

MESSAGE OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Throughout 2020, Credendo has remained steadfast in its support of the business community as companies deal with the devastation caused by the Covid-19 pandemic.

With unprecedented levels of uncertainty and upheaval as a result of Covid-19, the last 12 months have been a truly turbulent time for the global business community. Certain sectors, such as aviation, tourism and hospitality, continue to suffer.

The situation caused by the pandemic has certainly brought the credit insurance sector to the fore as a vital means of supporting companies and facilitating bank lending around the world.

Within Credendo, our response to the pandemic has been focused on the continued delivery of our services, while ensuring the safety of our employees, and we rapidly implemented a successful remote work strategy.

Well aware that the Belgian economy also required our assistance – and urgently – we acted quickly to provide the necessary support in the form of a reinsurance programme on behalf of the Belgian State to prop up the private credit insurance market, as well as a new financial guarantee. These measures were very well-received by the exporting community and domestic businesses, and we are proud of the important role we have played during this critical time.

Still, the economic impacts of the pandemic are inescapable, and a higher level of loss will probably be an inevitable consequence. Whilst the losses anticipated at the outbreak of the pandemic in early 2020 have not materialised to the level expected by now, we are nevertheless ending the year with a shortfall of EUR 83 million. This is largely due to the investment portfolio, which was severely hit in the

first quarter as a result of the pandemic's deleterious impact on the financial markets, but which has since progressively stabilised and recovered, ending the year with a much reduced EUR 45 million financial loss. Additional 'incurred but not reported' and 'risk deterioration' provisioning explain the negative technical result.

Our insurance premium revenue remains strong at EUR 334 million, an increase of 6.1% over the previous year, indicating that the pandemic has not had an impact on our turnover. More significantly, our insurance premium ceded to reinsurance has seen an increase of almost 19% over the previous year as a result of the various European Covid-19-related state support schemes.

In terms of claims, our net loss ratio has increased to 72.5% from 41% the previous year.

All things considered, while the results are not favourable, the sense is that it could certainly have been substantially worse.

Looking ahead, as one of Europe's top four credit insurers, our business growth ambitions remain clear, and we see a number of opportunities to drive this. In order to do so, we continue to increase the efficiency of the group, as demonstrated with the merger between our two specialised entities, Credendo – Excess & Surety and Credendo – Single Risk. The new entity, Credendo – Guarantees & Speciality Risks, with its increased capital base and extensive European footprint, will be key to our continued advancements, particularly in the surety business, where we have an already growing profile.



EUR 334 MILLION
INSURANCE PREMIUM
REVENUE



6.1%
INCREASE IN INSURANCE
PREMIUM REVENUE



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DIRK TERWEDUWE,
CHIEF EXECUTIVE OFFICER



**VINCENT REUTER,
CHAIRMAN OF THE BOARD OF DIRECTORS**

**DIRK TERWEDUWE,
CHIEF EXECUTIVE OFFICER**

Our innovation efforts are another string to our bow, and we continue to invest in research and development to further facilitate this work. Through our AREA42 innovation vehicle, we are committed to finding solutions for digital B2B platforms, still at a nascent stage within the credit insurance market.

As 2021 will be the year in which we celebrate our 100th anniversary as an export credit agency, we hope that business – and life – will soon return to normal as Covid-19 vaccines are rolled out and the virus is progressively brought under control. We know that businesses face a long road to recovery and that help from the government will be even more critical. We stand ready to continue to extend our support.

Dirk Terweduwe
Chief Executive
Officer

Vincent Reuter
Chairman of the
Board of Directors

100 YEARS OF NEW OPPORTUNITIES