Agency is the Belgian state.

The following transactions have been carried out with related parties.

30.1. Key management compensation

Key management includes members of the Board of Directors as well as the members of the Executive Committee and senior non-executive management of all Credendo entities. Compensation paid or payable to key management for employee services is shown below:

	31/12/2023	31/12/2022
Salaries and other short-term employee benefits	8,688	7,848
Post-employment benefits	2,469	1,631
Leasing company car	233	237
Total	11,390	9,716

30.2. Year-end balances for related-party transactions

	31/12/2023	31/12/2022
Investments in companies in equity method and loans to associates	2,191	14,818
Loans and receivables incl. reinsurance receivables	49	54
Total Receivables	49	54
Payables	306	1,167
Total Payables	306	1,167

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 Credendo – Export Credit Agency.

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

We also refer to note 15 relating to the endowment that is granted to Credendo – Export Credit Agency by the Belgian state for an amount of K EUR 297,472.

31. List of consolidated companies

The subsidiaries of Credendo – Export Credit Agency and Credendo's percentage of ordinary share capital are presented below.

31.1. Subsidiaries

	31/12/2023		31/12/2022		Country of incorporation
	% of interest	% of control	% of interest	% of control	
Credendo – Short-Term Non-EU Risks	100%	100%	100%	100%	Belgium
Credendo – Short-Term EU Risks	100%	100%	100%	100%	Czech Republic
Credendo – Guarantees & Speciality Risks	100%	100%	100%	100%	Belgium
Holding CIS	66.67%	66.67%	66.67%	66.67%	Belgium
Immo Montoyer	100%	100%	100%	100%	Belgium
Marjory S.A.S.	100%	100%	33%	33%	France

In 2020, Credendo – Export Credit Agency acquired a 33% stake in Marjory SAS, an iPaaS provider specialised in multi-sided platforms such as marketplaces. Credendo also financed Marjory through secured debt. A restructuring, consisting of a capital increase and decrease, was carried out in Marjory's capital on December 1, 2023. The outstanding loans, including capitalised interest amounting to EUR 16.7 million, were converted into capital. An additional capital increase of EUR 4.7 million was made. The carried-forward losses up to December 31, 2022, were covered by a capital reduction in the amount of EUR 10.5 million. The capital restructuring resulted in Credendo holding 100% of Marjory's shares. Consequently, Marjory SAS is no longer considered as an associate entity but included in Credendo's financial statements as a subsidiary.

At 31 December 2023, Marjory SAS shows a balance total of K EUR 8,131 (2022: K EUR 3,599), of which K EUR 4,649 cash and cash equivalents (2022: K EUR 221), receivables to the value of K EUR 693 (2022: K EUR 1,116), and a total amount of K EUR 2,749 (2022: K EUR 2,233) consisting mainly of intangible assets for K EUR 2,695 (K EUR 2,204). The equity and liabilities total comprises mainly a net equity of K EUR 7,530 (2022: K EUR -10,766), financial liabilities of K EUR 0 (2022: K EUR 13,513) and payables of K EUR 530 (2022: K EUR 782).

Total non-controlling interests as per 31 December 2023 amount to K EUR -11 and only relate to the 33.33% participation held by JSC InWest-Policy, having its registered office at 41 Lesnaya Street, 127994 Moscow, Russian Federation, in Holding CIS.

Via Holding CIS, JSC InWest-Policy indirectly held the same minority participation in Protecta Trade Insurance, formerly Credendo – Ingosstrakh Credit Insurance (non-controlling interests per 31 December 2022: K EUR -574). All assets to the value of K EUR 54,192 and liabilities to the value of K EUR 26,143 were reclassified as 'held-for-sale' in relation to the discontinued operations as at 31 December 2022. This disposal group was measured at the lower of its carrying amount and fair value less costs to sell (i.e. EUR 1) which resulted in a full impairment loss of K EUR 28,049. Considering the 2022 net result of Protecta Trade Insurance of K EUR 8,712, the net impact on the income statement equals K EUR 19,337.

However, as Credendo is no longer entitled to variable returns from its involvement in the company (neither from holding the investment nor from selling it) and is not exposed to any risks related to its investment, management considered that control had been lost and it made economic sense to deconsolidate this Russian investment, as supported by IFRS 10.

