



Mission and structure

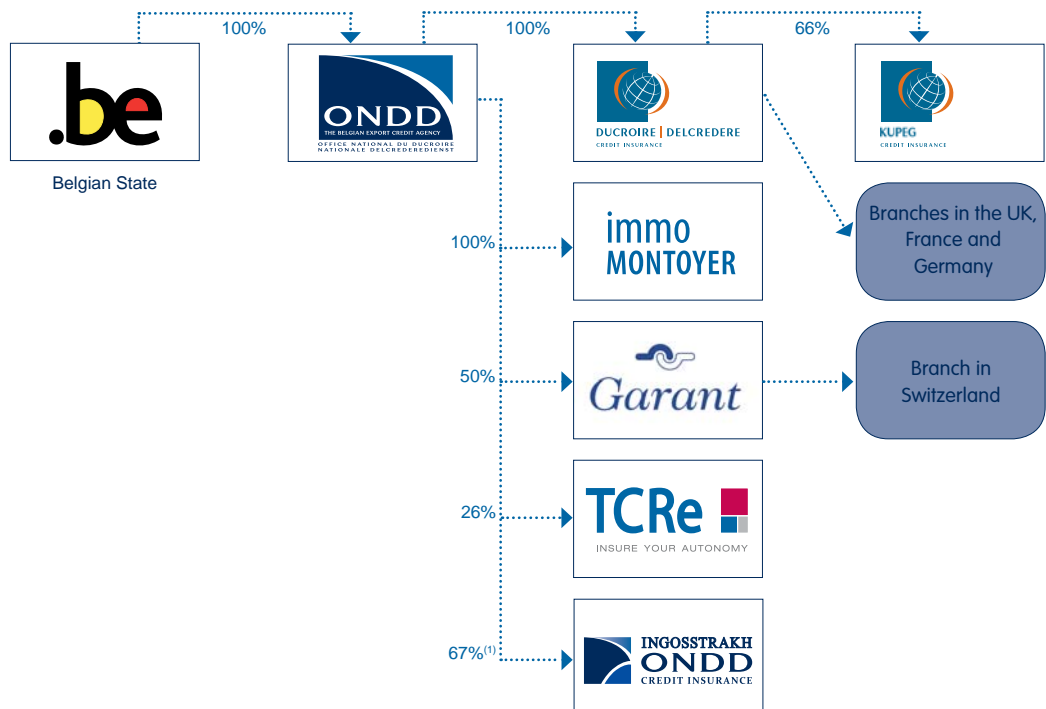
ONDD Mission

The Office national du ducroire | Nationale Delcredere dienst (ONDD) is the Belgian public credit insurer with a mission to promote international economic relations. ONDD performs this task as an autonomous government institution enjoying the state guarantee.

ONDD Scope

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

ONDD Group Structure



(1) ONDD held a 1% stake in the joint venture Ingosstrakh ONDD Kreditnoye Strachovanie in August 2009, the time of its establishment, with the Russian insurance company Ingosstrakh holding 99%. The stake of ONDD was increased to 67% at the end of February 2010.

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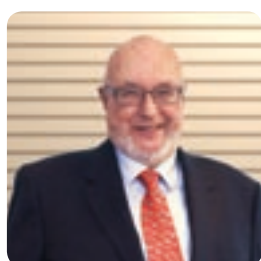
01.

**Corporate
governance**

'In the challenging economic environment that we faced in 2009 it was only thanks to the unrelenting efforts of our employees that we were able to stay on track with the continued growth and expansion of our group.'



Departure of Jean-Pierre Pauwels



In 2009 the Office national du ducroire | Nationale Delcredere dienst (ONDD) celebrated its seventieth anniversary as an autonomous institution.

Over this seventy-year period ONDD's Board of Directors was headed by five different Chairmen:

1. Albert Goffin, from 31 August 1939 to 13 February 1941
2. Baron Eugène de Barsy, from 14 February 1941 to June 1975
3. Baron Jean Godeaux, from June 1975 to March 1982
4. Oswald Adriaensen, from March 1982 to October 1989
5. Jean-Pierre Pauwels, from October 1989 to December 2009

Jean-Pierre Pauwels, a civil engineering graduate from the State University of Ghent who also obtained a doctorate in economics from the Sorbonne, guided ONDD for more than 20 years! This was not only a long period, but also one that proved to be particularly fruitful and innovative. A few key events behind which Jean-Pierre Pauwels was the driving force serve to illustrate his influence:

- the financial restructuring of 1991. By selling to the State ONDD's receivables due by the world's poorest countries within the

framework of an international programme of development assistance, Jean-Pierre Pauwels, with support from the then Minister of Finance, Philippe Maystadt, succeeded in getting ONDD's finances back on track, and they have remained in good shape ever since. From that point he also managed to maintain the institution's financial strength, which was the aim behind its establishment as an autonomous institution in 1939.

- the growth of the business. Thanks to his creativity and the constant yet critical attention he devoted to the needs of our clients and the development of markets, Jean-Pierre Pauwels helped the ONDD group to increase its amounts insured from 3 billion Euros in 1989 to 19.2 billion Euros in 2009.
- the establishment of Ducroire | Delcredere SA.NV in 2004. This made it possible for ONDD to make an immediate entry into the extremely competitive private credit insurance market, and today it remains the only player on this market whose capital and decision-making centre are in Belgian hands.
- abolition of the civil-servant status of staff in 2006. Since then all ONDD group staff have been working under a private employment contract that is much more in keeping with the commercial nature of the institution's services.

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- the internationalisation of ONDD's activities. This began in 1996 with the commencement of ONDD's market activity and was implemented further from 2005 onwards through the establishment of foreign branches: branches of Ducroire | Delcredere SA.NV in the United Kingdom, France and Germany, and subsidiaries in Belgium, Austria, the Czech Republic and Russia. In this way Jean-Pierre Pauwels enabled the ONDD group to make a purposeful entry into an increasingly globalised market. This development was realised using ONDD's equity, without the State making any contribution to the costs.

Jean-Pierre Pauwels was the Chairman who presided over the rebirth. There can be no doubt that he gave the ONDD group an international dimension that brought it into line with the fundamental changes world trade has experienced since 1939. The entire ONDD group and its staff are particularly grateful to him for making this transformation possible, for supporting it and steering it in the right direction.

Departure of Yves Windelincx



Yves Windelincx
Honorary Chief
Executive Officer
ONDD

Yves Windelincx joined ONDD in 1974 as an underwriter. He became Deputy Chief Executive Officer in 1985 and was made Chief Executive Officer in 2003.

In 2009 he gave up the post of Chief Executive Officer of ONDD after 36 years in the service of its policyholders. Needless to say, during this period he saw and experienced the effects of various economic cycles and crises on the life of the company.

He also participated in the transformation of ONDD and he personally contributed to its adoption of a truly commercial model appropriate to its environment and clientele.

These changes, which opened up a new dimension, were made in complete agreement with and with the full support of Jean-Pierre Pauwels, Chairman of ONDD's Board of Directors until the end of 2009.

ONDD, which was proud to achieve income from premiums equivalent to nearly 13 million Euros in 1974, 44 million Euros in 1985 and more than 83 million Euros in 2003, now reports consolidated premiums of 285.6 million Euros. This represents a growth of more than 200% between 2003 and the present.

The dynamism of the institution and of each of its members of staff has played a large part in this growth, as has the continuous expansion of the types of cover offered and real innovation in the product range.

In addition, by transforming risks into opportunities, Yves Windelincx, supported by the Board of Directors and the staff, laid the foundations for the group's development by setting up DuCroire | Delcredere SA.NV in 2004. This first step was followed by others, and ONDD is now a truly international group with subsidiaries and branches in Belgium and abroad.

The expansion of the product range and the development of the group, combined with the expertise it has acquired, have raised ONDD to the rank of a model credit insurance institution.

Yves Windelincx also instilled dynamism and introduced a strategy that has opened up many opportunities for ONDD today. ONDD as a whole would like to express its gratitude to him for steering it towards this enviable position.

Composition of ONDD's administrative bodies

Board of Directors

Vincent REUTER	Chairman
Peter LEYMAN	Vice-Chairman
Jean-Pierre ARNOLDI	Member, representative of the Minister of Finance
Franciscus GODTS	Alternate member
Hans BRUYNINCKX	Member, representative of the Minister for Public Companies
Charline DESMECHT	Alternate member
Liliane BLOEM	Member, representative of the Minister for Foreign Affairs
Mark GELEYN	Alternate member
François ROUX	Member, representative of the Minister for Development Cooperation
Xavier DE CUYPER	Alternate member
Henk MAHIEU	Member, representative of the Minister for Foreign Trade
Sophie DE WISPELAERE	Alternate member
Nicolas WAEYAERT	Member, representative of the Minister for Economy
Erik STERCKX	Alternate member
Tony JANSSEN	Member
Daniel VAN DAELE	Alternate member
Fabienne L'HOOST	Member
Marc BOGAERTS	Alternate member
Frederic TEERLYNCK	Member
Isabelle CALLENS	Alternate member
Koen ALLAERT	Member, representative of the Flemish Government
Dirk LAMMENS	Alternate member
Jan CORNILLIE	Member, representative of the Flemish Government
Jan ROEGIERS	Alternate member
Georges STIENLET	Member, representative of the Flemish Government
Christine FAES	Alternate member

Jean-Jacques WESTHOF	Member, representative of the Walloon Government
Thierry CASTAGNE	Alternate member
Silvana FLAGOTHIER	Member, representative of the Walloon Government
Francis MULLERS	Alternate member
Pascale DELCOMMINETTE	Member, representative of the Walloon Government
Jean MAROT	Alternate member
Jean-Philippe MERGEN	Member, representative of the Brussels Capital Region
Peter CLAES	Alternate member
Laurence CHRISTIANS	Member, representative of the Brussels Capital Region
Julie LUMEN	Alternate member
Gijs KOOKEN	Member, representative of the Brussels Capital Region
Steve DUBOIS	Alternate member

Executive Committee

Dirk TERWEDUWE	Chief Executive Officer
Frank VANWINGH	Deputy CEO
N.	Deputy CEO

Internal Audit

Heidi GOMBERT	Internal auditor
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Secretary General & Compliance Officer

N.	Secretary General & Compliance Officer
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Foreword

2009 was very much a year of change: the consequences of the exceptional financial and economic recession left hardly any country or sector unscathed, public credit insurers were required to play a more prominent role and, for the first time in many years, ONDD closed the year with a net loss. Vincent Reuter, the new Chairman of the Board of Directors, and Dirk Terweduwe, the new Chief Executive Officer, explain why, in spite of all this, 2009 was no annus horribilis for ONDD.



Vincent Reuter
Chairman Board of
Directors ONDD

2009 cannot have been an easy year for a credit insurer. Did that prove to be the case?

It is never easy in our line of business in any case and it is true that the crisis in 2009 wreaked havoc in the majority of sectors, including that of credit insurance. Nevertheless, we should certainly not overplay the situation, at least not in our case. We had to pay a great deal of indemnities, just like all other export credit insurer – to such an extent, in fact, that we closed the year with a net loss – but the losses we suffered are certainly not so great that they will have a structural impact on our balance sheet. Incidentally, we can only talk of losses in a strict accounting sense, as we do not regard it in the slightest as a loss that we were able to fulfil our mission: that of supporting our insurance clients parties if they find themselves in difficulty as a result of the actions of their debtors or political factors. Only if we had not fulfilled this role could we have spoken of a loss.

In what way did the crisis influence demand for ONDD's products? Were lower premiums received than in the previous year, for example?

No, on the contrary, our premium income is still rising; if you look at the premium volume of the group as a whole, we even achieved a record level in 2009. Although world trade declined by

around 12%, there was no drop in demand for our products even though we have observed a shift within our range. Guarantee and forfaiting products performed significantly better, for example. Demand for traditional export credit insurance remained stable, but it was apparent in 2009 that we insured fewer medium-term and more long-term transactions. These shifts are certainly no cause for concern. Quite the reverse: they demonstrate that we have been successful in diversifying our activities. There is no reason for negativity, therefore, as the crisis has a positive side too.

In what respect?

Many companies have become more risk-aware and as a result have once again recognised the usefulness of a solution that protects them against these risks. In addition, we have seen much closer collaboration with other credit insurers not only within the OECD, but also within the ONDD group. Even the different departments of ONDD had to work together more often than in the past and the exchange of information also improved. We also started monitoring risks intensively and were able to focus even greater attention on our guarantee and forfaiting products, which we had already been offering for a number of years but which become doubly useful in times when credit is in short supply. We therefore learn something new every time we are faced with an exceptional situation, and this results in new good practices.

How did the ONDD group continue its development?

We were not diverted even an inch from our



Dirk Terweduwe
Chief Executive Officer
ONDD

strategy of growth and expansion. Our joint venture with Russian insurer Ingosstrakh became operational in December, for example, giving us a foothold on the Russian credit insurance market. This collaboration with such a renowned Russian partner gives our insurance clients access to local cover on the Russian market and also makes it easier for Russian companies to obtain credit insurance in Europe for their subsidiaries. Our group therefore continues to grow and expand, and in the challenging economic environment that we faced in 2009 it was only thanks to the unrelenting efforts of our employees that we were able to stay on track with this development. It therefore continues to be extremely important for us to be able to recruit and hold on to good people in all our departments, two issues to which we also devoted considerable attention last year.

There were also a number of important changes at the top. Can you tell us more about that?

After having served as Chairman of the Board of Directors for twenty years without interruption, Jean-Pierre Pauwels stepped down and it was therefore time for a new face. The departure of Yves Windelincx from the position of Chief Executive Officer after six years was partly a consequence of the division established between ONDD's activity as a public credit insurer and our subsidiary Ducreire | Delcredere SA.NV, which was established in 2004. This division was necessary as it makes our structures even more transparent and allows the two management teams to concentrate more on the core activities of their company.

In conclusion, how do you feel, Mr Reuter, about your new role as Chairman of the Board of Directors?

I am, of course, proud to be at the head of an institution that enjoys such a solid reputation. As a result of the development that ONDD has undergone in recent years – by establishing a private subsidiary, expanding abroad and significantly broadening its product range and client base, for example – I feel extremely positive on taking up my role. I have no doubt that interesting times lie ahead for me.

And how do you feel as the new Chief Executive Officer, Mr Terweduwe?

It is naturally an honour to be able to lead such a fascinating and useful company as ONDD on a day-to-day basis. Today we are confronted with a tough economic environment, but my intention is to continue implementing the strategic decisions that were made in the past. In the short term my task is to further streamline the collaboration between the various entities within the ONDD group. I also want to bring ONDD even closer to companies and will continue to do everything I can to ensure that no export opportunities pass our insurance clients by.

I am also pleased to welcome to the Board of Directors Mr Frank Vanwingh as ONDD's new Deputy Chief Executive Officer, who was appointed on 7 April 2010 and who has over twenty years of operational experience within our company.

ONDD group key figures

Activities and results over the past five years					
(in millions EUR)	2005	2006	2007	2008	2009
Amounts insured during the financial year (1)	12,317.2	14,671.0	19,866.0	28,163.0	19,235.0
Premiums insured during the financial year (1)	97.6	165.2	165.8	206.5	285.6
Claims paid during the financial year (1)	37.7	45.5	30.7	28.6	319.0
Claims recovered during the financial year (1)	112.1	271.6	115.4	89.2	44.7
Outstanding loans at the end of the financial year	0.0	0.0	0.1	0.0	0.0
Amounts receivable from claims at the end of the financial year (1)	1,886.8	1,302.4	1,088.3	932.8	1,163.0
Commitments for policies at the end of the financial year (1)	8,967.4	11,833.1	17,226.5	27,091.0	26,393.8
Provisions at the end of the financial year	649.9	766.8	864.9	524.1	739.0
Result of the financial year	182.6	122.1	114.1	175.2	-40.1
Net assets at the end of the financial year	1,217.7	1,339.9	1,454.0	1,629.2	1,599.2
Ratios (in %)					
Net claims / Premiums	-76.23	-139.65	-51.10	-29.35	96.04
Operating costs / Premiums net of reinsurance	25.23	17.09	17.80	15.81	15.08

(1) before cession to reinsurers

02.

