ATRADIUS CRÉDITO Y CAUCIÓN S.A. DE SEGUROS Y REASEGUROS

Annual Statements and Management Report for the financial year closed on December 31, 2022
Together with the Independent Audit Report

Independent Audit Report on the Annual Financial Statements

ATRADIUS CRÉDITO Y CAUCIÓN S.A. DE SEGUROS Y REASEGUROS

Annual Financial Statements and Management Report for the financial year ended on December 31, 2022

Annual Statements for the financial year 2022

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
Balance Sheets at 31 December 2022 and 2021
(Thousands of Euros)

Assets		31.12.2022	31.12.2021 [1]
Cash and cash equivalents	8.1	**399,682**	**347,323**
Available-for-sale financial assets	8.2	**1,781,248**	**1,671,196**
Equity instruments		303,803	394,133
Debt securities		1,477,445	1,277,063
Loans and receivables		**480,646**	**457,747**
Loans	8.2	-	-
Deposits in credit institutions	8.2	43,073	60,015
Deposits made for accepted reinsurance	10	2,320	3,201
Receivables on direct insurance operations	10	119,394	108,351
Policyholders		*98,237*	*89,067*
Brokers		*21,157*	*19,284*
Receivables on reinsurance operations	10	111,881	91,092
Other receivables	10	203,978	195,088
Tax receivables		*717*	*316*
Rest of receivables		*203,261*	*194,772*
Reinsurance share on technical provisions	16	**888,962**	**944,539**
Provision for unearned premiums		272,430	300,417
Provision on claims		616,532	644,122
Property, plant and equipment and investment property	6	**68,822**	**73,987**
Property, plant and equipment		61,631	71,689
Investment property		7,191	2,298
Intangible assets	5	**105,985**	**97,471**
Goodwill		13,713	18,319
Other intangible assets		92,272	79,152
Holdings in Group companies and associates	9	**16,493**	**16,493**
Holdings in Group companies		16,493	16,493
Tax assets	12	**244,884**	**187,226**
Current tax assets		51,388	17,261
Deferred tax assets		193,496	169,965
Other assets		**366,695**	**307,700**
Assets and reimbursement rights for long-term staff remuneration	14.1	88,505	95,157
Accrual accounts		278,190	212,543
Total assets		**4,353,417**	**4,103,682**

(1) Presented solely and exclusively for purposes of comparison. Notes 1 to 20 and the Annex to these Financial Statements form an integral part of the balance sheet at 31 December 2022. Both in the current year and in the previous year, other technical provisions of the ceded business have been reclassified to provisions for profit sharing and returns.

All amounts are in millions of Euros, unless otherwise stated

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
Balance Sheets at 31 December 2022 and 2021
(Thousands of Euros)

Liabilities	Nota	31.12.2022	31.12.2021 (1)
Debts and payables	11	**396,137**	**579,668**
Deposits received for ceded reinsurance		9,903	11,556
Payables on insurance operations		74,089	69,482
Payables to insureds		*41,925*	*41,515*
Payables to brokers		*18,532*	*15,194*
Conditional payables		*13,632*	*12,773*
Payables on reinsurance operations		182,534	376,670
Other accounts payable:		129,611	121,960
Tax payables		*7,616*	*6,813*
Other accounts payable to Group companies and associates	18.1	*49,315*	*41,314*
Rest of other accounts payable		*72,680*	*73,833*
Technical provisions	16	**2,004,525**	**1,637,764**
Provision for unearned premiums		701,723	641,731
Claims provision		1,238,688	959,898
Provision for profit sharing and for return premiums		64,114	36,135
Non-technical provisions	14	**60,450**	**101,260**
Provision for pensions and similar obligations		59,475	98,752
Other non-technical provisions		975	2,508
Tax liabilities	12	**252,199**	**251,512**
Current tax liabilities		43,519	27,026
Deferred tax liabilities		208,680	224,486
Other liabilities		**173,345**	**183,703**
Accrual accounts		65,926	63,961
Commissions and other acquisition costs of ceded reinsurance		107,419	119,742
Total liabilities		**2,886,656**	**2,753,907**
Equity			
Shareholder funds	17	**1,530,666**	**1,289,148**
Capital or mutual fund		24,870	24,870
Share premium		1,231	1,231
Reserves		1,398,101	1,072,317
Legal and bylaws reserves		*17,409*	*17,409*
Equalization reserve		*800,488*	*630,530*
Other reserves		*580,204*	*424,378*
Other shareholder contributions		60,000	60,000
Result for the year		216,422	132,372
(Interim dividend and interim equalization reserve)		(169,958)	(1,642)
Valuation adjustments:		**(63,905)**	**60,627**
Available-for-sale financial assets		(37,232)	80,003
Exchange and translation differences		(26,673)	(19,376)
Total equity		**1,466,761**	**1,349,775**
Total liabilities and equity		**4,353,417**	**4,103,682**

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Atradius Crédito y Caución S.A. de Seguros y Reaseguros
Profit and loss Statements for the years ended 31 December 2022 and 2021
(Thousands of Euros)

Technical account – Non-life insurance	Nota	2022	2021 (1)
Premiums Attributed to the Year, Net of Reinsurance		**1,022,691**	**512,236**
Earned premiums		1,880,367	1,642,879
Direct insurance	15	*1,760,973*	*1,550,193*
Accepted reinsurance	15	*124,452*	*95,571*
Change in impairment losses on uncollected premiums (+ /-)		*(5,058)*	*(2,885)*
Ceded reinsurance premiums	15	(767,448)	(989,065)
Change in the provision for unearned premiums and for unexpired risks (+/-)	16.1	(62,636)	(64,415)
Direct insurance		*(64,742)*	*(62,407)*
Accepted reinsurance		*2,106*	*(2,008)*
Change in the provision for unearned premiums, ceded reinsurance (+/-)	16.1	(27,592)	(77,163)
Income from property, plant and equipment and from investments		**23,808**	**33,554**
Income from investment property	6	518	291
Income from financial investments		23,290	33,263
Other technical income	16.3	**57,784**	**53,948**
Claims for Year, Net of Reinsurance		**(521,914)**	**(213,635)**
Claims and expenses paid		(184,415)	(70,048)
Direct insurance		*(394,411)*	*(255,904)*
Accepted reinsurance		*(12,188)*	*(21,272)*
Ceded reinsurance		*222,184*	*207,128*
Variation in the claims provision (+/-)	16.1	(295,702)	(102,107)
Direct insurance		*(244,373)*	*(51,212)*
Accepted reinsurance		*(31,207)*	*(47,956)*
Ceded reinsurance		*(20,122)*	*(2,939)*
Expenses attributable to claims		(41,797)	(41,480)
Profit sharing and for return premiums		**(27,972)**	**(14,649)**
Variation in the provision for profit sharing and for return premiums (+/-)	16.3	(27,972)	(14,649)
Net Operating Expenses		**(279,328)**	**(172,450)**
Acquisition costs	16.3	(225,305)	(189,788)
Administration costs	16.3	(376,766)	(388,793)
Commissions and profit sharing on ceded reinsurance and retrocession	13.3	322,743	406,131
Other Technical Expenses	16.3	**(225)**	**(397)**
Expenses on property, plant and equipment and investments		**(6,163)**	**(6,325)**
Investment management expenses		(5,592)	(3,754)
Espenses on investment property		(318)	(207)
Expenses on investments and financial accounts		(5,274)	(3,547)
Valuation adjustments of property, plant and equipment and investments		(571)	(2,571)
Impairment of property, plant and equipment and investment property	6	(158)	(45)
Impairment of financial investments	8.2	(413)	(2,526)
Subtotal (Result of Non-Life Insurance Technical Account)		**268,681**	**192,282**

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All amounts are in millions of Euros, unless otherwise stated

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
Profit and loss Statements for the years ended 31 December 2022 and 2021
(Thousands of Euros)

Non-Technical Account	Nota	2022	2021 [1]
Income from property, plant and equipment and from investments		**35,192**	**2,998**
Gains on sale of property, plant and equipment and investments		35,192	2,998
Of property, plant and equipment and investment property		*3,839*	-
Of financial investments	8.2	*31,353*	*2,998*
Expenses on property, plant and equipment and investments		**(19,753)**	**(991)**
Losses on property, plant and equipment and investments		(19,753)	(991)
On property, plant and equipment and investment property		*(1,039)*	*(240)*
On financial investments	8.2	*(18,714)*	*(751)*
Other expenses		**6,340**	**2,795**
Rest of expenses	13.3	6,340	2,795
Subtotal (Result of Non-Technical Account)		**21,779**	**4,802**
Profit before tax		**290,461**	**197,083**
Corporate Income Tax	12	**(74,039)**	**(64,711)**
Net Profit for the Year		**216,422**	**132,372**

[1] Presented solely and exclusively for purposes of comparison. Notes 1 to 20 and the Annex to these Financial Statements form an integral part of the balance sheet at 31 December 2022.

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
Statement of Changes in Equity in 2022 and 2021
A) Statement of Recognised Income and Expense
(Thousands of Euros)

	2022	2021 (1)
Result for the year	**216,422**	**132,372**
Other recognised income and expense		
Available-for-sale financial assets	**(155,629)**	**34,628**
Valuation gains/(losses)	(143,403)	35,911
Amounts transferred to profit or loss	(12,226)	(1,283)
Valuation gains/(losses)	**(7,431)**	**10,694**
Valuation gains/(losses)	(7,431)	10,694
Actuarial gains/(losses) on pension benefits	**36,009**	**38,936**
Actuarial gains/(losses) on pension benefits	36,009	38,936
Corporate income tax	**27,562**	**(17,560)**
Total recognised income and expense	**116,933**	**199,070**

[1)] Presented solely and exclusively for purposes of comparison. Notes 1 to 20 and the Annex to these Financial Statements form an integral part of the balance sheet at 31 December 2022.

All amounts are in millions of Euros, unless otherwise stated

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
Statements of Changes in Equity in 2022 and 2021
B) Statement of Changes in Total Equity (Thousands of Euros)

	Authorised capital	Share premium	Legal and bylaws reserves	Equalization reserve	Voluntary reserve and other reserves	Revaluation reserve	Reserve for actuarial gains and losses	Shareholders contribution	Result for the year	Interim equalization reserve	Valuation adjustments	Total
Balances at 1 January 2021	**24,870**	**1,231**	**17,409**	**628,888**	**473,668**	**5,552**	**(170,818)**	**-**	**86,767**	**(1,564)**	**24,704**	**1,090,707**
Total recognised income/(expenses)	**-**	**-**	**-**	**-**	**-**	**-**	**30,774**	**-**	**132,371**	**-**	**35,923**	**199,068**
Transactions with shareholders or mutual soc. members	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**60,000**	**-**	**-**	**-**	**60,000**
Redistribution of capital	-	-	-	-	-	-	-	60,000	-	-	-	60,000
Other changes in equity	**-**	**-**	**-**	**1,642**	**4,211**	**-**	**80,992**	**-**	**(86,767)**	**(78)**	**-**	**-**
Transfers between equity captions	-	-	-	-	85,203	-	-	-	(86,767)	1,564	-	-
Other changes	-	-	-	1,642	(80,992)	-	80,992	-	-	(1,642)	-	-
Balances at 31 December 2021	**24,870**	**1,231**	**17,409**	**630,530**	**477,879**	**5,552**	**(59,052)**	**60,000**	**132,371**	**(1,642)**	**60,627**	**1,349,775**
	-	-	-	-	-	-	-	-	-	-	-	-
Balances at 1 January 2022	**24,870**	**1,231**	**17,409**	**630,530**	**477,879**	**5,552**	**(59,052)**	**60,000**	**132,371**	**(1,642)**	**60,627**	**1,349,775**
Total recognised income/(expenses)	**-**	**-**	**-**	**-**	**-**	**-**	**25,042**	**-**	**216,422**	**-**	**(124,532)**	**116,933**
Transactions with shareholders or mutual soc. members	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Redistribution of capital	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	**-**	**-**	**-**	**169,958**	**130,783**	**-**	**-**	**-**	**(132,371)**	**(168,316)**	**-**	**54**
Transfers between equity captions	-	-	-	-	130,729	-	-	-	(132,371)	1,642	-	-
Other changes (2)	-	-	-	169,958	54	-	-	-	-	(169,958)	-	54
Balances at 31 December 2022	**24,870**	**1,231**	**17,409**	**800,488**	**608,661**	**5,552**	**(34,010)**	**60,000**	**216,422**	**(169,958)**	**(63,905)**	**1,466,761**

(1) Presented solely and exclusively for purposes of comparison. Notes 1 to 20 and the Annex to these Financial Statements form an integral part of the balance sheet at 31 December 2022.

(2) Included NIC29 effect due to hyperinflation in Turkey (EUR 0,1 million)

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
Statements of Cash Flows for 2022 and 2021 (Thousands of Euros)

	Note	2022	2021 (1)
A. Cash flows from operating activities			
A-1 Underwriting activities			
1.- Premiums received from direct insurance, coinsurance and accepted reinsurance		1,823,469	1,599,764
2.- Payments of claims for direct insurance, coinsurance and accepted reinsurance		(574,257)	(472,237)
3.- Cash received from ceded reinsurance		573,258	651,416
4.- Payments for ceded reinsurance		(1,014,259)	(1,064,900)
5. - Recovery of claims		167,658	195,060
6.- Remuneration paid to brokers		(200,711)	(171,780)
7.- Other cash received from operating activities		50,314	46,143
8.- Other cash paid in operating activities		(440,501)	(355,206)
9. Total cash inflows from underwriting activities (1+3+5+7 = I)		**2,614,699**	**2,492,383**
10. Total cash outflows in underwriting activities (2+4+6+8 = II)		**(2,229,728)**	**(2,064,123)**
A-2 Other operating activities			
3.- Cash received from other activities		10,537	6,778
5.- Total cash inflows from other operating activities (1+3) = III		**10,537**	**6,778**
6.- Total cash outflows in other operating activities (2+4) = IV		-	-
7.- Cash received/(paid) for Corporate Income Tax (V)		**(110,530)**	**(50,240)**
A-3 Total net cash flows from operating activities (I-II+III-IV+V)		**284,978**	**384,798**
B. Cash flows from investing activities			
B-1 Cash inflows from investing activities			
1.- Property, plant and equipment	6	60	52
2.- Investment property	6	1,162	657
4.- Financial instruments		684,749	473,378
6.- Interest received		19,301	14,270
7.- Dividends received		8,740	28,581
6. Total cash inflows from investing activities (1+2+3+4+5 = VI)		**714,012**	**516,938**
B-2 Cash paid in investing activities			
1.- Property, plant and equipment		(5,892)	(14,635)
3.- Intangible assets		(23,263)	(30,653)
4.- Financial instruments		(925,514)	(783,944)
5. Total cash outflows in investment activities (1+2+3+4 = VII)		**(954,669)**	**(829,232)**
B-3 Total cash flows from investing activities (VI + VII)		**(240,657)**	**(312,294)**
C. Cash flows from financing activities		**(2,600)**	**58,839**
C-1 Cash received from financing activities (VIII)		-	**60,000**
5.- Other cash inflows from con financing activities	17.8	-	60,000
C-2 Cash paid in financing activities		**(2,600)**	**(1,161)**
1.- Dividends to shareholders	17.4	-	-
2.- Interest paid		(2,600)	(1,161)
C-3 Total net cash flows from financing activities (VIII+IX)		**(2,600)**	**58,839**
Total increases/decreases in cash and cash equivalents (A-3 + B-3 + C-3)		**41,722**	**131,343**
Cash and cash equivalents at start of year	8	**347,323**	**208,370**
Effect of exchange rate changes on cash and cash equivalents		**10,637**	**7,610**
Cash and cash equivalents at end of year	8	**399,682**	**347,323**
Components of cash and cash equivalents at end of year			
1.- Cash on hand and at bank		260,499	345,682
2.- Other financial assets		139,183	1,641
Total cash and cash equivalents at end of year		**399,682**	**347,323**

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Atradius Crédito y Caución S.A. de Seguros y Reaseguros

Notes to the Financial Statements for the year ended 31 December 2022

Notes 2022

Content

Atradius Crédito y Caución S.A. de Seguros y Reaseguros

Notes to the Financial Statements for the year ended 31 December 2022

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

1 Description of the Company

a. Incorporation, duration and registered office

Atradius Crédito y Caución S.A. de Seguros y Reaseguros ('ACyC' or the 'Company') was incorporated in Madrid on 6 July 1929 for an unlimited duration. The registered office is located in Madrid, at Paseo de la Castellana, no. 4.

b. Registered corporate object, regulatory framework and lines of insurance in which the Company operates

ACyC's corporate object consists of the following businesses:

- In the insurance field:
    - Commercial risks arising from credit transactions in domestic trade;
    - Commercial risks arising in all types of foreign trade;
    - Any other types of credit insurance allowed under the applicable legal provisions and the pursuit of which has been agreed;
    - Surety bonds and guarantees;
- Reinsurance of the above operations.

At 31 December 2022, the applicable legal framework is set out in Spanish Law 20/2015 of 14 July 2015 on Regulation, Supervision and Capital Adequacy of Insurers and Reinsurers and in Royal Decree 1060/2015 of 20 November 2015.

The Company is registered in the Commercial Registry of Madrid in volume 10836 of section 8, on folio 1, page M-171,144, entry 308, and with Legal Entity Identification Code no. 9598002U9BK2VP1RTG14 issued by that Registry; it is likewise registered in the Administrative Register of Insurers of the Spanish Directorate General of Insurance and Pension Funds (Dirección General de Seguros y Fondos de Pensiones; hereinafter 'DGSFP') under reference C-0046, and is authorised to operate in the following lines of insurance: Credit (commercial risks in domestic and foreign markets) and Bonding.

c. Information on the Group

The main shareholder of ACyC is Atradius Insurance Holding N.V., a company incorporated and domiciled in Amsterdam, the Netherlands. The parent company of Atradius Insurance Holding N.V. is Atradius N.V. (together with its subsidiaries, hereinafter referred to as "Atradius" or the "Atradius Group"), incorporated and domiciled in Amsterdam, the Netherlands, which also holds one share in the Company. The ultimate parent and controlling party of Atradius is Grupo Catalana Occidente, S.A., a company incorporated and domiciled in Madrid, Spain.

At year-end 2022, the shareholder structure had not changed. The shareholder of reference of Grupo Catalana Occidente, S.A. is INOC, S.A., which controls approximately 61.94% of the share capital.

Grupo Catalana Occidente, S.A., through the company Sociedad Gestión Catalana Occidente S.A., holds 1,977,283 shares with an aggregate acquisition cost of 22.38 million euros, representing 1.65% of the share capital. Those linked to the council represent a 2.86%. The Group's free float is 33.54%, half of which is held by institutional investors. The Group has no information as to the existence of agreements among its shareholders for concerted exercise of voting rights or placing restrictions on the transfer of their shares. The institutional investors are distributed geographically as follows:

- Spain (45.0%)
- USA (25.6%)
- United Kingdom (14.1%)
- Norway (1.6%)
- Switzerland (3.2%)
- Rest of Europe (7.5%)
- Rest of the world (3.0%)

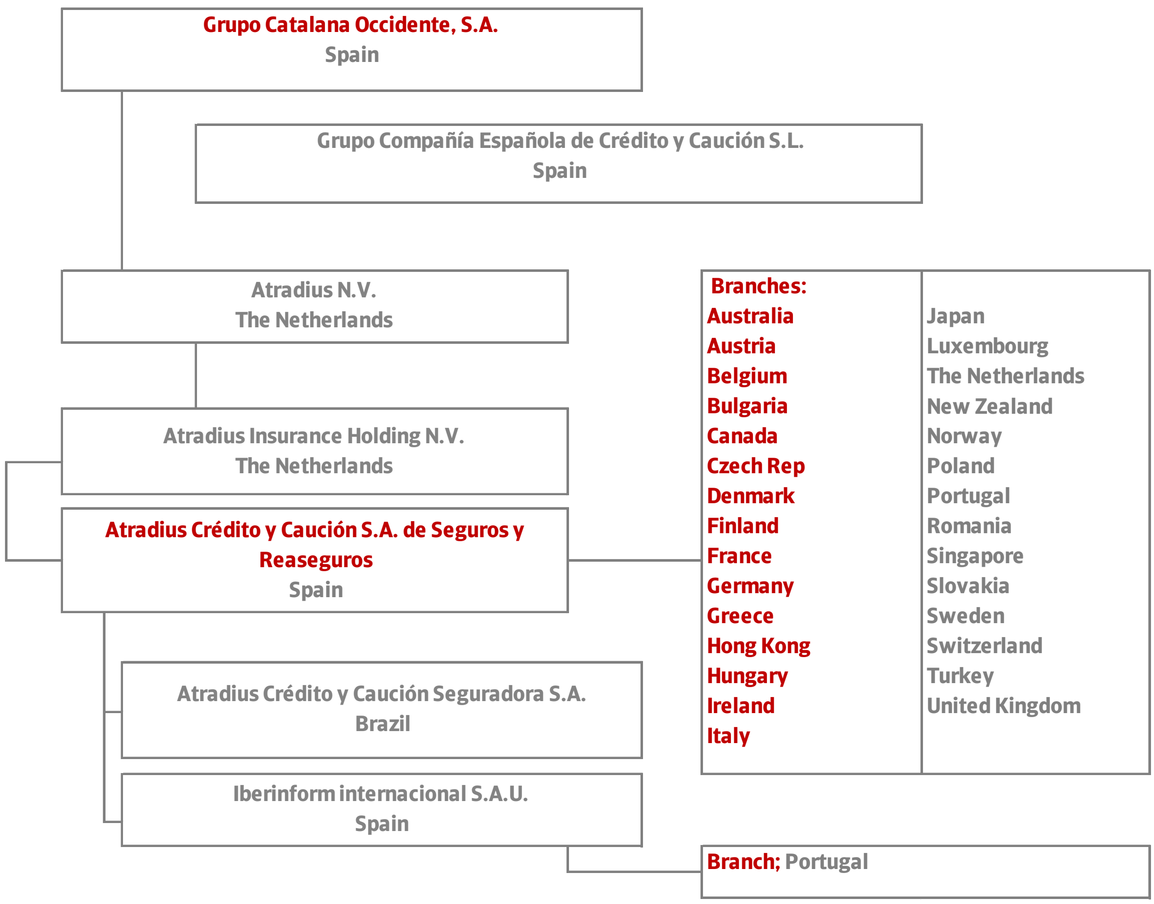
The Company is a group parent company and under the current legal framework is exempted from presenting consolidated financial statements, given that the group is consolidated with a larger group headed by Grupo Catalana Occidente, S.A. that is governed by Spanish company law and has its registered office at Paseo de la Castellana, 4 (Madrid). The 2022 consolidated financial statements of Grupo Catalana Occidente, S.A. were authorised by the Directors of Grupo Catalana Occidente, S.A. at the Board of Directors meeting held on 23 February 2023 and will be deposited with the Commercial Registry of Madrid.

Grupo Catalana Occidente, S.A. has the obligation to file consolidated information with the DGSFP.

d. Internal structure

The ACyC organisation is based on centralisation of functions and decentralisation of operations.

In Spain, the regional network is composed of five commercial areas that comprise 20 branches. It has been operating in Portugal since March 1998, with offices in Lisbon and Oporto.



e. Insurance products, their characteristics, sensitivity to insurance risk, risk mitigation and controls:

ACyC works with two main direct insurance products: credit insurance and bonding. Credit insurance can be divided into three subcategories: traditional credit insurance, instalment credit protection and special products. Each of these categories has particular risk characteristics.

The starting point for the management of insurance risk is that all staff have well-defined capacities specifying the level of risk they can accept and that all risk acceptance must take place within the framework of the risk governance structure described in Note 16.2. Furthermore, ACyC's reinsurance structure imposes checks on the largest exposures. Exposures beyond a certain threshold are subject to special acceptance by our leading reinsurers.

Traditional credit insurance and special products

In traditional credit insurance, ACyC insures its customers against the risk of non-payment of trade receivables. The causes of loss covered differ by policy and usually include all forms of legal insolvency. Policies can also cover so-called 'political' causes of loss, which include but are not limited to the risk of non-payment due to payment transfer problems, cancellation of export/import licenses and contract frustration. Traditional credit insurance does not cover non-payment of trade receivables due to commercial disputes. Each policy stipulates a maximum credit period that the policyholder can offer to their debtors without prior approval from ACyC. 'Debtors' are the customers of the ACyC's insured customers, i.e., the parties on whom ACyC insures credit risk. In order to mitigate the risk of adverse selection, the traditional credit insurance products of ACyC usually cover only the entire portfolio of debtors of a policyholder. In addition, policies contain modules that exclude cover for transactions involving sanctioned entities.

For traditional credit insurance, there are two underwriting processes: policy underwriting and risk underwriting. Policy underwriting is the process by which ACyC decides which companies to accept as policyholders and the coverage terms and conditions offered. Risk underwriting is the process by which ACyC sets risk limits for each buyer and issues credit limits, thus allowing the risk of existing policies to be managed. Policy underwriting takes place in the Commercial Units and risk underwriting in the Risk Services.

