

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

Auditor's report
Annual accounts as of December 31, 2023
Management's report



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the annual accounts

To the shareholders of Atradius Crédito y Caución S.A. de Seguros y Reaseguros

Report on the annual accounts

Opinion

We have audited the annual accounts of Atradius Crédito y Caución S.A. de Seguros y Reaseguros (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2023, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2.1 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matters

How our audit addressed the key audit matters

Claims' technical provisions valuation

As a result of the Company's insurance activity, the balance sheet includes claims' technical provisions amounting to 1,8331 million euros. The amount recorded relates to management's estimates of total cost of claims, a significant part of these having been calculated using statistical methods that project the Company's historical information, following the assumptions selected by management.

These calculations are complex estimates whose results are impacted by the methodology applied and the assumptions selected by Management, such as the evolution of frequency and severity of claims.

Considering the current economic environment, the component of uncertainty and complexity in the determination of said estimates and the selection of the assumptions that underline the calculation, can significantly modify the annual accounts and, for this reason, we consider the valuation of these provisions a key matter of audit.

See notes 2.3, 4.8.2 and 16 of the annual accounts for the year 2023.

We have obtained an understanding of the process for estimating and recording claims' provisions, performing an assessment of the internal control, including information systems controls related to the valuation of these liabilities.

We have involved actuarial specialists to understand and evaluate the calculation methods used for the most significant claims' provisions. In collaboration with these specialists, and for a selection of claims' provisions, we have carried out the following procedures:

- Verification of the integrity and accuracy of the databases used to calculate the claims' provisions and, where appropriate, reconciliation of these with accounting records.
- Test of details over the consistency of the information related to the claims' provisions booked at the end of the period and payments made during such period.
- Verification, through a combination of recalculations and actuarial projections, of the sufficiency of the provision using different scenarios.
- Verification of the sufficiency of the claims' provision recorded as of the end of the previous year.
- Verification of the disclosures included within the annual accounts.

Based on the procedures described above, we have obtained adequate and sufficient audit evidence to support Management's estimates on this matter.

Key audit matters

How our audit addressed the key audit matters

Merger by absorption of Atradius Reinsurance DAC

The plan for the merger by absorption of the related entity Atradius Reinsurance DAC (the absorbed company) by Atradius Crédito y Caucción S.A. de Seguros y Reaseguros (the absorbing company) was formalised on 16 March 2023, being the registration date for accounting purposes of this business combination 1 January 2023, in accordance with the applicable financial reporting framework.

This process ended on 14 November 2023, when the deed for the merger by absorption of Atradius Reinsurance DAC by Atradius Crédito y Caucción S.A. de Seguros y Reaseguros was entered in the Commercial Register of Madrid.

As outlined in the accompanying annual accounts, total assets at 31 December 2022 of Atradius Reinsurance DAC amounted to 1,309 million euros, having a significant impact on the Company's annual accounts. We therefore consider the merger by absorption a key audit matter.

See notes 1 and 2.6 of the annual accounts for the year 2023.

We have obtained an understanding of the process followed for the identification and valuation of the assets acquired and liabilities assumed carried out in the process of merge.

We have carried out the following procedures:

- Analysis of the merger entry and its correct accounting treatment in accordance with the applicable regulations.
- Analysis of the communications and the authorizations to management obtained from the regulators.
- Verification of the disclosures included within the annual accounts.

As a result of the procedures described within the framework of our audit, no relevant matters warranting reporting have come to light.

Other information: Management report

Other information comprises only the management report for the 2023 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to:

- a) Verify only that the statement of non-financial information has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.
- b) Evaluate and report on the consistency between the rest of the information included in the management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the management report is consistent with that contained in the annual accounts for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.



Responsibility of the directors and the audit commission for the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit commission is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit commission regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit commission with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the entity's audit commission, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Report to the audit commission

The opinion expressed in this report is consistent with the content of our additional report to the audit commission of the Company dated 20 March 2024.

Appointment period

The General Extraordinary Shareholders' Meeting held on 20 November 2023 appointed us as auditors for a period of one year, for the year ended 31 December 2023.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of 3 years and we have audited the accounts continuously since the year ended 31 December 2018.