Review of 2009

'More intensive risk management has prevented payment problems from arising and has slowed the large rise in indemnified amounts that we recorded in the first half of 2009.'



02. Overview of 2009

In 2009 ONDD was confronted with a high claims ratio. Frank Vanwingh comments on the events of the past year: he explains what kind of year 2009 was for ONDD and tells us whether the global recession influenced the ONDD group's strategy.



Frank Vanwingh
Deputy CEO
ONDD

In 2009 ONDD had to pay out significantly more claims than was the case in 2008. Can this be attributed solely to the economic crisis?

The extremely tough general economic climate naturally played an important role in the development of the claims rate: the credit crisis of 2007 spread to the real economy in 2008, and the consequences of this for us as a credit insurer once again made themselves felt with a certain time lag, as is the case with any recession. This delayed effect is due to the way in which we work as a credit insurer: the debts that became overdue from the end of 2008 and in 2009, and therefore had to be paid by our clients' foreign buyers, were linked to transactions that were entered into and underwritten by us in the years before the crisis. After the due date there is still a certain waiting period before we pay out, which is why we did not begin to pay out large sums of indemnities until early 2009. The enormous rise in the indemnities paid out can also be explained by the fact that the effect of the crisis was intensified by the boom that ONDD had experienced in recent years: turnover had risen sharply, with not only a much higher number of transactions, but also much larger ones. The combination of these two factors resulted in the 'historic' claims figures. In the first half of 2009 we were overrun, so to speak, with new claims

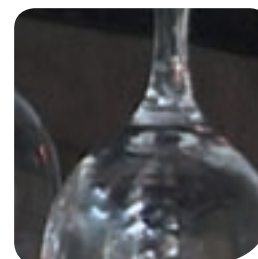
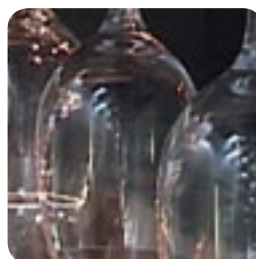
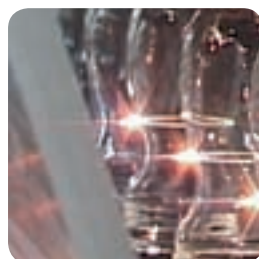
files, an influx that, fortunately, has subsided since the summer. The first conclusion that can be drawn from this is that ONDD fulfilled its role completely, and the effects of this were felt doubly due to the exceptional growth we have experienced over the last few years.

Does the group now need to adjust its strategy?

Not fundamentally, no. Our core task is to support Belgian exporters on difficult markets and in difficult conditions, and that will remain the case in the future too. We believe that over the past year we fulfilled this role to everyone's satisfaction. Moreover, we made considerable efforts to sell our core products more to SMEs, as we cannot emphasise enough that ONDD is also an attractive partner for them. With regard to our market activity, we consciously adopted a more measured approach: considerably fewer new risks were accepted in 2009. Nevertheless, we should point out that the market activity we underwrote in the past is now delivering substantial premiums. We are therefore still reaping the rewards of the boom we experienced in the years before the crisis: the high premium income means, after all, that we are not experiencing any cash flow problems and are able to cope with the high claims ratio without having to draw on our reserves. As a result, there is no need for us to call on the government.

And what about short-term activities?

As far as the group's short-term activities – which are carried out via private subsidiaries



and therefore without a State guarantee – are concerned, the crisis will also have no direct influence on our strategy. There is no denying that all credit insurers, including Ducroire | Delcredere SA.NV and the other companies in which we hold participations, have had a tough time of it, but paying out claims and supporting clients when they run into difficulties is part and parcel of our business. Our subsidiaries also acted with no shortage of dynamism: the

‘In 2009 we carried out our core task of supporting Belgian exporters on difficult markets and in difficult conditions to everyone’s satisfaction.’

operational departments and management promptly took the initiatives necessary to face up to the changing conditions. These initiatives had the desired effect, as our loss ratio in the third and fourth quarters was considerably lower than it was over the first two quarters.

How was ONDD able to utilise its expertise to support its insurance clients?

ONDD specialises in emerging markets, where, in addition to purely economic factors, other elements are often involved when it comes to determining the ultimate risk intensity. We were therefore able to play a decisive role in claims files involving countries where, besides the difficult economic conditions, certain environmental factors complicate the task of realising solutions when payment problems arise. In these countries there is often no clear-cut legal framework for bankruptcies or it is difficult to find discussion partners in the event of disputes. By calling on our networks and conducting a lot of negotiations ourselves on site, we were able to make the difference for some files. As a public credit insurer we are also able to bring a little more influence into play, as, if necessary, we can also make use of diplomatic channels to help bring about a fair settlement for our clients. Thanks to this support our insurance clients were certainly not left to fend for themselves over the past year.

02. 2009 Results

On 31 December 2009, the ONDD group was showing a consolidated loss of some forty million Euros. In 2008, it had recorded a profit largely due to an exceptional result of 590 million Euros. Compared with the previous year and disregarding this exceptional result, the result in 2009 is therefore a significant improvement, mainly due to growth in the financial result. Alain Flabat provides an analysis.



Alain Flabat
Head of Finance and
Reinsurance ONDD

How did the ONDD group fare in 2009?

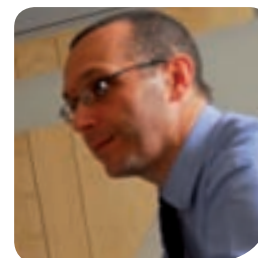
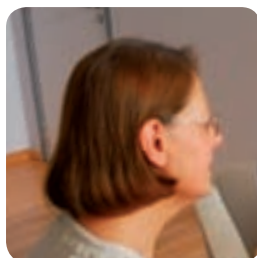
After a series of technical profits during the period 2004-2007, and discounting the exceptional result booked in 2008, the ONDD group recorded a negative operating result (after reversal of the provision for equalisation and disasters) in 2009 for the second year running, with a consolidated loss of 153.3 million Euros. The financial crisis, which had already had a negative impact in 2008, clearly continued to squeeze profits but in a more subtle way. Claims continued to rise during the first half-year and then stabilised. The effects of the crisis were generally much more apparent in 2009 than in 2008. On the other hand, having suffered a significant loss in 2008 following the stock market crash, the financial result turned positive again in 2009.

What are the key figures for the group and its subsidiaries?

In 2009, consolidated sales, i.e. the volume of premiums before cession to reinsurers, increased by 38.3%. Turnover for parent company ONDD increased by 51% compared with 2008. With the subsidiaries, we saw a 3% drop in turnover for Ducroire | Delcredere SA.NV but an increase of 4% for Garant AG and some 16% for KUPEG. As our Russian joint venture INGO-ONDD only began trading in December 2009, the data are not relevant. For ONDD more specifically, we saw growth of 62% in the amount of premiums for traditional business following the increase in long-term premiums in this segment, and of 42% in market activity due to the receipt of premiums for business concluded in earlier years.

What about claims?

All the companies in the ONDD group faced a claims ratio rise to varying degrees. The amount of indemnities paid out by ONDD to its insurance clients multiplied by ten: it multiplied by eight at Ducroire | Delcredere SA.NV, by five at Garant AG and doubled at KUPEG. While the



claims ratio rose sharply in the first half of the year, it stabilised in the second half and we can now be fairly confident of having left the critical phase behind. However, claims had less of an impact than in 2008 if related to the level of premiums received. The year ended with an overall loss ratio of 163.9%.

Other parameters such as cost ratio and financial result saw an improvement. What is your analysis of this?

Compared with 2008, operating costs went from 24% to 20%. This positive change is also explained by the large rise in receipts of premiums in 2009. There was a marked improvement in the group's financial result. In 2008 the financial crisis had had a major impact on the investment portfolio, but the recovery of the financial market in 2009 has had positive repercussions. During 2009, changes were also made to the investment portfolio to take a more cautious approach. It now includes fewer shares and some of the fund is managed using the target volatility approach, which is based on a risk budget. The investment portfolio remained intact despite the high indemnity pay-outs.

To conclude, what were the key features of 2009?

We ended 2009 with – despite the recession – only a slight reduction in equity. Also, because our role is to support our insurance clients, it was not unusual for us to have recorded losses in difficult times. However, they do not jeopardise the stability of the ONDD group in any way. The group has also continued to expand, increasing its stake in KUPEG to 66%. For the first time, in 2009, KUPEG has therefore been fully consolidated in the accounts.

02. Risk management

Last year was a busy one for the Risk Management department. After all, the fundamental changes in the global economy meant that the need for fast and precise information on foreign markets and an assessment of risks outside the OECD increased considerably. Hans Slock and Raphaël Cecchi report on how ONDD's analyst team views 2009.



Hans Slock
Deputy Head,
Risk Management ONDD

How did the economic crisis continue to develop for emerging markets in 2009?

On the whole it can be said that, for many emerging countries, the crisis hit later and was less severe than in Western industrial nations. In fact for some emerging countries the crisis not only began later, but also came to an end sooner: in countries such as Indonesia and China, the economy began to pick up again early in 2009 thanks to the measures taken by their governments to stimulate the economy and their flexible monetary policy. What we must not forget is that, with regard to growth, most countries are now out of the recession, but we are still waiting for a recovery in the real economy and for the normalisation on the financial markets to prove long-lasting. In sum, for the time being the financial impact of the crisis continues to be a liquidity crisis, which, even though it has been mitigated, could still develop into a solvency problem.



Raphaël Cecchi
Country Risk Analyst
ONDD

Which regions or countries were hit the hardest? What is the outlook?

The way in which the worldwide recession manifested itself and the extent to which it did so differed for each region and for each country within a region. This depended primarily on the economic structure and political stability. Depending on the country in question, emerging

markets suffered as a result of, amongst other things, the drop in demand for their products from the West, as was the case for the countries of Asia, or the drying up of their external liquidity due to the lack of confidence on the credit market, as was the case in the Baltic States and elsewhere in Eastern Europe. Other countries such as the Democratic Republic of Congo, Russia, Chile and South Africa experienced difficulties on account of the fall in raw material prices or, as in the case of Kazakhstan, due to the effects of the crisis on their banking system. In order to be economically resilient, a country could not be too dependent on demand from abroad, which meant that domestic demand also had to be stable and substantial. In addition, a sufficiently diversified economy and limited dependence on financing from abroad were also a distinct advantage. Countries such as Brazil, which scored positively on these criteria, appeared better able to withstand external shocks and have therefore weathered the storm better. The outlook for this year is good, with a projected annual growth of at about 6% for the emerging and developing countries. Economic output could still be slowed down, however, in countries where the government should decide to pursue a more restrictive monetary policy or to gradually scale back recovery measures.

How did all this impact the work of the country analyst team?

When, in the autumn of 2008, it became clear that the crisis would quickly spread to emerging markets, which form the focus of the majority of our activity, we not only intensified our monitoring of country risks but also started to respond more quickly; whereas, in the

‘When it became clear that the crisis would quickly spread to emerging markets, we began monitoring country risks even more intensively.’

past, we updated our models for short-term political risk and systemic commercial risk every six months, we began to do this every quarter. As a result, up until the third quarter of 2009, dozens of countries were downgraded in terms of their risk classification. Growth expectations play a major role with regard to the systemic commercial risk, meaning that in this area too a good many countries had to be downgraded due to the recession or deterioration of growth and the associated increase in the number of bankruptcies. Many Western industrial countries, for example, also found themselves in the least favourable category, something quite unheard of over the last few decades. Nevertheless, we can say at this point that, although we need to stay alert, everything indicates that the worst is now behind us. In conclusion, in response to the crisis we implemented more intensive management of insured credit risks, including the monitoring and quarterly updating of the risk concentrations in our own portfolio.

Was it necessary to take any other special measures?

One aspect that was certainly new in 2009 was the fact that we took measures in relation to our country policy in response to an exceptional deterioration in the commercial risk, something that we had previously only done in response to the political risk. For example, we went off cover for Ukraine, Iceland and the Baltic States with regard to insuring the commercial risk because the economy had contracted to such an extent and the instability of the exchange rate had increased. For other countries where growth rates had fallen sharply and where

there was possible exchange rate pressure, such as Russia, Turkey, Romania and Hungary, we became more selective again when it came to accepting commercial risks. In itself, reducing the covered percentage for the insurance client from 90% to 80% is not a special measure, but the fact that we felt compelled to do this for all the debtors of a country due to the extent of the commercial risk was exceptional.

What lessons have you been able to draw from the past year?

During this crisis it emerged that our assessment of the systemic commercial risk can still be further refined, as even for countries in the least favourable category (C) you can make subtle distinctions in the situation compared with other countries in this same category. Other than that our models have, without a doubt, proven their reliability: all countries where the risk had increased were also actually downgraded in terms of their classification. In this way, we were also able to create the necessary reserves and were able to spread the financial impact of the claims ratio. A realistic risk assessment has additional benefits too: it enables us always to pursue a well-considered acceptance policy. This has ensured, amongst other things, that we have been able to maintain the complete confidence of our reinsurers, even during this difficult period. Another positive effect of a realistic risk classification is that you can play a preventive role with regard to insurance clients by indicating quickly and clearly which countries present more or simply too many risks. Naturally this was already the case in the past, but in 2009 it was proven once again just how much all parties benefit from this.

03.

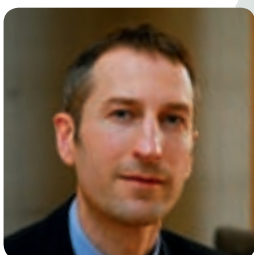
ONDD's activities



'If something positive can be said to have come out of the crisis, it is certainly the strengthening of inter-departmental synergies, of expertise in tracking risk and of cooperation with our policyholders and partners.'

03. Business trends

After a particularly productive year in 2008 in terms of volumes and insured transactions, 2009 was fairly atypical. Apart from the high level of claims, it set a record for the level of premiums received and was marked by a drop in the volumes insured. Dominique Meessen explains this apparently contradictory movement.



Dominique Meessen
Head of Underwriting
ONDD

What impact did the crisis have on ONDD's volume of business in 2009?

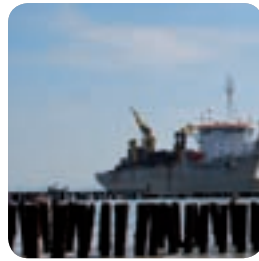
In 2009 we witnessed a paradox: on the one hand we saw a large rise in the amount of premiums received, which even set a record, and on the other, we saw a fall in the volume of amounts insured. This is explained by various factors. The economic and financial crisis made companies more aware of the significant added value of credit insurance. We were therefore approached by more companies than in 2008 and have a number of new clients in our portfolio. Meanwhile, the slowdown in economic activity naturally led to a drop in the number and volume of insurable transactions. Compared with 2008, the insured volume in traditional activity fell by 6%, though the total value of premiums rose by 62%. For market activity, we recorded a much more significant drop in the volumes insured, by 63%. Because this activity mainly derives from the activities of commercial banks, this fall was expected and makes sense. On the other hand, premiums in market activity rose by 42% compared with 2008. Premiums often come from business

accepted in previous years, which explains the mismatch between amounts insured and premiums received. This increase in the amount of premiums enabled us to absorb the high level of claims we recorded this year.