Policies are issued for a fixed period: usually between one and three years. Normally, customers retain some of the risk for their own account to protect ACyC from the risk of moral hazard. That self-retention can take the form, for example, of an uninsured percentage, a deductible on each claim, an aggregate first loss amount or a combination of these. Almost all policies stipulate the maximum liability borne by ACyC. A customer is covered for the credit risk on a buyer once a credit limit has been established for the debtor. Many policies allow customers to establish credit limits themselves for smaller amounts, under conditions specified in the policy. For larger amounts, ACyC must establish the limits for each debtor. Credit limits are an important risk management instrument for ACyC as they cap the amount that ACyC would have to pay out to a customer in the event of a claim. Moreover, ACyC can, in principle, withdraw the credit limit on a buyer at any time if circumstances so require. Credit limits may be subject to specific conditions and ACyC can also set conditions for cover on a country or withdraw cover on a country altogether. These are important tools in managing risk exposure.

Staff in Commercial Units have well-defined capacities specifying who can underwrite which policies. The approval of two people is usually required, and conditions become stricter as the policy coverage grows larger, with the biggest contracts needing sign-off by both the Director of a Commercial Unit and the responsible Executive Committee member. The pricing of credit insurance policies, whether renewed or amended, is also subject to governance systems and the methodologies used to establish a benchmark price require the approval of the Quantitative Model Committee, a committee specifically tasked with approving the quantitative models used in ACyC.

Staff in Risk Services have well-defined capacities specifying who can set the credit limit approval levels. As credit amounts grow, decisions require approval from at least one supervisor with a higher authority level. Largest credit amounts require approval by a committee with the appropriate authority level and, in special cases, by a reinsurance panel.

The special products business offers a range of tailor-made policies to insure against a number of credit and political risks; this type of product includes policies that cover single transactions, single trade relationships and asset confiscation. A distinguishing feature of the special products policies is that, unlike traditional credit insurance, credit limits can usually not be easily withdrawn. The conditions of the special products policies demand greater supervision and due diligence vis-à-vis the insured.

All policies come under a framework of clearly defined authorities issued for underwriters who ultimately report to the Markets Director. Policyholders' risk is approved by a dedicated Risk Service that ultimately reports to the Risk Director. In addition, a risk management team with a functional reporting line to the Group Risk Management unit ensures adherence to the risk governance model, monitors the portfolio risk and ensures compliance with the terms of the reinsurance treaty.

Bonding

ACyC issues surety bonds for customers in a number of European countries, including Italy, France, Spain, Portugal, Germany, the Nordic and Benelux countries. Surety bonds insure beneficiaries against the risk of our customer not meeting contractual, legal, or tax obligations. Beneficiaries include national, regional and local governments as well as tax authorities and businesses.

Just as there exists the risk that our customer may fail to meet its obligations, whether because it is unable to perform the agreed services or at the required level or because it is insolvent, there is also the risk of the customer intentionally not performing its obligations. Therefore, our assessment of both the customer's financial strength and its ability to perform plays an important part in the underwriting process. Unlike traditional credit insurance, exposure related to issued bonds cannot be unilaterally cancelled by ACyC.

When a beneficiary reports a claim, ACyC mediates to resolve conflicts by working with both customer and beneficiary. If, as a result of non-performance a payment is made by ACyC to the beneficiary, a recovery action is taken against the customer, who remains ultimately liable. Whenever ACyC incurs an irrecoverable loss, it is almost always because of the customer's financial distress, making the triggers for loss similar to those of traditional credit insurance.

The distribution of customers across different sectors of the economy varies by country as a result of different legal and market environments. The type of bonds issued include bid bonds, performance bonds, maintenance bonds, advance payment bonds and various types of administrative bonds. These bonds are issued with terms ranging from a few weeks to years, but only rarely do they run beyond five years.

All surety bonds and individual bonds are underwritten by technical underwriters who are part of the Commercial Units. Technical underwriters assess the risk of non-performance, as well as the terms of the bonding facilities and other technical aspects. Financial underwriters, who are not part of the Commercial Units, focus on aspects relating to customer risks and must approve the acceptance of facilities and individual bonds with respect to certain thresholds. There is an authority structure in which decisions are escalated depending on the amounts analysed. The largest amounts require the approval of a committee with the appropriate authority level.

Instalment Credit Protection (ICP)

The ICP product line covers the medium- and long-term risks that financial and corporate policyholders face in their multiple instalment agreements with private individuals and businesses, and is available in Belgium and Luxembourg.

Policy underwriting is performed within the Commercial ICP Units. Policies are generally issued for a fixed period with automatic renewal. The indemnification rate can rise to 100% and recoveries are for the benefit of ACyC.

Risk underwriting is performed by the risk underwriting teams. Authorities are granted to underwriters in accordance with their seniority and expertise. Cases are escalated in accordance with pre-determined thresholds to the local ICP credit committees, then to the ICP credit committee and finally to the Executive Committee member responsible for ICP.

f. Distribution Systems

With the main goal of providing a high-quality service to its customers, manifest in highly personalised bespoke advising using advanced technological resources, ACyC distributes its products through a regional network in Spain and branches in different locations around the world.

g. Subsidiaries

The ACyC subsidiary companies are (see Note 9):

Subsidiaries	Registered Corporate Objects
Iberinform Internacional, S.A.U.	Information services
B2B Safe, S.A.	Advisory services
Iberinmobiliaria, S.A.U.	Real estate
Crédito y Caución de Brasil Gestao de Riscos de Crédito e Servicos LTDA (Brasil)	Management company
Atradius Crédito y Caución Seguradora S.A. (Brasil)	Domestic and foreign credit insurance company

2 Basis of presentation of the financial statements

2.1 Financial reporting regulatory framework that applies to the Company

The regulatory framework governing the Company's financial reporting is set out in:

a) The Spanish Commercial Code (Código de Comercio) and related company legislation;
b) The Accounting Plan for Insurers approved by Royal Decree 1317/2008, as amended;
c) The mandatory standards approved by the Institute of Accounting and Auditing (Instituto de Contabilidad y Auditoría de Cuentas — ICAC) implementing the General Accounting Plan and its complementary rules;
d) Royal Decree 1060/2015 of 20 November 2015 on Regulation, Supervision and Capital Adequacy of Insurers and Reinsurers ("ROSSEAR"). The purpose of the ROSSEAR is to implement the regulation of private insurance and reinsurance activities set out in Law 20/2015 of 14 July 2015 on Regulation, Supervision and Capital Adequacy of Insurers and Reinsurers, as well as to complete the transposition into Spanish law of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II Directive);
e) Spanish Law 20/2015 of 14 July 2015 on Regulation, Supervision and Capital Adequacy of Insurers and Reinsurers ("LOSSEAR");
f) All other applicable Spanish accounting rules.

For business operations located outside Spain and Portugal, adjustments have been made to the Accounting Plan for Insurers (Plan Contable de Entidades Aseguradoras — PCEA) for the sake of uniform accounting treatment where those operations differ significantly from the accounting standards that apply in Spain.

2.2 Fair presentation

The 2022 financial statements have been obtained from the accounting records of the Company and are presented in accordance with the applicable financial reporting regulatory framework (see Note 2.1) and, in particular, with the accounting principles and policies contained thereof to give a true and fair view of the net assets and financial position of the Company at 31 December 2022, as well as of the results of its operations, of the changes in equity and of the cash flows during said financial year.

These financial statements, which were approved by the Directors of the Company at the Board Meeting held on 1 March 2023, will be submitted for approval by the Company's shareholders in General Meeting and are expected to be approved without any modifications. The financial statements for 2021, were approved by the Directors of the Company on 2 March 2022 and by the Company's shareholders at the General Shareholders' Meeting of 23 March 2022.

2.3 Critical issues regarding valuation and estimation of uncertainty

The information contained in these financial statements is the responsibility of the Directors of the Company, who have had to make estimates to measure some of the assets, liabilities, revenues, expenses and commitments recorded herein. Basically, those estimates primarily refer to:

- Impairment losses on certain assets (see notes 4.1, 4.2 y 4.5);
- The assumptions made for the actuarial calculation of defined-benefit pension liabilities and other commitments to personnel (see Note 4.11);
- Determining the value of the technical provisions (see Note 4.8);
- Estimates for calculating premiums accrued and not issued (see Note 4.13);
- Estimates for recovery of claims (see Note 4.5.1);

These estimates were made on the basis of the information available at year-end 2022 on the situations analysed. However, these estimates may have to be modified (upward or downward) in the coming years as a consequence of subsequent events. Such modifications would be made prospectively and recognising the effects of the changed estimates in the profit and loss statement for the years affected.

As a result of COVID-19, of the Russian invasion of Ukraine and of the energy crisis, the state of the economy in the near future is significantly more uncertain than usual. This, in turn, impacts uncertainty related to the frequency and severity of claims.

Concerning COVID-19, some countries (e.g. China) are still experiencing lockdowns and/or an increase in infection rates. Moreover, in most European countries (core of Atradius credit insurance business) the governmental support to the economy is being progressively rolled back. However, there is still uncertainty as to the extent to which the economy relied on such support.

The energy crisis and the Russian invasion of Ukraine have had relevant adverse impacts across the global economy, notably on inflation and interest rates. Most trade sectors are dependent on energy, which has suffered material inflation during 2022. Therefore, the world-trade is being affected by such inflation and stress. This in turn impacts uncertainty related to the frequency and severity of claims.

As a collateral effect of the above mentioned, most relevant central banks have increased the interest rates. This has been followed by banks and suppliers of credit, leading to tougher lending conditions, thus adding to the uncertainty in frequency and severity of claims, and affecting, in particular, recoveries.

All the factors above lead to an increased potential for adverse development on the technical provisions in the coming months because of increase in frequency, severity and insolvency rates.

The bonding business usually only incurs irrecoverable losses when, after a bond call, any payments to beneficiaries recourse to the bonding customer or its guarantors fails. This is typically due to either the insolvency or bankruptcy of the bonding customer. Thus, in the end, the frequency and severity of claims is affected by similar factors as those affecting credit insurance.

All forms of credit insurance and bonding bear the risk that changes in legislation, in particular of insolvency law, may affect the amount and timing of claims payments or recoveries.

Atradius' business processes are designed to effectively manage the impact of the many risk factors that affect the frequency and severity of claims. The business processes continually evolve in response to how Atradius views these risk factors in the context of its overall business strategy.

2.4 Grouping of items

Certain items in the balance sheet, profit and loss statement, statement of changes in equity and statement of cash flows are presented grouped together for easier understanding, although a breakdown of material items is given in the relevant Notes to the financial statements.

2.5 Allocation of expenses

Expenses are initially booked according to their nature and, subsequently, in those cases where the classification of expenses by use differs from their classification by nature, reclassified to expense accounts by use.

The policy applied by the Company to reclassify expenses by nature to expenses by use is described below:

- Expenses attributable to benefits mainly include the cost of both internal and external staff that manage claims and the cost of supplies and maintenance services for the material resources used in that activity;
- Acquisition costs mainly include the fees of brokers directly involved in the acquisition of insurance contracts and other related expenses;
- Administration expenses mainly include the cost of both internal and external staff engaged in services relating to this activity, such as the expenses of studies and re-studies borne by the Company in analysing the insured risks;
- Expenses attributable to investments mainly include both internal and external investment management expenses, comprising, in the latter case, the professional fees, commissions and brokerage charges accrued, the cost of staff engaged in those functions and the amortisation and depreciation charges (without including goodwill);
- Other technical expenses are those that cannot be allocated to one of the above uses per the established criteria.

In addition, with respect to the allocation by insurance line, separate accounting control and management is maintained for each line in which ACyC operates and for the different types, with the applicable revenues and expenses being allocated in line with the volume of premiums and nature of their operations.

There are allocated to the non-technical income statement for the year the losses or profits obtained on the sale or amortisation of financial investments in the asset base, as well as changes in the measurement of investments at fair value through profit or loss for said assets.

Dividends from financial assets accrued after the date of acquisition will be recognised as income in the profit and loss statement.

2.6 Comparative Information

The information contained in the accompanying financial statements for 2021 is presented solely and exclusively for purposes of comparison with the information for 2022.

All amounts presented in these financial statements are presented in thousands of euros (EUR), rounded to the closest thousand, unless otherwise specified. Such differences as may be observed in some cases between the sums of the figures recorded in the balance sheet, the profit and loss statement, the statement of changes in equity, the statement of cash flows and the explanatory Notes are due to rounding.

3 Allocation of results

The proposed allocation of the net results for the financial year 2022 adopted by the Directors of the Company and to be submitted for approval by the shareholders of the Company in General Meeting is the following:

Basis of distribution	
Profit/(Loss) for the year	216,422
Total	**216,422**

Allocation	
Interim allocation to the equalization reserve	169,958
To voluntary reserves	46,464
Total	**216,422**

According to the ROSSP, the equalization reserve will be increased every year against the allocation of profit for the year (see Note 17.6).

At the proposal of the Board of Directors, the General Meeting of the Company's shareholders will resolve to allocate the results of each year after the interim allocation to the equalization reserve as follows:

- 10% will be allocated to the legal reserve until it reaches at least 20% of the share capital. Given that this reserve has been fully covered, no further allocations were needed at year-end 2022 and 2021;
- The amount needed to pay the dividend deemed appropriate by the General Meeting, which will be distributed in proportion to the capital paid in. At 31 December 2022 and 2021, there was no capital pending disbursement;
- Any remaining sum will be allocated, by decision of the Shareholders in General Meeting, to setting up special reserves, to increasing those already created, to extraordinary writeoffs, or will be carried forward in the part not earmarked for any other special use to the following year.

4 Recognition and measurement standards

The main recognition and measurement standards used by the Company to prepare the financial statements for the year ended 31 December 2022 in accordance with the Accounting Plan for Insurers ("PCEA") were as follows:

4.1 Intangible fixed assets

4.1.1 Goodwill

Goodwill is the excess, at the acquisition date, of the cost of the business combination over the fair value of the identifiable net assets acquired in the transaction. Consequently, goodwill is only recognised when assets are acquired for valuable consideration and relates to the future economic benefits from assets that could not be individually identified and recognised separately.

Goodwill is allocated to each of the cash generating units that are expected to benefit from the synergies of the business combination. After its initial recognition, goodwill is carried at the acquisition price less the accumulated amortisation and, if applicable, the cumulative amount of valuation adjustments recognised for impairment. According to the applicable standards and rules, the useful life of goodwill is set at 10 years and it is amortised on a straight-line basis.

Furthermore, those cash generating units will be analysed at least annually for signs of impairment and, if such signs exist, impairment testing will be conducted using the methodology indicated further below and, if applicable, a valuation adjustment will be made. The impairment testing has been conducted taking into account the current macroeconomic conditions, which are being impacted by the COVID-19 pandemic.

Impairment adjustments recognised against goodwill are not reversible in later financial periods.

4.1.2 Computer applications

All amounts are in millions of Euros, unless otherwise stated

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and to bring to use the specific software. These assets are amortised on the basis of the expected useful life: which is between three and five years. Computer software is stated at cost less accumulated amortisation and any accumulated impairment losses.

Development costs that are directly associated with the production of identifiable and unique software products controlled by Atradius, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overhead. The research costs associated with developing identifiable and unique software products as well as the costs of maintaining computer software programmes are recognised as an expense as incurred. The computer software development costs recognised as assets are amortised using the straight-line amortisation method over its estimated economic useful lives: in general, not exceeding a period of five years. Majority of capitalised software developed for strategic business developments has a useful life of 10 years.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embedded in the specific assets to which it relates. All other expenditure is expensed as incurred.

4.1.3 Other fixed assets

Other intangible assets are recorded at their fair value as at the date of acquisition. Their amortisation is calculated on a straight-line basis during the expected useful life of the assets, which is estimated at between 5 and 10 years.

4.2 Property, plant and equipment and investment property

Property, plant and equipment and investment property are initially recorded at their acquisition price or cost of production, revised, where applicable, as provided in Royal Decree Law 7/1996 of 7 June 1996 and in Royal Decree 2607/1996 of 20 December 1996 (for property located in Spain), less their accumulated depreciation and such impairment losses as may exist according to the policy mentioned at the end of this Note.

All land, natural assets and buildings held to obtain income, capital gains or both are considered investment property. The land, natural assets and buildings held to provide services or for administrative purposes are considered property, plant and equipment.

Expenses associated with the repair and maintenance of property, plant and equipment and investment properties are charged to the profit and loss statement for the year in which they are incurred. Conversely, sums invested in improvements that contribute to increasing the capacity or efficiency or to lengthening the useful life of those assets are recorded as a higher cost of those assets.

The Company depreciates its property, plant and equipment and investment properties on a straight-line basis, applying yearly depreciation percentages calculated as a function of the years of estimated useful life of the respective assets, as indicated below:

Asset Category	Depreciation Percentage
Buildings	2%
Furniture	10%-33%
Plant	10%-33%
Data processing equipment	20%-33%
Other property, plant and equipment	12%-15%

4.2.1 Impairment of intangible assets, property, plant and equipment and investment property

At the end of each year, the Company conducts an impairment test for the existence of impairment that reduces the recoverable value of these assets to below their carrying amount. Impairment of intangible assets and of property, plant and equipment and investment property is calculated, in general terms, separately asset by asset. If the recoverable value of each individual asset or right cannot be calculated, the Company determines the recoverable value of the cash generating unit to which each fixed asset belongs.

In its impairment testing of assets, the Company considers at least the following factors:

- Evidence from internal reports indicating that the economic return on the assets is, or will be, worse than expected.
- Evidence of obsolescence or physical deterioration of an asset.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use, with the latter understood to mean the present value of the expected future cash flows.

In the case of real estate, fair value is the appraised value determined by appraisal companies authorised to appraise properties. Those appraisals are updated at least biannually. Where the fair value of the property, thus determined, is less than its net carrying value, the loss of value is accounted for by setting aside the relevant provision for impairment with a charge to profit and loss statement.

The individualised valuation adjustments of the above assets, and their reversal when the circumstances that led to the adjustments disappear, are taken to the profit and loss statement as an expense or income, respectively. Reversals are limited to the carrying value at which the fixed asset or the investment property would have been recognised at the reversal date had no loss of value been recorded.

4.3 Operating leases

Leases are classified as finance leases when their conditions imply substantial transfer to the lessee of the risks and rewards incidental to ownership of the leased asset. Operating leases are those in which the conditions do not imply substantial transfer to the lessee of the risks and rewards incidental to ownership of the leased asset.

Revenues and costs arising from operating lease agreements are taken to the profit and loss statement in the year they are accrued. Any payment that may be received or made when contracting an operating lease will be treated as a prepayment and taken to profit and loss statement over the term of the lease, as the rewards of the leased asset are transferred or received.

In the case of finance leases, the cost of acquiring the leased asset is presented on the balance sheet according to its nature, increased by the amount of the directly attributable contracts costs, which are recognised as an expense over the term of the contract, applying the same criterion as used for recognising lease revenues.

4.4 Fair value

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: Quoted prices in active markets. This category includes financial instruments for which the fair value is determined directly by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions conducted on an arm’s length basis.

Level 2: Valuation techniques based on observable market data. This category includes financial instruments for which the fair value is determined using a valuation technique (a valuation model), where inputs in the valuation model are taken from an active market or are market observable. If certain inputs in the model are not market observable, but all significant inputs are, the instrument is still classified in this category, provided that the impact of those elements on the overall valuation is insignificant. Included in this category are items whose value is derived from quoted prices of similar instruments, but for which the prices are (more than insignificantly) modified based on other observable external data.

Level 3: Valuation techniques incorporating information other than observable market data. This category includes financial investments for which the fair value is determined using a valuation technique for which a significant level of the input is not supported by current observable market transactions. This category also includes the financial investments for which the fair value is based on brokers' quotes or pricing services. These valuations are for 100% of the fair value verified by an external independent valuation company.

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price used for financial investments held by ACyC is the current ask price. Transaction costs on initial recognition of financial investments are expensed as incurred.

The fair value of financial instruments not traded in an active market is determined using valuation techniques. ACyC uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The fair value of own-use property and of investment property is determined by independent real estate appraisers registered in the relevant countries and with the appropriate qualifications and experience in property valuations.

4.5 Financial instruments

4.5.1 Financial assets

Classification

The financial assets held by the Company have been classified, as at 31 December 2022, into the following categories:

- Loans and receivables: financial assets originating in insurance and reinsurance operations, or those which, not having a commercial origin, are not equity instruments or derivatives, with receipts of fixed or determinable amounts and not traded on an active market. This excludes debt securities and swaps of certain or predetermined cash flows that the Company allocates, at the time of initial recognition, to "Available-for-sale financial assets".
- Holdings in Group companies and associates: Group companies are those with which the Company has a controlling relationship, while associated companies are those in which the Company exercises significant influence.
- Available-for-sale financial assets: this includes debt securities and equity instruments of other companies that have not been classified in any of the above categories.

Initial measurement

The Company recognises financial assets on its balance sheet when it becomes a party to the associated contract or legal arrangement according to its terms.

Recoveries of claims are only recognised when they are sufficiently certain at the date on which the financial statements are issued and, therefore, expected to give rise to economic benefits. As regards Spain and Portugal, for recoveries specific to the credit insurance line, in accordance with article 43 of the Regulations on the Organisation and Supervision of Private Insurance (Reglamento de Ordenación y Supervisión de los Seguros Privados) and Finance Ministry Order EHA/339/2007 of 16 February 2007 implementing certain specific provisions of private insurance, the Company capitalises the recoveries, using statistical methods, with the execution of certain requirements and submitting the calculations to periodic assessments by independent experts. In this case, the Company calculates the amount of the estimated recoveries using a statistical method specifically developed for this purpose, which studies the historical evolution of the settlements of all declared losses, including completed claims, and allows their future behaviour to be predicted, in order to apply them to the actual situation and make reasonable estimates of the recoveries to be obtained with those projections. For the other branches, the estimated recovery is implicit in the calculation of the technical provisions (see Note 4.8).

The amount of the estimated recoveries of the business in Spain and Portugal, net of the reinsurance share, is recorded under "Loans and receivables – Other receivables – Rest of receivables" on the accompanying balance sheets (see Note 10).

Purchases and sales of financial assets structured in conventional contracts are recognised on the trade or settlement date. Contracts that can be settled for cash differences are recorded as a derivative instrument. In particular, foreign currency transactions are recorded at the settlement date, and financial assets traded in Spanish secondary securities markets are recognised on their trade date if they are equity instruments and on their settlement date if they are debt securities.

Financial assets are initially recorded at the fair value of the consideration received plus any transaction costs that are directly attributable at the acquisition date.

In the case of equity investments in Group companies that entail control of the subsidiaries, the fees paid to legal advisors and other professionals in relation to the acquisition of the investment are taken directly to the profit and loss statement. Investments in Group companies, jointly controlled entities and associates are initially recorded at cost.

Loans and receivables are initially recognised al fair value plus transactions costs.

Subsequent measurement

Financial assets classified as "Loans and receivables" are carried at their amortised cost. The interests accrued are recorded in the profit and loss statement, applying the effective interest rate method.

In particular, with respect to valuation adjustments of premiums pending collection, the Company makes the appropriate allocation with a charge to the profit and loss statement in accordance with the impairment of the receivables from policyholders. That impairment is calculated at year-end separately for each line of insurance or risk using the information available on receipts of premiums pending collection at that date.

The general policy followed by the Company is as follows:

- Premiums of six months or more are provisioned for in full;
- Premiums of three months or more and less than six months are 50% provisioned for;
- Premiums of less than three months that have not been claimed in court are provisioned for applying the average percentage of cancelled premiums that were in that situation in the last three years, making the historical series as uniform as possible. Where the recorded experience is not sufficient, these premiums are provisioned for applying a percentage of 25%;
- Premiums claimed in court are provisioned for separately according to the circumstances of each case.

For the rest of the items classified as loans and receivables, at least at year-end the necessary impairment adjustments are made if there is objective evidence that not all sums owed will be received.

Available-for-sale financial assets are carried at their fair value. Such variations as may occur in that fair value will be recorded in equity until the asset is disposed of or becomes impaired (on a stable or permanent basis), at which time those accumulated results will be taken to the profit and loss statement. In this regard, signs of impairment (of a permanent nature) are considered to exist in equity instruments if there is a 40% decline in the trading price of the asset or if its value enters into a prolonged decline of a year and a half without recovering. In the case of debt instruments acquired, impairment is deemed to exist if there is a reduction or delay in the estimated future cash flows that may be caused by insolvency of the issuer.

Debt securities and swaps of certain or predetermined cash flows assigned to the "available for sale" category, and all financial assets that are not carried at their fair value, will be tested for impairment by the Company at least at year-end.

Objective evidence of impairment is considered to exist if the recoverable amount of the financial asset is lower than its carrying amount. The recoverable value is determined by the present value of the future cash flows that are estimated will be generated by the financial assets being measured discounted at the effective interest rate calculated at the time of their initial recognition.

Investments in Group companies, jointly controlled entities and associates are stated at their cost, minus, as applicable, the cumulative amount of valuation adjustments for impairment. Those adjustments are calculated as the difference between the carrying value of those investments and their recoverable amount, the latter being taken as the higher of the fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, the equity of the investee is considered, adjusted for the unrealised capital gains existing at the measurement date (including such goodwill as may exist).

The Company derecognises financial assets when they expire or when the rights to the cash flows of the financial asset are assigned and the risks and rewards incidental to ownership are substantially transferred, such as in outright sales of assets, sales of financial assets with an agreement for repurchase at their fair value and securitisations of financial assets in which the seller neither retains subordinated financing nor gives any type of guarantee nor assumes any other type of risk.

Conversely, the Company does not derecognise financial assets, and instead recognises a financial liability equal to the consideration received, in those assignments of financial assets in which it substantially retains the risks and rewards incidental to ownership, such as discounted bills, sales of financial assets with an agreement to repurchase at a fixed price or at the selling price plus interest, and securitisations of financial assets in which the seller retains subordinated financing or some other type of guarantee that substantially absorbs all expected losses.