Services provided

Services provided to the audited entity and its subsidiaries for services other than the audit of the accounts are disclosed in note 19.2 to the annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by

Enrique Anaya Rico (23060)

March 20th, 2024

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

**Annual Statements and Management Report for the financial year
closed on December 31, 2023
Together with the Independent Audit Report**

All amounts are in millions of Euros, unless otherwise stated

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, 2023**

All amounts are in millions of Euros, unless otherwise stated

Annual Statements for the financial year 2023

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

Balance Sheets at 31 December 2023 and 2022

(Thousands of Euros)

Assets	Note	31.12.2023	31.12.2022 ⁽¹⁾
Cash and cash equivalents	8.1	627,725	399,682
Available-for-sale financial assets	8.2	2,579,327	1,781,248
Equity instruments		446,855	303,803
Debt securities		2,132,472	1,477,445
Loans and receivables		624,636	480,646
Loans	8.2	2,000	-
Deposits in credit institutions	8.2	50,212	43,073
Deposits made for accepted reinsurance	10	23,899	2,320
Receivables on direct insurance operations	10	114,449	119,394
<i>Policyholders</i>		94,960	98,237
<i>Brokers</i>		19,489	21,157
Receivables on reinsurance operations	10	97,812	111,881
Other receivables	10	336,264	203,978
<i>Tax receivables</i>		2,917	717
<i>Rest of receivables</i>		333,347	203,261
Reinsurance share on technical provisions	16.1	915,005	888,962
Provision for unearned premiums		286,512	272,430
Provision on claims		628,493	616,532
Property, plant and equipment and investment property	6	74,138	68,822
Property, plant and equipment		67,077	61,631
Investment property		7,061	7,191
Intangible assets	5	80,004	105,985
Goodwill		9,123	13,713
Other intangible assets		70,881	92,272
Holdings in Group companies and associates	9	16,493	16,493
Holdings in Group companies		16,493	16,493
Tax assets	12	271,143	244,884
Current tax assets		56,714	51,388
Deferred tax assets		214,429	193,496
Other assets		630,346	366,695
Assets and reimbursement rights for long-term staff remuneration	14.1	101,762	88,505
Accrual accounts		528,584	278,190
Total assets		5,818,817	4,353,417

(1) Presented solely and exclusively for purposes of comparison. Atradius Reinsurance DAC amounts are not included in these figures. 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 Caucción S.A. de Seguros y Reaseguros

Balance Sheets at 31 December 2023 and 2022

(Thousands of Euros)

Liabilities	Note	31.12.2023	31.12.2022 ⁽¹⁾
Debts and payables	11	338,994	396,137
Deposits received for ceded reinsurance		9,256	9,903
Payables on insurance operations		68,317	74,089
<i>Payables to insurers</i>		37,943	41,925
<i>Payables to brokers</i>		16,968	18,532
<i>Conditional payables</i>		13,406	13,632
Payables on reinsurance operations		130,682	182,534
Other accounts payable:		130,739	129,611
<i>Tax payables</i>		11,092	7,616
<i>Other accounts payable to Group companies and associates</i>	18.1	20,669	49,315
<i>Rest of other accounts payable</i>		98,978	72,680
Technical provisions	16.1	2,847,594	2,004,525
Provision for unearned premiums		960,131	701,723
Claims provision		1,830,743	1,238,688
Provision for profit sharing and for return premiums		56,720	64,114
Non-technical provisions	14	53,023	60,450
Provision for pensions and similar obligations		51,676	59,475
Other non-technical provisions		1,347	975
Tax liabilities	12	295,007	252,199
Current tax liabilities		25,696	43,519
Deferred tax liabilities		269,311	208,680
Other liabilities		177,218	173,345
Accrual accounts		64,902	65,926
Commissions and other acquisition costs of ceded reinsurance		112,316	107,419
Total liabilities		3,711,836	2,886,656
Equity			
Shareholder funds	17	2,121,028	1,551,444
Capital or mutual fund		32,813	24,870
Share premium		478,495	1,231
Reserves		1,587,656	1,418,879
<i>Legal and bylaws reserves</i>		17,409	17,409
<i>Equalization reserve</i>		1,001,709	800,488
<i>Other reserves</i>		568,538	600,982
Other shareholder contributions		60,000	60,000
Result for the year		325,441	216,422
(Interim dividend and interim equalization reserve)		(363,377)	(169,958)
Valuation adjustments:		(14,047)	(63,905)
Available-for-sale financial assets		17,045	(37,232)
Exchange and translation differences		(31,092)	(26,673)
Total equity		2,106,981	1,487,539
Total liabilities and equity		5,818,817	4,374,195