The negative consequences of the economic and financial crisis for Belgian companies have caused us to refocus on our core business, traditional credit insurance. We have made this a priority in our development strategy, which has meant that our market activity has fallen back.

Has the crisis changed ONDD's product offer?

The crisis has undeniably caused the banks to take a more defensive position with respect to the credit they give their clients. Yet this credit is essential both to finance export transactions (finance solutions for the customers of exporters) and to finance the activities of the exporters themselves. With our wide range of products already in existence before the crisis, we have helped to ease the shortage of cash available in the market and have truly fulfilled our mission to support Belgian companies operating internationally. One of our main objectives for 2010 is to improve the visibility of products such as forfaiting and financial guarantees so that more companies can benefit from them, particularly SMEs.



The deterioration of the economic and financial climate has made many companies throughout the world more vulnerable. As a credit insurer, have you adapted your risk assessment to reflect this new state of affairs?

We have indeed started to be more stringent when assessing risks. We have also been paying particular attention to risks in certain sectors and countries worst affected by the crisis. However, we have not been turning down more business than before; we have simply been analysing business differently, taking account of the 'crisis' factor and, where necessary, adding insurance policy conditions we feel are appropriate.

Regarding market activity, we have also been stricter about the structure of transactions, the level of remuneration offered and the risk duration. I would also add that, with this type of business, it is important to follow the 'trade-related' principle. In other words, our participation in insured risks must relate to a concrete commercial operation. This guarantees a better risk profile.

In this climate of crisis, many commercial transactions have caused problems. Have you introduced any special tools for monitoring risky business?

Since the end of 2008, the number of problematic insurance files has risen considerably. We have therefore assigned a large amount of resources and energy to managing this. In consultation with our Legal Affairs and Recovery department, we have introduced a tool for monitoring transactions where there were problems. Data are fed into this tool on a monthly basis, giving us a good picture of problematic cases. We have also introduced a system of regular coordination meetings with the Legal Affairs and Recovery department and put our collaboration with this team on a more formal footing. Lastly, we have maintained regular and close contact with

'In 2009 we spent a great deal of time and energy managing problematic files. Our expertise in this area has been strengthened as a result.'

03.

Business trends

our market activity policyholders and partners, to keep abreast of the development of their transactions. If something positive can be said to have come out of the crisis, it is certainly the strengthening of inter-departmental synergies, of expertise in tracking risk and of cooperation with our policyholders and partners.

‘To our customers’
satisfaction, we
constantly prioritise
proximity and
a personalised
approach, even more
so in periods of crisis.’

What is happening now?

From the middle of 2009, we started to see the number of problem cases fall. We have now reached a stabilisation phase that gives us greater optimism for the future. With traditional credit insurance having regained respectability through the crisis, we are going to be focusing on consolidating our traditional products and increasing the visibility of our supplementary products in this area of our business, especially among SMEs. 2010 will certainly be a year of transition, in which we are counting on the stabilisation or even an increase in business and in which we can allocate human resources to the commercial development of traditional credit insurance. We are also aiming to increase our client portfolio.

With regard to market activity, we will be consolidating our existing relationships with good partners.

'By joining forces, our team provided even stronger support to our insurance clients.'



03. Client testimonials

ONDD's client portfolio includes a whole host of Belgian companies for which it insures and/or finances export contracts on a very regular basis. In 2009, for example, ONDD once again issued insurance policies for contracts (or financed contracts) concluded by companies in the dredging, civil engineering, water purification, medical technology, and construction and agricultural machinery sectors, amongst others. One new development here is that in 2009 ONDD covered transactions in the digital film sector for the first time. We are convinced that our credit insurance products can offer benefits for other new sectors too. Below we describe how ONDD's products have proven their usefulness for two companies with differing requirements.

Financial Guarantee: De Smet Engineers & Contractors

In 2009 ONDD issued a financial guarantee for the working capital loans that commercial banks had arranged for De Smet Engineers & Contractors, a company based in La Hulpe that has been active in the agricultural industry for more than 60 years. It is one of the few engineering companies to build complete production sites on behalf of third parties, also taking care of the design and purchasing of materials.

Over the years ONDD has insured various projects for De Smet Engineers & Contractors, most of which have involved distant export markets. It was therefore on the basis of this long-term relationship and its confidence in the quality offered by De Smet Engineers & Contractors and its leadership in its field that ONDD decided to make a financial guarantee available to make it easier for the company to obtain additional working capital.

As a result of the economic crisis, the influx of new projects for De Smet Engineers & Contractors was slower in 2009 than in previous years, while there was a need to continue to finance current projects. The company therefore temporarily required additional working capital and it is precisely in this area that ONDD was able to play a role by making additional capacity possible. After all, thanks to ONDD's risk participation (financial guarantee) in the credit lines for working capital, the commercial banks were able to reduce their risk concentration in relation to De Smet Engineers & Contractors. The engineering company therefore managed to come through a difficult period and was able to start 2010 with good prospects.



'ONDD's products have proven their usefulness for companies with differing requirements.'

Forfaiting: Visys

Visys is a Hasselt-based company that develops and sells digital sorting machines for the food industry, amongst other sectors. Its optically controlled sorting machines are sold worldwide and in 2008 even earned the company the VOKA (Flanders' Chamber of Commerce and Industry) Innovation Award.

As a result of the economic crisis, however, many customers of Visys were tending to avoid placing a burden on their regular credit lines by purchasing these kinds of capital goods in cash, thereby leaving themselves with scope for any unexpected credit requirements. In times of recession investments are therefore often postponed, unless an additional credit line is possible in the form of a deferral of payment offered by the supplier, in this case Visys.

By making use of ONDD's forfaiting product, Visys was able to grant a payment deferral of six months when it sold a sorting machine to an Eastern European fruit and vegetable-processing company. In this case forfaiting involved ONDD taking over the receivable that the manufacturer Visys had against its customer and very quickly paying the Hasselt-based company in cash for the machine supplied. In this way Visys was able to consider the claim as having been paid and, after making just a small down payment, the customer could set to work with the new machine without any immediate financial obligations. Thanks to the cash flow generated by the cost-saving machine, the customer was therefore able to pay the first instalment after six months. The financing offered by ONDD in the form of forfaiting made it possible for both parties to continue their activities without overburdening the credit lines held with their banks.



03. Claims management

2009 was characterized by a large rise in the number of claims, a trend from which ONDD was not spared. This rise is obviously explained by the economic and financial crisis, which made its first effects on claims felt in September 2008. For the most part, claims were triggered by short-term liquidity problems. Thibaut de Haene gives ONDD's analysis of this rush of claims.



Thibaut De Haene
Deputy Head, Legal
Affairs and Recovery
ONDD

What impact has the crisis had on claims?

In 2009 the number of files processed by our Legal Affairs and Recovery department nearly doubled and the amount of indemnities paid out was more than ten times what it had been in 2008. We noticed that most of these files concerned private debtors experiencing short-term payment difficulties. Most of the claims came from emerging countries, particularly Russia, a number of countries in the CIS and the Middle East, with Dubai especially prominent. Only Africa was spared.

How did you cope with this rise in the number of cases?

We increased the number of staff working in our department at the start of the crisis. We have also made the most of our network of contacts abroad to ensure claims are dealt with dynamically and in the best possible way. This unique network, developed through practical experience, mainly consists of Belgian diplomatic channels, export credit agency colleagues, international financial institutions, lawyers' practices and financial advisers. We

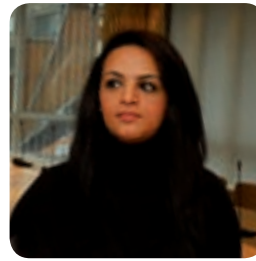
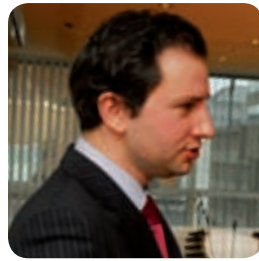
have also been able to rely on the collaboration and professionalism of our policyholders. Their knowledge of the market in which they are operating, combined with our claims-handling experience, has undoubtedly been an asset for handling problems in times of crisis.

Have you any prospect of recovering the indemnified losses?

Yes, because luckily bankruptcies are rare. But we will not recover everything. In most cases, claims arise from short-term liquidity problems, which have often led to debt restructuring. Restructuring can sometimes include elements of concessionality to the extent that they involve a haircut, which means a rescheduling over the medium term involving a loss of net present value. Economic recovery is essential to ensure that the financial plans on which restructuring is negotiated are viable.

Has the crisis had any other consequences?

At the heart of the crisis, a more intensive system for monitoring the risks taken on debtors was set up to better anticipate files that would need to be handled by our team. The crisis has also enabled us to improve our knowledge and effectiveness. It has led us to strengthen synergies and collaboration with our own Underwriting department and with other creditors in all categories (banks, investment funds, bondholders, other export



credit agencies, etc.). From this point of view, you could certainly say it has been a good learning experience. Every cloud has a silver lining!

Another lesson we can learn from the crisis is that every prejudgement can have its flaws. Banking risk was perceived as fairly safe, including in the emerging markets. Our claims on Ukrainian, Kazakh and Bahraini banks show how wrong this perception can be.

‘The historically high amounts insured show that ONDD played its role as credit insurer to the full.’

Have you seen the number of claims start to fall more recently?

Yes. There was an exponential rise in the number of claims up to June 2009, but it then fell, stabilising at the pre-crisis level. At present we cannot see any signs of a ‘second wave’ of claims, but we have to remain vigilant since an aftershock could damage the debt restructuring

agreements recently entered into, while bringing a new batch of claims.

What about sovereign debt?

The financial crisis did not make the Paris Club reschedule more sovereign debt, but a delayed effect cannot be ruled out. In 2009 the activity of the Paris Club focused mainly on concluding agreements announced within the framework of the HIPC initiative, the initiative for Heavily Indebted Poor Countries. The Paris Club also provided a tight-knit forum for creditors to exchange information and ideas on the subject of the crisis. This crisis has had similar effects to the third world debt crisis in the 1980s, but because its structures are now much more healthy and robust, ONDD has been able to weather it.

03. Human resources

Following the division of ONDD's staff between the private and public parts of the business in 2008, 2009 was a year of stabilisation. It was also marked by record levels of recruitment and by the continued implementation of more dynamic human resources management. Claudine Collin gives us an overview.



Claudine Collin

Head of Human Resources
ONDD

The crisis forced many companies to shed staff in 2009. Was this also the case for ONDD?

Not at all! 2009 was a record year for recruitment. On the one hand, the crisis actually increased our business volumes and the number of claims to be processed. On the other, international developments demanded particular attention from the group. To cope with these demands, we recruited many more staff, mainly in the financial, legal and economic fields. A key feature of 2009 was our use of outsourced temporary staff in departments facing a large amount of extra work. In total and compared with 2008, there was a 5% increase in staffing levels within ONDD and DuCroire|Delcredere SA.NV together.

Is ONDD an attractive employer?

It certainly is, as you can see from the substantial rise in the number of applications received this year, both unsolicited and in response to job advertisements (it more than doubled). This

increase is partly due to our reputation for stability and professionalism, but it is also due to the popularity of our website and our more dynamic management of job vacancies. In particular we introduced direct chat sessions with applicants and direct mailings to potential employees. We also developed our Employer Branding, i.e. the image we want to project as an employer. In the press, we are currently building the image of a large recruiter and are referring people to our website for specific job offers. In 2009 we took part for the first time in job fairs held in schools and universities. ONDD is clearly an attractive employer but it is also our goal to retain staff.

How do you go about that?

Our human resources policy is built on several values: professionalism, innovation, diversity in the wider sense, and well-being. Our business sector is a specialist sector and requires experienced staff capable of developing innovative solutions. Training is therefore crucial, both for existing staff and for newcomers. We obviously run induction programmes and a coaching scheme for new staff, which also aim to increase synergies between departments. In addition, our multi-annual training plan is for all staff and consists of three main types of training: knowledge, particularly in languages; know-how, or learning the techniques used in a specific

'Faced with the increased pressure of work brought about by the crisis, ONDD did not hesitate to take on and train new employees.'

job; and personal skills, focusing on attitude. In 2009, many ONDD staff took technical training courses in the credit insurance business. We also encourage internal mobility and thus offer our staff excellent career prospects.

This year we also wanted to promote a good atmosphere and team spirit by organising activities enabling different departments to meet. Staff development and synergy between teams are two key elements of our policy.

We will also be finalising certain strategic human resources management projects so the company is correctly and attractively pitched in relation to our competitors and is an employer staff are committed to.

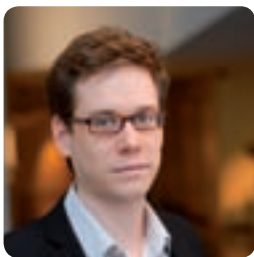
'ONDD and its employees make up a team with a relationship based on good atmosphere.'

What are your objectives for 2010?

One of our objectives for 2010 is to promote knowledge transfer between staff in order to maintain our level of expertise and make HR more professional.

03. The international role of ONDD

At international level, in particular within organisations such as the OECD, the Berne Union and the EU, a great deal of hard work has been put in over the past year to develop measures aimed at offering a joint response to the two key global challenges: the economic recession and climate change. As a member of these organisations and their working groups, ONDD has been able to participate in the international debate and put its stamp on a number of important decisions that have been taken in this context. Bram Delen explains how ONDD fulfilled its international role in 2009.



Bram Delen
International Relations
Advisor ONDD

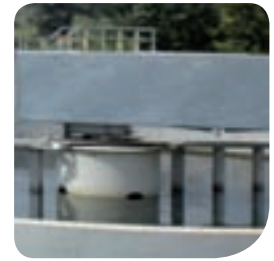
What changed at international level for the credit insurance sector in 2009?

There were actually a few significant changes over the past year. The EU member states took a number of crisis measures in order to ensure that European exporters were still able to obtain credit insurance. These national measures first had to be presented to the European Commission, which examined whether it was a question of non-authorized state support. The government therefore began to play a larger role and had to take on some of the activity of the short-term market where private players no longer offered cover. It was therefore demonstrated in 2009 that the public sector still has a role to play in credit insurance. The short-term measures have not perhaps produced the same effect in all member states of the Union, but, on the whole, you can argue that there was a need for them. For Belgium the supplementary credit insurance Belgacap was approved, but this didn't come into effect until November 2009. It is therefore a question of waiting until 2010 to determine whether Belgacap has achieved its goal. There is also the question of what decisions will be made in 2010: will we maintain the somewhat broader role that the public sector has played in 2009 or will we return to the role that we fulfilled

before the onset of the global economic crisis? It is interesting to note that Belgium will hold the EU presidency in the second half of 2010 and will therefore also chair the Council Working Group on Export Credits. Currently, the Spanish presidency is fully focused on the climate-related aspects of export credits after having seen to it that a common European stance on the buyer risk premium was reached. Apart from that, Spain continues on the European path of further strengthening the dialogue with non-EU nations in order to come to a global trade environment that constitutes a level playing field for all countries.

What issues were on the agenda within the OECD?

A great deal of work was carried out within the OECD in 2009 on the Sector Understanding on Climate Change, which should become a reality in 2010. This should make it possible to grant more flexible financing conditions for projects involving the export of energy-saving technologies and which are therefore associated with considerable CO₂ reductions – at the moment this is only possible for renewable energy systems. In addition, the policy regarding sustainable lending has also been adjusted and refined. Until recently, for example, the IMF employed strict limits for tied aid to developing countries. Now the IMF will examine more on a case-by-case basis whether exceptions can be made for countries that manage their national debt and public goods well. Naturally, we follow these types of discussions and developments closely because Corporate Social Responsibility continues to be an important issue for us.



How is this implemented?