The impact of foreign currency on available-for-sale financial assets is recorded in the profit and loss statement.

4.5.2 Financial liabilities

The financial instruments issued, incurred or acquired are classified as financial liabilities, in full or in part, when they imply for the Company a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or liabilities with third parties on conditions that are potentially unfavourable.

Debts and payables that originate in insurance and reinsurance operations, as well as those which, though not of a commercial origin, cannot be considered as derivative financial instruments, are classified as financial liabilities, for purpose of their measurement, in the category of debts and payables.

Debts and payables are initially stated at the fair value of the consideration received adjusted for any directly attributable transaction costs.

They are subsequently stated at their amortised cost. The interest accrued is recorded in the profit and loss statement, applying the effective interest method. Nevertheless, debts that have been initially measured at their nominal value will continue to be carried at that amount.

Trade payables falling due within one year and that do not have a contract interest rate, and capital calls on shareholdings in third parties that are expected to be paid in the near term, are recorded at their nominal value, when the effect of not discounting cash flows to present value is not significant.

4.6 Transactions in foreign currency

4.6.1 Functional and presentation currency

Items included in the financial statements of the Company are measured using the functional currency of the respective markets in which it operates. For purposes of its financial reporting, the Company's currency is the euro.

4.6.2 Transactions and accounting balances

At the close of the financial year, monetary assets and liabilities held in foreign currencies are converted to euros at the rate of exchange in effect at the balance sheet date. Exchange gains and losses are expensed when they arise.

Non-monetary assets and liabilities that are measured at fair value and denominated in foreign currency are converted according to the exchange rates prevailing on the date the fair value was determined. The exchange gains and losses that arise are taken to equity or to profit and loss for the year applying the same policy as for recording variations in fair value.

4.6.3 Branches

Where the functional currency of a branch of the Company is a non-euro currency, the differences generated in the conversion of its financial statements to the presentation currency will be recorded directly in equity.

Shown below are the most significant functional currencies for the Company:

Currency	Year end rate		Average rate	
	GBP	AUD	GBP	AUD
At 31 December 2022	1.127	0.637	1.156	0.648
At 31 December 2021	1.190	0.640	1.174	0.629

Shown below are the assets, earned premiums and the profit before tax of the most significant functional currencies for the Company:

2022	Assets	Earned premiums	Profit before tax
EUR	2,619,511	1,282,563	188,248
GBP	573,239	156,321	33,020
AUD	135,274	58,041	13,872
Other currencies	1,025,393	383,443	55,319
Total	**4,353,417**	**1,880,367**	**290,460**

2021	Assets	Earned premiums	Profit before tax
EUR	2,473,189	1,139,726	134,237
GBP	638,859	137,545	18,029
AUD	126,150	49,002	19,259
Other currencies	865,484	316,606	25,557
Total	**4,103,682**	**1,642,879**	**197,082**

4.7 Corporate income tax

Corporate income tax cost or income includes both the part relating to the current income tax and the one for deferred tax.

Current income tax is that paid as a result of tax assessments on the profits for the year. Tax relief and other tax benefits, excluding withholdings and interim payments on account, and tax loss carryforwards applied in the year, reduce the current income tax liability.

The deferred income tax cost or income reflects the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences, which are identified as the expected balances payable or recoverable as a result of differences between the book value and tax value of assets and liabilities, as well as tax losses pending carryforward and credits for tax deductions not applied. These amounts are recorded applying to the temporary difference or credit in question the tax rate at which they are expected to be collected or settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except those in which the temporary difference derives from the initial recognition of goodwill or other assets and liabilities in operations that affect neither tax income nor accounting income and which are not a business combination.

Deferred tax assets are only recorded when it is considered likely that the Company will have sufficient future taxable earnings against which they can be applied.

Deferred tax assets and liabilities arising on operations debited or credited directly to equity accounts will also be recognised in a balancing entry under equity.

Deferred tax assets are reviewed at each balance sheet date and the necessary adjustments are made if there is any doubt concerning their future recoverability. Deferred tax assets not recognised in the balance sheet are also reviewed at each balance sheet date and are recognised if their recovery against future tax profits becomes probable.

On 23 July 2015, the Board of Directors of the Company resolved that for tax periods beginning as from 2015, the Company would pay tax in Spain under the tax consolidation system provided for in articles 55 to 75 of Law 27/2014 on Corporate Income Tax, designating Grupo Catalana Occidente, S.A. as parent company of ACyC.

4.8 Technical provisions y Equalization reserve

As mentioned in Note 2.1, on 1 January 2016 the Royal Decree 1060/2015 of 20 November 2015, which approved the ROSSEAR and repealed the previous ROSSP came into force. Nevertheless, as stipulated in Additional Provision Five of the ROSSEAR, when calculating technical provisions for accounting purposes, articles 29 to 48 bis of the ROSSP will apply.

Technical provisions record the amounts of obligations undertaken under insurance contracts in force in order to ensure, based on prudent and reasonable considerations, the fulfilment of those obligations.

4.8.1 Provision for unearned premiums and ongoing risks

The provision for unearned premiums is made to time allocate the premiums accrued at year-end and includes the part of the premium earmarked for fulfilling future obligations not expired at that date.

Commissions and other acquisition costs in respect of the premiums written are expensed according to the same criterion as used to recognise revenue from the premiums of insurance contracts in force. The part of commissions and other acquisition costs for the unearned period of insurance policies in force is recorded in “Other assets – Accrual accounts” under assets on the accompanying balance sheets. At 31 December 2022, the amount of accrued commissions was EUR 69.6 million (2021: EUR 61.2 million).

The provision for unexpired risks complements the provision for unearned premiums to the extent that the amount of this provision is not sufficient to reflect the measurement of all risks and expenses to be covered in relation to the coverage period not closed at year-end. It is calculated as provided in the current ROSSP. At 31 December 2022 and 2021, the result of the calculation indicated the provision was not required.

In compliance with the resolution issued by the DGSFP in reply to a query submitted by the Company on 18 December 2015, the Company made an adjustment for uniform treatment of the insurance operations originating from the former Atradius Credit Insurance S.A. (ACI), allocating to the provision for unearned premiums the part of the premium in respect of outstanding operations that was included as provision for claims incurred but not yet reported in ACI's books.

4.8.2 Claims provision

This records the total amount of outstanding obligations in respect of claims incurred prior to the balance sheet date. The Company calculates this provision as the difference between the estimated or certain total cost of claims not yet reported or pending settlement or payment and aggregate sums already paid in respect of those claims.

Claims not yet settled or paid and claims not yet reported

For claims pending to be settled that were declared at year-end, the amount of this provision is calculated on the basis of an individual analysis of each file, based on the best information available at year-end, using the claim data for individual cases notified to the AC&C and statistical analysis for claims that have occurred but have not been declared. This includes external expenses inherent to the claims settlement, interest on late payments and legally established penalties, where applicable. In addition, estimates of expected losses are made based on historical claims experience, estimates of future payments versus estimates and other known trends and developments.

The risks associated with credit insurance and bonding are subject to a number of influences that are not particularly open to quantitative sensitivity analysis. This section describes the quantitative sensitivity analysis that is feasible.

Under normal circumstances, the most important assumption used in the main methods for reserving for traditional credit insurance to set the estimate for the ultimate number of claims for the most recent months of risk would be that the claims inflow in early 2023 would be around 20% above the level of end 2022. The main methodologies for estimating claims provisions for traditional credit insurance combined underpin 65% (2021: 71%) of the claims provisions for traditional credit insurance.

In light of the increased uncertainty as a result of the current circumstances, we have taken a similar approach for 2022 closing as we did for 2021 closing. During the second half of 2020, the number of reported claims dropped significantly compared to the first half of the year. This partly relates to a drop of insured business as result of the lock-downs in early 2020 and, partially, because of government's support for the economy. However, whilst the insured shipments have recovered since, the number of claims registrations remained at a low level including the first two quarters of 2022. However, the second half of 2022, showed a notable increase. This being said, the total number of claims registrations during 2022 is still 20 – 40% lower than the claims reported during the first half of 2020, depending on the country. The 2022 provisions have been set based on the assumption that this reduction is still temporary and that a further strong increase in claims registrations is still expected going forward. The estimated ultimate claim count for most recent month of risk has been set at the level of the first half of 2020 plus 10 – 40% depending on the country due to uncertainty in the current economic environment.

An indication of the sensitivity to projected ultimate number of claims would be the following: if the estimated ultimate number of claims, inclusive of the expected increase mentioned in the previous paragraph, for the most recent six months of risk were to change by 10%, the claims provisions would change by EUR 37 million, gross of reinsurance (2021: EUR 33 million). As in essence provisions for most recent months are set as estimated number times estimated claims size, this also describes the sensitivity to assumed claims size. This sensitivity is approximately linear. Unless noted otherwise, the same holds true for other sensitivities mentioned in this section.

Under normal circumstances, for modelling attritional losses, the uncertainty in severity quickly becomes less important compared to the uncertainty in frequency, as the portfolio becomes larger. This feature is not specific to credit insurance, but holds for any insurance product, provided the portfolio is large enough, and correlation between count and severity is small enough. It is our experience that average claim sizes, for the attritional losses, are sufficiently stable over time to not have significant margins of uncertainty in the parameters governing the size of attritional claims that have not yet been reported.

Whilst recent trends in severity have been duly considered as part of the process by which Atradius reviews and sets parameters and prudent choices have been made, we still consider there to be more uncertainty than in recent history, as result of the unprecedented circumstances.

To indicate an overall level of sensitivity with respect to the parameters driving the average size for claims not yet registered, if this average would be increase by 10%, claims provisions for attritional losses would increase by EUR 34 million (2021: 32 million).

By its nature, an estimate of the expected inflow of large cases is not easy to quantify. The order of magnitude of this sensitivity would be, in the judgement of management, similar to the sensitivity in the estimated number of claims for the most recent months, although, as is inevitable with severity risk, it has a longer tail. From historic data it can be seen that the correlation between the ultimate aggregate losses arising from large claims by underwriting year and the attritional losses is larger than 80%.

As such, supporting the plausibility of the management judgement, provisions for large cases are in part based on historic experience with large cases and in part on case by case reporting of ultimate loss estimates. The approach that relies on historic experience sets an ultimate loss arising from large cases as a fraction of the total losses for the last two risk years. Despite the historically high correlation between large and attritional losses, current low claims entry implies estimated attritional losses for recent underwriting years to be well below prior years. These exceptional circumstances, accompanied with the current level of uncertainty and experience from prior financial crisis (2008-2009, which showed a higher proportion of large losses over total losses) leads to setting a ratio aligned to the historic one observed in prior financial crisis. The selected ratio implies estimated ultimate large loss amounts (as opposed to the ratio with attritional losses) to be in the range of those observed under normal circumstances, like underwriting years 2012 to 2019. If these fractions were chosen 10% higher, then the claims provisions for traditional credit insurance would increase by EUR 75 million (2021: 66 million). The case by case estimates are specific to the individual facts and circumstances of the case. As such, no meaningful overall insight to the sensitivity can be given.

In addition to contributions from standard components of Atradius reserving methodologies, an Event Based Provision has been estimated, due to the impact of the conflict between Russia and Ukraine. This is for those risks considered to be not fully covered by the standard methodologies. This is based on a case-by-case review of the exposures related to the Russia-Ukraine conflict. Management has considered two main drivers of risks to be covered by the Event Based Provision:

a) Real Outstanding Exposure (ROE) related to traditional credit insurance business from customers trading out of Russia and for Russian/Ukrainian buyers. This excludes exposure already notified as claims, as the standard methodology already caters for this. It also excludes exposure for which a notification of non-payment was registered. This is treated as a separate category:
b) Notifications of Non-Payments related to business from customers out of Russia but affected by the conflict between Russia and Ukraine.

As a result of the analysis performed, a EUR 140m provision gross of reinsurance (EUR 98m net of reinsurance) has been added.

Claims provisions are presented net of recoveries from salvage and subrogation. Realised recoveries can deviate from expected recoveries. Expected recoveries amount to EUR 364 million (2021: EUR 361 million). The largest two components of the expected recoveries are the recoveries for traditional credit insurance of EUR 160 million (2021: EUR 137 million) and for instalment credit protection of EUR 132 million (2021: EUR 138 million).

As recovery rates differ by country as well as product, moreover, that the development depends on the age of the underwriting year, it is challenging to provide insight into sensitivity to assumptions by measuring the impact of a mere parameter change. For traditional credit insurance, ultimate recoveries are first estimated using commonly used projection methods. These estimates are then reduced considering a margin for uncertainty, such that a favourable development on these estimates is by far the most likely outcome. Nevertheless, the impact of setting the recovery provisions lower by 10% is EUR 16 million (2021: EUR 14 million). For instalment credit protection, for which similar margins for uncertainty are introduced, the impact of setting recovery provisions lower by 10% is EUR 13 million (2021: EUR 13 million).

Sources of uncertainty in the estimation of future claims payments

The sources of uncertainty in the estimation of future claims payments include, but are not limited to, all the factors that affect the frequency and severity of claims in general, as described in Note 2.3.

The insurance liabilities that cover claims experience after the reporting period for risks that have been accepted before the end of the reporting period consist of two elements: the provision for unearned premium (UPR) and the provisions for claims ‘incurred but not reported’, the IBNR. The accounting policies and estimation methods for setting UPR and IBNR vary by product and in part also by entity within Atradius:

- For traditional credit insurance, premium is earned in full when the underlying shipment takes place. UPR exclusively relates to the unearned part of premium invoiced in advance and to risks that have not started. IBNR is Atradius' estimate for future claims payments that will result from risks taken on, but for which no claims notification has been received;
- For the local credit insurance business in Spain and Portugal, premium is earned pro rata over the period between invoice date and due date of invoices for the insured shipments. Thus, part of UPR relates to risks that have started, in the sense that the underlying insured shipment has taken place. IBNR is the local business in Spain and Portugal's estimate for future claims payments that will result from risks taken on, for which no claims notification has been received and for which the underlying invoices are overdue at the end of the reporting period;
- For bonding, instalment credit protection and reinsurance, the UPR relates to risk taken on; and
- For special products, UPR is set on the same basis as for traditional credit insurance. With the exception of single transactions, where the UPR relates to risk taken on.

As a consequence, the release of the provision for unearned premium should be taken into account for the local credit insurance business in Spain and Portugal, bonding, instalment credit protection and reinsurance to evaluate the accuracy with which Atradius has historically estimated future claims payments.

Estimates for future claims payments are made through a combination of case-by-case estimates and statistical estimates. Provisions for reported claims are set on a case-by-case basis, taking into account statistical estimates for expected recoveries and statistical estimates of claims incurred to payment ratios. The estimates for future claims payments are produced per period during which policyholders brought risk under the cover of the policy (i.e., the period in which the insured shipment has taken place). Large cases are provisioned separately, at expected loss.

In the case of traditional credit insurance, the main sources of uncertainty for estimates of future claims payments include the same as the ones contained in Note 2.3. Estimates for future claims payments for bonding have a greater uncertainty than estimates for future claims payments for credit insurance. Bonding is a 'longer tail' business; i.e., the time between issuance of the bond and receipt of the bond call tends to be much longer than that of traditional short-term credit insurance. For example, most credit insurance covers credit periods up to 180 days, while around half the number of bonds written has tenors of over two and a half years. After receipt of a bond call, it usually takes longer to settle the claim and litigation is not uncommon, either following the bond call or when trying to realise recoveries. Especially in Italy, litigation tends to be a lengthy process. Outcomes of litigation cannot be predicted with certainty. For bonding, the provisions set on a case-by-case basis are based on the amount called minus an amount to account for expected recoveries based on historic experience or case specific information. For imminent large bond calls as well as for large customers in financial difficulties, the Company sets a claim provision. The case by case and business oriented evaluation is integrated with a statistical and actuarial model. This model based on the exposure of active bonds applies probability of defaults and loss given default. Booked recovery provisions for bonding are periodically reviewed and adjusted to experience.

Internal claims settlement expenses

The claims provision includes an estimated amount for internal management and claims handling expenses.

4.8.3 Provisions for profit-sharing and return premiums

These provisions include the profits accrued and not yet allocated to policyholders or beneficiaries, as well as the estimated amount of premiums to be returned to policyholders based on the recorded behaviour of the insured risks. They are calculated according to the relevant clauses of the contracts in force at year-end.

Both in the current year and in the previous year, other technical provisions of the ceded business have been reclassified to provisions for profit sharing and returns. The amount reclassified in 2022 is EUR 64.1 million (2021: EUR 68 million)

4.8.4 Equalization reserve

Unlike the above reserves, this is a restricted reserve recorded in the Company's equity. It is cumulative and must be set aside for the credit and bonding insurance lines out of the profits recorded each year (see Note 3).

By law, in credit insurance the allocation to this reserve can be no less than 75% of the positive technical result of the insurance line and must be made until it reaches 134% of the average of the self-retention premiums accrued in the last five years. In bonding insurance, the minimum allocation is 2% of the commercial premium. The reserve may only be used to offset deviations in the self-retention claims rate (see Note 17.6). For the bonding line the allocations are made until the reserve stands at 35% of the self-retention risk premiums.

4.8.5 Reinsurance share on technical provisions

These are calculated according to the conditions of the reinsurance contracts in force at year-end. ACyC transfers a significant portion of its insurance risk to external reinsurers through a number of reinsurance arrangements that include quota share and excess of loss treaties covering both the entire portfolio of ACyC and the quota share arrangements relating to specific risks. The reinsurance treaties are usually renewed annually one year in advance, normally in December of the previous year. During 2022, Atradius decided to renew its reinsurance treaties for 2023. This trend continued with the renewal of reinsurance treaties for 2024 at the start of 2023. On renewal, Atradius assesses the optimal structure of the treaties, including the excess of loss, the stop-loss and the optional treaties. A number of items are taken into consideration during this review, including the growth projected for the underlying business, the state of the economy, etc. Also, the proposed structure is considered in the context of the Solvency II capital requirements and Atradius' risk appetite.

For the 2022 underwriting year, one quota share reinsurance treaty was in place covering the major part of ACyC's business. The retention under this treaty is 63% (2021: 63%).

It is currently expected that Atradius Reinsurance DAC (ARE) will be merged into ACyC through a cross-border merger to be completed in 2023. The transaction remains subject to the necessary Board, shareholder, court and regulatory approvals. Upon effectiveness of the merger, ARE’s assets and liabilities, including all of its reinsurance obligations, would be transferred to ACyC, through its Irish branch, which would conduct ARE’s reinsurance business as its legal successor, with ARE being dissolved without going into liquidation.

In addition, there are two additional quota share contracts covering a limited number of policies, with a retention percentage of 25%, and a single excess of loss programme covering the self-retention under that quota share treaty that consists of a series of excess of loss treaties (per buyer group).

The attachment point of the excess of loss treaties has been set such that the net retention for business ceded under these treaty structures for any buyer group does not exceed EUR 26.25 million for ACyC. The top of the excess of loss layers is chosen so that, in the judgement of management, there remains only a very remote possibility that failure of any single buyer/buyer group will exceed the top end of the excess of loss coverage.

With regard to the reinsurance panel, it is Atradius’ policy to select only reinsurers that have a high rating. The normal minimum requirement is an ‘A-’ level rating. The treaties also include a provision that if a reinsurer is downgraded during the period of the reinsurance below an ‘A-‘ rating that then security can be requested and if not provided the reinsurance agreement with that reinsurer can be terminated.

Government Agreements

In view of the situation generated by the COVID-19 pandemic and, as a support to the national economy, the 10 main countries where the Group operates have supported the business of credit insurance in the form of specific government reinsurance schemes with high cession rates.

The government schemes were part of an overall package of measures and aimed to ensure that sufficient liquidity was available in the market, to counteract the damage inflicted on companies affected by the outbreak and to preserve the continuity of economic activity during and after the outbreak. In particular, they aimed to ensure that trade credit insurance services continued to be available to businesses.

In 2020 Atradius entered into agreements with the governments of France, Germany, Denmark, Norway, Belgium, Luxemburg, the Netherlands, United Kingdom, Italy and Spain. All these agreements were renewed until the first semester of 2021, except for France where the covered period was extended to 31 December 2022. In general terms, all government schemes covered Credit Insurance with domestic policyholders related to all the buyers. In Europe, all agreements were approved by their correspondent regulators. These government reinsurance agreements are applied before the private reinsurance with the exception of Spain where the agreement provided an additional cession to the private cession). All government schemes are risk attaching, the cession rates are different per country.

The table below details the impacts of the agreements in the consolidated statement of financial position (in thousand euros):

(EUR thousands)	Total	Total
Balance Sheet:	**2022**	**2021**
Ceded Technical Provision	29,190	106,766
Premium provisions ceded	7,533	26,117
Cash received/paid	(384,364)	(297,805)
Accounts receivable/payable	12,115	(125,754)
Reinsurance commission	(2,044)	(7,307)
Profit and loss Statement:		
Insurance premiums ceded	(14,852)	(323,805)
Claims recovered	(27,277)	(35,527)
Reinsurance commission	2,647	(7,307)
Result of governmental agreements	**(39,482)**	**(253,128)**

4.9 Provisions and contingencies

In preparing the financial statements, the Directors of the Company distinguish between:

- Provisions: credit balances covering current obligations arising as a result of past events the cancellation of which will probably result in a future outflow of funds but whose amount and/or cancellation date are uncertain;
- Contingent liabilities: possible obligations arising as a result of past events, whose materialisation is dependent on the occurrence, or otherwise, of one or more future events falling outside the Company's control.

The financial statements present all provisions for which it is more likely than not that the obligation will have to be met.

The value of these provisions is measured using the best possible estimate of the amount necessary to cancel or transfer the obligation, taking into consideration the information available on the event and its consequences, recording the adjustments made from updating said provisions as financial costs as they accrue.

Provisions for restructurings, onerous contracts and litigation are recognised when ACyC has a present legal or constructive obligation as a result of past events and that an adverse result is highly likely to imply a loss for the Company on its settlement and that such loss is reasonably quantifiable.

Restructuring provisions include employees' termination payments which are directly related to workforce restructuring plans. No provisions are recognised for future losses. Where there is a number of similar obligations, the likelihood that an outflow will be required is determined by considering the different classes of obligations as a whole. Where the effect of the time value of money is material, the provision is measured as the present value of the expected expenditure, discounted using a pre-tax discount rate.

Contingent liabilities are not recognised in the financial statements but are disclosed in the Notes thereto insofar as they are not considered remote.

4.10 Indemnities for termination

In accordance with current legislation, the Company is required to make severance payments to employees whose contracts of employment are terminated in certain circumstances. Therefore, the indemnities for termination that can be reasonably quantified are recorded as a cost in the financial year in which the decision to terminate the contract is taken and a valid expectation regarding termination is created for third parties.

4.11 Pension commitments

4.11.1 Defined benefit pension commitments

A defined benefit plan is a pension plan that defines the amount of the pension that an employee will receive on retirement, dependent on one or more factors such as age, length of service and salary. In a defined benefit plan the Company may pay contributions into a separate entity or pension fund. ACyC and, in some cases, the employees who participate in funding a defined benefit plan have the legal or constructive obligation to make further contributions if the fund does not have sufficient assets to pay the benefits due to all employees for the rights acquired in the current or prior periods.

The amount recognised as a defined benefit pension liability is the present value of the obligation at the end of the reporting period, less the fair value at that date of the plan assets (if any) out of which the obligations are to be settled. The recognition of assets that arise by over-funding of the defined benefit plan is limited to the ability to using the surplus to generate future benefits (the asset ceiling). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the benefit is determined by discounting the estimated future cash outflows using interest rates on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liabilities.

The present value of the defined benefit, which includes actuarial gains and losses, the return on the plan assets (not including net interest that is calculated by applying the discount rate) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other revenue and expenses recognised in equity. ACyC determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation defined at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the profit and loss statement.

The non-recognition of assets (‘asset ceiling’) can occur when the plan assets are higher than the projected benefits and ACyC cannot recover any surplus due to solvency and/or control requirements.

When the conditions of a plan are changed or the obligations of a plan are discharged, the resulting impact on benefits related to past services or the gain or loss from that change is recognised immediately in the profit and loss statement. If the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period), the related past service costs are amortised on a straight-line basis over the vesting period. ACyC recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Expenses for defined benefit pension commitments are classified as follows:

- Service expense (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Administration costs;
- Net interest expense or income;
- Remeasurement.

The first two components of defined benefit pension commitments are presented in the profit and loss statement under net administration costs. The net interest is presented under finance expenses. Curtailment gains and losses are accounted for as past service costs. Remeasurements are recognised in other income and expenses recognised in equity. The characteristics of those commitments are described in Note 14.1.

Defined benefit pension commitments in Spain

According to article 6L of the General Spanish National Collective Bargaining Agreement (CBA) for Insurers, Reinsurers and Occupational Accident Mutual Societies, on reaching retirement age an employee may elect to retire or retirement may be decided by the employer, with a lifelong economic compensation, in both cases, payable by the employer and consisting of the difference between the pension received by the employee from the Social Security General System and the percentages set out in the CBA. These commitments do not apply to personnel hired as from 9 June 1986 from companies not included in the scope of the sector CBA.

The CBA also includes coverage for the contingencies of death or disability of employees during their employment.

At the end of 1986, Crédito y Caución set up an alternative employee retirement plan to the above system, expanding the commitments under the CBA, which were externalised in insurance policies.