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

Profit and loss Statements for the years ended 31 December 2023 and 2022

(Thousands of Euros)

Technical account – Non-life insurance	Note	2023	2022 ⁽¹⁾
Premiums Attributed to the Year, Net of Reinsurance		1,354,225	1,022,691
Gross written premiums		2,232,283	1,880,367
<i>Direct insurance</i>	15	1,816,664	1,760,973
<i>Accepted reinsurance</i>	15	417,914	124,452
<i>Change in impairment losses on uncollected premiums (+ /-)</i>		(2,295)	(5,058)
Ceded reinsurance premiums	15	(796,224)	(767,448)
Change in the provision for unearned premiums and for unexpired risks (+/-)	16.1	(97,734)	(62,636)
<i>Direct insurance</i>		(65,054)	(64,742)
<i>Accepted reinsurance</i>		(32,680)	2,106
Change in the provision for unearned premiums, ceded reinsurance (+/-)	16.1	15,900	(27,592)
Income from property, plant and equipment and from investments		72,839	23,808
Income from investment property	6	961	518
Income from financial investments		71,878	23,290
Other technical income	16.3	56,596	57,784
Claims for Year, Net of Reinsurance		(631,726)	(521,914)
Claims and expenses paid		(437,232)	(184,415)
<i>Direct insurance</i>		(529,167)	(394,411)
<i>Accepted reinsurance</i>		(157,304)	(12,188)
<i>Ceded reinsurance</i>		249,239	222,184
Variation in the claims provision (+/-)	16.1	(146,786)	(295,702)
<i>Direct insurance</i>		(142,726)	(244,373)
<i>Accepted reinsurance</i>		(15,211)	(31,207)
<i>Ceded reinsurance</i>		11,151	(20,122)
Expenses attributable to claims		(47,708)	(41,797)
Profit sharing and for return premiums		11,087	(27,972)
Variation in the provision for profit sharing and for return premiums (+/-)	16.3	11,087	(27,972)
Net Operating Expenses		(460,689)	(279,328)
Acquisition costs	16.3	(332,892)	(225,305)
Administration costs	16.3	(455,536)	(376,766)
Commissions and profit sharing on ceded reinsurance and retrocession	16.3	327,739	322,743
Other Technical Expenses	16.3	163	(225)
Expenses on property, plant and equipment and investments		(15,067)	(6,163)
Investment management expenses		(14,937)	(5,592)
Expenses on investment property		(327)	(318)
Expenses on investments and financial accounts		(14,610)	(5,274)
Valuation adjustments of property, plant and equipment and investments		(130)	(571)
Impairment of property, plant and equipment and investment property	6	(130)	(158)
Impairment of financial investments	8.2	-	(413)
Subtotal (Result of Non-Life Insurance Technical Account)		387,428	268,681

(1) Presented solely and exclusively for purposes of comparison. Atradius Reinsurance DAC amounts are not included in these figures. 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 Caucción S.A. de Seguros y Reaseguros

Profit and loss Statements for the years ended 31 December 2023 and 2022

(Thousands of Euros)

Non-Technical Account	Note	2023	2022 ⁽¹⁾
Income from property, plant and equipment and from investments		36,878	35,192
Gains on sale of property, plant and equipment and investments		36,878	35,192
<i>Of property, plant and equipment and investment property</i>		-	3,839
<i>Of financial investments</i>	8.2	36,878	31,353
Expenses on property, plant and equipment and investments		(12,057)	(19,753)
Losses on property, plant and equipment and investments		(12,057)	(19,753)
<i>On property, plant and equipment and investment property</i>		(1,766)	(1,039)
<i>On financial investments</i>	8.2	(10,291)	(18,714)
Other income		21,310	-
Rest of revenues	13.2	21,310	-
Other expenses		(3,729)	6,340
Rest of expenses	13.2	(3,729)	6,340
Subtotal (Result of Non-Technical Account)		42,403	21,779
Profit before tax		429,831	290,461
Corporate Income Tax	12	(104,390)	(74,039)
Net Profit for the Year		325,441	216,422

(1) Presented solely and exclusively for purposes of comparison. Atradius Reinsurance DAC amounts are not included in these figures. 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 2023 and 2022

A) Statement of Recognised Income and Expense (Thousands of Euros)