Corporate Social Responsibility is increasingly gaining in importance in all domains, and the situation is no different for us. In 2009, for example, we continued to analyse the ecological and social consequences that a project can have, but we are keen to extend this way of working, in particular with a view to achieving a full CSR policy. We hope to have the first guidelines on this issue ready in 2010-2011.

Moving on to a completely different matter, in 2009 ONDD also concluded a reinsurance agreement with the Finnish public credit insurer Finnvera. What is the significance of this?

This reinsurance agreement will make it easier for Finnish and Belgian companies to work together abroad as the main contractor and subcontractor. A Finnish main contractor and a Belgian subcontractor will now get the same Finnvera policy with the same insurance conditions, while ONDD will reinsure Finnvera for the transaction. The reverse scenario is also possible, however, with a Belgian main contractor and a Finnish subcontractor coming under an ONDD policy that is reinsured by Finnvera.

What will 2010 bring for ONDD at international level?

We can confidently say that 2010 will be a busy and interesting year. As mentioned, Belgium will chair the Council Working Group on Export Credits. In addition, since 2009 we have also been on the Berne Union Management Committee, as a result of which we will be

able to contribute to the setting out of policy lines in 2010. As for the OECD, an agreement has recently been reached on a system for pricing the buyer risk in a more balanced way. Just as we did with the development of a premium system for the political risk, we

‘We can confidently say that 2010 will be a busy and interesting year.’

have endeavoured to play a meaningful role in determining this buyer risk premium. Right up until the last moment there was a wide divergence of views – even between European countries. It is therefore a great achievement that it was ultimately possible to reach a balanced agreement. We believe it is of great importance that the foreign buyer risk is also reflected correctly in the minimum premiums that insurance clients have to pay for their activities abroad. 2010 will also see a review of the Common Approaches, the OECD’s social and environmental recommendations, as well as the end of the crisis measures. In a broader sense, it will naturally be a case of looking ahead and anticipating how the global economy and, therefore, Belgian exports will develop.

04.

**ONDD's
subsidiaries**

'Even during the crisis we had no doubts about continuing our geographic expansion.'



04. INGO-ONDD

In August 2009, ONDD and the Russian insurance market leader OJSC Ingosstrakh set up a joint venture, Ingosstrakh ONDD Credit Insurance (INGO-ONDD). This Russo-Belgian insurance company secured a licence to operate as an insurer and reinsurer and began trading in December 2009. It specialises in covering credit risks associated with the domestic and export transactions of Russian and international companies operating in the Russian market. Victor Klimov and Gilles Grosjean explain the reasons why this joint venture was set up and what it aims to achieve.



Victor Klimov
CEO Ingo-ONDD

Why did ONDD decide to set up a joint venture in Russia during a global economic and financial crisis?

Plans for this were already in place before the crisis erupted, and Russia had been identified as a priority market quite some time ago. In the mid nineties, ONDD was the first company to insure export transactions to Russia on an 'open account' basis. Consequently Russia became a familiar export trade company for ONDD and also the leading country in terms of risk exposure. On top of this, our client base has become more internationalised and the ONDD group felt that there was strong demand for local credit insurance coverage in Russia. Lastly, Russia offers solid growth potential in terms of both credit insurance and commercial relations, and claims have been fairly low there over the last few years.



Gilles Grosjean
Strategic Relations
Advisor ONDD

ONDD is the first credit insurer to have set up a joint venture in Russia. Why did you choose Ingosstrakh as a partner?

Ingosstrakh is the largest insurance company in Russia. It knows the Russian market well and since 1988 has built up particular expertise in credit insurance. The company also has a vast network of branches throughout Russia and subsidiaries in the other CIS states, offering an excellent base for the geographic expansion of the joint venture. ONDD and Ingosstrakh have also had a special partnership since 2006, both holding a fifty-percent stake in the Austrian credit insurance company Garant AG. Ingosstrakh was therefore the obvious choice for ONDD, which in 2010 holds a stake in INGO-ONDD of 66.67%.

What are the advantages for ONDD's clients?

Clients of the ONDD group will have access to tailor-made credit insurance solutions for their Russian subsidiaries. The full range of the ONDD group's activities can also be developed in Russia. We are thus developing greater proximity to our clients and improving the consistency of the products and services we offer. In setting up this joint venture, we

'ONDD's know-how combined with Ingosstrakh's solid knowledge of the Russian market opens exciting new perspectives for a successful cooperation.'

want to support the medium- and long-term development of the ONDD group's clients, work alongside them and provide them with detailed knowledge of the Russian market.

Why did Ingosstrakh choose ONDD as a partner?

This joint venture fits in perfectly with Ingosstrakh's growth and development strategy for credit insurance in the Russian market. ONDD has lengthy international credit insurance experience from which Ingosstrakh can benefit, while Ingosstrakh knows the Russian market. This combination creates synergies for both parties enabling them to offer Russian and foreign companies a wider range of credit insurance solutions for their European subsidiaries.

What products does the joint venture offer its clients and where is it based?

At this stage our aim is to offer short-term credit insurance and reinsurance for national and international companies operating in the Russian and CIS markets, whose debtors could be located anywhere in the world. We are concentrating on four sectors of expertise:

the pharmaceutical industry, the food industry, electronics and construction materials. But this does not mean we cannot consider other industries. Our offices are based in Moscow and our staff are Ingosstrakh's original team of highly effective credit insurance specialists. Our medium-term objective is to develop synergies among our products and services so we can offer our clients streamlined product ranges.

04. Ducroire | Delcredere SA.NV

For Ducroire | Delcredere SA.NV too, 2009 was dominated by the global recession and its consequences. Yves Windelincx and Jean-Paul Steenbeke outline how the private subsidiary of ONDD has nevertheless continued to support its insurance clients whilst at the same time seizing new opportunities.



Yves Windelincx
CEO
Ducroire |
Delcredere SA.NV

How was 2009 for Ducroire | Delcredere SA.NV?

Like all credit insurers, in 2009 Ducroire | Delcredere SA.NV experienced at first hand the effects of the economic crisis, particularly during the first two quarters. Nevertheless, in comparison with 2008, our income remained virtually unchanged, although a shift can be observed: sales of our traditional credit insurance policy have fallen by 20%, but this is being compensated for by the remarkable growth of other activities such as reinsurance (+81%) and bonds (+60%). Another important fact to mention is that, due to the continuous growth that we have experienced since our establishment, ONDD, our parent company, has paid up the remaining 50 million Euros of the capital initially provided to us, so that we can fulfil our role as a growing market player even more effectively.



Jean-Paul Steenbeke
Deputy Head, Sales and
Marketing Ducroire |
Delcredere SA.NV

What is the story behind the lower insured turnover and the higher indemnities?

A considerable number of our insurance clients have seen their activity decline; that is simply what happens in a recession. We also felt the impact of the drop in raw material prices in our insured turnover. Those are the factors on the

sales side. In addition, we have paid a great deal of indemnities, but for our insurance clients this demonstrates precisely why a credit insurance company exists. We had, incidentally, made appropriate provision for these indemnities, which meant that we did not come up against any surprises. It is also reassuring that, since the second half of the year, we have noticed a drop in the number of payment delays reported, which are once again at an acceptable level.

Like all credit insurers, Ducroire | Delcredere SA.NV had to take crisis measures. What did these involve exactly?

We became more cautious, with regard to both accepting credit limits and issuing new policies. In June, for example, we took a number of crisis measures by restricting the limits for certain countries and sectors, but unlike other market players we did not implement these measures rigidly and on a large scale, but always on an individual basis, and we continued to grant cover where this could be justified.

‘Even in uncertain times we never stopped investing in new people and markets.’

'By looking at files on a case-by-case basis and by staying reasonable, we managed to keep our insurance clients satisfied.'

How did insurance clients respond to the measures?

Our insurance clients are only too aware that the situation has changed for credit insurers too and that such companies must therefore also pursue a different policy with regard to cover than was the case two years ago. We made it a point of honour, however, not only to maintain the dialogue with our insurance clients, but even to increase it, to remain reasonable in accepting cover and to continue looking at files on a case-by-case basis. In fact, an independent market study shows that in 2009 we managed to increase our client satisfaction, which is something that not all credit insurers can boast. This demonstrates that the dialogue between our insurance clients and our analysts, account managers and the people who deal with the claims files has proved extremely fruitful.

we have very quickly obtained access to new insurance clients. It is typical of us that even in uncertain times we are continuing to invest in new people and markets.

The international expansion of Ducroire | Delcredere SA.NV continued in 2009. How did that go?

That's right. We not only took a majority shareholding in KUPEG in the Czech Republic, which, amongst other things, offers great benefits with regard to synergies in the area of analysis, but, since July, we have also been active on the German credit insurance market. Our new branch in Wiesbaden has performed brilliantly from the outset. By offering an alternative to the established players in times of uncertainty and making use of the close network of brokers on the German market,

04. Garant AG

Just as was the case for parent company ONDD, it was only in 2009 that the full repercussions of the crisis were felt in the figures at the Austrian-Swiss subsidiary Garant Versicherungs-AG. Nevertheless, the company is over the worst according to Louis Habib Deloncle and Walter Blom. They summarise the year gone by and cast a cautious glance ahead.



Louis Habib Deloncle
CEO Garant AG

How did Garant AG get on in 2009?

Garant AG closed 2009 with a loss due to the fact that we had to create substantial reserves as a result of the higher number of claims files, although in quite a number of cases the prospects of recovery are good. It is important to note, however, that the claims files were not the result of systemic risks, which is positive. We can also confidently state that our reinsurance package has offered sufficient protection, which has helped us to get through the crisis without any lasting damage. Another positive factor is that our income has remained unaffected and our premium volume still continues to grow – from 15.7 million Euros in the previous year to 16.5 million Euros in 2009. This can be attributed in particular to the significant increase in premium receipts for single-risk policies, which is where our focus lies. In other words, demand for our products has certainly not declined. The fact that our single-risk policies relate in particular to transactions involving capital goods means that these policies are doing very well, because, fortunately, companies are investing again. With regard to our turnover insurance policies, which make up only a fraction of our offering, the crisis is making itself felt for longer, but we are expecting to see an improvement in this area too. In short, we are still standing, because demand and our volumes are continuing to grow. And with our reinsurers having reaffirmed their confidence in us, we are ready to get down



Walter Blom
Member of the
Managing Board
Garant AG

to business again, as 2010 offers a number of interesting prospects.

What kind of prospects are they?

Our parent company ONDD is on the point of taking a majority shareholding in Garant AG, which would open up a great many possibilities. With such a reliable and solvent partner wanting to increase its involvement with Garant AG, banks will not only be inclined to take less time to open credit lines guaranteed by us for our insurance clients, but also to expand existing credit lines. Amongst other things, this will allow us to gain easier access to the Swiss credit insurance market, which offers considerable potential due to the strong presence of commodity traders.

Where does the geographic focus of Garant AG lie?

We offer cover for more than 150 countries, but what makes us stand out is our knowledge of Eastern European markets. This does not alter the fact, however, that, as a private player on the credit insurance market, Garant AG is continuing to build a portfolio with a good spread, not only with regard to markets but also in terms of products. The majority of our insurance clients are still in Western Europe, more specifically in Germany, France and Switzerland. As a continental insurer it is our ambition to further expand our growth potential on the entire continental market. Apart from this ambition we are, of course, well aware that the markets in the Far East will also play an increasingly significant role, which means that we certainly must not lose sight of them.

04. TCRe

TCRe, a private credit insurance company in which ONDD took a stake in 2004, specialises in excess of loss insurance. With this type of credit insurance, the insurance client manages the risks associated with client accounts himself; TCRe intervenes only to cover the excess of cumulative losses resulting from the definitive insolvency of the buyers once an excess has been met by the insurance client. Following the change of senior management in 2008, the company has continued to grow. Vic Verbist and Gilles Grosjean give us their assessment of 2009.

Has the crisis had a negative impact on TCRe's activities?

On the contrary! TCRe has fared particularly well during the crisis, ending 2009 in profit for the first time since its creation, despite significant exceptional costs associated with its operation prior to 2008. Having risen continuously since 2004, income from premiums went from 33 million Euros in 2008 to 38 million Euros in 2009, representing growth of almost 15%. Furthermore, despite the fairly difficult global economic situation and TCRe's indemnification of some major claims, the loss ratio has remained reasonable.

Have all products seen premiums grow?

Growth in premiums has been particularly marked in excess of loss insurance, TCRe's core business. In this segment, we have seen

income from premiums rise by 68% compared with 2008. I would add that in Spain, traditionally the most difficult country to penetrate, there has been excellent growth.

How do you explain this growth?

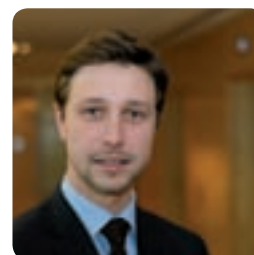
TCRe is a niche operator offering very specific products. It has therefore taken a while for these products to become known by those in the market, whether brokers or companies. But through appropriate client targeting, excellent teamwork and above all careful diversification of risks, countries and sectors insured, the company has become a well-known market player and its business has developed considerably. The profit recorded this year is evidence of this.



Vic Verbist
CEO TCRe

What kind of growth are you predicting for 2010?

The growth in premiums should continue in 2010. The aim is to continue developing our business in the European market by offering self-service in countries where TCRe is not physically present. Credit insurance for excess of loss still has some fine times ahead!



Gilles Grosjean
Strategic Relations
Advisor ONDD

05.

Annual accounts of the ONDD group

Mazars Registered Auditors has audited the company's annual accounts as of and for the year ended 31 December 2009, in accordance with the legal and regulatory requirements applicable in Belgium. It has issued an unqualified audit opinion on these financial statements. The report is available on our website www.ondd.be.

'In 2009 the ONDD group faced a general rise in its claims ratio that in no way jeopardized its stability, however.'



05. Management summary on the consolidated accounts of ONDD as at 31 December 2009

The 2009 financial year closed with consolidated results for ONDD and its subsidiaries involving a loss of 40.1 million Euros, against a profit of 177.9 million Euros for the previous financial year.

The 2008 result was, however, the consequence of an exceptional element, connected to a change in accounting principles in the annual accounts of ONDD: the provision for equalisation and disasters had been cancelled and written back, generating a positive result of 590.7 million Euros in the consolidated accounts as at 31/12/2008. If this exceptional element is excluded from the 2008 accounts, the 2009 financial year, although it produced a loss, did, however, show a clear improvement compared to the previous financial year.

The technical result is still affected by the crisis: the ONDD group has indemnified or has undertaken to indemnify a large volume of claims from its insurance clients in a difficult economic climate. However, following the heavy losses in 2008 caused by the crisis in the financial markets, this time the financial result made a positive contribution to the result.

In terms of **activity**, the amounts insured by the group in 2009 decreased by 32%.

The **premiums issued**, however, showed a good increase: net of rebates they were 285.6 million Euros, compared to 206.5 million Euros in 2008, or an increase of 38%.

(in millions EUR)	Amounts insured			Premiums		
	2009	2008		2009	2008	
ONDD	9,471	15,927	-41%	221	147	+51%
Traditional activity	5,850	6,218	-6%	102	63	+62%
Market activity	3,621	9,709	-63%	119	84	+42%
Ducroire Delcredere SA.NV	10,125	12,942	-22%	63	64	-3%
Garant AG (50%)	n.a.	n.a.		8	8	+4%
KUPEG	n.a.	n.a.		10	n.a.	
Intercompany	-361	-706		-17	-13	
Total group	19,235	28,163	-32%	286	206	+38%

- For **ONDD**, the **amounts insured** decreased by 41%, whereas **premiums** increased by 51%.

The **traditional insurance activity** showed relative stability in the amounts insured in spite of the crisis (-6%) but a sharp increase in premiums (+62%).