During 2005, the Company adapted its commitments to the terms of Additional Provision Fifteen of Law 44/2002 of 22 November 2002 on Measures for Reform of the Financial System, by contracting insurance policies with the insurers Seguros Catalana Occidente S.A. de Seguros y Reaseguros and Axa Aurora Vida S.A.

In the case of insurance policies contracted with non-related entities, the assets earmarked to meet these commitments, "plan assets", are not owned by the Company but by a legally independent entity and can only be used to pay or fund the employee contributions. They can only be returned to the Company if the plan assets are sufficient to discharge all of the obligations.

4.11.2 Defined contribution pension commitments

Defined contribution plans are post-employment benefit plans under which ACyC pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund assets are not sufficient to pay all employee benefits relating to employee service in the current and prior periods.

For defined contribution plans, ACyC pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. ACyC has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is possible. The contributions to these plans are recognised as expenses in the profit and loss statement. The characteristics of those commitments are described in Note 14.1.

Defined contribution pension commitments in Spain

In 2007, the Company set up a complementary employee benefit system in the form of a company social security plan that provides benefits for retired employees and for those who suffer full and permanent disability that incapacitates them to perform their regular job or absolute permanent disability for all types of work, major disabilities and death. The Company has adapted the related insurance contracts to Royal Decree 1588/1999 of 15 October 1999 that approved the regulations on formal arrangements for company pension commitments.

In 2017, a new social security system was approved with the aim of promoting an appropriate employment policy for the sector. It has been implemented through a defined contribution group life insurance policy suitable for externalisation of the pension commitments. This system applies automatically to staff hired as from 1 January 2017 and to the previously hired employees who were given the option of keeping the retirement economic incentive staff regulated in the previous CBA or of enrolling in this new plan.

4.11.3 Special retirement plan

During 2015 the Company prepared a special retirement plan for a group of employees who meet a series of requirements of seniority and years of paid affiliation to the Social Security system.

The "Non-technical provisions – provision for pensions and similar obligations" on the balance sheet at 31 December 2022 includes EUR 1.7 million to fund the commitments with those employees (2021: EUR 1.7 million).

4.12 Related party transactions

The Company´s transactions with related parties are all done at market prices. In addition, the transfer prices are fully supported and the Company's Directors therefore do not consider that there is any significant risk in this regard that could produce a liability in the future.

4.13 Income and expenses

According to the PCEA, income and expenses are generally recognised on an accrual basis, that is, when the actual transfer of goods and services occurs, irrespective of the timing of the related financial or monetary flow. Revenues are stated at the fair value of the consideration received, less discounts and taxes.

Premium income is recorded on the dates the related invoices are issued for the estimated provisional premium (credit insurance) or final premium (bonding). This provisional premium is later adjusted to match the actual sales insured. At 31 December 2022, EUR 165.2 million was recorded in "Other assets – Accrual accounts" for premiums accrued and not issued net of commissions and reinsurance (2021: EUR 130.1 million).

That line item also includes deferred expenses of EUR 16.3 million (2021: EUR 13.5 million).

The reclassification of expenses by nature to expenses by use is done applying objective criteria to the various existing parameters, namely: volume of transactions, number of employees and investments used in the business process, etc., as described in Note 2.5.

Premiums accrued and not issued

Premiums accrued and not issued refer to insured sales made by ACyC customers in which ACyC covers the risk insured by the policy, but which have not yet been issued. Premiums accrued and not issued are defined as the part of the insurance premium that has been accrued but not yet issued at the end of the reporting period. Although the calculation of premiums accrued and not issued stems from the underwriting operations and is made at the policy level on a parametrised basis, the Company considers all specific elements of analysis that can have an impact on the calculation. Premiums for covered risks depend on the amount of business insured during the period of reference, when not all of the business has been reported at the end of that period. A second element to consider is that for the policies the final premium will depend on the claims rate of the policy. Given that the result attributable to the policy is not fully known at the analysis date, part of the final amount of the premium accrued but not yet due reflects estimates. The assumptions employed in making those estimates are based on the most recent trends of the insured business, specific information on the customers, information on pending claims and, where relevant, macroeconomic information. It is that changing macroeconomic information, within the context of an unprecedented pandemic, which requires quantification of the additional uncertainty with respect to the normal process followed to estimate premiums accrued and not issued, in order to ensure that the possible future behaviour of that parameter does not have a negative effect on the financial statements in the coming years. The positive historical evolution of this process indicates that any potential deviation in insured sales not reported during a pandemic without precedent and in an uncertain economic environment would be covered without having a significant impact on premium revenue. The Company nonetheless conducts a detailed analysis of the different components included in the automated calculations of the modelled premium, making adjustments to those which the Company considers could prove more uncertain in the current environment of low claims rates (given its impact on the bonus component of the accrued premium pending issuance) or the deviations in the estimates of insured sales (reconciliation invoices).

4.14 Cash and cash equivalents

This balance sheet line includes cash, composed by cash on hand and deposits held on call with banks, as well as cash equivalents. Cash equivalents correspond to other short-term highly liquid investments with original maturities of three months or less that are subject to an insignificant risk of changes in their fair value.

5 Intangible assets

The breakdown and movements of this balance sheet heading in 2022 and 2021 are as follows:

2022	Goodwill	Computer applications	Portfolio acquisition	Total
Balances at cost at 1 January	**45,826**	**326,102**	**17,049**	**388,977**
Additions	-	23,263	-	23,263
Retirements	-	(119)	-	(119)
Effect of changes in foreign exchange rates	(23)	(6,874)	71	(6,826)
Balances at cost at 31 December	**45,803**	**342,372**	**17,120**	**405,295**
Accumulated amortisation and impairment at 1 January	**(27,507)**	**(246,949)**	**(17,049)**	**(291,505)**
Allocations with a charge to the profit and loss statement	(4,583)	(8,324)	-	(12,907)
Retirements	-	84	-	84
Impairment	-	(435)	-	(435)
Effect of changes in foreign exchange rates	-	5,524	(71)	5,453
Accumulated amortisation and impairment at 31 December	**(32,090)**	**(250,100)**	**(17,120)**	**(299,310)**
Balances at 1 January	**18,319**	**79,153**	**-**	**97,471**
Balances at 31 December	**13,713**	**92,272**	**-**	**105,985**

2021	Goodwill	Computer applications	Portfolio acquisition	Total
Balances at cost at 1 January	**293,614**	**16,967**	**356,407**	**356,407**
Additions	-	30,653	-	30,653
Retirements	-	(6,042)	-	(6,042)
Effect of changes in foreign exchange rates	-	7,877	82	7,959
Balances at cost at 31 December	**45,826**	**326,102**	**17,049**	**388,977**
Accumulated amortisation and impairment at 1 January	**(22,923)**	**(191,923)**	**(16,967)**	**(231,813)**
Allocations with a charge to the profit and loss statement	(4,584)	(14,015)	-	(18,600)
Retirements	-	6,041	-	6,041
Impairment	-	(40,992)	-	(40,992)
Effect of changes in foreign exchange rates	-	(6,060)	(82)	(6,142)
Accumulated amortisation and impairment at 31 December	**(27,507)**	**(246,949)**	**(17,049)**	**(291,506)**
Balances at 1 January	**22,903**	**101,691**	**-**	**124,594**
Balances at 31 December	**18,319**	**79,153**	**-**	**97,471**

Goodwill

If applicable, impairment of goodwill is recognised as a separate item on the profit and loss statement. ACyC assessed the possible impairment of its goodwill. No impairment was recognised in 2022, just as in 2021.

The goodwill allocated to the main cash generating units (CGU) or groups of units is shown below:

All amounts are in millions of Euros, unless otherwise stated

Cash Generating Units	2022	2021
ACyC branch France	2,700	3,601
ACyC branches in Nordic countries	736	1,012
ACyC branch Germany	9,304	12,408
ACyC branch Switzerland	973	1,298
Total	**13,713**	**18,319**

(1) The goodwill of the Nordic countries unit includes the bonding business in Denmark, Norway, Sweden and Finland.

The value in use of an individual CGU is determined using a dividend discount model (DDM). The dividend flows are estimated using a projection period and a normalised period. Long term projections are applied to ensure cover through-the-economic cycle performance. The projection period is 10 years towards, where the first 1-4 year projections are based on financial budgets and/or forecasts. The remaining years are estimated using ratios and growth rates that converge towards their normalised term value. The discount rate, gross of tax, varies depending on the Risk-Free Rate and the Country Risk Premium of the country where the CGU is located. For those CGUs with Goodwill higher than EUR 10 million (ACyC), the discount rate applied is between 6.7% and 8.9% and the growth rate is between 1% and 2%, respectively. The terminal value is calculated based on the dividend flows of the normalised period through a perpetuity which applies a long term growth rate of 2% for CGUs excluding ACyC and a 3% for associated companies (2021: 2%-3%) and the specific discount rate. Any profits, after fulfilling minimum capital requirements, are assumed to be distributable dividends. Minimum capital requirements are calculated taking into account local solvency rules, the Solvency II Partial Internal Model and minimum shareholders equity required (non-distributable).

The sums seen for the CGUs in France, Germany and Switzerland were due to restructurings via mergers of the Group's credit insurance companies. The Nordic CGU refers to the bonding line. Both restructurings were carried out in 2005 via an aggregation of businesses of the former ACI. The changes generated during 2022 are mainly due to amortisation of goodwill (see Note 4.1.1).

The business plans of the CGUs are consisted with the expected claims rates and are approved by the Executive Committee.

In the sensitivity analysis of the following assumptions, the market value of the CGUs would be impacted in the following percentages (other CGUs are not included because they are not material):

Cash Generating Units	Discounte rate		Growth rate		Combined ratio		Solvency Ratio(1)	
2022	**+50pb**	**-50pb**	**+50pb**	**-50pb**	**+50pb**	**-50pb**	**+1,000bp**	**-1000bp**
ACyC branch France	-10.3%	13.2%	-7.2%	-3.6%	-3.6%	3.6%	-0.7%	0.7%
ACyC branches in Nordic countries	-12.1%	16.1%	-8.9%	-4.3%	-4.3%	4.3%	-4.6%	4.6%
ACyC branch Germany	-8.0%	10.5%	-5.6%	-5.2%	-5.2%	5.2%	-5.0%	5.0%
ACyC branch Switzerland	-8.9%	12.1%	-6.4%	-3.6%	-3.6%	3.6%	-3.5%	3.5%

Cash Generating Units	Discounte rate		Growth rate		Combined ratio		Solvency Ratio(1)	
2021	**+50bp**	**-50bp**	**+50bp**	**-50bp**	**+50bp**	**-50bp**	**+1,000bp**	**-1000bp**
ACyC branch France	-18.3%	31.2%	-15.4%	-3.4%	-3.4%	3.4%	-4.2%	21.0%
ACyC branches in Nordic countries	-17.4%	27.9%	-14.3%	-3.7%	-3.7%	3.7%	-4.4%	4.4%
ACyC branch Germany	-21.4%	40.5%	-18.3%	-5.7%	-5.7%	5.7%	-7.9%	7.9%
ACyC branch Switzerland	-20.0%	36.5%	-17.0%	-2.7%	-2.7%	2.7%	-1.5%	1.5%

1) *For the same required capital.*

None of the previously mentioned sensitivity analyses would imply a book value of the CGUs greater than their recoverable value.

Computer applications

ACyC assessed all capitalised software to determine if the criteria for capitalisation are being met (see Note 4.1.2 Aplicaciones informáticas). Based on that assessment, ACyC decided to recognise an impairment loss of EUR 0.4 million in its in-house software (2021: EUR 41 million) mainly relating to the need to redesign some of the solutions in its transformation programmes, including data models, user needs, use of shared components, new functionalities and multichannel/omnichannel integrations to deliver a better customer experience. In addition, during 2022, ACyC capitalised EUR 20 million primarily in respect of the Atradius Business Transformation project (ABT) (2021: EUR 29.1 million).

The amount recorded for computer applications in branches outside Spain totalled EUR 91.1 million (2021: EUR 93.3 million).

At 31 December 2022 and 2021there were no fully amortised intangible assets still in use. The whole of the intangible assets that were fully amortised by year-end 2022 have been derecognised on the balance sheet in the amount of EUR 84 thousand (2021: EUR 6 million).

All amounts are in millions of Euros, unless otherwise stated

6 Property, plant and equipment and investment property

The breakdown and movements of this balance sheet heading in 2022 and 2021 are as follows:

2022	**Land and buildings**	**Furniture and fixtures**	**Data processing equipment**	**Total**
Balances at cost at 1 January	**62,491**	**56,186**	**47,390**	**166,067**
Additions	-	1,572	4,320	5,892
Retirements	(1,162)	(3,570)	(5,063)	(9,795)
Effect of changes in foreign exchange rates	-	(806)	(1,100)	(1,906)
Balances at cost at 31 December	**66,781**	**47,930**	**45,547**	**160,259**
Accumulated depreciation and impairment at 1 January	**(19,685)**	**(34,311)**	**(38,087)**	**(92,083)**
Charge to the profit and loss statement	(826)	(2,814)	(5,095)	(8,735)
Retirements	761	2,958	4,208	7,927
Effect of changes in foreign exchange rates	-	525	929	1,454
Accumulated depreciation and impairment at 31 December	**(19,750)**	**(33,642)**	**(38,045)**	**(91,437)**
Balances at 1 January	**42,806**	**21,875**	**9,303**	**73,984**
Balances at 31 December	**47,031**	**14,288**	**7,502**	**68,822**

2021	**Land and buildings**	**Furniture and fixtures**	**Data processing equipment**	**Total**
Balances at cost at 1 January	**63,140**	**58,262**	**46,019**	**167,421**
Additions	-	8,941	5,694	14,635
Retirements	(657)	(12,113)	(5,715)	(18,485)
Effect of changes in foreign exchange rates	8	1,096	1,392	2,496
Balances at cost at 31 December	**62,491**	**56,186**	**47,390**	**166,067**
Accumulated depreciation and impairment at 1 January	**(19,188)**	**(37,513)**	**(35,111)**	**(91,812)**
Charge to the profit and loss statement	(734)	(7,949)	(7,369)	(16,052)
Retirements	186	11,861	5,525	17,572
Deterioro con cargo a la cuenta de pérdidas y ganancias	-	-	(53)	(53)
Reversal of impairment losses	54	-	-	54
Effect of changes in foreign exchange rates	(3)	(710)	(1,079)	(1,792)
Accumulated depreciation and impairment at 31 December	**(19,685)**	**(34,311)**	**(38,087)**	**(92,083)**
Balances at 1 January	**43,952**	**20,749**	**10,908**	**75,609**
Balances at 31 December	**42,806**	**21,875**	**9,303**	**73,984**

At 31 December 2022, a total of EUR 0 miles (2021: EUR 54 miles) of impairment adjustments were reversed.

At year-end 2022 and 2021, none of the fully depreciated property, plant and equipment remained in use. The whole of these assets that were fully depreciated by year-end 2022 have been derecognised on the balance sheet in the amount of EUR 7.9 millones (2021: EUR 17.6 millones).

At 31 December 2022, the value allocated to the real estate awarded to the Company in foreclosures in and out of court by the debtors of its insureds was EUR 1.2 million (2021: EUR 1.4 million). The Company maintains proper non-accounting control of those property assets.

Shown below is a breakdown of the land and buildings recorded in the preceding table at 31 December 2022 and 2021:

At 31 December 2022	Carrying Value (Gross)	Accumulated Depreciation	Accumulated Valuation Adjustments	Total
Property, Plant and Equipment	55,689	(15,604)	(245)	39,840
Investment Property	11,092	(3,808)	(93)	7,191
Total	**66,781**	**(19,412)**	**(338)**	**47,031**
At 31 December 2021				
Property, Plant and Equipment	55,689	(14,939)	(242)	40,508
Investment Property	6,802	(4,411)	(93)	2,298
Total	**62,491**	**(19,350)**	**(335)**	**42,806**

Shown below is the separate gross value of the buildings and land owned by the Company at year-end 2022 and 2021:

At 31 December 2022	Property, Plant and Equipment	Investment Property	Total
Land	22,512	1,206	23,718
Buildings	33,177	9,886	43,063
Total	**55,689**	**11,092**	**66,781**
At 31 December 2021			
Land	22,512	1,438	23,950
Buildings	33,177	5,364	38,541
Total	**55,689**	**6,802**	**62,491**

The attached Annex gives a breakdown of the land and buildings owned by the Company at 31 December 2022 with the following information for each asset: classification as own-use property, plant and equipment or as investment property (rented or for sale), gross book value, accumulated depreciation, accumulated valuation adjustments, location, appraised value and appraisal date. Land has an unlimited useful life and is therefore not depreciated.

The Company has several insurance policies with Grupo Catalana Occidente, S.A. to cover the risks to which its properties in Spain and Portugal are exposed. The coverage afforded by those policies is considered sufficient.

The investment properties held by the Company at 31 December 2022 are rented out, mainly for offices and commercial activities. In 2022, the rent revenue from the investment properties owned by the Company amounted to EUR 0.5 million (2021: EUR 0.3 million), which is recorded under “Income from property, plant and equipment and from investments – Income from investment property” on the attached non-life insurance technical account for the year.

The Company held the following investment properties other than land and buildings located outside of Spain at year-end 2022 and 2021:

All amounts are in millions of Euros, unless otherwise stated

	2022		2021	
	Carrying Value (Gross)	Accumulated Depreciation	Carrying Value (Gross)	Accumulated Depreciation
Furniture and Fixtures	42,998	(32,586)	45,801	(33,738)
Data processing equipment	42,748	(36,519)	44,569	(37,074)
Total	**85,746**	**(69,105)**	**90,370**	**(70,812)**

7 Leases

The non-cancellable operating lease commitments are shown below:

	2022	2021
Less than 1 year	19,840	20,458
Between 1 and 5 years	49,913	49,918
More than 5 years	33,639	17,941
Total	**103,392**	**88,317**

ACyC leases office equipment and office space under a number of operating lease agreements. The lease agreements have remaining terms of between 1 and 20 years. Leasing of office space accounts for around 93.0% ((2021: 93.0%) of the expected total future payments.

The Company is lessee in leases with third parties that during 2022 generated a cost of EUR 23.8 million (2021: EUR 22.2 million).

At 31 December 2022, the Company was lessor in leases with third parties of part of its investment properties.

The leased property assets are listed in the attached Annex and, as explained in Note 6, most of those properties are used for the commercial offices of the Company's network of agents. Lease revenue is detailed in Note 6. All of the leases have a term of one year and are renewal and no contingent rent payments were recognised as income during the year.

8 Financial assets, cash and cash equivalents

8.1 Cash and cash equivalents

	2022	2021
Cas at bank and at hand	260,499	345,682
Efectivo restringido	119,070	-
Bank deposits	20,113	1,641
Total	**399,682**	**347,323**

ACyC forms part of the Atradius centralised cash pooling system that involves different cross-border arrangements. This system provides a cash pooling structure with interest compensation per currency. The cash pool arrangements allow for offsetting of cash balances within the same legal entity, but do not allow offsetting between different legal entities.

In 2022 it was decided to reclassify from "restricted financial investments" to "cash and cash equivalent" the deposits that meet the criteria established by the standard for this category. This cash is not available to the Company for immediate or general business use neither to spend, nor to invest. (2021: EUR 45 million).

8.2 Financial assets

There follows a breakdown of the different financial instruments owned by the Company. These assets do not include investments in Group companies, which are detailed separately in Note 9.

Investments Classified by Category and Nature of the Financial Assets	Cash and cash equivalents		Available-for-Sale Financial Assets at Fair Value		Loans and Receivables [1]		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Equity instruments								
- Financial investments in equity	-	-	303,803	394,133	-	-	303,803	394,133
Debt securities	-	-	1,477,445	1,277,063	-	-	1,477,445	1,277,063
Loans	-	-	-	-	-	-	-	-
Deposits in credit institutions	-	-	-	-	43,073	60,015	43,073	60,015
Other financial assets	399,682	347,323	-	-	-	-	399,682	347,323
Total	**399,682**	**347,323**	**1,781,248**	**1,671,196**	**43,073**	**60,015**	**2,224,003**	**2,078,534**

1) In 2022 and 2021 there were no deposits with tacit renewal.

All amounts are in millions of Euros, unless otherwise stated

Shown below are the movements in financial assets:

	Available-for-sale financial assets			
2022	**Equity Instruments**	**Debt Securities**	**Deposits in Credit Institutions and Other Investments**	**Total**
Balances at 1 January	**394,134**	**1,277,064**	**60,015**	**1,731,213**
Additions	123,046	664,978	82,884	**870,908**
Retirements	(181,376)	(349,823)	(100,922)	**(632,121)**
Writedowns	-	(8,181)	-	**(8,181)**
Gains/losses recognised on sale	27,930	(15,291)	-	**12,639**
Changes in value against reserves	(59,999)	(95,629)	-	**(155,628)**
Impairment losses	(413)	-	-	**(413)**
Effect of changes in foreign exchange rates	481	4,331	1,095	**5,907**
Balances at 31 December	**303,803**	**1,477,449**	**43,072**	**1,824,324**

	Available-for-sale financial assets			
2021	**Equity Instruments**	**Debt Securities**	**Deposits in Credit Institutions and Other Investments**	**Total**
Balances at 1 January	**292,671**	**1,071,889**	**19,329**	**1,383,889**
Additions	60,983	577,579	67,433	**705,995**
Retirements	(8,571)	(361,730)	(29,411)	**(399,712)**
Writedowns	-	(8,967)	-	**(8,967)**
Gains/losses recognised on sale	(163)	2,410	-	**2,247**
Changes in value against reserves	47,567	(12,940)	-	**34,627**
Impairment losses	(964)	-	-	**(964)**
Effect of changes in foreign exchange rates	2,611	8,823	2,664	**14,098**
Balances at 31 December	**394,134**	**1,277,064**	**60,015**	**1,731,213**

At 31 December 2022, there had accrued explicit interest on fixed-income securities and deposits in credit institutions of EUR 10.1 million (2021: EUR 7.4 million), which is included in “Other assets – Accrual accounts” on the accompanying balance sheet at that date.

The fair value of financial instruments has been determined as follows:

- The fair value of equity investments has been obtained from the market trading prices. For shareholdings in unlisted companies the fair value has been determined using valuation techniques generally accepted in the financial sector.
- Fixed-income securities are measured by reference to their market trading prices or using valuation techniques generally accepted in the financial sector.
- Holdings in mutual funds have been measured by reference to the net asset value published by the management companies. Unlisted funds will be measured by an external independent valuation company or the asset manager of illiquid mutual funds.

The following tables present the fair values of the financial instruments recorded at fair value:

Financial instruments measured at fair value Assets 2022	Level 1	Level 3	Total
Available for sale:			
Equity securities	272,154	31,649	303,803
Debt securities:			
Government bonds	197,777	-	197,777
Corporate bonds	781,718	-	781,718
Total	**1,251,649**	**31,649**	**1,283,298**

Financial instruments measured at fair value Assets 2021	Level 1	Level 3	Total
Available for sale:			
Equity securities	367,010	27,123	394,133
Debt securities:			
Government bonds	185,981	-	185,981
Corporate bonds	1,091,082	-	1,091,082
Total	**1,644,073**	**27,123**	**1,671,196**

At 31 December 2021, the Company was primarily exposed to securities traded on active markets (Level 1), although reclassifications and new investments have also added exposure to illiquid markets (Level 3).

Reconciliation of Level 3 fair values

The following tables detail the changes in the fair value of Level 3 financial investments (valuation techniques incorporating information other than observable market data):

Financial investments Level 3	Equity securities	
	2022	**2021**
Balance at 1 January	**27,123**	**22,910**
Total gains or losses:	-	-
In statement of recognised income and expense	1,107	(103)
Purchases/Sales	3,419	4,316
Balance 31 at December	**31,649**	**27,123**

All amounts are in millions of Euros, unless otherwise stated

The breakdown by maturity of the different categories of financial instruments classified is as follows:

At 31 December 2022	Available	Less than 1 year	1 to 5 years	More than 5 years	Total
Available-for-sale financial assets:					
- Debt securities	-	213,229	1,238,208	26,008	1,477,445
Loans and receivables:					
- Deposits in credit institutions and loans	-	43,073	-	-	43,073
Other financial assets	703,485	-	-	-	703,485
Total	**703,485**	**256,302**	**1,238,208**	**26,008**	**2,224,003**

At 31 December 2021	Available	Less than 1 year	1 to 5 years	More than 5 years	Total
Available-for-sale financial assets:					
- Debt securities	-	156,744	1,072,594	47,725	1,277,063
Loans and receivables:					
- Deposits in credit institutions and loans	-	60,015	-	-	60,015
Other financial assets	741,456	-	-	-	741,456
Total	**741,456**	**216,759**	**1,072,594**	**47,725**	**2,078,534**

The average annual yields in 2022 and 2021 on fixed-income securities and other similar financial investments, classified by homogeneous issuer group, are shown below:

	% Yield	
	2022	**2021**
Bonds issued by private entities	3.48%	0.16%
Bank deposits	0.24%	-0.01%

The following table presents a breakdown of gains and losses on disposal of debt securities and equity securities in the "Available-for-sale financial assets" portfolio in 2022 and 2021:

	2022	2021
Gains recorded in the profit and loss statement on sale	31,353	2,998
Losses recorded in the profit and loss statement on sale	(18,714)	(751)

Information on the nature and level of risk of the financial instruments

The most important components of financial risk are market risk, credit risk and liquidity risk.

The Company invests in a diversified portfolio of capital instruments to mitigate those risks.