	2023	2022 ⁽¹⁾
Result for the year	325,441	216,422
Other recognised income and expense		
Available-for-sale financial assets	93,699	(155,629)
Valuation gains/(losses)	120,286	(143,403)
Amounts transferred to profit or loss	(26,587)	(12,226)
Valuation gains/(losses)	(6,043)	(7,431)
Valuation gains/(losses)	(6,043)	(7,431)
Actuarial gains/(losses) on pension benefits	9,905	36,009
Actuarial gains/(losses) on pension benefits	9,905	36,009
Corporate income tax	(19,678)	27,562
Total recognised income and expense	403,325	116,933

(1) Presented solely and exclusively for purposes of comparison. Atradius Reinsurance DAC amounts are not included in these figures. 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 2023 and 2022

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 dividends and interim equalization reserve	Valuation adjustments	Total
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	-	-	-	-	-	-	-	-	-	-	-	-
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
Balances at 1 January 2023	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
Total recognised income/(expenses)	-	-	-	-	-	-	7,248	-	325,441	-	70,636	403,325
Transactions with shareholders or mutual soc. members	-	-	-	-	(86,156)	-	-	-	-	(162,156)	-	(248,312)
Distribution of dividends or assessments received	-	-	-	-	(86,156)	-	-	-	-	(162,156)	-	(248,312)
Merger with Atradius Reinsurance DAC	7,943	477,264	-	-	20,778	-	-	-	-	-	(20,778)	485,207
Other changes in equity	-	-	-	201,221	46,463	-	-	-	(216,422)	(31,263)	-	-
Transfers between equity captions	-	-	-	-	46,463	-	-	-	(216,422)	169,958	-	-
Other changes	-	-	-	201,221	-	-	-	-	-	(201,221)	-	-
Balances at 31 December 2023	32,813	478,495	17,409	1,001,709	589,747	5,552	(26,762)	60,000	325,441	(363,377)	(14,047)	2,106,981

(1) Presented solely and exclusively for purposes of comparison. Atradius Reinsurance DAC amounts are not included in these figures. 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 Caucción S.A. de Seguros y Reaseguros

Statements of Cash Flows for 2023 and 2022 (Thousands of Euros)

	Note	2023	2022 (1)
A. Cash flows from operating activities			
A-1 Underwriting activities			
1.- Premiums received from direct insurance, coinsurance and accepted reinsurance		2,164,138	1,823,469
2.- Payments of claims for direct insurance, coinsurance and accepted reinsurance		(894,498)	(574,257)
3.- Cash received from ceded reinsurance		640,477	573,258
4.- Payments for ceded reinsurance		(835,946)	(1,014,259)
5.- Recovery of claims		208,027	167,658
6.- Remuneration paid to brokers		(318,823)	(200,711)
7.- Other cash received from operating activities		50,394	50,314
8.- Other cash paid in operating activities		(470,164)	(440,501)
9. Total cash inflows from underwriting activities (1+3+5+7 = I)		3,063,036	2,614,699
10. Total cash outflows in underwriting activities (2+4+6+8 = II)		(2,519,431)	(2,229,728)
A-2 Other operating activities			
3.- Cash received from other activities		9,011	10,537
5.- Total cash inflows from other operating activities (1+3) = III		9,011	10,537
6.- Total cash outflows in other operating activities (2+4) = IV		-	-
7.- Cash received/(paid) for Corporate Income Tax (V)		(110,530)	(110,530)
A-3 Total net cash flows from operating activities (I-II+III-IV+V)		442,086	284,978
B. Cash flows from investing activities			
B-1 Cash inflows from investing activities			
1.- Property, plant and equipment	6	9,542	60
2.- Investment property	6	-	1,162
4.- Financial instruments		1,380,240	684,749
6.- Interest received		51,966	19,301
7.- Dividends received		13,795	8,740
6. Total cash inflows from investing activities (1+2+3+4+5 = VI)		1,462,535	714,012
B-2 Cash paid in investing activities			
1.- Property, plant and equipment		(13,953)	(5,892)
3.- Intangible assets		(14,672)	(23,263)
4.- Financial instruments		(1,430,392)	(925,514)
6.- Business unit		66,827	-
5. Total cash outflows in investment activities (1+2+3+4 = VII)		(1,392,190)	(954,669)
B-3 Total cash flows from investing activities (VI + VII)		70,345	(240,657)
C. Cash flows from financing activities		(258,703)	(2,600)
C-1 Cash received from financing activities (VIII)		-	-
C-2 Cash paid in financing activities		(258,703)	(2,600)
1.- Dividends to shareholders	17.4	(248,312)	-
2.- Interest paid		(10,391)	(2,600)
C-3 Total net cash flows from financing activities (VIII+IX)		(258,703)	(2,600)
Total increases/decreases in cash and cash equivalents (A-3 + B-3 + C-3)		253,728	41,722
Cash and cash equivalents at start of year	8	399,682	347,323
Effect of exchange rate changes on cash and cash equivalents		623	10,637
Cash and cash equivalents at end of year	8	654,033	399,682
Components of cash and cash equivalents at end of year			
1.- Cash on hand and at bank		482,865	345,682
2.- Other financial assets		144,860	1,641
Total cash and cash equivalents at end of year		627,725	347,323