It should be remembered here that the correlation between premiums and amounts insured was far from perfect: the premium rates are in fact very variable in relation to the duration of the operations insured, the nature of the risks covered (political risk and/or debtor risk) and the severity of the risks (in particular the risk category of the country covered). The trend for 2009 was, however, for an increase in premium rates following several countries being downgraded to categories representing a higher level of risk.

Among the principal transactions insured in 2009, we can cite:

- dredging work (in Dubai, Qatar, Oman, Ghana, the Philippines, Cameroon, etc.) representing almost 1.5 billion Euros of insured volume and 23.9 million Euros in premiums. This generally relates to special operations payable in cash, according to the execution of the works;
- boat leasing contracts (premiums of 12.9 million Euros);
- bus deliveries in Jamaica (amounts insured of 40.8 million Euros against premiums of 3 million Euros);
- a contract for telecommunications equipment in Turkey for 47 million Euros (premium of 2.7 million Euros).

For the **market activity**, amounts insured were down, whereas premiums increased significantly. A distinction is made between bank syndicates, participations in (re)insurance pools and cover for confirmed letters of credit: for these activities the amounts insured fell sharply (-63%), from 9.7 billion Euros in 2008 to 3.6 billion Euros in 2009. Several factors explain this fall: the exceptionally high volumes covered in 2008, the impact of the crisis on transactions submitted to ONDD for insurance, ONDD's desire to concentrate on its core business and to focus the bulk of its resources on this during the crisis.

For this activity, which is often medium- or long-term, premiums are generally collected in the form of a spread above a risk-free rate for the whole duration of the cover. Falls in the amounts insured are not simultaneously reflected in the premiums, since these are collected as the insured loans are redeemed and still include a majority of transactions insured during previous financial years. Moreover, for transactions insured in 2009, banking fees increased in the wake of the crisis, which had a positive influence on premiums. For all these reasons, premiums showed a substantial increase of 32%, or 104.9 million Euros in 2009.

In addition, ONDD has recently been positioning itself as a market reinsurer, taking a stake in outwards treaties involving private insurers operating in the credit insurance and securities business and also in facultative reinsurance transactions.

This activity increased sharply, with premiums of 14.3 million Euros, compared to 4.3 million Euros in 2008.

- **Ducroire | Delcredere SA.NV** also experienced a fall in amounts insured (-22%). The crisis has significantly reduced the turnover of insurance clients, resulting in a decrease in premiums in the credit insurance sector. This fall is partly offset by the increase in inward reinsurance and securities business. In total, premiums fell by 3%.
- **Garant AG** posted a 4% increase in premiums.
- **KUPEG**, which was recently included in the scope of consolidation, generated premiums of 9.9 million Euros.

Premiums transferred to reinsurance amounted to 63.5 million Euros in 2009 (compared to 47.3 million Euros in 2008).

This increase was the result of the sharp rise in ONDD's market activity premiums, a business which involved a systematic cession to the reinsurance market through quota share reinsurance treaties and/or excess of loss treaties.

After cession to reinsurers, the premiums amounted to 222.5 million Euros, compared to 159.5 million Euros in the previous year, or an increase of 39%.

Technical charges, an item which primarily relates to the claims, gave rise to a negative result of 349.5 million Euros over the year (compared to the 245.7 million Euros booked in 2008).

The impact of the economic and financial crisis continued to be greatly felt in claims handled by the ONDD group, even though there has been an improvement since the second half of 2009.

Although the charge for 2008 was mainly the result of disputed claims still at the potential loss stage, this was not the case in 2009: the ONDD group indemnified its insurance clients by a total amount (before cession) of 318.9 million Euros (28.6 million Euros in 2008).

- *The provision for outstanding risks* presented an improvement (charge over the financial year of 30.4 million Euros compared to 81.9 million Euros over the previous year). Firstly, the provision for unearned premiums increased by 11.4 million Euros, mainly as a result of an increase in premiums in ONDD's core business. Secondly, the provision for risk deterioration also increased (19 million Euros), with several countries declassified into categories with increased levels of risk as a result of the crisis.
- *The provision for claims* continued to increase significantly with a charge of 185.1 million Euros on the financial year compared to 160.8 million Euros over the previous year. Many potential claims were declared during the second half of 2008 and throughout 2009 as a result of the crisis. Although some of these claims have already resulted in indemnity payments during 2009, others are still at the stage of potential claim. These claims were declared under the debtor risk. Provision was made for them on the basis of the best possible estimate of the ultimate loss.

Provision for claims (net of cession) rose from 235.4 million Euros at the end of 2008 to 421.8 million Euros at the end of 2009. The provision was spread over a number of risk countries, including South Korea (provision of 88.4 million Euros at the end of 2009), Kazakhstan (49.3 million Euros), Dubai (47.3 million Euros), Russia (30.7 million Euros), Qatar (28.3 million Euros), Ukraine (25.9 million Euros), Bahrain (14.3 million Euros) and Singapore (9.6 million Euros).

- *The provision for claims management expenses* was the subject of an additional transfer of 1.5 million Euros. This moderate increase was the result of two conflicting elements: firstly the high level of claims drove this provision upwards. Secondly, Ducroire | Delcredere SA.NV reviewed the methodology used to calculate this provision and the change of method generated a positive result of 4.9 million Euros in the accounts.

-
- Finally, *all the technical charges relating to outstanding claims* (allocations for write-offs of 99.8 million Euros and indemnified losses of 33.8 million Euros) resulted in a charge of 133.6 million Euros (compared to a positive result of 6.9 million in the previous financial year).

This high charge was the direct consequence of the high level of indemnities paid out in 2009.

In the event of an indemnification, the claims manager assesses the prospect of future recoveries, which are recorded in the accounts on a prudent basis and reviewed regularly as the case file evolves. The charge included in the accounts therefore corresponds to the estimated loss of the claim.

The charge in 2009 mainly involved the following risk countries: Bahrain (22.9 million Euros), Ukraine (18.7 million Euros), United Arab Emirates (17.3 million Euros), Saudi Arabia (13.3 million Euros), Turkey (12.8 million Euros) and Thailand (9.6 million Euros).

The **operating charges** were up when compared to the previous financial year (33.5 million Euros in 2009 compared to 25.2 million Euros in 2008). These are the charges after reinsurance commission due by the reinsurers for their intervention in the operating charges of ONDD or its subsidiaries.

The increase in operating charges was due to the increase in the turnover observed over the year. In particular there was an increase in the costs of management by third parties. These costs principally included brokerage and commissions paid to insurers in the framework of inward reinsurance.

The **operating result** amounted to a loss of 160.4 million Euros (-111.3 million Euros in 2008).

This operating loss was only equalised by a slight amount through the reversal of the provision for equalisation and disasters (positive result of 7.1 million Euros).

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

The operating result, after provision for equalisation and disasters, amounted to a loss of 153.3 million Euros in 2009, compared to -107.8 million Euros in 2008.

The **financial result** amounted to a profit of 125.5 million Euros in 2009 (compared to a loss of 306.7 million Euros in 2008).

- After the heavy losses of 2008 (-325.2 million Euros), the financial result of the investment portfolio amounted to a positive result of 125.5 million Euros.

Having fallen sharply until the first quarter of 2009, the financial markets then recovered.

As at 31/12/2009, the cash investments portfolio amounted to 1,981.4 million Euros at book value (1,884.4 million Euros at the end of 2008) and 2,069.1 million Euros at market value (1,935.3 million Euros at the end of 2008).

At the end of 2009, investments in equities represented 11% of the portfolio expressed in market value, governmental bonds and treasury certificates, held directly or through funds, amounted to 29.5% of the portfolio, corporate bonds amounted to 5.6%, real estate was 1.3% and investments with a guaranteed capital at maturity, generally long term, were 6.3%. The portfolio also included monetary, liquid and short term instruments for 23.7% and funds managed according to a 'target volatility' approach made up 22.6%.

Considering the magnitude of the crisis, the decision taken at the end of 2008 to judge the unrealized capital losses on investments as being of a durable nature and to register them as a loss was again applied for the accounts at the end of 2009.

In the light of both the market recovery and a number of changes to the investment portfolio, these unrealized capital losses went from 281.4 million Euros at the end of 2008 to 18.3 million Euros at the end of 2009.

On the other hand, the unrealized capital gains on investments, for an amount of 87.7 million Euros at the end of the year (compared to 53 million Euros at the end of 2008), have not been recorded in the accounts.

- The *financial income linked to accounts receivable from indemnities* amounted to 12.1 million Euros (29.2 million Euros in 2008):
 - o Rescheduling interest amounted to 46.3 million Euros (33.5 million Euros in 2008).
To a great extent this relates to interest incurred in 2009 in the framework of public debt rescheduling agreements concluded with certain countries (43.7 million Euros compared to 29.1 million Euros in 2008) and with regard to Liberia (23.6 million Euros), Côte d'Ivoire (8.8 million Euros), Togo (4.5 million Euros), Indonesia (2.4 million Euros) and other countries (4.4 million Euros).
The balance (2.6 million Euros) relates to rescheduling concluded with private debtors.
 - o However, to a large extent they have been compensated by write-offs and indemnified losses involving rescheduling interest receivables (charge of 34.1 million Euros in 2009 compared to 4.2 million Euros in 2008).
- Other *financial income and other financial charges* generated a net loss over the year of 12.2 million Euros, related to a great extent to losses on exchange rates.

The **cash-flow** for the financial year is negative: it amounts to -170.8 million Euros before investment (compared to +213.6 million Euros for the 2008 financial year). This is primarily due to the large amount of indemnities paid to insurance clients (318.9 million Euros before cession in 2009 compared to 28.6 million Euros in 2008).

At the end of the year, the commitments after cession to reinsurers resulting from policies issued (excluding cover for loan interests) and policies being issued were relatively stable: they amounted to 22,733 million Euros at the end of 2009 compared to 22,759 million Euros at the end of 2008. These commitments are to be compared to the equity of 1,593.7 million Euros at the end of 2009.

05. Income statement

Income statement (in thousands EUR)	Note	2009	2008
Turnover			
Written premiums	12	285,627	206,508
Premiums ceded to reinsurers	12	-63,478	-47,314
Rent		377	332
		222,526	159,526
Technical charges			
Variation in the provision for profit share and refunds	11	509	-513
Variation in the provision for outstanding risks	11	-30,411	-81,888
Variation in the provision for claims	11	-185,143	-160,754
Variation in the provision for claims management expenses	11	-1,488	-9,929
Variation in amounts written off on outstanding claims	13	-99,812	47,583
Indemnified losses and litigation expenses	13	-33,837	-40,697
Recoveries on indemnified losses and litigation expenses		1,569	514
Other technical results		-848	-22
		-349,461	-245,706
Technical result		-126,935	-86,180
Operating charges			
Remunerations, social charges and pensions	14	-25,533	-20,725
Operating costs	14	-7,720	-6,296
Costs of management by third parties	14	-21,054	-16,358
Depreciation		-2,013	-1,931
Write-offs on trade account receivables		-67	-98
Other operating costs		-917	-599
Recovered operating costs	14	6,640	5,882
Reinsurance commissions		17,171	14,959
		-33,493	-25,166
Operating result	15	-160,428	-111,346
Transfer from the provision for equalisation and disasters		7,149	3,501
Operating result (after transfer from the provision for equalisation and disasters)		-153,279	-107,845

Income statement (in thousands EUR)	Note	2009	2008
Financial income			
Income from financial assets	16	68,938	13,620
Income from cash investments	16	19,384	35,428
Rescheduling interest		46,282	33,466
Other financial income	17	6,364	24,882
		140,968	107,396
Financial charges			
Charges from investments	16	-223,422	-91,999
Variation in the amounts written off on investments	16	262,011	-281,604
Withholding tax	16	-1,380	-2,019
Debt charges		-3	-196
Costs on rescheduling agreements		-27	0
Variation in amounts written off on rescheduling interest receivable	18	-13,254	8,164
Irrecoverable share of rescheduling interest receivable	18	-20,851	-12,409
Other financial charges	19	-18,565	-34,029
		-15,491	-414,092
Financial result		125,477	-306,696
Exceptional result		-2,360	589,962
Profit before tax of consolidated entities		-30,162	175,421
Tax		-24	445
Profit after tax of consolidated entities		-30,186	175,866
Share in result of companies accounted for by the equity method		15	-1,432
Amortisation of goodwill		-9,888	3,481
Net profit attributable to group		-40,059	177,915
Results			
Attribution to reserves		-1,109	350,319
Transferred result of the financial year		-37,175	-172,404

05. Balance sheet

Assets (in thousands EUR)	Note	2009	2008
Fixed assets			
Preliminary expenses	5	1	129
Intangible fixed assets			
Concessions, licenses and know-how	6	3,668	2,198
Goodwill		5,478	5,333
Tangible fixed assets			
Land and buildings	7	25,449	25,973
Plant, machinery and equipment	7	1,679	1,901
Furniture and vehicles	7	529	216
		27,657	28,090
Financial fixed assets			
Shareholdings	8	28	1,050
Shareholdings in companies accounted for by the equity method	8	4,445	11,000
Other financial assets	8-10	1,677,281	1,414,820
		1,681,754	1,426,870
Total fixed assets		1,718,558	1,462,620
Current assets			
Accounts receivable from claims			
Accounts receivable from indemnities	9	276,821	233,755
Purchased accounts receivable	9	594	1,226
		277,415	234,981
Accounts receivable within one year			
Trade debtors		51,310	19,578
Other accounts receivable		21,037	10,507
Deposits with reinsurers		3,320	1,835
Deferred taxes		720	556
		76,387	32,476
Cash investments			
Rights in investment funds	10	204,970	380,182
Fixed-interest securities	10	27,726	26,719
Term deposits	10	58,322	32,804
		291,018	439,705
Cash at bank and in hand	10	13,098	29,856
Deferred charges and accrued income		3,020	3,933
Total current assets		660,938	740,951
Total assets		2,379,496	2,203,571

Liabilities (in thousands EUR)	Note	2009	2008
Equity			
Endowment		297,472	297,472
Reserves		1,497,360	1,498,469
Transferred result		-201,163	-163,988
Total equity of the group		1,593,669	1,631,953
Minority interests in equity		5,514	0
Total equity		1,599,183	1,631,953
Provisions for risks and charges			
Provision for pension		786	739
Provision for taxes		4	26
Provision for other risks and charges		893	443
Provision for profit share and refunds	11	697	1,206
Provision for outstanding risks	11	286,923	255,795
Provision for claims	11	421,770	235,362
Provision for claims management expenses	11	27,039	25,552
Provision for equalisation and disasters	11	864	5,014
Total provisions for risks and charges		738,976	524,137
Debts			
Accounts payable within one year			
Commercial debts		24,290	29,084
Deposits from reinsurers		7,393	5,866
Debts concerning taxes, remunerations and social security		5,085	3,532
Other accounts payable		1,256	2,279
		38,024	40,761
Accrued charges and deferred income		3,313	6,720
Total debts		41,337	47,481
Total liabilities		2,379,496	2,203,571

05. Cash flow

Cash flow (in thousands EUR)	Note	2009	2008
Written premiums (1)	12	222,149	159,194
Indemnities paid (1)	20	-217,899	-19,063
Indemnities recovered (1)	20	38,498	81,917
Operating charges		-33,493	-25,166
		9,255	196,882
Rescheduling interest (1)	20	19,469	51,390
Profit or loss on investments		125,531	-326,574
being (non-monetary) write-offs		-262,011	281,604
Other income and expenses		-13,873	2,586
		-130,884	9,006
Gross cash flow		-121,629	205,888
Variation in net working capital			
Variation in net assets		-42,998	91
Variation in net liabilities		-6,144	7,606
Net operational cash flow		-170,771	213,585
Variation in investments			
Increase of the preliminary costs	5	0	0
Increase of the intangible fixed assets	6	-1,610	-18
Increase of the tangible fixed assets	7	-191	-308
Increase of the financial fixed assets	8	-254,884	-225,190
Net operational cash flow after investments		-427,456	-11,931
Variation in financial debts		0	-776
Variation in investments, cash and cash equivalence		-165,445	-294,311
Variation in the amounts written off investments		-262,011	281,604