- Market Risk

Market risk is the risk that the fair value of assets and liabilities that are sensitive to movements in market prices will decrease or increase due to adverse movements in equity prices, interest rates or exchange rates. The Company is exposed to these risks by holding assets and liabilities whose fair value is sensitive to movements in those prices. These risks are measured using the mismatch between assets and liabilities whose fair value is denominated in foreign currency, Value at Risk, capital models of credit risk rating institution and the duration of interest rates, among others.

ACyC uses the capital approach available under the Solvency II Directive to define strategic asset allocation and assess the impact of investment decisions to ensure sufficient capital under Solvency II.

The estimates of the fair value of ACyC's financial assets and liabilities are their carrying amount.

The assets are exposed to increases in inflation and/or in inflation forecasts, which could accompany increases in interest rates and lead to a decrease in the market value of bonds held in our investment portfolio. Increases in inflation could also have an impact on the creditworthiness of bond issuers and could result in an increase in credit spreads. All of these factors could lead to a decline in the value of the bonds.

Inflation in the costs of claims, labour costs, cost of energy and raw materials, and/or inflation due to disruptions in the global supply chain could impact the industry. The impact of inflation on claim costs could be more pronounced for certain of our claims that are indexed to inflation and for bonding business which is considered “long tail”.

The fair values are based on the price, as best estimate, which would be received on selling an asset or paid on transferring a liability in an orderly transaction between market participants at the measurement date. Whenever possible, the fair values are based on quoted market prices. If there is no quoted market price available, valuation techniques are used that are based on market prices of comparable instruments or on observable market observable data. If no observable market inputs are available, valuation models are used (non-market observable data). These valuation techniques are subjective in nature and rely on pricing assumptions. Deviations in those assumptions may significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values.

The fair values are subject to a control environment designed to ensure that they are determined or validated by a function that is independent of the owner of those risks. Toward this end, ACyC defines the accounting policies and processes that govern the measurements and at the same time ensure compliance with the applicable accounting legislation. Within this governance structure, non-quoted investments or illiquid investments in which ACyC invests are measured by an external independent valuation company or the asset manager of the illiquid investment fund. Those firms use their own proprietary valuation systems to measure the securities based on economic and market assumptions from financial information providers. The valuations are provided on a monthly basis and are reviewed and approved by ACyC. The valuation process of the asset manager is audited and approved by its statutory auditor.

- Credit Risk

With regard to managing the credit risks of its financial investments, the investment policy of ACyC is to hold a principally euro-centric, internationally diversified portfolio and to avoid large risk concentrations. From a Standard & Poor’s rating scale or comparable perspective, the fixed income portfolio is almost completely invested in investment grade debt securities with an ‘A-‘ rating or stronger. If a debt security bond in which ACyC has invested falls below the minimum credit rating or is not rated, it must be reviewed by the Atradius Investment Committee to decide whether the investment fund is still a suitable investment. The maximum concentration limit per issuer is 5% of the market value of the financial investments of the entity. Concentration per issuer is evaluated by aggregating the exposure to a single issuer through both debt investments and equity securities. The Atradius Investment Committee monitors this limit and the appropriate actions are taken if a concentration limit is breached.

The counterparty credit ratings and the credit rating of the debt instruments are predominantly based on Standard & Poor’s rating. In the absence of a Standard & Poor’s credit rating, the Atradius uses Moody’s or Bloomberg Composite ratings.

- Liquidity Risk

ACyC is exposed to liquidity risk if there is insufficient cash available to meet its financial obligations, when due, at a reasonable cost. For ACyC, liquidity risks may arise if large-scale short-term fluctuations occur in cash flows, such as a decline in cash inflows or a rise in cash outflows, or a combination of both.

Liquidity risk is managed at Atradius level, in close coordination with local operations. The Atradius policy is to monitor and measure ongoing cash flow patterns and control liquidity by maintaining sufficient cash and highly marketable securities to reduce liquidity risk to acceptably low levels. The investment policy states that ACyC should only invest in financial instruments that can be liquidated within three business days or less. ACyC is able to access credit facilities to prevent liquidity shortages that can arise due to short-term cash flow variances. ACyC maintains uncommitted credit lines in excess of EUR 1 million. It is an overdraft facility for a total of EUR 50 million (2021: 50 million euros). The credit line provides liquidity to cover infrequent peaks in short-term liquidity requirements while also permitting ACyC to reduce its cash balances and to benefit from a broader and more and stable investment portfolio. Lastly, ACyC has in place a simultaneous claims payment clause in the main reinsurance treaties. This clause allows ACyC to ask the reinsurers to accelerate the payment of a large claim upon ACyC’s request instead of the usual payment terms agreed in the reinsurance treaties.

9 Investments in Group companies, jointly controlled entities and associates

The following table presents the most significant information on the Group companies, jointly controlled entities and associates at year-end 2022 and 2021:

All amounts are in millions of Euros, unless otherwise stated

2022	Business	% Holding	Net Value of the Investment	Dividends received in 2022	Share Capital(1)	Equity Reserves(1)	Profit for the year(1)
Iberinform Internacional, S.A. (Paseo de la Castellana, 4 Madrid)	Information Services	100%	6,311	-	6,311	4,652	1,805
B2B Safe, S.A. (Paseo de la Castellana, 4 Madrid)	Advisory Services	100%	57	-	60	2	(4)
Iberinmobiliaria, S.A. (Paseo de la Castellana, 4 Madrid)	Real Estate	100%	60	-	60	16	(0.4)
Crédito y Caución do Brasil Gestao de Riscos de Crédito e Servicios LTDA (Avda Angelica, 2530 Sao Paulo)	Management Company	100%	693	-	1,300	2,257	1,045
Atradius Crédito y Caución Seguradora, S.A. (Avda Angelica, 2530 Sao Paulo)	Domestic and foreign credit insurance	100%	9,372	-	7,445	3,690	1,989
			16,493				

2021	Business	% Holding	Net Value of the Investment	Dividends received in 2021	Share Capital(2)	Equity Reserves(2)	Profit for the year(2)
Iberinform Internacional, S.A. (Paseo de la Castellana, 4 Madrid)	Information Services	100%	6,311	19,000	6,311	1,907	2,745
B2B Safe, S.A. (Paseo de la Castellana, 4 Madrid)	Advisory Services	100%	57	-	60	5	(3)
Iberinmobiliaria, S.A. (Paseo de la Castellana, 4 Madrid)	Real Estate	100%	60	-	60	17	(1)
Crédito y Caución do Brasil Gestao de Riscos de Crédito e Servicios LTDA (Avda Angelica, 2530 Sao Paulo)	Management Company	100%	693	-	1,231	1,363	775
Atradius Crédito y Caución Seguradora, S.A. (Avda Angelica, 2530 Sao Paulo)	Domestic and foreign credit insurance	100%	9,372	-	7,049	1,492	2,002
			16,493	**19,000**			

(*) Includes indirect participations in subsidiaries.

(1) Data obtained from 2022 financial statements of each investee company, pending approval by their respective control bodies. Nevertheless, the Directors of the Company estimate that those financial statements will be approved without changes.

(2) Data obtained from the 2021 financial statements of each investee company.

None of the subsidiaries is quoted on the stock market.

Note 18 "Transactions and balances with related parties" gives a breakdown of the positions with Group entities according to their carrying value in the Company's books.

10 Receivables on insurance and reinsurance operations and other receivables

The breakdown of accounts receivable from insurance and reinsurance contracts, along with other receivables, is presented below:

	2022	2021
Deposits made for accepted reinsurance	**2,320**	**3,201**
Accounts receivable on direct insurance operations	**119,394**	**108,351**
Policyholders – outstanding invoices	*98,237*	*89,067*
Direct business and coinsurance	116,546	103,186
Provision for uncollected premiums	(18,309)	(14,119)
Brokers	*21,157*	*19,284*
Receivables from brokers	21,157	19,284
Receivables on reinsurance operations	**111,881**	**91,092**
Receivables from reinsurers	116,120	94,129
Provision for impairment of receivables from reinsurance	(4,239)	(3,037)
Other receivables	**203,978**	**195,088**
Tax receivables	717	316
Rest of receivables	203,261	194,772
Total	**437,573**	**397,732**

Shown below is a breakdown of "Other receivables – Rest of receivables":

	2022	2021
Recovery receivables (Note 16.1)	37,903	27,311
Recoveries pending allocation	3,841	3,226
Recovery management expenses pending application	7,363	7,216
Invoiced study expenses	11,430	10,922
Amounts owed by Group companies (Note 18.1)	95,573	60,987
Others	47,151	85,110
Total	**203,261**	**194,772**

Note 16 on "Technical information" includes the estimated movements in recoveries in 2022 and 2021.

The "Other receivables" line item on the balance sheet records recoveries obtained during the claims management process that at the end of the year were pending allocation to specific claims. Also included in that line item the expenses arising from the management process mentioned before which, though already allocated to specific claims, are pending of inclusion in the settlement of the claim.

"Other receivables – Other" mainly records deposits held in compliance with legal or contractual obligations.

There follows a breakdown of the movement recorded in provisions in 2022 and 2021:

All amounts are in millions of Euros, unless otherwise stated

2022	Provision for uncollected premiums	Provision for impairment of receivables from reinsurance
Balances at 1 January	**(14,119)**	**(3,037)**
Allocations with a charge to the profit and loss statement	(18,309)	(4,239)
Applications with a credit to the profit and loss statement	14,119	3,037
Balances at 31 December	**(18,309)**	**(4,239)**

2021	Provision for uncollected premiums	Provision for impairment of receivables from reinsurance
Balances at 1 January	**(13,603)**	**(861)**
Allocations with a charge to the profit and loss statement	(14,119)	(3,037)
Applications with a credit to the profit and loss statement	13,603	861
Balances at 31 December	**(14,119)**	**(3,037)**

11 Debts and payables

Shown below is the breakdown of debts and other accounts payable under insurance and reinsurance contracts, together with other accounts payable, at year-end 2022 and 2021:

	2022	2021
Deposits received for ceded reinsurance	**9,903**	**11,556**
Payables on insurance operations	**74,089**	**69,482**
Payables to policyholders	41,925	41,515
Payables to brokers	18,532	15,194
Conditional payables[1]	13,632	12,773
Payables on reinsurance operations	**182,534**	**376,670**
Other accounts payable	**129,611**	**121,960**
Tax and employee payables	7,616	6,813
Other accounts payable to Group companies and associates (Note 18.1)	49,315	41,314
Rest of payables	72,680	73,833
Total	**396,137**	**579,668**

The significant decrease during 2022 is explained by the settlements with the Governments in ACyC UK, ACyC Germany y ACyC Spain and the liability cancelation with Grupo Catalana Occidente, S.A. related to the Corporate Tax payments.

In the preceding table, “Other accounts payable” includes the following items:

	2022	2021
Tax and employee payables	**7,616**	**6,813**
VAT payable to the Treasury	471	343
Other government entities (Consortium, Tax on premiums ...)	1,678	1,798
Payables to Social Security system	5,467	4,672
Other accounts payable to Group companies and associates (Note 18.1)	**49,315**	**41,314**
Rest of payables	**72,680**	**73,833**
Sundry creditors	28,592	28,807
Payables for services	1,789	1,340
Recoveries pending application	22,544	24,301
Staff compensation payable	19,755	19,385
Total	**129,611**	**121,960**

Recoveries pending application year-end are recoveries obtained in the claims management process which, though already allocated to specific claims, are pending inclusion in the settlement process.

Information on deferral of payments to suppliers

Below is the information required by Final Provision Two of Law 31/2014 of 3 December 2014 amending the recast text of the Spanish Companies Act (Ley de Sociedades de Capital) for the improvement of corporate governance and Law 15/2010 of 5 July 2010 amending Law 3/2004 of 29 December 2004. That information was prepared by the Directors of the Company pursuant to the Resolution of the Spanish Institute of Accounting and Auditing (*Instituto de Contabilidad y Auditoría de Cuentas*) of 29 January 2016. This information is limited to the operations of the ACyC branch in Spain.

	2022	2021
	Days	**Days**
Average period of payment to suppliers	26.00	18.60
Ratio of paid operations	26.66	18.69
Ratio of pending operations	7.70	16.48
	Amount	**Amount**
Total payments (Thousands of Euros)	31,667	37,465
Total payments made within established standard terms	19,457	30,909
Total payments made within established standard terms / total payments	61%	83%
Total pending payments (Thousands of Euros)	1,144	1,543
Total number of invoices paid	5.26	5.09
Total number of invoices paid within established standard terms	3.70	4.50
% invoices paid within established standard terms/total invoices paid	70%	88%

According to the ICAC Resolution, the average supplier payment period has been calculated taking into account trade transactions involving the delivery of goods or provision of services accruing since the effective date of Law 31/2014 of 3 December 2014.

Solely for the purposes of the disclosure provided for in that Resolution, suppliers are considered to be commercial creditors for debts with suppliers of goods or services, included in the item "Debts and payables other liabilities – Other accounts payable – Rest of accounts payable" under current liabilities on the balance sheet.

“Average payment period to suppliers” means the time period between delivery of the goods or performance of the services by the supplier and actual payment of the transaction.

All amounts are in millions of Euros, unless otherwise stated

12 Tax matters

Years open for review and tax audits

At 31 December 2022, the Company remained open to tax audit for those years not yet time barred with respect to the main taxes that affect its operations. According to the applicable regulations, tax settlements cannot be considered final until they have been audited by the competent authorities or until the legal limitation periods have lapsed.

With respect to the years not inspected, due to the different tax law interpretations of the Company's operations, contingent tax liabilities can arise that cannot be objectively quantified, although the Directors of the Company estimate that if those liabilities were to materialise, they would not have a material effect on these financial statements.

Reconciliation of accounting profit/(loss) and taxable income

The reconciliation between account income and the corporate income tax base for 2022 and 2021 for operations subject to tax in Spain is shown below:

2022	Increases	Decreases	Total
Reported profit/(loss) before tax	-	-	**290,461**
Permanent differences	**1,388**	**(301,503)**	**(300,115)**
Reported profit/(loss) before tax ACYC and foreign entities	-	(301,476)	(301,476)
Non-deductible expenses	1,381	(27)	1,354
Reinvestment extraordinary profits	7	-	7
Impairment of foreign investments	-	-	-
Dividends received	-	-	-
Temporary differences	**203,427**	**(175,701)**	**27,727**
Originating in the year	203,427	-	*203,427*
Accounting allocations to non-deductible provisions	203,427	-	203,427
Allocation to Equalization Reserve (art.12.3 Spanish CIT Law)	-	-	-
Originating in previous years	-	(175,701)	*(175,701)*
Accounting allocations to non-deductible provisions in previous years	-	(175,701)	(175,701)
Total	**204,815**	**(477,203)**	**18,073**

2021	Increases	Decreases	Total
Reported profit/(loss) before tax	-	-	**197,083**
Permanent differences	**1,609**	**(154,691)**	**(153,082)**
Reported profit/(loss) before tax ACYC and foreign entities	-	(135,691)	(135,691)
Non-deductible expenses	1,602	-	1,602
Reinvestment extraordinary profits	7	-	7
Dividends received	-	(19,000)	(19,000)
Temporary differences	**179,154**	**(113,568)**	**65,586**
Originating in the year	179,154	-	*179,154*
Accounting allocations to non-deductible provisions	179,154	-	179,154
Allocation to the Equalization Reserve (art.12.3 Spanish CIT Law)	-	-	-
Originating in previous years	-	(113,568)	*(113,568)*
Accounting allocations to non-deductible provisions in previous years	-	(113,568)	(113,568)
Total	**180,763**	**(268,259)**	**109,587**

Reconciliation between accounting profit/(loss) and corporate income tax expense/ (rebate)

Shown below is the reconciliation between accounting profit and corporate income tax expense for 2022 and 2021:

	2022	2021
Reported profit/(loss) before tax	**290,461**	**197,083**
Gross tax	71,770	46,418
Deductions	(593)	1,119
Adjustment for prior years' tax expense	(3,644)	4,825
Adjustment for change of tax rate	216	5,962
Impairment/reversal of deferred tax assets	(201)	(868)
Other adjustments	6,491	7,254
Total tax expenses recognised in profit and loss statement	**74,039**	**64,711**

The amounts in the following tabs for deferred tax assets and liabilities, are shown before the assets and liabilities compensation calculated at fiscal jurisdiction level.

Deferred tax assets

There follows a breakdown of deferred tax assets at year-end 2022 and 2021:

All amounts are in millions of Euros, unless otherwise stated

	2022	2021
Temporary differences (tax prepayments):		
Technical accounts	130,913	76,782
Foreign branches	37,409	22,336
Branches in Spain	93,504	54,445
Increase in asset base on recording defined contribution pension commitments	20,277	31,669
Foreign branches	17,422	27,426
Branches in Spain	2,855	4,243
Tax loss available for set-off	32,672	31,280
Foreign branches	32,672	31,280
Tax effect of revaluation of available-for-sale investment portfolio	22,524	420
Foreign branches	22,524	420
Other items	26,728	29,814
Foreign branches	25,172	27,755
Branches in Spain	1,556	2,059
Total deferred tax assets	**233,114**	**169,965**

The deferred tax assets mentioned above have been recognised on the accompanying balance sheets because the Directors of the Company believe that the best estimate of the Company's future earnings, including certain tax planning actions, make their recoverability probable.

ACyC has tax losses from previous years not recorded on the balance sheets at 31 December 2022 of EUR 25.9 million (2021: EUR 34.0 million), which are wholly in respect of foreign branches. The time limit for carrying forward those tax losses are specified below:

Setoff of tax loss carryforwards	2022	2021
1 – 3 years	-	230
4 – 9 years	-	1,262
Indefinite	25,926	32,526
Total	**25,926**	**34,018**

Deferred tax liabilities

There follows a breakdown of deferred tax liabilities at year-end 2022 and 2021:

	2022	2021
Temporary differences (deferred tax)		
Equalization Reserve	159,736	141,845
Foreign branches	99,550	81,626
Branches in Spain	60,185	60,219
Increase in asset base on recording defined contribution pension commitments	20,922	21,244
Foreign branches	20,922	21,244
Technical accounts	38,364	12,847
Foreign branches	38,364	12,847
Tax effect of revaluation of available-for-sale investment portfolio	10,725	27,241
Foreign branches	1,133	1,937
Branches in Spain	9,591	25,304
Other items	18,552	21,309
Foreign branches	17,830	20,619
Branches in Spain	723	690
Total deferred tax liabilities	**248,298**	**224,486**

Deductions

In its Corporate Income Tax declarations from 2004 to 2014, the Company took deductions for its spending on research, development and technological innovation in Spain of EUR 3.7 million in accordance with article 35 of the recast text of the Spanish Corporate Income Tax Law approved by Royal Decree Law 4/2004 of 5 March 2004 (for tax periods beginning as from 1 January 2015, the deduction for research and development and technological innovation is regulated under article 35 of the Law 27/2014, of 27 November 2014, on the Corporate Income Tax (the CIT Law)).

Current tax

Current tax assets primarily consist of prepayments of the local corporate income tax. Current tax liabilities primarily consist of corporate income tax and other local taxes payable.

Tax consolidation treatment

Since 2016, some of the companies in the consolidated group with registered office in Spain are taxed, for Corporate Income Tax purposes, on a tax consolidation basis under Chapter VI of Title VII of the CIT Law that applies nationally in Spain.

Atradius Crédito y Caución S.A. de Seguros y Reaseguros is part of consolidated tax group number 173/01 that is headed by the company Grupo Catalana Occidente, S.A. The branches located outside Spain apply the different tax systems in force in the different countries in which they operate or are established. They had an average effective tax rate of 27% in 2022 (33% in 2021).

All amounts are in millions of Euros, unless otherwise stated

13 Income and expenses

13.1 Personnel expenses

Shown below is the breakdown of personnel expenses at year-end 2022 and 2021:

	2022	2021
Wages and salaries	**182,081**	**175,929**
Employee benefits	**116,103**	**110,881**
Indemnities	840	2,166
Employer's Social Security contributions	39,273	37,826
Long-term remuneration in defined-benefit systems	5,979	15,542
Long-term remuneration in defined-contribution systems	15,960	10,063
Other employee costs	54,050	45,285
Total	**298,184**	**286,810**

The variation observed in long-term remuneration plans, decreasing the defined-benefit line and increasing the defined-contribution line, is the result of a modification in some pension plans in the Netherlands, where a certain amount of defined-benefit plans changed to a defined-contribution system.

13.2 Other expenses – Rest of Expenses

This line item of the non-technical profit and loss statement for 2022 mainly records the allocation to the amortisation of goodwill of EUR 4.6 million (2021: EUR 4.6 million) and income from exchange and translation differences of EUR 10.6 million (2021: EUR 7.6 million of income).

13.3 Commissions and profit sharing on ceded reinsurance and retrocession

The line item "Commissions and profit sharing on ceded reinsurance and retrocession" of the technical account at year-end 2022 and 2021 records the accrual of commissions under the reinsurance contracts in effect at the respective year-ends.

14 Provisions and contingencies

14.1 Obligations for pensions and similar obligations

The various commitments the Company had to staff as at 31 December 2022 are described in Note 4.11.

	2022	2021
Pension Plans	51,937	91,477
Other employee benefits	7,538	7,275
Total	**59,475**	**98,752**

Defined benefit plans expose Atradius mainly to market investment risk, interest rate risk and inflationary risk:

- a decline in asset market value (equity, real estate, alternatives, etc.) will immediately increase the balance sheet liability and the near-term cash flows for countries where there is minimum funding requirements;
- a decrease in corporate bond yields will result in an increase in plan liabilities even if this effect will be partially offset by an increase in the value of the plans' bonds; and
- an increase in inflation rate will result in higher plan liabilities thus, an increase in future employer contributions in countries where there is minimum funding requirements.

The main defined benefit plans remaining at 31 December 2022 are in the United Kingdom and Germany and respectively represent 83.0% (2021: 85.0%) of pension plan assets and 79.3% (2021: 80.5%) of the liabilities for defined benefits recorded under liabilities on the balance sheet. The rest of the plans are in respect of Spain, Italy, Switzerland, Sweden, Belgium, Norway and France. The defined benefit liabilities under those plans range between EUR 1.6 million and EUR 10.2 million (2021: EUR 2 million – EUR 10 million) and the number of participants enrolled between 13 and 451 people (2021: between 13 and 451).

The Company also has defined contribution plans. The contributions to these pension plans are recognised as an expense in the accompanying technical profit and loss statements and amounted to EUR 16 million in 2022 (2021: EUR 10.1 million), highlighting those defined-benefit pension plans in the Netherlands, which changed to a defined-contribution system.

Pension assets and liabilities

Shown below are the changes recorded in the value of net pension liabilities:

All amounts are in millions of Euros, unless otherwise stated

	Defined benefit obligations		Fair value of assets		Techo del activo		Net defined benefit liabilities (assets)	
	2022	2021	2022	2021	2022	2021	2022	2021 (*)
Balance at 1 January	**535,348**	**987,936**	**443,871**	**857,438**	**-**	**-**	**91,477**	**130,498**
Profit and loss statement:					-	-		
Cost of current services	6,903	15,059	-	-	-	-	6,903	15,059
Cost of past services –- Modifications of the plans	-	(228)	-	-	-	-	-	(228)
Cost of past services – Recalculation of the commitments	-	(29,180)	-	-	-	-	-	(29,180)
Settlements	-	(429,992)	-	(459,172)	-	-	-	29,180
Net interest	8,147	10,941	9,010	10,833	-	-	(863)	108
Administration costs	4	661	-	-	-	-	4	661
Total Profit and loss Statement	**15,054**	**(432,739)**	**9,010**	**(448,339)**	**-**	**-**	**6,044**	**15,600**
Recognised income and expense:								
Measurements of losses (gains):								
Actuarial gains and losses:								
- actuarial assumptions	(2,840)	(9,228)	-	-	-	-	(2,840)	(9,228)
– financial assumptions	(181,910)	7,277	-	-	-	-	(181,910)	7,277
– adjustments for experience	7,278	(17,120)	-	-	-	-	7,278	(17,120)
Return on the plan asset, not including interest income	-	-	(141,061)	20,602	-	-	141,061	(20,602)
Change in unrecoverable surplus other than interest	-	-	-	-	(60)	-	-	-
Total recognised income and expenses	**(177,472)**	**(19,071)**	**(141,061)**	**20,602**	**(60)**	**-**	**(36,411)**	**(39,673)**
Others:								
Contributions by employer	(3,612)	(3,568)	2,995	41,928	-	-	(6,607)	(45,496)
Contributions by employee	616	1,965	616	1,965	-	-	-	-
Benefits paid	(15,707)	(21,162)	(15,707)	(21,162)	-	-	-	-
Effect of exchange rates	(13,972)	21,987	(18,379)	26,143	-	-	4,407	(4,156)
Reclassification of plan surplus assets	-	-	7,034	(34,704)	-	-	(7,034)	34,704
Total Other	**(32,675)**	**(778)**	**(23,441)**	**14,170**	**-**	**-**	**(9,234)**	**(14,948)**
Balance 31 at December	**340,255**	**535,348**	**288,379**	**443,871**	**(60)**	**-**	**51,876**	**91,477**

(*) The opening balance includes the Netherlands pension plan (defined benefit obligations: EUR 452 million; fair value of plan assets EUR 420 million)

The present value of the remuneration referred to in the preceding table has been determined by qualified independent actuaries, who considered the following to quantify those items:

- Method of calculation: “Projected credit unit”, which considers each year of service as entitling one additional unit of rights to the benefits, with each unit being measured separately;
- Actuarial assumptions used: unbiased and compatible with each other. The main assumptions used for making the actuarial valuations of the principal defined plans are shown in the following table:

The surplus of the pension plans amounts to EUR 81.3 million at 31 December 2022 (2021: EUR 88.4 million), recorded in "Other assets – Assets and reimbursement rights for long-term staff remuneration".