(1) Presented solely and exclusively for purposes of comparison. Atradius Reinsurance DAC amounts are not included in these figures. Notes 1 to 20 and the Annex to these Financial Statements form an integral part of the balance sheet at 31 December 2022.

2) Includes Atradius Reinsurance DAC figures at 2023 closing

All amounts are in millions of Euros, unless otherwise stated

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

Notes to the Financial Statements for the year ended 31 December 2023

Notes 2023

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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 2023

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 2023, 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 Surety.

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. ("GCO"), a company incorporated and domiciled in Madrid, Spain.

At year-end 2023, the shareholder structure had not changed. The shareholder of reference of GCO is INOC, S.A., which controls, direct and indirectly, approximately 62.03% of the share capital.

GCO, through the company Sociedad Gestión Catalana Occidente S.A., holds 1,977,283 shares with an aggregate acquisition cost of 22.8 million euros, representing 1.65% of the share capital. Those linked to the council represent a 2.79%. GCO's free float is 33.53%, half of which is held by institutional investors. GCO 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 (32.4%)
- USA (31.0%)
- United Kingdom (23.2%)
- Norway (1.4%)
- 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 GCO that is governed by Spanish company law and has its registered office at Paseo de la Castellana, 4 (Madrid). The 2023 consolidated financial statements of GCO were authorised by the Directors of GCO at the Board of Directors meeting held on 29 February 2024 and will be deposited with the Commercial Registry of Madrid.

GCO has the obligation to file consolidated information with the DGSFP.

