

Message of the Chairman and the Chief Executive Officer

Credendo had a record-breaking year in 2021 – the year of its centenary – as it continued to support businesses recovering from the negative effects of the Covid-19 pandemic.

The year 2021 proved to be an exceptional year for Credendo despite the lingering impact of the Covid-19 pandemic.

We are proud to say that each business entity within the group realised double-digit premium growth in combination with a profit for 2021, making it a record-breaking year. The results also mark a significant turnaround in Credendo's fortunes compared to 2020, when the onslaught of the pandemic in early 2020 contributed to an overall loss.

It was fitting with the celebration of our centenary in 2021. Our much-improved balance sheet reflected the strength and resilience of a business that has been in operation since 1921.

Over the last year, we have supported projects around the world, including large projects in Bangladesh, Egypt, Ivory Coast and Ghana. We have helped our clients across a wide range of sectors, from port development, drinking water projects, natural-gas transports and telecoms to renewables. Some of these projects are discussed in further depth in this report.

We recorded a total profit at consolidated level of EUR 209.5 million in 2021, compared to a loss of EUR 82.7 million the previous year. The 2020 operational loss of EUR 36.0 million turned into an operational profit of EUR 98.6 million. Net financial income stood at EUR 124.7 million, compared to a loss of EUR 44.9 million in 2020. There was a slight increase of 1.7% in earned premium revenue last year – reaching EUR 339.8 million – whilst total written premium grew by 14.9%, to EUR 387.8 million.

The value of transactions insured also increased by approximately 14% year-on-year.

We were pleased to see that the volume of claims fell in 2021, standing at EUR 12.2 million compared to a total claims expense of EUR 255 million the previous year. This

decreased figure was partly due to none of our anticipated Covid-19-related losses materialising during the year.

Reasons for this were the strong support governments and multilaterals provided to the economy during the pandemic, as well as our prudent underwriting during the crisis.

With so few losses – of which almost none were related to Covid-19 – our net loss ratio reduced to 11.9% in 2021, from 72.5% the previous year. Our operational expenses other than claims have remained stable year-on-year.

Yet the challenges we face are far from behind us. The invasion of Ukraine by Russia in February 2022 has unnerved the European economy and will inevitably have repercussions across global supply chains as supplies of wheat, edible oils and fuels start to be affected by the conflict.

So far, we have seen a slight increase in claims in early 2022, but we are preparing for more as the Russia-Ukraine conflict continues.

We are well-positioned to weather this and other challenges thanks to our strong equity base which increased from EUR 2.7 billion in 2020 to EUR 2.9 billion last year.

There are of course other risks to monitor as well, with the pandemic far from completely over.

Government debts have soared since the outbreak began, leaving national finances – particularly those in emerging markets – vulnerable to other shocks to the economy.

Supply chains continue to be hit by delays related to Covid-19, whether it is due to new lockdowns such as the one seen in Shanghai this year or widespread staff illness and absenteeism. The pandemic has also called into question the efficacy of the 'just-in-time' model for managing supply chains with many industries wondering if there is a better way to manage the manufacture and delivery of their goods.



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On the left:
Vincent Reuter,
Chairman of the
Board of
Directors

On the right:
Dirk Terweduwe,
Chief Executive
Officer

+14%

value of transactions
insured (year-on-year)

EUR 339.8 million

insurance premium
revenue

The rapid increase in living costs and rising interest rates are also on our radar. Sharp increases in food and fuel prices can all too often be a cause for social unrest and political upheaval in countries and this will of course be something we will closely monitor, since our business group includes the provision of political risk insurance.

With the increased uncertainty in the world, we anticipate greater awareness of the need for credit insurance, which will push up demand as the year continues. Yet, we as the insurer will also need to exercise appropriate prudence over what risks to cover.

The coming year does contain some cause for optimism for us. We are on the verge of launching our new SAP-based IT platform which will improve our operational excellence. We have also welcomed a new board of directors this year who will help shape our future.

We will heighten our focus on how to improve our impact on the environment, with sustainability being at the core of our latest three-year strategy launched this year.

Our new 'Credendo Green Package' will offer a range of commercial and financing incentives to encourage our clients to invest in 'green' projects. We will endeavour to continue our support for the enormous opportunities in the renewable energy sector – whether that be in the offshore wind, solar or hydrogen sector.

We are also working on the implementation of the COP26 Statement on International Public Support for the Clean Energy Transition, to phase out support for the fuel energy sector, on a pathway towards net zero emissions.

The world economy is indeed confronted with more risks, more uncertainties and more challenges than in the past two decades, but such changes also create opportunities. Armed with a strong equity base, modernised IT tools and a highly motivated and skilled workforce, Credendo is well equipped to support its clients through whatever difficulties they face.

Our long history and experience coupled with enthusiasm for innovation and our desire to attract fresh talent to the company will ensure that we continue to grow sustainably in the years ahead.

Vincent Reuter,
Chairman of the
Board of Directors

Dirk Terweduwe,
Chief Executive
Officer