In Spain, the defined benefit plans are partly insured by Seguros Catalana Occidente, S.A. These insurance policies are not considered qualified and, therefore, their value is considered as reimbursement rights, recorded as other assets in the amount of EUR 6.3 million (2021: EUR 6.5 million).

The pension commitments with related entities at 31 December 2022 and 2021 are shown below:

	2022	2021
Present value of the net obligations	2,716	(2,367)
Fair value of the plan assets	6,260	6,503
Total	**8,976**	**4,136**

These amounts have been recorded in the item "Non-technical provisions – Provision for pensions and similar obligations" and in "Other assets – Assets and reimbursement rights for long-term staff remuneration", respectively, on the accompanying balance sheets. The difference between the two amounts has been recorded under shareholder funds of the Company.

The measurement of the fair value of the plan assets earmarked for the defined benefit commitments has been performed considering the amount of the mathematical provisions reported by the insurers and the pension fund management companies for those commitments, which have calculated those provisions according to their own assumptions on interest rates and mortality tables. Those assumptions must conform to the specific insurance standards in effect in each country at present. This gives rise to an accounting asymmetry between the assumptions used to measure assets and those employed to measure the obligations by the independent actuaries.

All amounts are in millions of Euros, unless otherwise stated

Characteristics of the main defined benefit plans

Characteristics	United Kingdom	Germany
Entitlement	Based on a percentage of final salary (closed to new employees).	Based on a percentage of the average salary of the last 10 years.
Number of participants	85 active members (2021: 101 active members). 547 inactive members (2021: 539 inactive members).	424 active members (2021: 432 active members). 378 inactive members (2021: 360 inactive members).
Defined benefit obligations	EUR 169 million (2021: EUR 299 million).	EUR 99.7 million (2021: EUR 136.6 million).
Assets	EUR 247 million (2021: EUR 387 million).	EUR 59.9 million (2021: EUR 70 million). EUR 14.9 million of assets (2021: EUR 16.9 million) recognised as part of financial investments.
Measurement of gain (loss) in income and expenses not recognised	EUR 6.3 million – gain (2021: EUR 30.7 million – gain).	EUR 23.6 million – loss (2021: 0.5 million – loss).
Funding agreement	The basis of the funding agreement lies in the trust agreement. The pension fund performs triennial actuarial valuations to determine employer contributions.	A trust agreement is established as a financing vehicle to cover part of the pension liabilities. There is no specific funding agreement although the assets must exceed the initially funded amount of EUR 30 million.
Employee contributions	In 2022 contributions amounted to 7,1% of the salary (7,1% in (2021).	None; contributions are made by the employer.
ALM strategy	The investment strategy consists of a liabilities management driven investment portfolio in order to provide revenues that match the retirement benefits, together with interest rate and inflation hedges, with the rate of inflation, so that the plan can be self-sufficient.	The investment objectives and policies are developed based on an ALM study. The investment policy limits the interest rate risk by restricting the investment in bonds to fixed rate bonds. Equity price risk is controlled by investing according to the Dow Jones Euro Stoxx 50 Index.
Regulatory Framework	The UK pension plan is subject to UK legislation and to the pension guidelines issued by the UK pension regulator.	The German pension plan is subject to German legislation and to the pension guidelines issued by Germany's pension regulator.

Fair value of the pension assets

The fair value of pension plan assets at the end of the year is shown below:

Assets 2022	Cash and cash equivalents	Shares	Bonds	Investment funds	Insurance contracts	Real estate	Total
Belgium	-	-	-	-	25,203	-	25,203
Germany	(457)	22,549	37,815	-	-	-	59,907
Norway	-	-	-	-	2,734	-	2,734
Spain	-	-	-	-	13,126	-	13,126
Sweden	-	347	1,522	481	-	-	2,350
Switzerland	-	-	-	-	4,510	-	4,510
United Kingdom	6,443	-	163,583	10,203	-	-	180,229
Total	**5,986**	**22,896**	**202,920**	**10,684**	**45,573**	**-**	**288,059**

Assets 2021	Cash and cash equivalents	Shares	Bonds	Investment funds	Insurance contracts	Real estate	Total
Belgium	-	-	-	-	33,576	-	33,576
Germany	(391)	25,716	44,653	-	-	-	69,978
Norway	-	-	-	-	2,899	-	2,899
Spain	-	-	-	-	13,160	-	13,160
Sweden	-	366	1,604	507	-	338	2,815
Switzerland	-	-	-	-	4,001	-	4,001
United Kingdom	3,766	-	299,052	14,624	-	-	317,442
Total	**3,375**	**26,082**	**345,309**	**15,131**	**53,636**	**338**	**443,871**

The investments held by the pension plans in equities and fixed-income securities are quoted on active markets. The plan assets include no financial instruments owned by ACyC or any real estate occupied by the Company or assets used by the Company.

The expected rates of return on the assets of the pension plans are calculated by multiplying the fair value of the plan assets by the discount rate determined at the start of the year taking into account the changes in the plan assets during the period as a result of the contribution and benefits payments. The current return on the plan assets (including reimbursement rights) amounted to EUR 132.3 million – gains (2021: EUR 30.2 million).

In 2023 ACyC expects to contribute approximately EUR 2.8 million to defined benefit plans.

All amounts are in millions of Euros, unless otherwise stated

Actuarial assumptions

The principal assumptions used for the purpose of the actuarial valuations of the two main defined benefit plans are presented in the following table:

Principal actuarial assumptions	United Kingdom		Germany	
	2022	2021	2022	2021
Discount rate	5.00%	2.00%	3.75%	1.00%
Inflation rate	3.50%	3.50%	2.50%	2.00%
Expected increase of future salaries	3.25%	3.25%	3.05%	2.55%
Expected increase of future benefits	3.36%	3.36%	2.25%	1.75%
Mortality table	CMI 2021 (1.25% LTR)	CMI 2020 (1.25% LTR)	Heubeck Richttafeln 2018 G	Heubeck Richttafeln 2018 G
Duration in years	15	19	13	16

An approximation of the sensitivity of the key actuarial assumptions, holding other assumptions constant, would impact the total defined benefit obligation of the main pension plans by the amounts shown below:

Defined benefit obligations	2022		2021 (*)	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(35,441)	44,356	(73,210)	95,563
Inflation rate (1% movement)	36,944	(33,255)	75,236	(64,217)
Future salary growth (1% movement)	6,791	(6,085)	13,478	(12,028)
Future pension growth (1% movement)	32,461	(27,317)	65,903	54,149
Future mortality (+1 year)	9,111	n/a	20,631	n/a

(*) For purposes of comparability of the sensitivity analysis, the comparative values for ##D<FYPrior> do not include the Netherlands pension plan settled in ##D<FYCurr>, so these figures are not the same as those presented in the ##D<FYPrior> Annual Report.

Expenses for personnel commitments

EUR 6.3 (2021: EUR 15.2 million) was recorded as pension expense in the technical profit and loss statements under “Administration costs”. Of this amount EUR 6.3 million (2021: EUR 15.2 million) was in respect of pension plans and EUR: 0.2 million (2021: EUR 0.2 million) of other long-term commitments.

14.2 Other non-technical provisions

Shown below is the breakdown of other non-technical provisions:

2022	Retirements	Litigation	Total
Balances at 1 January	**1,584**	**925**	**2,509**
Allocation	-	60	60
Application	(1,584)	(10)	(1,594)
Effect of changes in foreign exchange rates	-	-	-
Balances at 31 December	**-**	**975**	**975**

2021	Retirements	Litigation	Total
Balances at 1 January	**1,782**	**886**	**2,668**
Allocation	-	112	112
Application	(198)	(73)	(271)
Effect of changes in foreign exchange rates	-	-	-
Balances at 31 December	**1,584**	**925**	**2,509**

Litigation

The litigation provisioning is in respect of disputes with third parties that do not involve the Company's insurance business. The provisions for the insurance underwriting business are included in the Technical provision for claims. The provision reflects the estimated cost of legal proceedings unrelated to the insurance underwriting business. These provisions have not been discounted to their present value as the effect of the discounting is not material.

14.3 Contingencies

There are no contingencies at year-end 2022 and 2021.

15 Segment Reporting

The Company carries out transactions globally through an extensive network of branches. The regional distribution of the direct insurance, accepted reinsurance and ceded reinsurance business areas in 2022 and 2021, was as follows:

2022	Transactions reported in:			
	Spain and Portugal	Rest of Europe (1)	Rest of the World (2)	Total
Net premiums				
Direct insurance premiums	372,831	1,254,230	133,912	1,760,973
Inward reinsurance premiums	-	21,959	102,493	124,452
Ceded reinsurance premiums	(149,620)	(514,023)	(103,805)	(767,448)
Total premiums	**223,211**	**762,165**	**132,600**	**1,117,976**
Technical provisions				
Provision for sms and for unexpired risks				
Provisioning for the year, direct insurance	86,514	533,213	73,987	693,715
Provisioning for the year, accepted insurance	-	335	7,673	8,008
Provisioning for the year, ceded reinsurance	(29,089)	(212,292)	(31,048)	(272,430)
Total	**57,425**	**321,256**	**50,612**	**429,293**
Claims provision				
Provisioning for the year, direct insurance	415,280	595,295	51,177	1,061,752
Provisioning for the year, accepted insurance	182	7,340	169,414	176,937
Provisioning for the year, ceded reinsurance	(200,925)	(505,954)	90,348	(616,532)
Total	**214,537**	**96,681**	**310,939**	**622,157**
Total provisions net of reinsurance	**271,962**	**417,937**	**361,551**	**1,051,450**

2021	Transactions reported in:			
	Spain and Portugal	Rest of Europe (1)	Rest of the World (2)	Total
Net premiums				
Direct insurance premiums	345,838	1,112,097	92,257	1,550,192
Inward reinsurance premiums	-	14,673	80,898	95,571
Outward reinsurance premiums	(233,178)	(668,569)	(87,318)	(989,065)
Total premiums	**112,660**	**458,201**	**85,837**	**656,697**
Technical provisions				
Provision for unearned premiums and for unexpired risks				
Provisioning for the year, direct insurance	80,864	495,717	56,028	632,609
Provisioning for the year, accepted insurance	-	508	8,613	9,121
Provisioning for the year, ceded reinsurance	(36,498)	(232,151)	(31,768)	(300,417)
Total	**44,366**	**264,074**	**32,873**	**341,313**
Claims Provision				
Provisioning for the year, direct insurance	381,993	411,465	27,109	820,567
Provisioning for the year, accepted insurance	260	4,108	134,962	139,330
Provisioning for the year, ceded reinsurance	(197,806)	(366,415)	(79,900)	(644,121)
Total	**184,447**	**49,158**	**82,171**	**315,776**
Total provisions net of reinsurance	**228,813**	**313,232**	**115,044**	**657,089**

(1) Mainly in Belgium, Netherlands, Germany and United Kingdom

(2) Mainly in Hong Kong and Australia

All amounts are in millions of Euros, unless otherwise stated

16 Technical information

16.1 Technical provisions

The movements recorded in technical provisions during 2022 and 2021 is as follows:

2022	Balance at 1 January	Allocations	Applications	Balance at 31 December
Direct Business and Accepted Reinsurance				
Provision for unearned premiums and for unexpired risks	641,731	701,723	(641,731)	701,723
Claims provision	959,898	1,238,688	(959,898)	1,238,688
Provision for profit sharing and for return premiums	36,135	64,114	(36,135)	64,114
Total	**1,637,764**	**2,004,525**	**(1,637,764)**	**2,004,525**
Reinsurance share on technical provisions				
Provision for unearned premiums and for unexpired risks	(300,417)	(272,430)	300,417	(272,430)
Claims provision	(644,122)	(616,532)	644,122	(616,532)
Total	**(944,539)**	**(888,962)**	**944,539**	**(888,962)**

2021	Balance at 1 January	Allocations	Applications	Balance at 31 December
Direct Business and Accepted Reinsurance				
Provision for unearned premiums and for unexpired risks	575,076	641,731	(575,076)	641,731
Claims provision	864,393	959,898	(864,393)	959,898
Provision for profit sharing and for return premiums	81,491	36,135	(81,491)	36,135
Total	**1,520,960**	**1,637,764**	**(1,520,960)**	**1,637,764**
Reinsurance share on technical provisions				
Provision for unearned premiums and for unexpired risks	(375,201)	(300,417)	375,201	(300,417)
Claims provision	(647,268)	(644,122)	647,268	(644,122)
Other technical provisions	(59,430)	-	59,430	-
Total	**(1,081,899)**	**(944,539)**	**1,081,899**	**(944,539)**

The movements in estimated recoveries of the technical claims provisions recorded under assets on the balance sheets at 31 December 2022 and 2021 in the line item “Loans and receivables – Other Receivables – Rest of Receivables” (see Note 10), which are in respect of the Spain and Portugal business, are shown below:

2022	Balance at 1 January 2021	Allocations	Applications	Balance at 31 December 2021
Estimated Recoveries				
Estimated Recoveries Direct insurance	65,816	69,293	(65,816)	69,293
Estimated Recoveries Ceded insurance	(38,505)	(31,390)	38,505	(31,390)
Total	**27,311**	**37,903**	**(27,311)**	**37,903**
2021				
Estimated Recoveries				
Estimated Recoveries Direct insurance	83,084	65,816	(83,084)	69,293
Estimated Recoveries Ceded insurance	(47,668)	(38,505)	47,668	(31,390)
Total	**35,416**	**27,311**	**(35,416)**	**37,903**

The change in the estimated recoveries is recorded in the technical profit and loss statement in the line item "Variation in the provision for claims" both in the direct insurance and in the ceded reinsurance business.

16.2 Risk exposure and management

Operational risk management

Operational risks are the risks of direct or indirect loss from inadequate or failed internal processes, people, and systems or external events. This definition is in line with industry practice as well as with the Solvency II Directive. This risk is thus present in all activities carried on by Atradius, at all levels and in all locations. At the same time as classifying operational risk into processes, people, systems, and external events, Atradius also labels the its risks according to Environmental, Social & Governance (ESG) categories.

The Operational Risk Management (ORM) unit is part of the ACyC Risk Management department and is responsible for developing methods for identifying, assessing and responding to risks and for monitoring and further enhancing the overall risk management and control framework. The ORM unit works closely with both Internal Audit and the Legal and Compliance unit. At the highest level, operational risk is supervised by the Operational Risk Committee, which has a reporting line through to the Chief Risk Officer.

The ORC unit uses a framework for the management of operational risk, which is based on the Committee of Sponsoring Organisations' Enterprise Risk Management (COSO ERM) Integrated Framework. Identification and monitoring activities are developed and enhanced on an ongoing basis and include the maintenance of risk registers, facilitation of risk and control self-assessments, capture of risk indicators and incidents and testing and review of business continuity plans. Risks and risk responses are discussed at all levels, locations and units across the business, including the Management Board and Supervisory Board of Atradius N.V. High-level information on crystallised risks has been captured for many years, with separate records of information technology risk events stretching back even further. To provide oversight and assurance in an auditable and efficient manner, the ORC unit employs a dedicated governance, risk and compliance software platform (the 'GRC Portal') that integrates existing risk management activities across the business.

In respect of external fraud, the Fraud Control Group, composed of employees across over 30 locations, monitors the activity of customers and buyers to detect indications of fraud. This monitoring includes using bespoke software to capture indicators of fraud from wide-ranging internal and external sources. Atradius also provides fraud awareness training and advice to employees and customers to help identify fraudulent buyers. Internal fraud is addressed through manual and automated operational controls such as the segregation of duties, application of signing authorities and role-based system privileges and authorities.

More details on certain operational risk management activities are provided below.

Risk registers and risk /control self-assessments

While the ORC unit is responsible for facilitating operational risk management within ACyC, the lines of business and functional areas are responsible for managing their operational risks. Atradius Leadership Team members, assisted by 'risk champions', maintain risk registers for their respective units. The content of registers provides input to local management meetings and is also reviewed by the Operational Risk Committee and during meetings of the Executive Committee of ACyC. This ensures that operational risks are considered from all management perspectives.

While risk registers use a top-down approach to capturing risks, Atradius also uses a bottom-up approach of control self-assessments to review existing risks and associated controls and identify any control weaknesses inherent in business processes.

On a quarterly basis, ACyC conducts specific assessments of processes and controls covering financial reporting risks, including reporting for Solvency II purposes; the resulting 'in control' sign-off process is overseen by a committee with representatives from Group Risk Management, Finance and Internal Audit.

Business continuity management

ACyC recognises the importance of being able to recover its critical business processes in the event of any major operational disruption. Business continuity management at ACyC is based on the International Standard ISO22301. The ORM unit coordinates the documentation, maintenance and continuous testing of practical plans for recovering key business activities within acceptable timeframes.

Regulatory compliance

At Atradius we believe that complying with all applicable laws, rules and regulations and maintaining high standards of ethics and integrity serves to lessen operational risk and achieve more stable commercial processes. The Atradius Code of Conduct outlines the basic corporate, legal and ethical compliance principles and guidelines that apply to all our employees and that govern Atradius' commercial conduct toward its customers, brokers and all parties involved in our business.

Atradius has set up several additional compliance policies for more specific areas which set out the requirements that Atradius' employees must adhere to. For example, the Policy on Customer Due Diligence and Policy on Sanctions address potential sanctions risks establishing operational and control procedures to comply with sanctions laws and regulations. Atradius also has a Data Protection Framework in place, which includes controls, policies and procedures to comply with the applicable data protection legislation. All the compliance policies are available to employees an are reviewed on a regular basis.

The Compliance Function supports the management of Atradius in meeting its objective of being compliant with applicable laws, rules and external and internal regulations. The Group Compliance Function is responsible for the maintenance and overall effectiveness of the compliance framework at Group level and, the Local Compliance Function monitors regulatory and compliance developments at local country level.

Russia – Ukraine War

The large number of sanctions restrictions relating to Russia and Belarus imposed by authorities in the EU, the UK and the US, among others, have been closely reviewed by the organization to analyse their impact on the business. In line with its sanctions compliance programme, Atradius reviews the potential exposure of business counterparties and other entities to sanctions in close coordination between the Group Legal & Compliance, Risk Services and Commercial teams, based both on its regular screening tools as well as on ad hoc review initiatives. In the context of this situation, the organization has relied on a number of measures to closely monitor the impact of the updated sanctions regimes, including the daily screening of its main databases against certain tools coordinated by a central compliance team, the establishment of a task force with representatives from various departments to align the strategy and measures adopted, and the introduction of certain additional checks to enhance the monitoring capabilities.

Management of environmental risk

The higher frequency and severity of extreme weather events is harming infrastructure and disrupting supply chains. The transition to a low-carbon economy is bringing about new policies, regulations and changes in market dynamics. There is a risk of these changes having a negative impact in ACyC by affecting our operations and/or our customers and their buyers. The focus on reducing their carbon footprint and CO2 emissions can require manufacturers to adapt or close, which can have a domino effect on their suppliers. Doing business in certain commercial sectors can become undesirable and draw negative publicity. At the same time, the interest in climate change and ethical practices, and ESG and Corporate Social Responsibility (CSR) considerations can create opportunities for improving the Company's offerings. These developments are being tracked and discussed in various forums within the Company.

16.3 Information on the non-life insurance business

Technical revenues and expenses by insurance line

	Credit		Bonding	
	2022	2021	2022	2021
Premiums attributed (Direct and Accepted)	**1,688,616**	**1,457,633**	**129,114**	**119,856**
Earned premiums net of cancellations and return premiums	1,756,872	1,508,502	128,553	136,287
+/- Change in provision for unearned premiums	(63,280)	(47,985)	644	(16,429)
+/- Change in provision for uncollected premiums	(4,976)	(2,884)	(83)	(2)
Reinsurance premiums (Cession and Retrocession)	**(728,754)**	**(995,958)**	**(66,285)**	**(70,271)**
Earned premiums net of cancellations and return premiums	(714,354)	(919,082)	(53,093)	(69,983)
+/- Change in provision for unearned premiums	(14,400)	(76,876)	(13,192)	(287)
Total of premiums attributed net of reinsurance	***959,862***	***461,675***	***62,829***	***49,585***
Claims (Direct and Accepted)	**(685,073)**	**(376,811)**	**(38,904)**	**(41,014)**
Claims and expenses attributable to claims	(407,548)	(285,673)	(40,848)	(32,984)
+/- Change in claims technical provisions	(277,525)	(91,138)	1,944	(8,030)
Claims (Cession and Retrocession)	**182,778**	**180,816**	**19,283**	**23,373**
Claims and expenses paid	198,815	185,981	23,368	21,147
+/- Change in claims technical provisions	(16,037)	(5,165)	(4,085)	2,226
Total claims net of reinsurance	***(502,295)***	***(195,995)***	***(19,621)***	***(17,641)***
+/- Change in other technical provisions net of reinsurance	(27,959)	(20,991)	(13)	(10)
Acquisition costs (Direct and Accepted)	(215,419)	(181,085)	(9,886)	(8,703)
Administration costs (Direct and Accepted)	(338,013)	(343,166)	(38,753)	(45,628)
Other technical expenses (Direct and Accepted)	(215)	(381)	(10)	(17)
Comissions and profit sharing on ceded reinsurance and retrocession	293,180	374,592	29,563	31,539
Other technical income	53,005	49,043	4,779	4,905
Total operating expenses and other technical expenses (net)	**(235,421)**	**(121,987)**	**(14,320)**	**(17,913)**

All amounts are in millions of Euros, unless otherwise stated

Technical result by year of occurrence

	Credit		Bonding	
	2022	2021	2022	2021
Premiums attributed (Direct and accepted)	**1,189,416**	**1,075,398**	**38,717**	**33,841**
Earned premiums net of cancellations and return premiums	1,613,632	1,441,199	103,206	103,011
+/- Change in provision for unearned premiums	(314,015)	(266,877)	(64,330)	(69,069)
+/- Change in provision for uncollected premiums	(10,498)	(7,813)	(100)	(56)
+/- Change in provision for bonuses and return premiums	(99,704)	(91,111)	(58)	(45)
Time allocated reinsurance premiums	**(502,649)**	**(734,802)**	**(14,907)**	**(16,104)**
Earned premiums net of cancellations and return premiums	(609,425)	(845,312)	(39,755)	(50,123)
+/- Change in provision for unearned premiums	106,776	110,510	24,848	34,019
Total premiums acquired net of reinsurance	***686,766***	***340,596***	***23,810***	***17,737***
Claims (Direct and Accepted)	**(909,713)**	**(617,815)**	**(18,095)**	**(22,450)**
Claims and expenses attributable to claims	(170,058)	(67,803)	(666)	(282)
Technical provision for claims paid on claims occurred during the year	(739,656)	(550,011)	(17,429)	(22,168)
Reinsurance claims (Ceded)	**336,949**	**360,322**	**6,681**	**10,767**
Claims and expenses attributable to claims	60,907	53,801	260	189
Technical provision for claims paid on claims occurred during the year	276,042	306,521	6,421	10,578
Total claims net of reinsurance	***(572,764)***	***(257,493)***	***(11,414)***	***(11,683)***
Acquisition costs (Directo)	(149,822)	(132,334)	(2,866)	(2,452)
Administration costs (Direct)	(264,306)	(283,409)	(8,603)	(8,918)
Other technical expenses (Direct)	-	-	-	-
Comissions and profit sharing on ceded reinsurance and retrocession (Ceded)	172,151	268,062	5,608	6,621
Technical finance income net of expenses of same nature	9,901	9,901	(268)	(268)
Other technical income	51,758	48,494	3,268	3,172
Technical result by year of occurrence	**(66,316)**	**(6,183)**	**9,533**	**4,207**

The information presented in the preceding table includes data for the 2022 underwriting year, with underwriting year understood to mean the risk underwritten in that year (2022).

Using data for the year of occurrence would not produce significant differences.

The line item “Other technical income” of the technical profit and loss statement records, among other items, EUR 49.7 million in 2022 (2021: EUR 46.1 million) invoiced in respect of studying and re-studying customers in relation to the purchase of insurance and subsequent development. The expenses associated with that activity are recorded as “Administration costs” of the Company.

17 Capital and reserves and equity

The movement in the Company's shareholder fund during 2022 and 2021 is presented in the accompanying statements of changes in total equity.

17.1 Share capital

Under the applicable laws, insurance companies operating in the credit and bonding insurance lines must have subscribed share capital of not less than EUR 9,015,181.57.

The share capital of Atradius Crédito y Caución S.A. de Seguros y Reaseguros at 31 December 2022 and 2021 was represented by 4,138,065 registered shares, each with a nominal value of EUR 6.01, fully subscribed and paid in and carrying identical financial, voting and other rights. There are no restrictions on the transferability of the shares. The Company's shares are not traded on the stock market.

17.2 Legal reserve

According to the recast text of the Spanish Companies Act (*Ley de Sociedades de Capital*), 10% of profit for the year must be allocated to the legal reserve until the balance of this reserve reaches at least 20% of share capital. Until that threshold is reached, the legal reserve may only be used to offset losses, if there are no other sufficient reserves available for that purpose. At year-end 2022, the reserve was fully established in the amount of EUR 5.0 million (2021: EUR 5.0 million).