(1) after cession to reinsurers

05. Off-balance sheet rights and commitments

(in thousands EUR)	Note	2009			2008		
		Gross transactions	Ceded to reinsurers	Net transactions	Gross transactions	Ceded to reinsurers	Net transactions
Current policies (principal)							
Direct credit insurance		12,172,493	-1,247,055	10,925,438	11,742,653	-1,543,669	10,198,984
Investments		948,490	-74,968	873,522	1,063,116		1,063,116
Prefinancing of import transactions		488,287	-5,704	482,583	612,759	-18,091	594,668
Assumed reinsurance		3,838,300		3,838,300	1,573,819		1,573,819
Market activity		7,722,811	-2,253,516	5,469,295	10,213,409	-2,768,246	7,445,163
	21	25,170,381	-3,581,243	21,589,138	25,205,756	-4,330,006	20,875,750
Policies being issued							
Direct credit insurance		948,115	-31	948,084	1,624,033	-31	1,624,002
Investments		187,046	-77,143	109,903	90,617		90,617
Prefinancing of import transactions		173		173	173		173
Assumed reinsurance		10,271		10,271	10,578		10,578
Market activity		77,773	-2,035	75,738	159,841	-2,238	157,603
		1,223,378	-79,209	1,144,169	1,885,242	-2,269	1,882,973
Policies (total)							
Direct credit insurance		13,120,608	-1,247,086	11,873,522	13,366,686	-1,543,700	11,822,986
Investments		1,135,536	-152,111	983,425	1,153,733		1,153,733
Prefinancing of import transactions		488,460	-5,704	482,756	612,932	-18,091	594,841
Assumed reinsurance		3,848,571		3,848,571	1,584,397		1,584,397
Market activity		7,800,584	-2,255,551	5,545,033	10,373,250	-2,770,484	7,602,766
		26,393,759	-3,660,452	22,733,307	27,090,998	-4,332,275	22,758,723
Cover offers and advice notes							
Direct credit insurance		3,419,029	-645	3,418,384	3,385,991	-8,102	3,377,889
Investments		70,887		70,887	719,667		719,667
Prefinancing of import transactions		3,591		3,591	14,560		14,560
Assumed reinsurance		99,292		99,292	49,141		49,141
Market activity		4,240,685	-720	4,239,965	6,570,099	-27,736	6,542,363
		7,833,484	-1,365	7,832,119	10,739,458	-35,838	10,703,620
Deposits by reinsurers		2,174			2,198		
Guarantee constituted for third parties		0			0		
Received rent security		93			93		
Forward sale of currencies		1,810			64,268		
Total return swaps		40,000			40,000		

Supplementary pension scheme

ONDD and DuCroire | Delcredere SA.NV members of staff benefit from a retirement and survivor's pension scheme which guarantees them a level of revenue comparable to that of state civil servants. It is awarded according to their seniority and average pay over their last five years of work.

The extralegal pension is constituted by means of a group insurance taken out with a registered Belgian insurance company.

05. Notes

The amounts in the tables are expressed in thousands EUR.

Note 1 – Scope of consolidation

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

- Belgian insurance company Ducroire | Delcredere SA.NV, which was established in September 2004 and is active in the credit insurance and suretyship branches;
- Immo Montoyer SA, which owns an office building that is rented out;
- Komerční Uverova Pojist'ovna EGAP (KUPEG), a Czech credit insurance company. The full consolidation method was applied to this company from 2009, after ONDD increased its stake in this company from 33% to 66%.

The Austrian insurance company Garant Versicherungs-AG, active in the field of the insurance of political and credit risks and of which ONDD is 50% owner, is consolidated according to the proportional method.

The companies with which the group has participation links, in particular:

- Trade Credit Re Insurance Company SA, a Belgian company active in the excess of loss credit insurance market;
- Holding CIS, a Belgian company, which itself has a stake in Russian insurance and reinsurance company Ingosstrakh ONDD Credit Insurance (INGO-ONDD),

have been consolidated by the equity method.

Mundialis SA, a company which is in liquidation, was excluded from the scope of consolidation.

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

	Consolidation method	Participation percentage held on 31/12/2008	Participation percentage held on 31/12/2009
ONDD Rue Montoyer 3, 1000 Brussels - BE 0203 286 759	Parent company	100%	100%
Ducroire Delcredere SA.NV Rue Montoyer 3, 1000 Brussels - BE 0867 435 663	Full consolidation	100%	100%
Immo Montoyer SA Rue Montoyer 3, 1000 Brussels - BE 0403 248 596	Full consolidation	100%	100%
Komerční Uverova Pojist'ovna EGAP (KUPEG) Na Pankráci 1683/127, 140 00 Praha 4 Czech Republic - Reg. No.: 272 45 322	Full consolidation	33%	66%
Garant Versicherungs-AG Wohllebengasse 4, 1040 Wien Austria	Proportional method	50%	50%
Trade Credit Re Insurance Company SA Avenue Roger Vandendriessche 18, 1150 Brussels BE 0864 602 471	Equity method	25% + 1 share	26,41%
Berger Management SA Avenue Kamerdelle 16, 1180 Brussels - BE 0863 461 741 On 22 December 2009, Berger Management SA underwent a merger by acquisition by Trade Credit Re Insurance Company SA and ceased to exist as of right.	Equity method	17,34%	
Holding CIS Rue Montoyer 3, 1000 Brussels - BE 0811 480 125 On 29 April 2009, ONDD acquired a 1% stake in Holding CIS, a newly-formed public limited company under Belgian law.	Equity method	N/A	1%
Mundialis SA Rue du Commerce 39, 1000 Brussels - BE 0471 611 624 On 27 March 2009 Mundialis SA was put into liquidation. The final liquidation document was signed on 10 December 2009. The arrangement for distributing the liquidation dividend will be implemented during the course of 2010.	Not consolidated	42%	42%

Note 2 – Key events of the year

- On 25 February 2009, **Ducroire | Delcredere SA.NV**, a subsidiary of ONDD, signed a contract to acquire the stake of SACE BT, a subsidiary of Italian public credit insurer SACE Spa, in Czech credit insurance company Komerční Uverova Pojišťovna EGAP (KUPEG).

By this contract, Ducroire | Delcredere SA.NV increased its stake in KUPEG from 33% to 66%.

Although in the accounts closed on 31/12/2008 ONDD had consolidated its stake in KUPEG by the simple equity method, this time the full consolidation method was used during the financial year ending on 31/12/2009.

In addition, goodwill recorded when the stake was acquired was subject to exceptional amortization, in addition to the usual amortization, to reduce the value of the stake to 13,028,885 Euros.

- On 29 April 2009, ONDD acquired a 1% stake in **Holding CIS**, a newly-formed public limited company under Belgian law. As at 31/12/2009 the company's issued and fully paid-up capital stood at 2,800,000 Euros.

Holding CIS is shareholder in Russian company Ingosstrakh ONDD Credit Insurance (INGO-ONDD). In November 2009, INGO-ONDD obtained permission from the Russian prudential authorities to exercise insurance and reinsurance activities in Russia.

- Since 27 June 2006, ONDD has held 50% of the shares of Austrian credit insurance company **Garant Versicherungs-AG**.

On 9 April 2009, ONDD signed an agreement to acquire a further 33% of Garant shares from Russian company InWest, under certain conditions precedent. To date the acquisition has not yet taken place. For the accounts closed on 31/12/2009, the company continues to be consolidated in accordance with the proportional consolidation method.

- On 22 December 2009, **Berger Management SA** underwent a merger by acquisition by Trade Credit Re Insurance Company SA.

As a result of this transaction:

- The entire asset base of Berger Management SA and its liabilities were transferred to Trade Credit Re Insurance Company SA;
- Berger Management SA ceased to exist as of right;
- and 12,644 new Trade Credit Re Insurance Company SA shares were allocated to Berger Management SA shareholders.

The main focus of Berger Management SA was its investment in **Trade Credit Re Insurance Company SA**, in which it had a 7.5% stake. The merger by acquisition was carried out to simplify the structures.

ONDD, which prior to the merger had a stake of 25% + 1 share (50,001 shares in other words) in Trade Credit Re Insurance Company SA and a 17.34% stake in Berger Management SA, now has a 26.41% stake in Trade Credit Re Insurance Company SA (52,194 shares in other words) following the completion of the merger.

- On 27/03/2009 **Mundialis SA** was put into liquidation.

The final liquidation document was signed on 10/12/2009. The arrangement for distributing the liquidation dividend, approved by the Commercial Court on 26/2/2010, will be implemented during the course of 2010.

- Change of methodology for the **provision for reported losses**.

On 31/12/2009 there was a change in the provision for reported losses methodology.

Previously, the provision was discounted in a detailed manner:

- the basis of the provision consisted of the present values of the expected claims, both in the principal amount and in contractual interest;
- these commitments were then discounted at the risk-free interest rate.

05. Notes

In 2009, the provision was discounted in a simplified manner:

- the basis of the provision consisted only of the present values of the expected claims in the principal amount. They were deemed to be commitments that had been discounted, on the assumption that the contractual interest rate and the risk-free discount rate were the same.

The impact of this change of methodology on the end of year result was a positive result of 3,854,682 Euros.

- Ducroire | Delcredere SA.NV change of methodology for the **provision for claims management expenses**.

In its accounts on 31/12/2009, Ducroire | Delcredere SA.NV amended the way in which the provision for claims management expenses was calculated. The old method was based on a claims management expenses rate based on past experience and adjusted each year. The new method is based on the actual cost, in full cost accounting, of the claims department, on the number of current claims files handled by the department and the average length of time required to settle a claim. The impact of this change generated a positive result in the accounts on 31/12/2009 of 4,903,111 Euros.

- As in 2008, several developments in the debt rescheduling agreements concluded in the past with certain debtor countries (principally during the major debt crisis of the '80s and early '90s) occurred in 2009. The impact on the accounts of the movements arising from these rescheduling agreements was a positive result of 13.2 million Euros (including a technical result of 3.6 million Euros and a financial result of 9.6 million Euros).

These are the most significant developments:

- At the end of March 2009, **Poland** honoured the final payment under its debt rescheduling agreement, for an amount of 18.6 million Euros payable to ONDD. The agreement had been concluded in June 1992 and granted Poland a concessional interest rate. Given that the Polish debt involves a 50% reduction in value in ONDD's accounts, the impact of the repayment by Poland is a positive result of 5.4 million Euros in the 2009 technical result and 4 million Euros in the financial result.
- **Indonesia** also made a payment in the context of ongoing debt rescheduling agreements, for an amount of 12.6 million Euros payable to ONDD. In addition, prospects for recovery on Indonesia's debt were revised slightly upwards. The accounts thus show a positive result of 2.3 million Euros in the technical result and 2.4 million Euros in the financial result.
- On 17 April 2008, **Liberia** concluded an agreement with creditor countries in the Paris Club. The bilateral agreement was signed on 4 May 2009. The debts covered by this agreement were not cancelled, as these were contracts concluded after the cut-off date for the agreement. They may, however, be cancelled in part once the completion point is reached. Debts included in the agreement were subject to a 100% write-off in ONDD's accounts.

The impact on the 2009 accounts is a charge of 6 million Euros, mainly in the technical result.

- In 2007, **Angola** re-established relations with its international creditors in the Paris Club. Angola paid off its arrears in full and honoured the due current payments for its external public debt. It even committed to paying the due late interests in three instalments as well: in January 2008, 2009 and 2010.

The third and final payment was honoured in January 2010.

The 2009 accounts showed a profit of 0.4 million Euros linked to the agreement on Angola's debt (0.1 million Euros in the technical result and 0.3 million Euros in the financial result).

- On 12 June 2008, an agreement was concluded between the debtors in the Paris Club and the **Republic of Togo** to cancel part of its debt.

A further cancellation was granted in January 2009 after the debtors in the Paris Club and the Republic of Togo signed an agreement to restructure the country's external public debt, as Togo had passed the decision point for the Enhanced Heavily Indebted Poor Countries Initiative. The cancellation only applied to contracts concluded prior to the cut-off date of the agreement.

The bilateral contract between ONDD and Togo was signed on 5 June 2009. The completion point may be reached in 2011, which would mean cancellation for/of all contracts prior to the cut-off date, and the possible partial cancellation for/of contracts after the cut-off date.

The debt cancellation would have little impact on the result, as Togo's debts had already all been fully written off during previous financial years. However, it brought about significant movements under items in the technical result and the financial result, as write-offs on accounts receivable are converted into indemnified losses.

- On 11 December 2008, the **Republic of Congo** (Congo-Brazzaville) signed an agreement within the Paris Club, which granted the country a significant debt concession whilst awaiting the completion point for the Enhanced Heavily Indebted Poor Countries Initiative. The bilateral debt rescheduling agreement was signed on 20 January 2009.

The completion point was reached in January 2010, which led the creditor countries of the Paris Club and the Republic of Congo to sign an agreement on 18 March 2010 to cancel the debt in full.

Once again the impact on the result was very low because the debts of the Republic of Congo had already been written off by 100%.

- **Côte d'Ivoire** reached the decision point at the end of March 2009. On 15 May 2009, an agreement with the creditor countries of the Paris Club followed, which granted Côte d'Ivoire a significant cancellation of its debts. The bilateral agreement was signed on 9 September 2009. It is likely that the completion point will be reached in 2011, which will result in a 100% debt cancellation.

As ONDD had already written off its debt with Côte d'Ivoire by 100%, the impact on the 2009 result was negligible.

Note 3 – Key events after the closure date

On 10 February 2010, a capital increase of 8,000,720 Euros increased the capital of Holding CIS from 2,800,000 Euros to 10,800,720 Euros. New shares resulting from the increase were fully paid in cash at the time of subscription.

Following this transaction, ONDD saw its participation in Holding CIS's capital increase from 1% to 66.67%.

Available funds following the capital increase were used to increase capital in INGO-ONDD, a company under Russian law, involving a total of 330,000,000 RUR (or 8,128,242.17 Euros).

05. Notes

Note 4 - Accounting principles and methods

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

Consolidation method used

Shareholdings are consolidated:

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

Internal operations between consolidated companies

Significant "intra-group" operations are excluded both from the balance sheet and from the income statement.

Goodwill

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

It is amortized over five years.

Accounting principles

1. **Intangible fixed assets** consist of software programs purchased from third parties. They are amortized over five years.
2. **Tangible fixed assets** consist of computer hardware, amortized over three years, and other tangible fixed assets, amortized over five years.
3. **Financial fixed assets**

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

Other financial assets comprise directly held bonds, booked at nominal value, and other investments booked at acquisition value.

Financial fixed assets are written down in the case of lasting impairment.

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

Accounts receivable from indemnities include:

- outstanding claims. These are amounts for which insurance clients have been indemnified following claims and which may be recovered either from the debtors of the amounts insured or from the debtor's country (where the claim is indemnified on the basis of political risk);
- accrued and capitalised interest: for claims indemnified on the basis of political risk, where debt rescheduling agreements are concluded bilaterally between the insurer and the debtor countries, the interest accrued on the closing date (due or not due), along with capitalised interest (unpaid under a previous debt rescheduling agreement and included in a new rescheduling agreement) is capitalised in accounts receivable from indemnities.

By contrast, interest on arrears and debt rescheduling interest in relation to amounts receivable from claims, accrued as at the closing date, are never capitalised as amounts receivable from claims if they do not relate to a bilateral rescheduling agreement between the insurer and the debtor country.

