

## Credendo's annual report: excellent year and limited impact of covid-19 on 1st quarter of 2020

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- > Credendo is publishing its annual report, revealing excellent figures for 2019. The group's operating result increased by 22% to 46.5 million euros. Thanks to an exceptional financial result of 229 million euros, Credendo obtained a consolidated profit of 270 million euros.
- > In 2019 the credit insurer reinforced its support to SMEs by increasing its capacity for direct funding by 50% and by launching a blockchain platform offering SMEs the possibility to automatically request and receive bonds for up to 2.5 million euros.
- > The covid-19 crisis did not impact the first quarter of 2020.
- > In the context of the health crisis, Credendo has taken several initiatives to support Belgian companies. One of them was the launch of a new financial guarantee product, the 'Credendo Bridge Guarantee'. Beside the new product, Credendo developed a reinsurance programme on behalf of the State, intended to allow private credit insurers to maintain their credit limits granted to companies.

### Excellent year 2019 but unprecedented challenges for 2020

Credendo had an excellent year 2019, achieving a **consolidated record profit of 270 million euros**. This profit will serve as a buffer to confront the 2020 challenges. Credendo's operating results in the first quarter have not been affected by the covid-19 crisis, but there is no question that **2020 will be extremely difficult for companies and that credit insurers will be facing major challenges**. In this unprecedented context, Credendo will continue to fulfil its role, supporting the economy.

### Country risk: growing trade and geopolitical tensions in 2019

2019 was marked by increasing **trade tensions** and geopolitical tensions worldwide. The **United States** heightened the trade tensions with **China**, which largely contributed to the Chinese growth slowing down to 6.1% – the lowest percentage ever since 1990. However, this also affected the **European Union**.

On the **geopolitical side**, **Asia** had to confront numerous shocks. Regional tensions in the **Middle East** are rising again due to the pressure the US is putting on Iran. Furthermore, unprecedented popular demonstrations took place around the world, with people protesting against the economic situation, corruption and the inefficiency of the political elites. And last but not least, climate marches mobilised a lot of people around the world.

The rising tensions are also reflected in Credendo's country ratings. Regarding the short-term risk, the number of countries downgraded (20) and upgraded (18) almost evened out. For the medium-/long-term risk, 13 countries were downgraded and 8 upgraded thanks to a higher resilience in oil-exporting countries than expected.

### Key figures 2019

Despite a less yet still favourable economic climate, Credendo wrote **7% more gross premiums** than in 2018, leading to a total of 343.7 million euros. The value of **transactions insured** slightly decreased to **84.6 billion euros**.

Because fewer claims had to be paid and more money could be recovered, the loss ratio was reduced to 40.8%.

“Credendo can look back on an excellent year with an **operating result** for the group that increased by 22% to **46.5 million euros**. Thanks to the recovery of the financial markets in 2019, Credendo also booked an exceptional **net financial result of 229 million euros**,” gladly states Group Chief Executive Officer Dirk Terweduwe. “This brings the **consolidated profit to 270 million euros**, which will serve as a margin for the heavy 2020 challenges.”

The consolidated equity is at 2.81 billion euros and Credendo has no debts. Parent company Credendo – Export Credit Agency enjoys an AA rating by S&P Global.

The geographical spread of the risks over the various continents is as follows: European Union: 32.2%; Asia: 26.9%; Africa: 17.3%; other European countries: 10.2%; Central and South America: 9.5%; North America: 3.2%; Oceania: 0.6 %.

### 2019: moving towards a CO<sub>2</sub>-neutral policy with a focus on SMEs and innovation

“In 2019 we approved a future-minded policy regarding corporate social responsibility. Credendo intends to take into account its impact on the environment, society and the economy. Through this policy, we want to reinforce our decision of supporting sustainable and responsible corporate habits. As an example of this new momentum, Credendo's head office obtained the ‘**CO<sub>2</sub> neutral label**’,” continues the CEO.

Another major area of development in 2019 was our support for Belgian SMEs. On the one hand, we implemented changes in order to meet the **growing demand from SMEs**. In that context, **Credendo increased its capacity for direct funding by 50%**. Furthermore, the **maximum amounts for forfaiting and for the buyer credit Credendo have been increased from 5 to 8 million euros** in order to close a gap in the market, as commercial banks are not always willing to grant this type of funding. This way, more SMEs will be able to make use of the forfaiting product and the buyer credit Credendo. On the other hand, Credendo continued its digitalisation efforts by launching a **blockchain platform** through its innovation hub AREA 42. The platform offers SMEs the possibility to automatically manage their bond requests for amounts up to 2.5 million euros.

### Continuing to support Belgian businesses to overcome the gloomy economic outlook

The world economy has had a rough couple of months, and the sudden and unprecedented shock caused by the covid-19 pandemic will surely make this rough period continue for a while. The IMF expects the world economy to contract by 3% this year. That would not only be the biggest contraction, but also the first time since the Great Depression of 1930 that both industrialised and upcoming countries will be in recession. “Credendo, however, wants to continue to fulfil its role as a **trustworthy business partner** and is helping Belgian exporters to overcome this crisis by offering a new financial guarantee product, the ‘**Credendo Bridge Guarantee**’. This guarantee covers bridging loans granted by banks to internationally active Belgian companies, for maximum one year. In this context, Credendo covers 80% of the bank's risk capped at an amount of 10 million euros per company. Besides that, Credendo developed a **new reinsurance programme** on behalf of the State, allowing private insurers to maintain their credit limits granted to companies. These two initiatives have been submitted to the European Commission for approval,” Dirk Terweduwe concludes.

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## **Credendo**

Credendo is present all over Europe and is active in all segments of trade credit insurance, offering a range of products that cover risks worldwide: Belgian export credit agency services, comprehensive credit insurance covering short-term risks in and outside Europe, single risk, excess of loss, top-up cover, surety bonds and reinsurance. In 2019, Credendo insured global business transactions worth almost €85 billion and gross premiums totalling €343.7 million. Credendo is Europe's fourth largest credit insurance group.

For more information, visit [www.credendo.com](http://www.credendo.com)

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