

HIGHLIGHTS OF THE YEAR

Pandemic-related support was a key feature of Credendo's activities in 2020. Throughout the year we also took several steps closer to achieving our growth ambitions.



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THE PANDEMIC (EXPORT
BAROMETER 2020)



EUR 42 BILLION
CREDITS FOR BELGIAN
COMPANIES

A century of innovation

Going into 2021, we celebrate our 100th anniversary, providing us with an opportunity to reflect on Credendo's rich history. We are proud of the progress we have made in our support of trade, from our beginnings as an agency focused only on Belgian exporting firms, founded by the Belgian government, to what we have evolved to become today – an international group with a presence across Europe.

But when speaking about history, it is also important to highlight one's preparations for the future. At Credendo, we will continue to adapt to the shifting dynamics of trade, both global and local, and the needs of our clients, as was demonstrated in 2020 with the launch of new products and the changes we have made to our structure.

100 years later, we are still active and relevant, and ready for what the future will bring.

Support through unprecedented times

Since the outbreak of Covid-19, Credendo has been keeping a close eye on the impact of the pandemic on our clients and their export business as they deal with major challenges such as the effects of government lockdown measures, supply chain shifts and cash flow issues.

In terms of the bearing on Belgian exports specifically, among the companies surveyed as part of our Export Barometer 2020, 78% of respondents reported a negative impact on their business as a result of the pandemic, with reduced and cancelled orders cited as one of the main obstacles.

Credendo prides itself on its ability to act with agility, and we were quick to roll out the necessary support. This included two support measures to facilitate continued access to bank credit and credit insurance for internationally active Belgian enterprises, as approved by the European Commission.





One of these measures was a new financial guarantee, the Credendo Bridge Guarantee, implemented for a couple of months. The other component of support was the establishment of a state reinsurance programme, which sees Credendo – acting on behalf of the Belgian State – taking on the role of reinsurer, enabling private insurers to maintain their credit limits at the same level as was used in the 12 months leading up to 01/03/2020, representing a total amount of over EUR 42 billion for Belgian companies.

The European Commission announced in October that it would extend reinsurance support measures, which were due to expire at the end of 2020, until 30/06/2021 and even longer if required by the economic situation. It was a move welcomed by Credendo as we are fully aware of the increased strain that businesses will suffer as and when the various substantial government-led financial measures that have been extended to companies worldwide in the wake of the pandemic are phased out. It is only then that we will be fully aware of the extent to which the real economy has been impacted.

Credendo’s own, internal response to the pandemic largely focused on our ability to ensure business-as-usual operations

with all of our clients, as well as the safety of our employees. To that end, we took measures to enable employees to work remotely, while at the same time adapting our workplaces and equipping our staff in line with the governmental guidance. Unable to sustain the usual close personal contact that we have with our clients, our conversations with them moved to the virtual world.

Increasing our positive impact

Credendo – Export Credit Agency supports many projects that contribute directly to the achievement of the UN’s Sustainable Development Goals (SDGs), and we have identified 11 SDGs that match our global aspirations and activities. There are a number of Belgian champions taking the lead on projects around the world that contribute to the achievement of SDGs, including those that relate to drinking water and wastewater treatment, hospitals and public health infrastructure, energy efficiency and renewable energy. All of these details can be found in our ‘Corporate Social Responsibility Report 2018-2020’, published last year.

Having identified our goal as fostering the development of businesses that are fully consistent with these SDGs while simultaneously meeting clients’



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**EUR 135 MILLION
PAID-IN CAPITAL FOR
CREDENDO — GUARANTEES
& SPECIALITY RISKS**

expectations for long-term objectives, we have reinforced our due diligence procedure to examine and address potential environmental and social risks associated with transactions or investment projects. All requests for cover are submitted for screening so that transactions can be classified according to their potential impact and an Environmental and Social Action Plan is developed in order to avoid, reduce, mitigate or cancel potential adverse impact. We have also entered into dialogue with key clients and industry partners to discuss areas in which we are able to improve.

In terms of our own impact, Credendo continues to respond to environmental and social concerns in relation to our day-to-day activities. For the last 10 years, we have been measuring our carbon footprint, and since then have managed to reduce it by one third. Aware that we are not able to cancel all of our emissions, we are compensating for this by backing an offsetting project in Ghana that supports the distribution of insulated and efficient cooking stoves to Ghanaian families.

In 2020, for the second year in a row, our efforts towards credible climate action were rewarded with a 'CO₂-Neutral®' label from environmental consultant CO2logic.

Becoming a bigger player

Another important development for Credendo in 2020 was the announcement of the merger between our two specialised trade credit insurance entities, Credendo – Excess & Surety and Credendo – Single Risk.

The merger will not only simplify our structure, by bringing all of our speciality lines of trade credit insurance and surety into one company, but it will also power our growth ambitions for these businesses.

The new entity, Credendo – Guarantees & Speciality Risks, will have a paid-in capital of EUR 135 million and will offer surety, excess-of-loss and top-up cover and single-risk policies from its headquarters in Brussels and its extensive network of branches in Austria, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Poland, Spain and Switzerland.