Due to the escalating complexity and breadth of sanctions imposed by the European Union, the United States, and Russia, Credendo management concluded that it no longer retained effective control over its Russian subsidiary, Protecta Trade Insurance. This assessment was reinforced by the resignation of all Credendo-appointed board members in March 2023 and the complete severance of operational and IT-technical ties with the entity. In addition, the sale of the company is not considered as highly probable anymore and the 'held-for-sale' classification under IFRS 5 has been dropped. The investment in the Russian company is now classified as an equity investment and accounted for under IFRS 9.

As total non-controlling interests are not material to the consolidated financial statements of Credendo, no further detailed information on the subsidiaries with non-controlling interests is disclosed. There are no statutory, contractual or regulatory restrictions on Credendo's ability to access or use the assets and settle the liabilities of the group.

31.2. Associates

In 2021, Credendo – Export Credit Agency acquired a 26.83% stake in Digiteal SA, a European fintech company active in invoice presentation, payments and bank statements. At 31 December 2023, Digiteal SA shows a balance total of K EUR 1,459 (31 December 2022: K EUR 2,718 restated), a total equity of K EUR 1,094 (31 December 2022: K EUR 2,531 restated) and a total loss after taxes of K EUR 1,206 (31 December 2022: K EUR 865 restated).

	31/12/2023		31/12/2022		Country of incorporation
	% of interest	% of control	% of interest	% of control	
Digiteal S.A.	26.83%	26.83%	26.83%	26.83%	Belgium

32. Events occurring after the reporting period

In 2020, Credendo – Export Credit Agency acquired a 33% stake in Marjory SAS, an iPaaS provider specialised in multi-sided platforms such as marketplaces. Credendo – Export Credit Agency also financed Marjory SAS through secured debt. In 2023, Marjory SAS required recapitalisation. Credendo Export Credit Agency's credit facilities were converted into equity, resulting in Credendo ECA holding 100% of the shares in Marjory SAS. The initial investment and subsequent recapitalisation were made with the expectation of growth and profitability rates foreseen in Marjory SAS's business plan and financial plan. However, the actual financial and operational performance of Marjory SAS have not met these expectations. Considering the foregoing and since no third-party investors were found to enter into the share capital of Marjory SAS within the set time frame, the Board of Directors of Credendo – Export Credit Agency gave its formal approval in December 2024 for the voluntary liquidation and dissolution of Marjory SAS, acknowledging the full write-down of its existing investment in Marjory to the value of EUR 10.9 million.

In 2021, Credendo – Export Credit Agency acquired a 26.83% stake in Digiteal SA, a European fintech company active in invoice presentation, payments and bank statements. In February 2024, following Credendo – Export Credit Agency's full acquisition of Digiteal SA, Aera Payment & Identification AS (a

Norwegian payment service provider) took over Digiteal SA which resulted in (i) Digiteal becoming a wholly owned and controlled subsidiary of Aera and (ii) Credendo – Export Credit Agency being attributed a 15,43% stake in Aera. In November 2024, Aera structured a funding round for an amount of NOK 160M (± EUR 13,5 M) through the issuance of new shares. As Credendo – Export Credit Agency was not willing to participate in that subsequent funding round, the share issuance was directed at the other shareholders in Aera who were willing to participate in the funding round at that stage. As a result, Credendo – Export Credit Agency currently holds a 13.8% stake in Aera. Despite the decrease in the interest held by Credendo – Export Credit Agency, the investment in Aera still meets the definition of an investment in an associate as Credendo – Export Credit Agency still holds significant influence over Aera. The investment therefore continues to be accounted for under the equity method. This post-closing event had no impact on the income statement.

Credendo – Short-Term Non-EU Risks initiated a merger by absorption process with a sister company within the Credendo group, Credendo – Short-Term EU Risks, based in Czech Republic, at the beginning of 2024. The merged entity goes by the name of Credendo – Trade Credit Insurance. This merger received formal approval from the relevant supervisory authorities and took effect on 11 April 2025.

After the reporting period, no further events have occurred that could have resulted in a material impact on the reported figures as of 31 December 2023.

Therefore, Credendo's 2023 IFRS Consolidated Financial Statements have been established on a going-concern basis.