17.3 Bylaws reserves

At year-end 2022, the Company had a reserve set aside in accordance with a previously existing bylaws obligation to allocate 5% of profit to a voluntary reserve until it reached 50% of the share capital. That reserve amounts to EUR 12.4 million (2021: EUR 12.4 million).

17.4 Voluntary reserves

At 31 December 2022, the balance of these reserves was freely disposable.

In 2022, as resolved by the Shareholders in General Meeting, no dividend was distributed (2021: no dividend was distributed).

The balance of these reserves at year-end 2022 is EUR 608.7 million (2021: EUR 477.9 million).

17.5 Revaluation reserve

With this reserve the Company recognises differences in the value of certain assets, as provided in Royal Decrees 7/1996 of 7 June 1996 and Royal Decree 2607/1996 of 20 December 1996.

The amount of this reserve is the difference between the quantities obtained by applying the revision percentages stipulated in Royal Decree 2607/1996 to the Company's property, plant and equipment and their depreciation charges, and their value before the revision. The reserve is presented net of the associated single charge of 3%.

The revisions were inspected for tax purposes and gave way to no incidents for the Company.

The balance of these reserves at year-end 2022 is EUR 5.6 million (2021: EUR 5.6 million).

17.6 Equalization reserve

According to the PCEA, the equalization reserve is recognised in the Company's equity. At year-end 2022, it totaled EUR 800.5 million (2021: EUR 630.5 million).

During 2022, the Company allocated EUR 167.7 million in the credit insurance line and EUR 2.7 million in the bonding insurance line, as required by the ROSSP. During 2021, the Company set aside EUR 1.6 million in the bonding line.

During the year there were applications of the reserve, given the positive operating technical result.

All amounts are in millions of Euros, unless otherwise stated

17.7 Share premium

The Recast Text of the Spanish Companies Act permits the use of the share premium account balance to increase capital and places no specific restrictions on its disposability.

17.8 Other shareholder contributions

No contribution from the Shareholders was registered in 2022.

The cancellation of the ACyC intra-group reinsurance cession to Atradius Reinsurance DAC for the 2022 underwriting year led to an increase in the ACyC self-retention. To offset this effect in part, at year-end 2021 the ACyC Shareholders contributed funds of 60 million euros to ACyC in order to strengthen ACyC's equity after the end of the cession to Atradius Reinsurance DAC.

17.9 Reserve for actuarial gains and losses

During 2022, the Company recognised a gain of EUR 25 million in reserves for actuarial gains and losses (2021: EUR 117.0 millions). All of them come from the impact of the annual measurement of the Company's defined benefit pension plans (2021: EUR 30.8 million).

18 Transactions and balances with related parties

18.1 Balances with related parties

The breakdown of balances with related parties at 31 December 2022 and 2021 is as follows:

2022	Atradius NV	Atradius Insurance Holding NV	Collections Holding B.V.	Subsidiaries of ACyC (1)	Atradius Reinsurance DAC	Atradius Information Services	Grupo Catalana Occidente (3)	Others (2)	Total
Assets									
Investments	-	-	-	24,440	-	-	76	-	**24,516**
Receivables (Note 10)	60,211	571	4,981	594	75	25,136	223	3,782	**95,573**
Reinsurance	-	-	-	-	37,753	-	-	447	**38,200**
Long-term staff remuneration	-	-	-	-	-	-	6,464	-	**6,464**
Total Assets	**60,211**	**571**	**4,981**	**25,034**	**37,828**	**25,136**	**6,764**	**4,229**	**164,754**
Liabilities									
Security deposits received	-	-	-	-	1,778	-	-	-	**1,778**
Debts and other accounts payable (Note 11)	10,404	-	1,591	1,917	-	35,339	-	64	**49,315**
Reinsurance payables	-	-	-	-	13,571	-	195	1,705	**15,471**
Group tax payables	-	-	-	-	-	-	-	-	**-**
Total Liabilities	**10,404**	**-**	**1,591**	**1,917**	**15,349**	**35,339**	**195**	**1,769**	**66,564**

2021	Atradius NV	Atradius Insurance Holding NV	Collections Holding B.V.	Subsidiaries of ACyC (1)	Atradius Reinsurance DAC	Atradius Information Services	Grupo Catalana Occidente (3)	Others (2)	Total
Assets									
Investments	-	-	7,436	16,475	-	-	76	-	**16,551**
Receivables (Note 10)	26,898	794	-	192	75	20,804	-	4,788	**60,987**
Reinsurance	-	-	-	-	38,838	-	-	(1,152)	**37,687**
Long-term staff remuneration	-	-	7,436	-	-	-	6,707	-	**6,707**
Total Assets	**26,898**	**794**	**-**	**16,667**	**38,913**	**20,804**	**6,783**	**3,636**	**121,932**
Liabilities									
Security deposits received	-	-	1,339	-	2,374	-	-	-	**2,374**
Debts and other accounts payable (Note 11)	12,821	-	-	1,756	-	25,287	-	112	**41,314**
Reinsurance payables	-	-	-	-	41,535	-	-	1,753	**43,288**
Group tax payables	-	-	1,339	-	-	-	11,895	-	**11,895**
Total Liabilities	**12,821**	**-**	**-**	**1,756**	**43,909**	**11,895**	**11,895**	**1,864**	**98,871**

(1) –ACyC – Includes transactions with Iberinform, Invercyca, Iberinmobiliaria, Crédito y Caución de Seguradora de Crédito e Garantías and Crédito y Caución do Brasil Gestao de Riscos de Crédito e Servicios LTDA

(2) – Others – Includes transactions with DSB NV, Mexico, ATCI Inc., Atradius Rus and Atradius Italia Intermediazioni S.r.l.

(3) – Grupo Catalana Occidente – Includes transactions with Grupo Catalana Occidente S.A., Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reinsurance, Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C. and Grupo Catalana Occidente Tecnología y Servicios, A.I.E.

We notice an increase of the balance sheet position, at the receivables line of the balances with related parties, as there was no settlement in 2022 of the 2021 position with the 2022 transfer pricing charges.

18.2 Related party transactions

The following table breaks down the transactions with related parties as at year-end 2022 and 2021 according to their carrying value on the Company's books:

All amounts are in millions of Euros, unless otherwise stated

2022	Atradius NV	Atradius Insurance Holding NV	Collections Holding B.V.	Subsidiaries of ACyC (1)	Atradius Reinsurance DAC	Atradius Information Services	Grupo Catalana Occidente (3)	Others (2)	Total
Income statement									
From premiums ceded/accepted	-	-	-	1	(34,206)	-	79	4,403	**(29,723)**
From claims ceded/accepted	-	-	(3,077)	-	(64,854)	-	(112)	(7,042)	**(75,084)**
From commission on reinsurance ceded/accepted	-	-	-	-	30,339	-	-	(1,835)	**28,504**
From services provided and received	28,581	-	9,372	(17,013)	-	7,585	(3,805)	(1,356)	**23,364**
From finance income and costs	-	-	-	-	(2)	-	-	-	**(2)**
Total	**28,581**	**-**	**6,295**	**(17,012)**	**(68,723)**	**7,585**	**(3,837)**	**(5,831)**	**(52,943)**

2021	Atradius NV	Atradius Insurance Holding NV	Collections Holding B.V.	Subsidiaries of ACyC (1)	Atradius Reinsurance DAC	Atradius Information Services	Grupo Catalana Occidente (3)	Others (2)	Total
Income statement									
From premiums ceded/accepted	-	-	2,958	(61)	(154,627)	-	-	2,958	**(151,730)**
From claims ceded/accepted	-	-	(70)	-	12,364	-	(78)	(70)	**9,242**
From commission on reinsurance ceded/accepted	-	-	(2,094)	2	78,084	-	-	(2,094)	**75,992**
From services provided and received	31,627	249	(932)	(17,033)	-	7,707	(5,587)	(932)	**25,476**
From finance income	-	-	-	-	(3)	-	-	-	**(3)**
Total	**31,627**	**249**	**(138)**	**(17,092)**	**(64,182)**	**7,707**	**(5,665)**	**(138)**	**(41,023)**

(1) – ACyC – Includes transactions with Iberinform, Invercyca, Iberinmobiliaria, Crédito y Caución de Seguradora de Crédito e Garantías and Crédito y Caución do Brasil Gestao de Riscos de Crédito e Servicios LTDA

(2) – Others – Includes transactions with DSB NV, Mexico, ATCI Inc., Atradius Rus and Atradius Italia Intermediazioni S.r.l.

(3) – Grupo Catalana Occidente – Includes transactions with Grupo Catalana Occidente S.A., Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reinsurance, Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C. and Grupo Catalana Occidente Tecnología y Servicios, A.I.E.

In 2022 the Company paid no dividend to Grupo Catalana Occidente (in 2021 no dividend was paid).
In 2022 the Company received no dividend from related parties (in 2021 EUR 19 million dividends were received from related parties).

18.3 Compensation of the Board of Directors and Senior Management

The Board of Directors received did not receive any remuneration as members of the Board, nor any for their pension or life insurance obligations contracted on their behalf.

The following table provides details on the remuneration for members of the Executive Committee, which have assumed senior management functions:

	2022	2021
Short-term employee compensation (1)	1,154	1,025
Long-term employee compensation	720	677
Post-employment benefits	152	148
Total remuneration	**2,026**	**1,850**

(1) Short-term employee compensation includes salaries, housing, Social Security, medical expenses, vehicle rental and others.

An insurance policy has been contracted for senior managers to cover possible civil liability with a premium of EUR 0.2 million (2021: 0.2 million euros).

18.4 The duty of loyalty and duty to avoid situations of conflicts of interest of the Directors

The members of the Board of Directors have sent to the Company the communications relating to the duty of loyalty and to the duty to avoid situations of conflicts of interest, pursuant to articles 227 to 231 of the recast text of the Spanish Companies Act, as amended by Spanish Law 31/2014 of 3 December 2014 for the improvement of corporate governance for the year ended 31 December 2022.

In said communications, the members of the Board of Directors have stated that they have not been in any situation of direct or indirect conflict of interest with the interest of the Company and that, according to the information that they are aware of and that they have been able to obtain with the greatest due diligence, none of their related persons are in such situation either. Lastly, in compliance with the aforementioned Law, they have indicated that they will promptly report any change that may occur with regard to the detailed information.

All amounts are in millions of Euros, unless otherwise stated

19 Other information

19.1 Personnel

The average number of full-time employees of the Company and their distribution by job category during 2022 and 2021 is as follows:

	2022	2021
Management	87	87
Technical staff and middle managers	447	447
Administrative staff	1,805	1,802
Others	230	230
Total	**2,569**	**2,565**

The gender distribution of full-time employees of the Company at year-end 2022 and 2021 is shown below, breakdown by job category:

	2022		2021	
	Men	Women	Men	Women
Management	71	14	73	14
Technical staff and middle managers	305	138	308	139
Administrative staff	884	922	880	922
Others	51	184	50	180
Total	**1,311**	**1,258**	**1,311**	**1,254**

The Board of Directors of the Company at 31 December 2022 was composed of 9 members (8 men and 1 woman). In 2021, the Board was composed of 9 members (8 men and 1 woman). No member of the Board of Directors has an employment relationship with the Company.

During 2022, there were a total of 58 employees with a disability of 33% (2021: 57 employees).

19.2 Auditor fees

During 2022 and 2021, the fees for accounting audit services and other services performed by the Company's statutory auditor, *PricewaterhouseCoopers Auditores* (PwC) or by any company related to the auditor by virtue of control, common ownership or management were as follows:

	2022			2021		
Items	**PwC**	**Other firms in the PwC network**	**Total**	**PwC**	**Other firms in the PwC network**	**Total**
Audit services	1,388	1,078	2,466	796	867	1,663
Other services required by the regulations	342	-	342	392	69	461
Other verification services	6	7	13	-	7	7
Rest of other services	-	63	63	-	6	6
Total other professional services	**1,736**	**1,148**	**2,884**	**1,188**	**949**	**2,137**

These figures are for the fees agree for audit services for 2022 and other services (including VAT and other expenses). The amounts of audit services include services involving review of the Solvency II Directive and other regulatory requirements. The sums reported for non-audit services are related to projects that required the involvement of the statutory auditor according to the regulation applicable in each country.

The increase of audit fees in relation to fiscal year 2021 is driven by the audit work that is currently in progress in view of the implementation of the IFRS 17 by Atradius N.V. and Grupo Catalana Occidente.

19.3 Customer Service Office

In compliance with the regulatory framework that applies in Spain, the Customer Service Department has prepared the prescribed Report on Complaints and Claims for 2022.

That report, which relates to the businesses in Spain, shows that five written submissions were received in the Customer Service Department. All of them met the formal requirements, and consequently have been processed as claims.

Three claims, out of the five processed, were settled by agreement with the customer. In the other two left, the resolution was entered rejecting the claim and ruling that the decisions made by the Company departments involved were lawful.

In each submission and in the resolution issued it was expressly stated that the Commission for the Defence of Insureds and of Pension Plan Participants, of the DGSFP, is not authorised to hear the claims submitted as these involved insurance contracts for major risks. The five claims handled were in respect of credit insurance policies.

In addition, it bears emphasis that comparing the number of claims processed with the customer who could potentially submit claim gave a percentage of 0.01372% for the year ended 31 December 2022.

Given the small number of claims and their different underlying reasons, as well as the Company's experience, no general guidelines have been set and no recommendations or suggestions were issued.

19.4 Information on the environment

Given the nature of the Company's business, it has no liabilities, expenses, assets or provisions and contingencies of an environmental nature that could be significant in relation to its equity, financial position and earnings. For this reason, no specific disclosures on these issues are included in these Notes.

19.5 Guarantees with third parties

At 31 December 2022 there were bank guarantees securing EUR 1.8 million in lease obligations of the Company and EUR 27 thousand in bonds in respect of legal proceedings against third parties.

20 Subsequent events

The Board of Directors proposes to the General Meeting that the result for the year be allocated to voluntary reserves.

All amounts are in millions of Euros, unless otherwise stated

ANNEX. BREAKDOWN OF REAL ESTATE PROPERTIES AT 31 DECEMBER 2022

(Figures in euros)

Location	Address	Country	Year of acquisition	2022 Gross value	Accum. Depreciation	Net value	Impairment	Last Appraisal Date
PROPERTIES FOR OWN USE								
ALCALA DE H.	Comp.Inmob.Garena Plaza pl 9 B	Spain	2005	1,031,468	(285,911)	745,557	745,557	28-mar.-22
ALICANTE	C/ San Fernando , 19 Principal	Spain	2002	429,024	(51,572)	377,453	377,453	24-mar.-22
BILBAO	Gran Vía, 17 2° Planta Of.1 y 3	Spain	2004	2,931,093	(698,676)	2,232,417	2,232,417	29-abr.-22
CASTELLON	Ruíz Zorrilla, 1 5°	Spain	1999	414,097	(118,297)	295,800	295,800	5-abr.-22
GERONA	Avda. Jaime I, 1	Spain	1990	335,248	(175,093)	160,155	160,155	8-abr.-22
LA CORUÑA	Real, 85 6°	Spain	1975	495,743	(360,072)	135,670	135,670	9-may.-22
LAS PALMAS	Plaza de España, 6	Spain	2020	365,013	(9,947)	355,066	355,066	7-sep.-21
LEON	Avda. Independencía, 2 3°	Spain	1974	36,998	(27,763)	9,251	9,251	8-abr.-22
MADRID	P° de la Castellana, 4	Spain	1995	21,739,237	(7,525,720)	14,213,516	14,213,516	28-mar.-22
MALAGA	Avda. Andalucia, 19 L-A2	Spain	1981	160,619	(102,425)	58,194	58,194	22-abr.-22
MALAGA	Avda. Andalucia, 19 L-A5	Spain	1987	119,346	(66,545)	52,802	52,802	22-abr.-22
MURCIA	Avda. Libertad, 2	Spain	1988	252,571	(136,505)	116,066	116,066	18-mar.-22
MURCIA	Avda. Libertad, 2 Local C	Spain	2001	115,755	(39,655)	76,100	76,100	18-mar.-22
OVIEDO	Conde de Toreno, 4	Spain	1967	134,614	(107,691)	26,923	26,923	13-abr.-22
PAMPLONA	Avda. Carlos III, 13-15	Spain	1984	110,902	(65,626)	45,277	45,277	3-may.-22
SEVILLA	Plaza Nueva, 8 Dpdo. 5	Spain	1971	494,036	(395,228)	98,807	98,807	24-mar.-22
SEVILLA	Plaza Nueva, 8 Garaj. 63	Spain	1971	6,842	(5,200)	1,642	1,642	24-mar.-22
SEVILLA	Plaza Nueva, 8 Garaj. 50	Spain	1973	6,540	(4,971)	1,569	1,569	24-mar.-22
TARRASA	Gutemberg, 3 3° F	Spain	1976	143,451	(101,426)	42,025	42,025	28-mar.-22
VALENCIA	Avda. Jacinto Benavente,14	Spain	2004	2,284,661	(482,370)	1,802,291	1,802,291	8-abr.-22
VALLADOLID	Duque de la Victoria, 4	Spain	1978	247,596	(171,002)	76,594	76,594	1-abr.-22
ZARAGOZA	Plaza Salamero, 14 3° A	Spain	1975	285,300	(205,492)	79,808	79,808	7-abr.-22
ZARAGOZA	Plaza Salamero, 14 Trasteros	Spain	1989	4,608	(3,223)	1,384	1,384	7-abr.-22
LISBOA	Av.C. Bordalo Pinheiro 75	Portugal	2017	3,970,100	(317,227)	3,652,873	3,652,873	21-sep.-21
LISBOA	Avda. la Liberdade, 245	Portugal	2001	1,444,953	(482,587)	962,366	962,366	29-jun.-22
OPORTO	Plaza Buen Suceso, 61	Portugal	1905	977,169	(315,355)	661,814	661,814	29-jun.-22
ROMA	Via Crescenzio	Italy	1972	15,823,758	(3,102,694)	12,721,064	12,721,064	10-dic.-21
ROMA	Via Cassiodoro 9	Italy	1993	1,328,200	(246,014)	1,082,186	1,082,186	10-dic.-21
Total Own-Use Real Estate				**55,688,942**	**(15,604,287)**	**40,084,670**	**(244,996)**	

Location	Address	Country	Year of acquisition	2022				Last Appraisal Date
				Gross value	Accum. Depreciation	Net value	Impairment	
PROPERTIES FOR OWN USE								
ALBACETE	Tesifonte Gallego, 4	Spain	1982	59,865	(37,241)	22,624	22,624	10-mar.-22
ALMERIA	Lachambre, 2 2º	Spain	1996	102,998	(44,175)	58,824	58,824	29-mar.-22
BADAJOZ	Avda. Ramon y Cajal, 13 1º	Spain	1992	64,119	(31,028)	33,091	33,091	21-mar.-22
BARCELONA	Provenza, 216	Spain	1965	7,847,107	(2,024,469)	5,822,638	5,822,638	5-abr.-22
BILBAO	Gran Vía, 53	Spain	1967	146,093	(116,874)	29,219	29,219	29-abr.-22
BURGOS	P. Alonso Martinez, 8	Spain	1987	80,510	(44,653)	35,857	35,857	17-mar.-22
CORDOBA	Ronda de los Tejares, 32	Spain	1986	127,910	(72,852)	55,058	55,058	21-mar.-22
GRANOLLERS	Avda. San Esteban, 9	Spain	1999	201,270	(83,339)	117,931	117,931	28-mar.-22
JAEN	P. Constitución, 10	Spain	1989	76,541	(40,731)	35,810	35,810	25-mar.-22
JEREZ	Cmte. Paz Varela, 21 2º L-8	Spain	1988	41,184	(22,240)	18,944	18,944	29-abr.-22
LA CORUÑA	Alameda, 34 5º C	Spain	1974	82,324	(61,117)	21,207	21,207	6-may.-22
LERIDA	Avda. del Segre, 1	Spain	1990	109,392	(56,172)	53,219	53,219	28-mar.-22
MADRID	Dulcinea, 47 Bajo L-1-2	Spain	1969	213,572	(170,858)	42,714	42,714	5-abr.-22
P. MALLORCA	Pª del Borne, 15	Spain	1975	137,568	(100,159)	37,410	37,410	22-mar.-22
S. C. TENERIFE	Villalba Hervas, 9 1º C	Spain	1987	190,727	(105,666)	85,062	85,062	9-jun.-22
SABADELL	Plaza de Cataluña,16	Spain	1997	222,201	(88,838)	133,363	133,363	28-mar.-22
SANTANDER	Cuesta, 2 4º Dcha.	Spain	1985	132,231	(76,678)	55,553	55,553	24-mar.-22
SEVILLA	Plaza Nueva, 8 Garaj. 61	Spain	1971	6,842	(5,201)	1,642	1,642	24-mar.-22
SEVILLA	Plaza Nueva, 8 Garajes	Spain	1973	32,699	(24,853)	7,846	7,846	24-mar.-22
TARRAGONA	Rambla Nova, 76 1º 2	Spain	1976	110,509	(79,131)	31,378	31,378	11-abr.-22
VIGO	Uruguay, 2 2º	Spain	1967	205,884	(164,708)	41,176	41,176	15-mar.-22
VITORIA	Manuel Iradier, 24 L-1	Spain	1986	71,875	(40,709)	31,166	31,166	18-mar.-22
ZARAGOZA	Plaza Salamero, 14 3º B	Spain	1975	116,558	(83,915)	32,644	32,644	7-abr.-22
ZARAGOZA	Coso, 98-100 7º 6	Spain	1972	41,409	(32,814)	8,595	8,595	1-abr.-22
LEON	Avda. Independencía, 2 3º	Spain	1974	38,462	(28,816)	9,628	9,628	8-abr.-22
OVIEDO	Conde de Toreno, 4	Spain	1967	21,914	(17,531)	4,383	4,383	13-abr.-22
GENOVA	Via di Sottoripa 1/A	Italy	1991	249,333	(65,900)	183,433	183,433	10-dic.-21
UDINE	Via Manzini 8-9	Italy	1992	184,416	(54,318)	130,098	130,098	10-dic.-21
ROMA	Via Padre Semeria 29	Italy	1985	176,406	(33,202)	143,204	143,204	10-dic.-21
Total Leased Properties				**11,091,91**	**(3,808,188)**	**7,283,717**	**(92,949)**	

**** The "PROPERTIES FOR OWN USE" table does not include a fully depreciated property in Sweden acquired in 1993 for an acquisition price of 345,000 Swedish Krona (EUR 33,643).*

Management Report

Management Report

CONTENTS

1 Economic Environment

Geopolitical Risk presents a new threat to growth

Global economic growth slowed from 6.0% in 2021 to 3.0% in 2022. The COVID-19 pandemic continued to influence the world economy, though less so than in 2021, as most markets emerged from their lockdowns after the first quarter of 2022. A new threat came to the forefront when Russia invaded Ukraine in February 2022. The war has enormous humanitarian and economic consequences for Ukraine, but also has important ramifications for global energy markets. Energy shocks have pushed up inflation, weighing on consumers' purchasing power and firms' profitability.

Advanced markets

Across advanced markets, GDP growth slowed to 2.6% in 2022, following on a 5.3% expansion in 2021. High inflation was the main culprit to growth in 2022. Inflation in advanced markets rose to an average 7.1% in 2022, mainly driven by high energy prices, but also core inflation (excluding energy and food) was clearly above its historical average. Supply chain bottlenecks, such as high shipping costs and semiconductor shortages, remained an issue in 2022. Many governments kept supportive fiscal policies in 2022, resulting from pandemic-related support and support given because of the energy crisis. Monetary policy, however, was tightened in many markets to combat high inflation.

The United States entered a technical recession in the first half of 2022. Despite this, economic activity remained resilient in the third quarter of 2022 and the labour market remained strong throughout the year. Towards the end of 2022, the US economy showed signs of weakening, with decelerating private consumption growth and softening jobs data, a sign that tougher times are ahead. In response to high inflation, the US Federal Reserve began to shrink the size of its balance sheet and implemented several policy rate hikes in 2022.

The eurozone experienced a relatively strong first half of 2022. Economies emerged from their lockdowns after the first quarter, giving a growth boost to the services sectors and to tourism. GDP growth weakened significantly, however, in the second half of the year. This was mainly the result of high inflation, the reduction in consumers' purchasing power and the affection in the sentiment among both households and businesses. The European Central Bank, somewhat later than the Federal Reserve, moved on a more restrictive monetary policy path. It implemented several rate hikes in 2022 and ended net asset purchases under the pandemic emergency purchase programme.

Emerging markets

Growth in emerging market economies (EMEs) slowed from 7.0% in 2021 to 3.5% in 2022. They were confronted with headwinds from the COVID-19 pandemic as well as the fallout of the war between Russia and Ukraine. EMEs in 2022 faced tighter financial conditions as central banks in advanced markets raised interest rates in response to higher inflation. Some of the more indebted EMEs struggled with higher financing costs and threats of debt instability.

Growth in Emerging Asia continued to moderate, though it remained the fastest growing region in 2022 (34%). In China, economic activity slowed from 8.1% in 2021 to 2.7% in 2022. COVID outbreaks and mobility restrictions as part of the government's zero-COVID policy have pulled down economic activity. The Chinese real estate sector also experienced troubles due to the declining housing market and the bankruptcy of several large property developers.