d. Merger with Atradius Reinsurance DAC

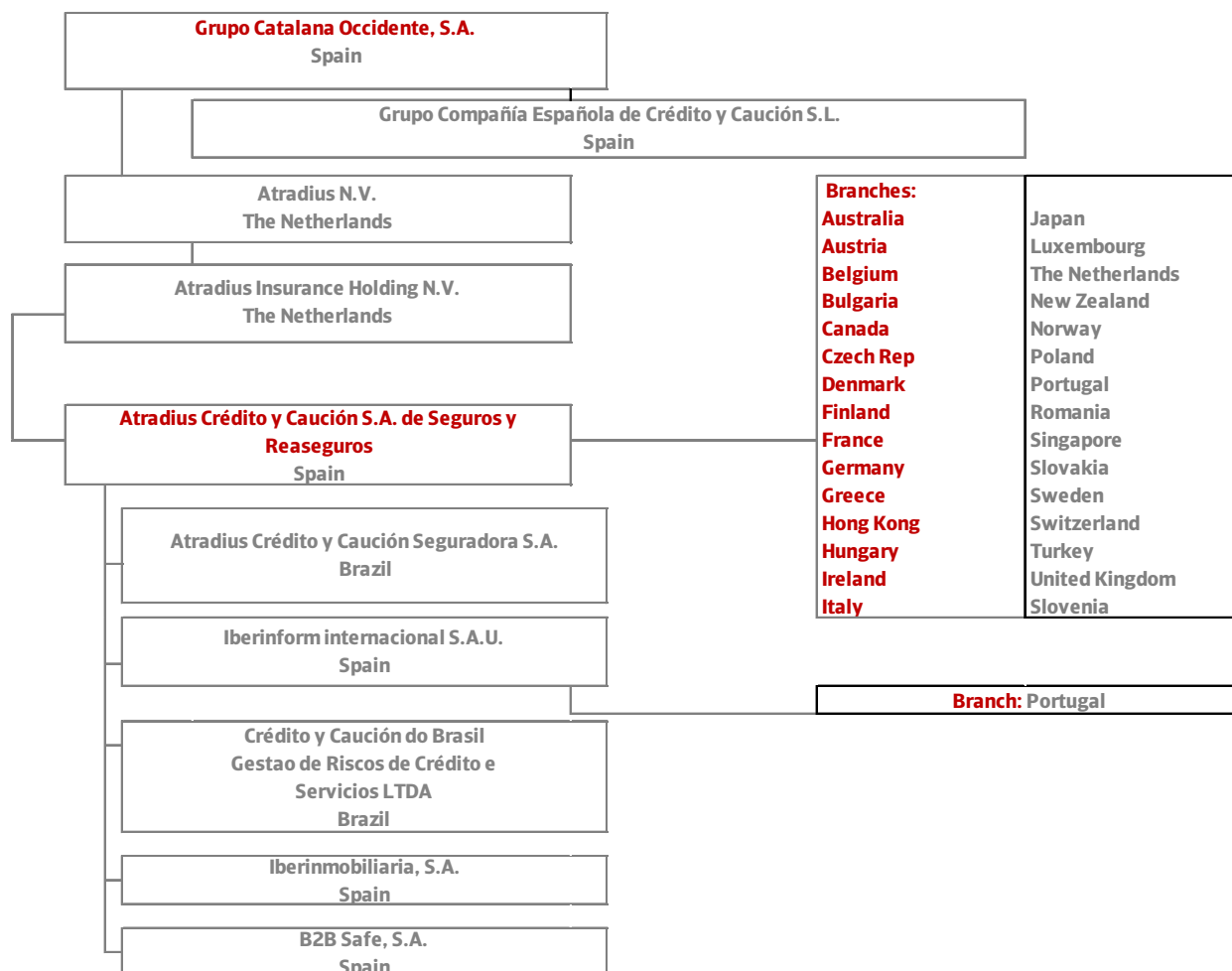
As per 31 October 2023, the intracommunity cross-border merger by absorption between ACyC as the Absorbent Company and Atradius Reinsurance DAC (ARE) as the Absorbed Company was completed. ARE was dissolved without going into liquidation and the whole of its assets and liabilities, included its reinsurance obligations, were transferred by universal succession to ACyC by being assigned to its branch in Ireland, carrying out the reinsurance activities of ARE as its legal successor since that date.

e. 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.

As per 31 December 2023, and after the merger previously mentioned in this Note, the Company has a strong international presence in more than 50 countries through its branches network.



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

ACyC works with two main direct insurance products: credit insurance and surety. 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.

Surety

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 surety 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.

Reinsurance

ACyC underwrites reinsurance programmes for credit insurance and surety business written by primary insurers. This business is conducted by the branch of ACyC in Ireland ("ACyC Ireland").

ACyC provides reinsurance capacity for primary insurance companies from both the developed and developing credit insurance and surety markets. It currently assumes business from 70 countries worldwide, maintaining a balanced diversity within the portfolio from each continent. The underlying business consists of approximately 59% credit insurance and 41% surety, based on premium volume.

Reinsurance underwriting guidelines and risk boundaries define the kind of business Atradius Reinsurance DAC is authorised to write, with specific guidelines for type of product, capacity limit, exposure, term and diversity of the underlying insurance ceded. Particular attention is given to ensuring the diversity of business from third party clients and the level of exposure to any one country, company, or market is managed within agreed underwriting limits and capacity.

All reinsurance business is regularly reviewed with respect to past underwriting years' performance, triangulation development, individual buyer exposure development, aggregate total potential exposure management of economic capital requirements and market and country exposure. Risk and policy limit setting is monitored to ensure credit quality and compliance of the underlying insurance products to the terms of the reinsurance programme.

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.

g. 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.

h. 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
Atradius Reinsurance DAC Escritório de Representação no Brasil Ltda.	Reinsurance and related operations

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. In addition, homogenization journals have been made for those transactions related to the business of the absorbed company in the merger (ARE), as indicated in Note 1.

2.2 Fair presentation

The 2023 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 2023, 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 12 March 2024, 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 2022, were approved by the Directors of the Company on 1 March 2023 and by the Company's shareholders at the General Shareholders' Meeting of 31 March 2023.