Accounts receivable from indemnities are subject to write-offs under the prudence principle in accordance with accounting law.

Write-off rates for claims in commercial risks are determined on a case-by-case basis, with a minimum rate of 5%; for claims in political and transfer risks, a write-off rate is set per country.

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

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

In addition, no distinction has been made with accounts receivable from indemnities between sums that are to be recovered in the short term and those to be recovered in the longer term.

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

5. **Current assets** and **debts** in foreign currencies are revalued at the exchange rate applicable on the balance sheet date. Commercial debts and receivables on behalf of the State are not revalued.
6. **Accounts receivable within one year, cash at bank and in hand** and **deferred charges and accrued income** are entered on the balance sheet at their nominal value. These items are written down where the realisation value on the balance sheet date is less than their acquisition value.
7. **Investments** are written down where the market value is less than their book value.
8. **The provision for outstanding risks** contains two parts:
 - a provision for unearned premiums: this corresponds to the portion of premiums to be allocated to financial years after the balance sheet date in order to cover the charges of claims and the operating costs of insured risks not yet expired on the balance sheet date;
 - a provision for risk deterioration: It is constituted where, for outstanding transactions insured, the risk assessment has worsened in comparison with the original assessment and, as a result, the unearned premiums are lower than the estimated future charges (charges of claims and operating costs). This type of provision is constituted:
 - in the case of country risk assessment downgrade (change in country classification),
 - where the deterioration in the macroeconomic situation of a country gives rise to a heightened risk of a systemic nature in respect of the private debtors in that country;
 - in the case of deterioration of the debtor risk.
9. **The provision for claims** contains two elements:
 - a provision for non-reported losses, or IBNR provision (incurred but not reported): this provision is aimed at taking into account on a statistical basis the definitive losses of claims incurred but not reported.
 - a provision for reported losses. This provision is an estimate of the definitive losses in case of expected claims. The following provision rates apply:
 - to expected claims in political risk: the rates equal the write-off percentages on outstanding claims;
 - to expected claims in commercial risk: the rates are based on the loss probability and on the recovery prospects determined by the claim managers, but are no less than 10%.

These rates apply to the present value of the expected claims in present value.
10. The **provision for claims management expenses** is an estimate of the external and internal costs that must necessarily be incurred for the payment and/or recovery under current claims files.

05. Notes

11. A **provision for profit share and refunds** is constituted for policies containing refunds, no claims bonuses or profit sharing, which are paid after the balance sheet date, at the end of the period for which the policy has been taken out. This provision is based on a percentage which is adjusted each year based on past experience.
12. A **provision for equalisation and disasters** is constituted in order to level the charges of claims over time for the companies which are included in the consolidation scope. This is done in accordance with the rules applicable to the annual accounts of these companies.
13. **Premiums** are recorded at the time when the premium invoice is issued, except for transactions where the insurance policy includes a clause stating when the contract comes into effect. In this latter case, premiums are recorded when the contract becomes effective.
14. **Indemnified losses and litigation expenses**
This item includes indemnified amounts that are deemed lost and the costs incurred directly by the insurer in order to recover amounts resulting from claims.
15. **Rescheduling interest**
This item includes, first, rescheduling interest accrued under the bilateral rescheduling agreements and which has been activated during the year and, second, other late or rescheduling interest received during the year.
16. **Other financial income; other financial charges**
These items mainly include the exchange gains or losses realized on current assets, debts and forward exchange rate transactions along with exchange rate profits and losses resulting from the foreign currency cover and from the recoveries of foreign currency accounts receivable from indemnities.
They also include conversion differences resulting from revaluation at the rate on the balance sheet date of current assets, of debts and accounts receivable from indemnities expressed in foreign currencies.
17. **Cost of rescheduling agreements**
Under this item are booked rectifications in interest resulting from rescheduling agreements accounted for in previous years.
18. **Irrecoverable share of interest on accounts receivable from indemnities**
Interest receivables deemed irrecoverable from indemnities is transferred at nominal value to indemnified losses.
19. **Off-balance sheet rights and commitments** (memorandum account)
Commitments for current policies are equal to the insurer's outstanding risks on the balance sheet date. These commitments are converted at the exchange rate in effect on the balance sheet date where the insurer provides foreign currency cover of the amounts insured. These commitments are recorded at the historical rate for transactions insured without foreign currency cover.
Potential commitments include policies being issued, which cover transactions for which the contract between the insured and its customer has been concluded, on the one hand, and which cover offers and advice notes for contracts being negotiated on the other.

Note 5 - Preliminary costs

Preliminary expenses	
Acquisition value	
At the end of the previous financial year	836
Entry into the scope of consolidation	7
At the end of the financial year	843
Depreciation and amounts written off	
At the end of the previous financial year	-707
Entry into the scope of consolidation	-5
Variations during the financial year:	
Booked	-130
At the end of the financial year	-842
Net book value at the end of the financial year	1

Note 6 - Intangible fixed assets

	Concessions, licenses and know-how
Acquisition value	
At the end of the previous financial year	4,529
Entry into the scope of consolidation	217
Variations during the financial year:	
Acquisitions, including own construction	1,610
Transfers and disposals	
At the end of the financial year	6,356
Depreciation and amounts written off	
At the end of the previous financial year	-2,331
Entry into the scope of consolidation	-168
Variations during the financial year:	
Booked	-200
Cancelled	11
At the end of the financial year	-2,688
Net book value at the end of the financial year	3,668

05. Notes

Note 7 - Tangible fixed assets

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles
Acquisition value			
At the end of the previous financial year	28,442	4,784	2,605
Entry into the scope of consolidation			598
Variations during the financial year:			
Acquisitions, including own construction		79	112
Transfers and disposals			
At the end of the previous financial year	28,442	4,863	3,315
Depreciation and amounts written off			
At the end of the previous financial year	-2,469	-2,883	-2,389
Entry into the scope of consolidation			-367
Variations during the financial year:			
Booked	-524	-301	-30
At the end of the financial year	-2,993	-3,184	-2,786
Net book value at the end of the financial year	25,449	1,679	529

Note 8 - Financial fixed assets

	Shareholdings	Shareholdings in companies accounted for by the equity method	Other financial assets
Acquisition value			
At the end of the previous financial year	1,050	11,000	1,414,820
Variations during the financial year:			
Acquisitions	28		1,675,153
Reimbursements	-1,050	-6,555	-1,660,002
Amounts written off			247,310
At the end of the financial year	28	4,445	1,677,281

Note 9 - Accounts receivable from claims

	Gross transactions	Ceded to reinsurers	Net transactions
Outstanding indemnities	294,550	-40,444	254,106
Capitalised interest	20,623	-993	19,630
Accrued interest	3,127	-42	3,085
Accounts receivable from indemnities	318,300	-41,479	276,821
Purchased accounts receivable	594		594

Variation of outstanding indemnities on 31 December 2009	Gross transactions	Ceded to reinsurers	Net transactions
Paid nominal value			
At the end of the previous financial year	611,956	-45,133	566,823
Variations during the financial year:			
Indemnities paid (1)	318,946	-101,047	217,899
Indemnities recovered (1)	-44,666	6,168	-38,498
Transfers and adjustments	-44,100	18,793	-25,307
Conversion rate adjustments	-6,065	1,296	-4,769
At the end of the financial year	836,071	-119,923	716,148
Amounts written off			
At the end of the previous financial year	393,909	-30,456	363,453
Variations during the financial year:			
Increases	197,447	-57,294	140,153
Write-backs	-46,739	7,601	-39,138
Conversion rate adjustments	-3,096	670	-2,426
At the end of the financial year	541,521	-79,479	462,042
Net book value at the end of the financial year	294,550	-40,444	254,106

Detail of outstanding indemnities per activity on 31 December 2009							
	Direct credit insurance	Investments	Prefinancing of import transactions	Assumed reinsurance	Market activity	Suretyship	Total gross transactions
Paid nominal value							
At the end of the previous financial year	582,577	1,471	1,854	8,818	17,219	17	611,956
Variations during the financial year:							
Indemnities paid (1)	128,245		2	33,668	156,981	50	318,946
Indemnities recovered (1)	-36,378			-1,453	-6,835		-44,666
Transfers and adjustments	-21,491		-2	-19,059	-3,498	-50	-44,100
Conversion rate adjustments	-4,911			7	-1,161		-6,065
At the end of the financial year	648,042	1,471	1,854	21,981	162,706	17	836,071
Amounts written off							
At the end of the previous financial year	375,331	1,099	1,854	7,489	8,127	9	393,909
Variations during the financial year:							
Increases	80,340			11,775	105,332		197,447
Write-backs	-41,601			-2,365	-2,764	-9	-46,739
Conversion rate adjustments	-2,960			21	-157		-3,096
At the end of the financial year	411,110	1,099	1,854	16,920	110,538	0	541,521
Net book value at the end of the financial year	236,932	372	0	5,061	52,168	17	294,550

05. Notes

Variation of the capitalised and accrued interest on accounts receivable from indemnities on 31 December 2009						
	Capitalised interest			Accrued interest		
	Gross transactions	Ceded to reinsurers	Net transactions	Gross transactions	Ceded to reinsurers	Net transactions
Nominal value						
At the end of the previous financial year	231,809	-2,627	229,182	89,059	-18	89,041
Variations during the financial year:						
Indemnities booked	31,480	-685	30,795	15,044	-148	14,896
Indemnities recovered	-9,784	31	-9,753	-9,748	32	-9,716
Transfers and adjustments	12,822	105	12,927	-32,069	4	-32,065
Conversion rate adjustments	-1,466		-1,466	-170		-170
At the end of the financial year	264,861	-3,176	261,685	62,116	-130	61,986
Amounts written off						
At the end of the previous financial year	203,829	-1,721	202,108	85,735	-5	85,730
Variations during the financial year:						
Increases	60,551	-550	60,001	3,802	-87	3,715
Write-backs	-20,142	88	-20,054	-30,548	4	-30,544
Conversion rate adjustments			0			0
At the end of the financial year	244,238	-2,183	242,055	58,989	-88	58,901
Net book value at the end of the financial year	20,623	-993	19,630	3,127	-42	3,085

Variation of the purchased accounts receivable on 31 December 2009	
Nominal value	
At the end of the previous financial year	21,503
Variations during the financial year:	
Indemnities booked	597
Indemnities sold	-750
Transfers and adjustments	-1,307
At the end of the financial year	20,043
Amounts written off	
At the end of the previous financial year	20,277
Variations during the financial year:	
Increases	85
Write-backs	-913
At the end of the financial year	19,449
Net book value at the end of the financial year	594

Note 10 - Financial investments

	2009					2008				
	Acquisition value	Book value	Market value	Profit or loss on investments	Variation in the unrealized capital gains	Acquisition value	Book value	Market value	Profit or loss on investments	Variation in the unrealized capital gains
Equity funds	213,000	205,414	228,123	56,799	20,257	610,997	394,065	396,465	-284,323	-10,355
Variable-income investments with guaranteed capital on maturity	127,987	125,139	130,785	13,081	-2,406	133,186	120,887	129,898	-8,497	-9,911
Funds managed according to a 'target volatility' approach	440,000	440,000	467,705	155	27,705	0	0	0	0	0
Sovereign bonds	593,641	591,090	607,984	32,804	-11,726	691,100	685,586	713,204	15,597	21,730
Corporate bonds	116,487	112,567	115,664	5,083	3,028	118,707	87,394	87,534	-32,719	1,226
Real estate	25,318	23,971	27,523	3,290	3,348	35,854	22,034	22,274	-21,547	3,245
Monetary investments	411,708	411,708	419,808	12,336	-5,526	523,874	523,514	535,011	5,138	5,308
Term deposits	58,303	58,303	58,303	1,932	0	21,002	21,002	21,002	475	0
Cash at bank and in hand	13,098	13,098	13,098	49	0	29,812	29,812	29,812	643	0
Suretyship	107	107	107	0	0	88	88	88	0	0
Total	1,999,648	1,981,397	2,069,099	125,531	34,680	2,164,620	1,884,381	1,935,289	-325,232	11,242

Other financial assets	1,677,281	1,414,820
Cash investments	291,018	439,705
Cash at bank and in hand	13,098	29,856
Total financial investments	1,981,397	1,884,381

Unrealized capital gains / (capital losses) not registered at the end of the previous financial year	53,022
Amounts written off on investments registered at the end of the previous financial year	-281,354
Unrealized capital gains / (capital losses) at the end of the previous financial year	-228,332
(Capital gains) / capital losses realized during the financial year	7,688
Variations in the unrealized capital gains / capital losses	290,094
Unrealized capital gains / (capital losses) at the end of the financial year	69,450
Amounts written off on investments registered at the end of the financial year	18,252
Unrealized capital gains / (capital losses) not registered at the end of the previous financial year	87,702

05. Notes

Note 11 - Provisions for risks and charges

	2009			2008	Variation 2009
	Gross transactions	Ceded to reinsurers	Net transactions	Net transactions	Net transactions
Provision for profit share and refunds					
Direct credit insurance	1,466	-769	697	1,206	-509
	1,466	-769	697	1,206	-509
Provision for unearned premiums					
Direct credit insurance	141,787	-9,257	132,530	116,174	16,356
Investments	7,781	-698	7,083	3,668	3,415
Prefinancing of import transactions	566		566	1,875	-1,309
Assumed reinsurance	8,249	-736	7,513	10,811	-3,298
Market activity	35,391	-12,746	22,645	25,560	-2,915
Suretyship	546	-335	211	294	-83
	194,320	-23,772	170,548	158,382	12,166
Provision for risk deterioration					
Direct credit insurance	61,998	-3,273	58,725	74,556	-15,831
Investments				0	
Prefinancing of import transactions	754		754	874	-120
Assumed reinsurance	6,772	-155	6,617	1,375	5,242
Market activity	84,746	-34,467	50,279	20,608	29,671
Suretyship				0	
	154,270	-37,895	116,375	97,413	18,962
Provision for outstanding risks					
Direct credit insurance	203,785	-12,530	191,255	190,730	525
Investments	7,781	-698	7,083	3,668	3,415
Prefinancing of import transactions	1,320		1,320	2,749	-1,429
Assumed reinsurance	15,021	-891	14,130	12,186	1,944
Market activity	120,137	-47,213	72,924	46,168	26,756
Suretyship	546	-335	211	294	-83
	348,590	-61,667	286,923	255,795	31,128
Entry into the scope of consolidation				717	-717
Provision for outstanding risks					30,411
IBNR provision					
Direct credit insurance	10,597	-2,876	7,721	5,157	2,564
Investments				0	
Prefinancing of import transactions	139		139	12	127
Assumed reinsurance	10,369	-1,634	8,735	8,298	437
Market activity	4,503	-1,476	3,027	69	2,958
Suretyship	75	-34	41	0	41
	25,683	-6,020	19,663	13,536	6,127

	2009			2008	Variation 2009
	Gross transactions	Ceded to reinsurers	Net transactions	Net transactions	Net transactions
Provision for reported losses					
Direct credit insurance	217,424	-21,187	196,237	128,976	67,261
Investments	5,105		5,105	2,575	2,530
Prefinancing of import transactions	73,270		73,270	48,260	25,010
Assumed reinsurance	34,835	-7,838	26,997	12,496	14,501
Market activity	150,306	-50,194	100,112	29,316	70,796
Suretyship	386		386	203	183
	481,326	-79,219	402,107	221,826	180,281
Provision for claims					
Direct credit insurance	228,021	-24,063	203,958	134,133	69,825
Investments	5,105		5,105	2,575	2,530
Prefinancing of import transactions	73,409		73,409	48,272	25,137
Assumed reinsurance	45,204	-9,472	35,732	20,794	14,938
Market activity	154,809	-51,670	103,139	29,385	73,754
Suretyship	461	-34	427	203	224
	507,009	-85,239	421,770	235,362	186,408
Entry into the scope of consolidation				1,265	-1,265
Provision for claims					185,143
Provision for claims management expenses			27,039	25,552	1,488
Provision for equalisation and disasters					
Direct credit insurance			618	953	-335
Investments					
Prefinancing of import transactions					
Assumed reinsurance				4,061	-4,061
Market activity					
Suretyship			246		246
			864	5,014	-4,150
Entry into the scope of consolidation				2,999	-2,999
Provision for equalisation and disasters					-7,149

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

- ONDD makes no provision for equalisation and disasters.
- For Ducroire | Delcredere SA.NV, the provision is constituted in accordance with method No 1 under Regulation No 8 issued by the Banking, Finance and Insurance Commission: as long as it does not reach 150% of the highest annual amount of premiums net of ceded reinsurance over the previous five years, the provision for equalisation is replenished each year with 75% of any positive technical result achieved in the credit insurance segment, provided this transfer does not exceed 12% of premiums net of ceded reinsurance. This provision serves to offset any technical loss at the end of the year.
- For Garant AG, the provision has been established in conformity with the rules made by the Austrian prudential authorities (Verordnung des Bundesministers für Finanzen über die Bildung einer Schwankungsrückstellung in der Schaden- und Unfallversicherung vom 22. Oktober 1991 in der Fassung des Bundesgesetzes BGBl Nr 753/1996 durch Anordnung der Finanzmarktaufsicht unter GZ 9 132 600/1-ii4/05).
- For KUPEG the provision has been established in accordance with section 17 of the 'Insurance Act' under Czech legislation. The calculation method used and the maximum amount of the provision are stipulated in Regulation No 303/2004.