The economic recovery lost some steam in Latin America, with GDP growth slowing to 3.7%. Latin American economies faced ongoing challenges (high inflation, monetary tightening), further aggravated by the economic repercussions caused by the war in Ukraine. In Brazil, GDP expanded by 3.0% in 2022. Despite political uncertainty and tight monetary policy, economic activity remained relatively resilient. Jobs growth and consumer spending supported growth in the first half of 2022. In Mexico, economic activity rose by 3.1% in 2022, roughly bringing the GDP back to pre-pandemic levels. It benefitted from employment and wage growth, record-breaking remittances, and a strong recovery of US tourists.

In Eastern Europe, economic developments in 2022 were completely dominated by the war in Ukraine. Western countries imposed massive sanctions on Russia, resulting in an estimated 2.9% contraction of the Russian economy in 2022. Turkey's economic growth slowed considerably (from a very high 11.4% in 2021 to 5.0% in 2022), due to a weak external environment as well as rampant inflation that weighed on consumers' purchasing power.

Global insolvencies: Reversing back to normal

In 2022, global insolvencies increased on an annual basis, though they remained on the low side compared to the pre-pandemic situation. Fiscal support measures and temporary changes to insolvency legislation helped to protect companies from going bankrupt during the COVID-19 pandemic. As these measures were phased out in 2022, we began to see an increase back to the normal, pre-pandemic insolvency levels. Furthermore, the incomplete GDP recovery since the pandemic, and negative growth effects from the war in Ukraine, also gave upward pressure to bankruptcies.

In the eurozone, relatively high increases of insolvencies were recorded in Austria, France and Belgium, countries for which fiscal support was phased out in the first half of 2022 and the adjustment back to normal insolvency levels already began. However, there were also markets with relatively small increases, such as Spain, the Netherlands and Italy. Italy and Spain already adjusted back to normal insolvency levels in 2021, whereas the normalisation did not yet occur in the Netherlands in 2022.

In the United States, insolvencies trended upwards in 2022, but the increase was relatively mild. We suspect this had to do with the relatively generous government support given during the COVID-19 pandemic that has improved the liquidity position of firms, preventing mass bankruptcies directly after the support was phased out. By contrast, bankruptcies in the UK increased relatively sharply in 2022, which can be attributed to the ending of government support measures and the weak economic recovery since Brexit. UK bankruptcies by the end of 2022 even exceeded the pre-pandemic level.

2 Financial Situation

Credit insurance is our core business and includes traditional credit insurance for both domestic and export trades, as well as coverage of political risks and consumer finance. The credit insurance business continued to perform well in 2022 with profit net of reinsurance of EUR 222 million. The Company offers a wide range of bonding products designed to cover the varying needs of our customers in Belgium, France, Germany, Italy, Luxembourg, the Netherlands, the Nordic region, Spain and Portugal. The bonding line posted profit net of reinsurance of EUR 28.8 million.

Insurance Revenue

Insurance revenue performed well, posting moderate growth of 15% despite the sharp negative impact of this unprecedented pandemic. The bonding business' revenue was up 7,3%, to reach EUR 133.9 million in 2022, while credit insurance revenue rose to EUR 1,741.6 million.

Claims

Claims ended the year at EUR 723.9 million, 73% more than in 2021. The claims ratio reached 38,6%.

Operating Expenses

Operating expenses totalled EUR 602.3 million in 2022. Insurance brokerage commissions increased 18.7%. The Company ended 2022 with an expense ratio of 32.1%, in comparison with the previous year's figure of close to 35.5%.

Reinsurance Result

Part of our business is ceded to our panel of reinsurers, whose aggregate share of the Company's results was EUR 270.2 million (2021: EUR 448.6 million). The reinsurance treaties arising from government support measures had a negative impact of EUR 39.5 million on the results.

Net Investment Result

The net investment result rose to EUR 17.6 million for 2022 from the EUR 8.2 million recorded in 2021.

3 Management of Risks, Financial Instruments and Capital

Risk Management

Note 16.2 to these financial statements describes the main risks and uncertainties and how they are managed by the Company.

Financial Instruments Management

The most important components of financial risk are market risk, credit risk and liquidity risk.

The Company invests in a diversified portfolio of capital instruments to mitigate those risks.

- Market Risk

Market risk is the risk that the fair value of assets and liabilities that are sensitive to movements in market prices will decrease or increase due to adverse movements in equity prices, interest rates or exchange rates. The Company is exposed to these risks by holding assets and liabilities whose fair value is sensitive to movements in those prices. These risks are measured using the mismatch between assets and liabilities whose fair value is denominated in foreign currency, Value at Risk, capital models of credit risk rating institution and the duration of interest rates, among others.

ACyC uses the capital approach available under the Solvency II Directive to define strategic asset allocation and assess the impact of investment decisions to ensure sufficient capital under Solvency II.

The estimates of the fair value of ACyC's financial assets and liabilities are their carrying amount.

The assets are exposed to increases in inflation and/or in inflation forecasts, which could accompany increases in interest rates and lead to a decrease in the market value of bonds held in our investment portfolio. Increases in inflation could also have an impact on the creditworthiness of bond issuers and could result in an increase in credit spreads. All of these factors could lead to a decline in the value of the bonds.

Inflation in the costs of claims, labour costs, cost of energy and raw materials, and/or inflation due to disruptions in the global supply chain could impact the industry. The impact of inflation on claim costs could be more pronounced for certain of our claims that are indexed to inflation and for bonding business which is considered “long tail”.

The fair values are based on the price, as best estimate, which would be received on selling an asset or paid on transferring a liability in an orderly transaction between market participants at the measurement date. Whenever possible, the fair values are based on quoted market prices. If there is no quoted market price available, valuation techniques are used that are based on market prices of comparable instruments or on observable market observable data. If no observable market inputs are available, valuation models are used (non-market observable data). These valuation techniques are subjective in nature and rely on pricing assumptions. Deviations in those assumptions may significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values.

The fair values are subject to a control environment designed to ensure that they are determined or validated by a function that is independent of the owner of those risks. Toward this end, ACyC defines the accounting policies and processes that govern the measurements and at the same time ensure compliance with the applicable accounting legislation. Within this governance structure, non-quoted investments or illiquid investments in which ACyC invests are measured by an external independent valuation company or the asset manager of the illiquid investment fund. Those firms use their own proprietary valuation systems to measure the securities based on economic and market assumptions from financial information providers. The valuations are provided on a monthly basis and are reviewed and approved by ACyC. The valuation process of the asset manager is audited and approved by its statutory auditor.

- Credit Risk

With regard to managing the credit risks of its financial investments, the investment policy of ACyC is to hold a principally euro-centric, internationally diversified portfolio and to avoid large risk concentrations. From a Standard & Poor's rating scale or comparable perspective, the fixed income portfolio is almost completely invested in investment grade debt securities with an 'A-' rating or stronger. If a debt security bond in which ACyC has invested falls below the minimum credit rating or is not rated, it must be reviewed by the Atradius Investment Committee to decide whether the investment fund is still a suitable investment. The maximum concentration limit per issuer is 5% of the market value of the financial investments of the entity. Concentration per issuer is evaluated by aggregating the exposure to a single issuer through both debt investments and equity securities. The Atradius Investment Committee monitors this limit and the appropriate actions are taken if a concentration limit is breached.

The counterparty credit ratings and the credit rating of the debt instruments are predominantly based on Standard & Poor's rating. In the absence of a Standard & Poor's credit rating, the Atradius uses Moody's or Bloomberg Composite ratings.

- Liquidity Risk

ACyC is exposed to liquidity risk if there is insufficient cash available to meet its financial obligations, when due, at a reasonable cost. For ACyC, liquidity risks may arise if large-scale short-term fluctuations occur in cash flows, such as a decline in cash inflows or a rise in cash outflows, or a combination of both.

Liquidity risk is managed at Atradius level, in close coordination with local operations. The Atradius policy is to monitor and measure ongoing cash flow patterns and control liquidity by maintaining sufficient cash and highly marketable securities to reduce liquidity risk to acceptably low levels. The investment policy states that ACyC should only invest in financial instruments that can be liquidated within three business days or less. ACyC is able to access credit facilities to prevent liquidity shortages that can arise due to short-term cash flow variances. ACyC maintains uncommitted credit lines in excess of EUR 1 million. It is an overdraft facility for a total of EUR 50 million (2021: 50 million euros). The credit line provides liquidity to cover infrequent peaks in short-term liquidity requirements while also permitting ACyC to reduce its cash balances and to benefit from a broader and more and stable investment portfolio. Lastly, ACyC has in place a simultaneous claims payment clause in the main reinsurance treaties. This clause allows ACyC to ask the reinsurers to accelerate the payment of a large claim upon ACyC's request instead of the usual payment terms agreed in the reinsurance treaties.

Capital Management

Capital management is guided by the following these basic principles:

a) Ensure the Company is sufficiently capitalised so that it has ample available capital after meetings its financial obligations;
b) Comply with the local regulatory capital requirements of all ACyC branches;
c) Manage capital adequacy in ACyC and it branches, taking into account the economic conditions and accounting regulations and standards together with the external rating agencies and regulatory capital requirements;
d) Optimise the capital structure by allocating funds across ACyC branches; and
e) Minimise funding costs while preserving financial flexibility.

In each country in which ACyC has insurance companies established under local laws, as well as where prescribed for branches as well, the local insurance regulator specifies the minimum amount and type of capital that must be held by each of the subsidiaries or branches. The minimum required capital must be maintained at all times throughout the year. In addition, the local insurance regulators have the discretionary right to impose additional capital requirements in excess of the required minimum.

In 2022, the capital of ACyC has been managed according to the Atradius guidelines and in close cooperation with the units involved in managing the different factors related to capital. ACyC entities were able to meet their financial obligations efficiently and to comply with local legal and regulatory requirements.

Own Funds

The Company's own funds at year-end 2022 amounted to EUR 1,466.8 million, with a positive contribution of EUR 216.4 million from the result recorded for the year.

The equalization reserve reached EUR 800.5 million, demonstrating the Company's strong financial capacity to confront potential adverse scenarios in the future.

Solvency II Directive

Solvency II is the regulatory framework for (re-)insurance undertakings and groups domiciled in the EU. It came into effect on 1 January 2016, replacing the former regulatory regime of 14 directives which were commonly known as “Solvency I”.

ACyC is one of two regulated entities in Atradius subject to Solvency II. Under Solvency II, supervision of the Atradius Group is conducted by Grupo Catalana Occidente, S.A., the primary parent company.

ACyC applies a partial internal model to calculate its regulatory capital requirements. That internal model reflects the characteristics of our business more precisely than would be the case applying the regulatory “standard approach” and is used to calculate capital requirement for underwriting risks. The Company continues to use the standard approach for market risks, counterparty default risk and operational risk, as the nature of those risks is such that the internal model approach cannot be assured to be more effective. Approval for the use of our partial internal model was received in 2017.

ACyC's capital adequacy is solid, allowing it to meet its financial obligations efficiently and comply with its legal and regulatory requirements.

4 Group Companies

4.1 Iberinform Internacional, S.A.U.

Iberinform Internacional, S.A.U. ('Iberinform') has firmly established itself in the commercial and financial information market, offering online international information on more than 37 countries that in aggregate account 70% of the export destinations of Spanish businesses.

It also offers debt collection services that cover more than 200 countries. Iberinform continues developing its strategic agreements with other companies, allowing it to bring to market innovative, value-added information-based services.

The business has performed well and recorded growth over the previous year, mainly lifted by a substantial rise in business from foreign customers. Technological advances and the innovative nature of its business intelligence solutions are the main drivers of this growth. The company's expansion has contributed to consolidate its overall profit margins in recent years.

In 2020, Iberinform took over Iberinform Portugal S.A. and set up a branch in Portugal under the name "Iberinform Internacional S.A.U. Sucursal em Portugal" to continue the business carried on by Iberinform Portugal S.A. before the merger.

4.2 Entidades en Brasil

Insurance revenue in Brazil rose 66.7%, despite the poor overall performance of the economy (EUR 15 million 2021).

The Company maintains high levels of profitability in this market with combined ratios of slightly higher than 50.9%, thus consolidating its position as the number three operator there.

5 Other Information

5.1 Our People

ACyC offers products and services from offices located on six continents and had 2.569 employees at 31 December 2022 (2021: 2.565).

We observe global trends that are shaping the future of talent retention and attraction. As a result of the COVID-19 pandemic, on a global scale, people are reconsidering their job preferences and labour markets are tightening. At Atradius, attracting and retaining talent is high on our list of priorities. In 2022, we have focused on recruitment strategy, development opportunities and improving the onboarding experience to address this challenge. We are proud of our retention levels and we continuously invest in our people to keep this number up.

Hybrid-Working Model

In July 2021, we introduced the Hybrid-Working Model, which allows Atradius employees to split their time between working in the office and working from home. As a starting point, we asked our employees to be in the office for 60% of their time and be flexible for the remaining 40%. After more than a year of working with the model, we conducted a pulse survey to gain insight into our employees' experiences working with the hybrid-working model and to understand where we can evolve hybrid working in the future.

The results of the survey have been encouraging: 71% of employees are satisfied with the hybrid-working model. Additionally, we scored an 8.8 on managerial trust in hybrid times, an 8.8 on enablement to work in a hybrid manner and an 8.3 on feeling connected to the organisation. These results give us the confidence that our people can work effectively both at home and in the office and that we can maintain our strong Atradius culture even in the hybrid way of working.

Even though the survey showed a positive result, we will continue to adapt and evolve to become more successful with the Atradius Hybrid-Working Model.

Developing our people

At Atradius, we encourage our employees to take the lead in their personal and professional development. We offer support at the local and unit level and the Atradius Academy offers various (virtual) learning and development opportunities. The courses on offer expand every year, ranging from; financial and compliance e-learning courses; to cybersecurity awareness campaigns; to diversity and inclusion webinars; and soft skills taught through classroom trainings. Development programmes were conducted online during the COVID-19 pandemic, but during 2022 we have resumed in person training.

Diversity, Equity and Inclusion

As we have a presence in more than 50 countries worldwide and multinational staff of whom many are multilingual, diversity is at the heart of our company. These different backgrounds and ways of thinking enrich us. Our people are the key to our success and we believe that collaboration between people with a mix of generations, genders and cultures brings the best results.

We strive to create a diverse and inclusive workplace. In the Employee Engagement Survey, we outperformed the external benchmark when it comes to being an inclusive organisation.

We aim to continue the focus on increasing diversity and inclusion at Atradius and bring more initiatives in 2023.

The Growth Programme

In 2021, the Growth Programme focused on personal well-being and the importance of having a good balance in a challenging environment. This year, we focused on gaining an overview and focus and building strong teams in the new hybrid-working world. Topics included managing workload, goal setting and how to create a dream team. As the well-being of our employees is extremely important to us, this program will continue for the third year in 2023.

Evolving our culture

To help our employees during these uncertain times, we strengthen our culture via Evolve+, our multi-year cultural programme. Since 2017, the Strike initiative has been taking place - a group-wide sales competition helping build and support our growing competitive spirit and actively encouraging proactivity and agility. In May 2022, a winners' event was hosted in Madrid to celebrate the Strike League winning teams from 2019, 2020 and 2021. The teams were recognised for their contribution, commitment and dedication to the winning of new business, and the significant contribution they made to our Strike targets.

Another Evolve+ initiative is the Digital Ambassadors Programme – a yearly programme that trains employees to play the role of navigator and sense-maker, providing a source of knowledge and expertise in guiding colleagues through their digitalisation journey. In 2022, we had 47 colleagues participating from all around the world motivated to increase their digital literacy and help their colleagues' ongoing digitalisation.

Atradius Cares, under the Evolve+ initiative, was introduced in 2017 to share our resources charitably and give back to society. This is applicable not only for our commercial stakeholders but also for the wider community and the environment. Over the past years, many events have been organised locally by our colleagues around the world. Participating in these initiatives encourages team spirit and reinforces positive and sustainable values while contributing positively to society. It contributes to our direct community and environment, and it also broadens personal horizons. For example, in April 2022, Atradius matched the amount that our colleagues donated to UNHCR and local initiatives to support Ukrainian refugees.

5.2 Our Network of Brokers

Our commercial network comprises a renowned network of agents and brokers of the Company who receive continuous support and offer a high level of professional advising throughout the entire process of offering our products and services.

5.3 Reinsurance

The Group's reinsurance includes a quota-share treaty with retention of 37% and an excess of loss contract adapted to the needs of our business.

The reinsurance business made a negative contribution of EUR 270.2 million (EUR 448.6 million in 2021) to the Company's total result.

As indicated in Note 1(e) to the accompanying financial statements, during 2021 reinsurance treaties were signed with different Governments that had a negative impact in 2022 of EUR 39.5 million in the Company's overall results.

The experience, technical support and financial strength of our panel of reinsurers are essential assets for our business and we continue to deepen our professional collaboration with our reinsurers' teams of people.

5.4 Trading with Own Shares

The Company engaged in no transactions with its own shares or with shares of the parent company during 2022 or 2021 and held none of its own shares as treasury stock at those year-ends.

5.5 Average Payment Period

The average payment term to the Company's suppliers for transactions in Spain did not exceed the legal maximum that applied in 2022 which, according to Law 3/2004 of 29 December 2004 on measures to combat late payments in commercial operations, is set at 30 days, unless a different payment period is agreed with the supplier, which may in no case exceed the legal maximum of 60 days.

During 2022 the average payment period was 26 days as indicated in Note 11 to the financial statements.

5.6 Financial Instruments

The information on financial investments and on management of liquidity and market risk is included in Note 8 to the accompanying financial statements.

5.7 Subsequent Events

The Company describes the significant events that have occurred after 31 December 2022 in Note 20 to the financial statements.

5.8 Non-Financial Information

The Company is exempt from including the non-financial information indicated in Law 11/2018 of 28 December 2018, because it is included in the consolidated Management Report of Grupo Catalana Occidente, S.A., the head company of the consolidated tax group with which the Company is consolidated. The consolidated Financial Statements of Grupo Catalana Occidente, S.A., together with its consolidated Management Report, will be deposited in the Commercial Registry of Madrid.

5.9 Research and Development

The Company is engaged in various multiyear programmes for transformation of its business applications that will enhance the interconnectivity of its business systems and facilitate integrated management of our insureds. Innovation projects continued during 2021 as a cornerstone of Atradius' digital transformation, with special focus on Big Data and artificial intelligence, connectivity, platforms, ecosystems y blockchains.

5.10 Environment, Society and Governance (ESG)

ESG developments in the Company are framed within the ESG (Environmental, Social & Governance) processes of Atradius as a group, and those of the ultimate parent company (Grupo Catalana Occidente S.A.).

Atradius has been enabling trade for nearly 100 years and it is important for us to think about what the next 100 years will look like in this new era of economic growth, and how Atradius will contribute to the global sustainability agenda.

We expect to see big changes in the way that trade will take place – especially as the world takes on the enormous challenge to be net zero by 2050. Businesses are increasingly challenged with considering criteria other than economic profitability, which means embedding sustainability in the decision-making process.

We are fully committed to ensuring that our own business is sustainable and supporting our customers to make their trade more sustainable.

In 2022, we formalised our sustainability ambition and created a dedicated ESG Committee, to structure the various ESG initiatives.

We have three pillars that reflect the different aspects of Sustainability and the ambition we are aiming for:

Planet

Atradius enables sustainable trade by supporting the most sustainable ways of doing business and we promote trade that is planet positive.

Our ambition:

- Shifting our portfolio to Net Zero by 2050
- Helping our customers find planet positive trading partners
- Supporting our customer's transition to clean production and supply chain
- Supporting our customers to lower their carbon footprint
- Responsible investment
- Carbon neutral in our own operations

People

Atradius empowers people & communities and we value the richness of genders, races, cultures and personalities.

Our ambitions:

- Equal opportunity employer regardless of genders, races and cultures
- Delivering value through diversity and inclusion
- Enhancing employability
- Supporting well-being of employees
- Giving back to society
- Striving for a good balance between the prosperity of communities and the impact on the environment
- Helping / coaching sustainable entrepreneurs
- Guiding / training our employees to contribute to a more sustainable future individually

Prosperity

Atradius pursues sustainable growth for the company, driven by transparency and integrity, fostering sustainable prosperity.

Our ambitions:

- Safeguarding the company through compliance with relevant international ESG standards. We also voluntarily define goals that go beyond compliance
- Building ESG factors into our strategic decision framework
- Innovation for growth – tapping into the potential of growing clean industries via matching products, services and business models
- Insurer of choice: trusted partner for sustainable global trade
- Partnership with growing green finance
- Attracting, motivating and retaining the best talent to achieve our sustainability goals

External Assessment of our activities

As a measure of the quality of our sustainability management system, our policies, actions and results were assessed on 21 sustainability criteria by EcoVadis (Business Sustainability Rating Agent, Barcelona), ranging from environment, labour and human rights, to ethics and sustainable procurement. The resulting scorecard puts Atradius in the upper half of all rated companies.

Since 2008 we have subscribed to the ten principles of the United Nations Global Compact (UNGC) on human rights, labour conditions, the environment and anti-corruption. Every year we provide an update on the progress we have made.

Moodys have assigned Atradius an ESG rating of CIS-2. This score is made up of two components. The Credit Impact score of Atradius is assessed as Neutral to low. The Issuer Profile Score has been assessed as neutral to low for Environmental (E), Social (S) and Governance (G) components.

6 Outlook for 2023

We predict global economic activity to slow to 1.3% in 2022. This marks the weakest growth profile since the global financial crisis (excluding the COVID-19 virus-driven downturn in 2020). Three critical factors weigh on growth: monetary policy tightening in response to high inflation, the impact of the war in Ukraine, and the ongoing impact of lockdowns (particularly in China) and supply chain disruptions. None of these factors is likely to be fully resolved in 2023.

Emerging markets are forecast to show relative resilience in 2023, with GDP growth forecast to go only a notch down, from 3.6%in 2022 to 2.9% in 2023. This partly reflects idiosyncratic factors, such as a rebound in Chinese growth as the economy emerges from COVID lockdowns and an easing in the pace of contraction in Russia. Emerging Asia remains the fastest growing region in 2023 (3.8%). In China, growth is foreseen to improve to 4.2%, due to a partial reversal of the COVID lockdowns of last year, and further aided by existing policy support and infrastructure spending. For Eastern Europe, we forecast a recession in 2023, reflecting negative growth in Russia as well as a sharp slowdown of growth in Turkey. We do not expect the war between Russia and Ukraine to be resolved soon.

Growth in advanced economies is projected to slow to 0.2%. Several key advanced markets – US, UK and eurozone – are expected to fall into recession in 2023. GDP growth in the United States is expected to decline further as stubborn inflation and hawkish monetary policy take their toll on consumption. Eurozone GDP growth is also expected to be in negative territory, mainly as a result of high energy prices. Governments in advanced markets continue to provide fiscal support in 2023, though the fiscal position is slightly less expansionary than last year. Central banks are expected to continue to keep monetary policy relatively tight as long inflation does not come down.

In 2023, insolvencies in most markets continue to adjust to normal, pre-pandemic levels. There remains, however, a wide dispersion of insolvency projections across countries. In South Korea, New Zealand, the United States and the Netherlands, the withdrawal of fiscal support is likely to lead to a strong increase in insolvencies, after insolvencies stayed relatively low in 2022. There are, however, also countries with a relatively small increase in insolvencies. The UK, for example, saw insolvencies already exceeding the pre-pandemic level in 2022, putting a lid on insolvency growth in 2023. Three markets – Romania, Switzerland and Spain – are expected to see a decline in annual insolvency growth in 2023.

Risks to the world economy remain high. New disruptions to energy markets resulting from the Russia-Ukraine war, policy mistakes in monetary tightening, or new, more lethal COVID-19 virus variants, are all risks that could further derail the global economy. The current risk environment makes it even more challenging for companies to emerge stronger from the COVID-19 pandemic.

Board of Directors

Xavier Freixes
Bernd Hinrich Meyer
Hugo Serra
Désirée van Gorp
John Hourican
Carlos Halpern
José María Sunyer
Juan Ignacio Guerrero
Joaquín Guallar

El Consejo de Administración de ATRADIUS CRÉDITO Y CAUCIÓN S.A. DE SEGUROS Y REASEGUROS, en su reunión de hoy, 1 de Marzo de 2023, ha formulado las Cuentas Anuales (PCEA) y el Informe de Gestión de la Compañía, correspondientes al ejercicio cerrado al 31 de diciembre de 2022, que constan extendidos en ____ páginas numeradas correlativamente, además de la presente y las siguientes páginas de firma numeradas de la (i) a la (ix), ambas inclusive.

Y para que así conste, en cumplimiento de lo preceptuado en el artículo 253 de la Ley de Sociedades de Capital, los Consejeros que se relacionan en las siguientes páginas firman esta manifestación, a 1 de Marzo de 2023

The Board of Directors of ATRADIUS CRÉDITO Y CAUCIÓN S.A. DE SEGUROS Y REASEGUROS, in the meeting held today, 1 March 2023, has formulated the Annual Accounts (Spanish GAAP) and the Management Report of the Company, corresponding to the financial year ended 31 December 2022. They consist of ____ consecutively numbered pages, in addition to this and the following signature pages numbered from (i) to (ix), both included.

And as an evidence thereof, in compliance with the provisions of article 253 of the Spanish Companies Act, the Directors referred to in the following pages sign this statement, on 1 March 2023.

Xavier Freixes Portes	Bernd Hinrich Meyer	Hugo Serra Calderón
Désirée Maria van Gorp	John Patrick Hourican	Carlos Halpern Serra
José María Sunyer Sendra	Juan Ignacio Guerrero	Joaquín Guallar