Equipped with this enhanced capital base and financial solidity, we look forward to taking a leading position in the speciality insurance market. As a bigger player, we will be able to address growing demand from large corporates and SMEs, as well as banks, and open up to new markets and clientele.

In the meantime, S&P Global assigned an 'A-' rating to Credendo – Excess & Surety for the first time, and affirmed the 'A-' rating of Credendo – Single Risk.

Our European expansion

2020 saw Credendo opening up a new branch in Ireland, bringing the number of European countries in which we have a presence to 15.

The new Credendo – Excess & Surety branch in Cork offers surety bonds, guarantee facilities, excess-of-loss and top-up cover. Ireland is an important marketplace for surety, and in order to

address the specific needs of the Irish market, the branch focuses on performance bonds, advance payment bonds, retention bonds, development bonds and revenue bonds.

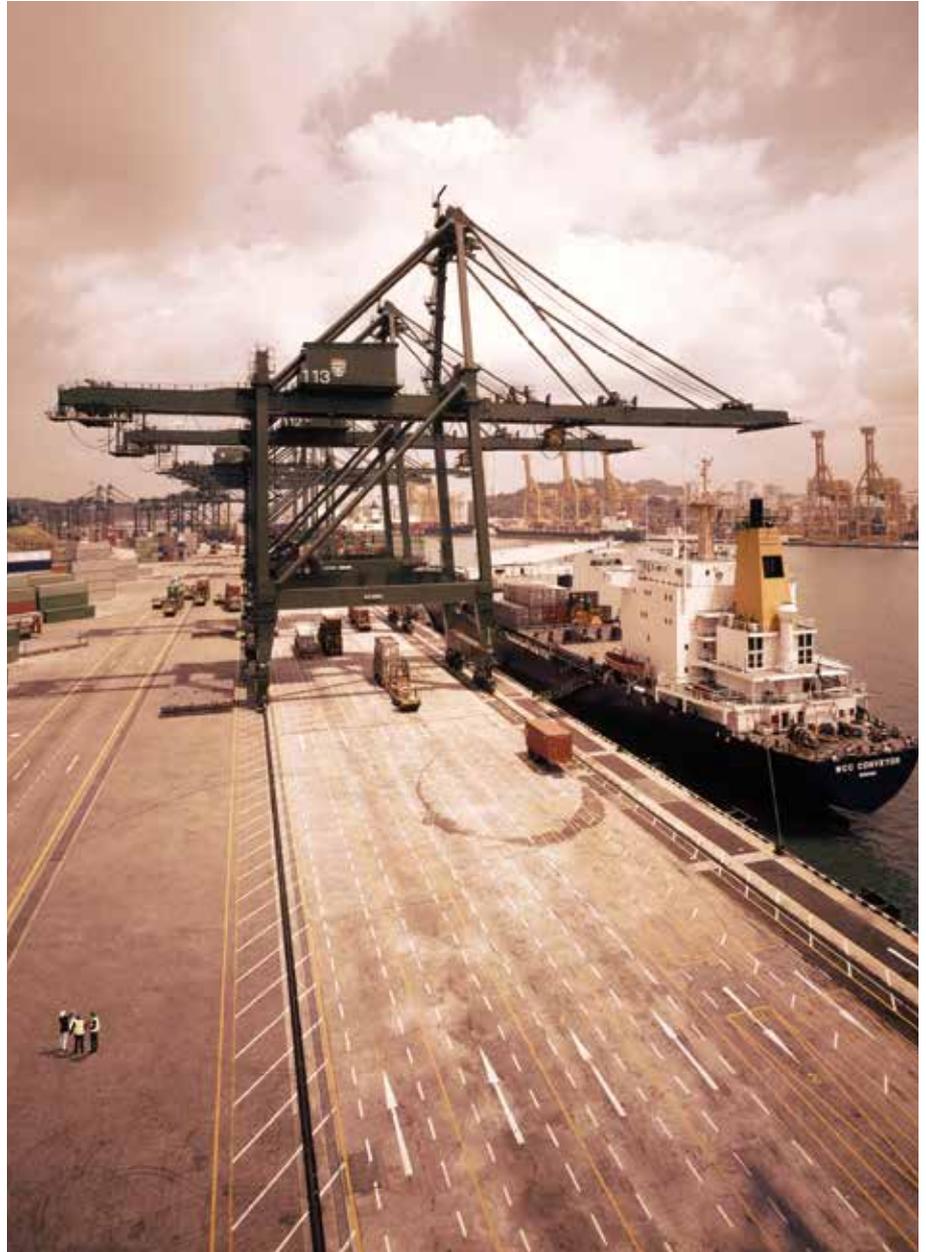
In terms of future expansion, we will also be opening a second office in the Netherlands in 2021.

Innovation to prepare our next century

Over the last century, as our remit has broadened from the Belgian economy to international companies, so has our investment in innovation, and this continues today.

Our AREA42 trade innovation ecosystem continues to work on initiatives to transform trade for the digital era. This cooperative environment has resulted in the operational launch of new company Marjory in early 2020, which provides solutions for companies building marketplace platforms, and brings together various service providers, such as insurers and fintechs, in areas such as payments, working capital and logistics.

AREA42 is now working to complement the Marjory offering with a payment term solution for B2B platforms.



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