05. Notes

Note 12 - Written premiums

	2009			2008		
	Gross transactions	Ceded to reinsurers	Net transactions	Gross transactions	Ceded to reinsurers	Net transactions
Premiums	292,355		292,355	209,876		209,876
Other technical income	506	955	1,461	142	1,156	1,298
Premiums ceded to reinsurers		-64,373	-64,373		-48,463	-48,463
Other technical charges	-7,234	-60	-7,294	-3,510	-7	-3,517
Written premiums	285,627	-63,478	222,149	206,508	-47,314	159,194
Direct credit insurance	128,051	-21,900	106,151	103,435	-24,876	78,559
Investments	10,445		10,445	3,564		3,564
Prefinancing of import transactions	3,547		3,547	1,018		1,018
Assumed reinsurance	20,211	-4,389	15,822	18,460	-1,247	17,213
Market activity	121,658	-37,189	84,469	79,072	-21,191	57,881
Suretyship	1,715		1,715	959		959
Written premiums	285,627	-63,478	222,149	206,508	-47,314	159,194

Breakdown of premiums according to the country where the risk is located (gross transactions)

	2009	2008		2009	2008
Russia	28,932	24,355	South Korea	3,559	1,850
Turkey	14,577	9,250	Gabon	3,499	263
Brazil	11,204	7,723	The Netherlands	3,374	1,273
Ghana	10,649	3,851	Algeria	3,283	3,090
Czech Republic	9,192	939	United Kingdom	3,237	3,464
Belgium	9,154	2,788	Qatar	3,097	2,141
Ukraine	7,857	7,432	Jamaica	3,058	214
Saudi Arabia	7,736	3,801	Egypt	3,052	2,749
India	7,391	6,616	Poland	3,035	1,695
Iran	7,178	8,409	Argentina	2,925	2,150
United States	7,061	3,190	Philippines	2,882	218
China	6,301	4,549	Indonesia	2,874	3,182
Kazakhstan	5,999	4,655	Vietnam	2,841	987
France	5,036	2,595	Oman	2,800	1,417
Nigeria	4,184	5,117	Kenya	2,659	2,435
			Other countries	97,001	84,109
Written premiums				285,627	206,508

Note 13 - Variation in amounts written off on outstanding claims and indemnified losses

	2009	2008
Ukraine	-12,861	0
Côte d'Ivoire	5,355	1
Iraq	-998	21,315
Gabon	0	6,820
Other	-91,308	19,447
Variation in amounts written off on outstanding claims	-99,812	47,583
Côte d'Ivoire	-5,357	-8
Iraq	0	-28,335
Gabon	0	-5,538
Other	-28,480	-6,816
Indemnified losses and litigation expenses	-33,837	-40,697

Note 14 - Operating charges

	2009	2008
Remuneration	-17,170	-14,014
Social security contributions	-7,549	-6,110
Other personnel cost	-814	-601
Remunerations, social charges and pensions	-25,533	-20,725
Accommodation cost	-1,552	-1,162
Management cost	-2,393	-1,841
Representation cost	-1,676	-1,286
Fees	-1,780	-1,727
Interim staff	-107	-71
Directors' fees	-100	-41
Courses, training and seminars	-112	-168
Operating costs	-7,720	-6,296
Commissions for assumed reinsurance	-5,937	-3,822
Investigation charges	-5,074	-3,584
Brokers' fees	-10,043	-8,952
Costs of management by third parties	-21,054	-16,358
Invoiced investigation	3,055	2,417
Management fees received from other insurance companies	391	1,082
Fees for the management of the country risk model	266	269
Fees for the collection of non insured claims	83	147
Other	2,845	1,967
Recovered operating costs	6,640	5,882

05. Notes

Note 15 - Operating result, gross and net of cession to reinsurers

+ income / - charge	Note	2009			2008		
		Gross transactions	Ceded to reinsurers	Net transactions	Gross transactions	Ceded to reinsurers	Net transactions
Turnover							
Premiums	12	285,627	-63,478	222,149	206,508	-47,314	159,194
Rent		377		377	332		332
		286,004	-63,478	222,526	206,840	-47,314	159,526
Technical charges							
Variation in the provision for profit share and refunds	11	569	-60	509	-690	177	-513
Variation in the provision for outstanding risks	11	-43,651	13,240	-30,411	-98,351	16,463	-81,888
Variation in the provision for claims	11	-226,964	41,821	-185,143	-184,361	23,607	-160,754
Variation in the provision for claims management expenses	11	-1,488		-1,488	-9,929		-9,929
Variation in amounts written off on outstanding claims	13	-149,277	49,465	-99,812	58,834	-11,251	47,583
Indemnified losses and litigation expenses	13	-49,325	15,488	-33,837	-61,009	20,312	-40,697
Recoveries on indemnified losses and litigation expenses		2,826	-1,257	1,569	665	-151	514
Other technical results		-848		-848	-22		-22
		-468,158	118,697	-349,461	-294,863	49,157	-245,706
Technical result		-182,154	55,219	-126,935	-88,023	1,843	-86,180
Operating charges							
Remunerations, social charges and pensions	14	-25,533		-25,533	-20,725		-20,725
Operating costs	14	-7,720		-7,720	-6,296		-6,296
Costs of management by third parties	14	-21,054		-21,054	-16,358		-16,358
Depreciation		-2,013		-2,013	-1,931		-1,931
Write-offs on trade account receivables		-67		-67	-98		-98
Other operating costs		-917		-917	-599		-599
Recovered operating costs	14	6,640		6,640	5,882		5,882
Reinsurance commissions			17,171	17,171		14,959	14,959
		-50,664	17,171	-33,493	-40,125	14,959	-25,166
Operating result		-232,818	72,390	-160,428	-128,148	16,802	-111,346

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

- in 2009, a proportion of Ducreire | Delcredere SA.NV's short term risks covered by credit insurance under a comprehensive exporter policy was transferred to a pool of private reinsurers outside the group: 40% of private debtor risk and 25% for political and public debtor risk. In the second line, retention is protected by excess of loss treaties per risk and per country, with a capacity of 70 million Euros per risk and 100 million Euros per country.
- 31% of ONDD's market activity was transferred in reinsurance outside the group under a proportional treaty. In the second line, retention is protected by excess of loss treaties per risk and per country, with a capacity of 50 million Euros per risk and 100 million Euros per country.
- 20% of ONDD's confirmed letters of credit cover business was transferred outside the group under a proportional treaty.
- In principle, the "Office du Ducreire du Grand-Duché de Luxembourg" reinsures 50% of Belgian exports covered by ONDD or Ducreire | Delcredere SA.NV where such exports include products from Luxembourg.
- Cession treaties also exist with public or private credit insurers for occasional operations.
- Garant AG also makes use of reinsurance in quota share cessions, in excess of loss per risk and per country and in stop loss.

Note 16 - Result from financial assets and investments

	Note	2009	2008
Income from financial assets		68,938	13,620
Income from cash investments		19,384	36,770
Withholding tax		-1,380	-2,019
Charges from investments		-223,422	-91,999
Variation in the amounts written off on investments		262,011	-281,604
Profit or loss from financial investments	10	125,531	-325,232

Note 17 - Other financial income

	2009	2008
Exchange gains	5,738	7,078
Conversion differences	528	17,195
Various financial income	98	609
Other financial income	6,364	24,882

Note 18 - Variation in amounts written off on rescheduling interest and irrecoverable interest share

	2009	2008
Liberia	-23,559	0
Côte d'Ivoire	4,823	0
Poland	3,957	0
Congo Brazzaville	2,262	0
Iraq	-1,085	4,197
Gabon	0	2,714
Other	348	1,253
Variation in amounts written off on rescheduling interest receivable	-13,254	8,164

	2009	2008
Côte d'Ivoire	-13,578	0
Togo	-3,885	0
Congo Brazzaville	-3,388	0
Iraq	0	-8,935
Gabon	0	-3,209
Other	0	-264
Irrecoverable share of rescheduling interest receivable	-20,851	-12,408

05. Notes

Note 19 - Other financial charges

	2009	2008
Exchange losses	-8,549	-10,015
Conversion differences	-5,715	-19,132
Various financial charges	-4,301	-4,882
Other financial charges	-18,565	-34,029

Nota 20 - Indemnities paid and indemnities recovered

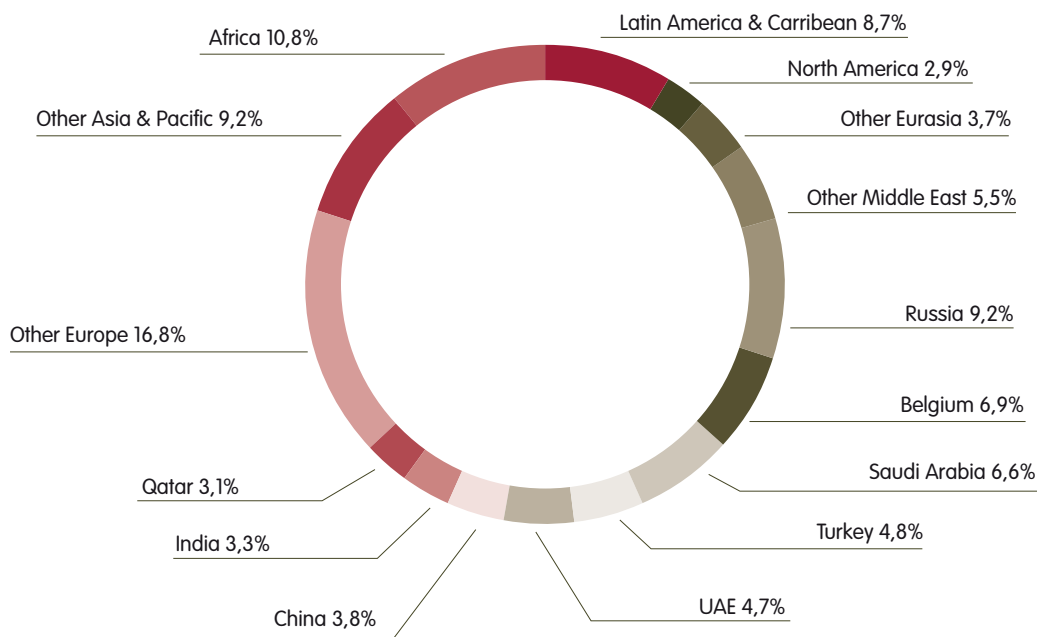
	2009			2008		
	Gross transactions	Ceded to reinsurers	Net transactions	Gross transactions	Ceded to reinsurers	Net transactions
Indemnities paid	-318,946	101,047	-217,899	-28,558	9,495	-19,063
Indemnities recovered	44,666	-6,168	38,498	89,213	-7,296	81,917
Recovered rescheduling interest	19,532	-63	19,469	53,244	-1,854	51,390
Cash flow resulting from indemnities	-254,748	94,816	-159,932	113,899	345	114,244

Nota 21 - Breakdown of commitments according to the country where the risk is located

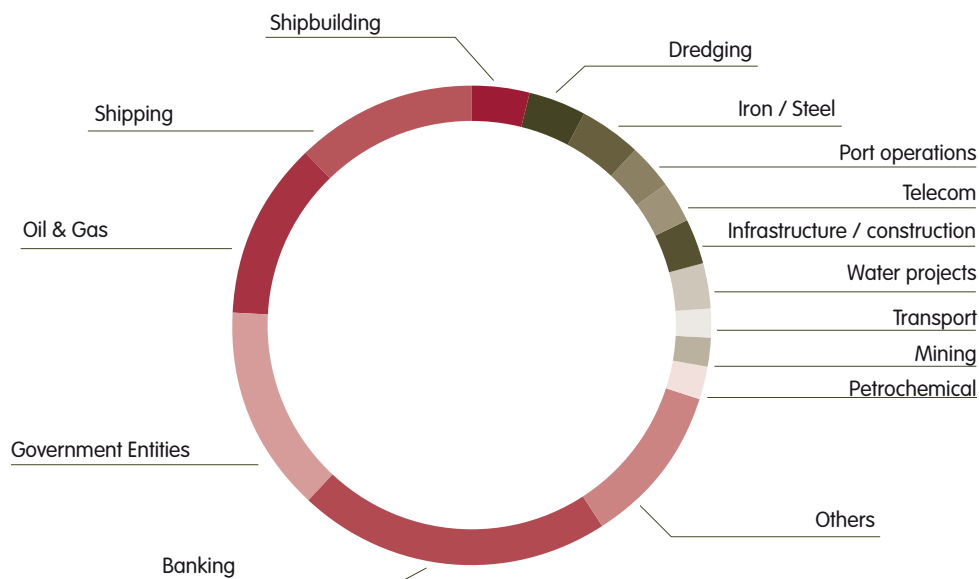
	2009	2008		2009	2008
Russia	1,747,282	2,557,574	Oman	347,727	145,715
Saudi Arabia	1,266,697	1,073,281	Abu Dhabi	308,775	186,632
Belgium	1,238,145	616,196	Dubai	302,973	614,139
Turkey	1,001,594	1,574,092	Germany	301,455	315,192
China	771,840	1,012,869	The Netherlands	289,038	264,732
India	638,237	1,503,487	Ukraine	262,944	539,930
Algeria	592,127	560,248	Spain	256,122	160,503
Qatar	575,649	547,774	Egypt	251,378	306,613
South Korea	559,173	447,799	Poland	249,380	287,330
France	544,123	591,331	Kazakhstan	247,049	357,448
Brazil	530,650	903,425	Japan	245,048	374,518
United Kingdom	526,912	589,461	Ghana	243,880	173,830
United States	512,629	545,822	Indonesia	237,928	225,968
Iran	474,467	532,956	Hungary	229,571	160,446
Croatia	404,737	384,233	Nigeria	219,462	324,072
			Other countries	9,793,389	7,328,141
Policies issued				25,170,381	25,205,756

05. Illustrations of the real commitments

Real commitments in 2009: geographic breakdown



Real commitments in 2009: breakdown by sector for main debtors (> 30 millions EUR)



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