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.

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 surety business usually only incurs irrecoverable losses when, after a bond call, any payments to beneficiaries recourse to the surety customer or its guarantors fails. This is typically due to either the insolvency or bankruptcy of the surety 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 surety 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 2022 is presented solely and exclusively for purposes of comparison with the information for 2023.

As per 31 October 2023, and as indicated in Note 1, ACyC merged with ARE. The effective date of the merger of the two entities under common control, for purposes of preparing the financial information, is 1 January 2023. As both entities belong to the same group, figures prior to the date of the merger remain without any change. This means that comparative figures corresponding to financial year 2022 in financial statements of 31 December 2022 correspond exclusively to ACyC, as ARE figures are included from 1 January 2023 (see Annex. Merger Balance sheets). The impact in net assets due to the merger are detailed in the Statement of Changes in Total Equity.

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 2023 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	325,441
Total	325,441
Allocation	
Interim allocation to the equalization reserve	201,221
To legal and bylaws reserves	5,561
To voluntary reserves	118,659
Total	325,441

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;
- 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 2023 and 2022, 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 2023 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

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 amounts are in millions of Euros, unless otherwise stated

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 2023, 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".

All amounts are in millions of Euros, unless otherwise stated

- 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 at 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.

All amounts are in millions of Euros, unless otherwise stated

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 2023	1.151	0.615	1.158	0.605
At 31 December 2022	1.127	0.637	1.156	0.648

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

2023	Assets	Earned premiums	Profit before tax
EUR	3,837,185	1,616,627	332,685
GBP	628,190	158,910	25,525
AUD	147,704	55,545	9,505
Other currencies	1,206,089	401,201	62,116
Total	5,819,168	2,232,283	429,831

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

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 carry forwards 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 carry forward 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 2023, the amount of accrued commissions was EUR 147.0 million (2022: EUR 69.6 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 2023 and 2022, 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 surety 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 2024 would be around 20% above the level of end 2023. The main methodologies for estimating claims provisions for traditional credit insurance combined underpin 71% (2022: 65%) 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 2023 closing as we did for 2022 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. Despite of the increasing trend in claim entry during second half of 2022 and 2023, the total number of claims registrations during 2023 is still 4 – 24% lower than the claims reported during the first half of 2020, depending on the country (overall, 14% lower). The 2023 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 15 – 40% depending on the country due to uncertainty in the current economic environment (overall, 22%).

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 42 million, gross of reinsurance (2022: EUR 37 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 38 million (2022: 34 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 94 million (2022: 75 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 is 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 and the outstanding related to sanctioned parties involved in the impacted policies. 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 update, a EUR 122m provision gross of reinsurance (EUR 92m net of reinsurance) has been added. (2022: EUR 140m, and EUR 98m net of reinsurance).

Claims provisions are presented net of recoveries from salvage and subrogation. Realised recoveries can deviate from expected recoveries. Expected recoveries amount to EUR 400 million (2022: EUR 364 million). The largest two components of the expected recoveries are the recoveries for traditional credit insurance of EUR 178 million (2022: EUR 160 million) and for instalment credit protection of EUR 134 million (2022: EUR 132 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 18 million (2022: EUR 16 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 (2022: 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 surety, 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, surety, 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 surety have a greater uncertainty than estimates for future claims payments for credit insurance. Surety 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 surety, 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 surety are periodically reviewed and adjusted to experience. All reinsurance business assumed is reviewed regularly in detail for past underwriting years performance, triangulation development, individual buyer exposure development and aggregate total potential exposure management, market and country exposure.

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.

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 surety 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 surety 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 surety 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 2023, Atradius decided to renew its reinsurance arrangements for 2024. This trend will continue with the renewal of the reinsurance arrangements for 2025 in early 2024. On renewal, Atradius assesses the optimal structure of the treaties for the forthcoming period, including excess of loss. A number of items are taken into consideration during this review, including the forecast growth in the underlying business, economic developments etc. In addition, the proposed structure is considered in the context of the Solvency II capital requirements and Atradius' risk appetite.

For the 2023 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% (2022: 63%).

In addition, there are two separate quota share treaties, which cover a limited number of policies, where the retention percentage is 25%, and a single excess of loss treaty, covering the own retention under these quota share treaties, consisting of a series of excess of loss layers (per buyer group). The excess of loss treaty also provide protection for the assumed business of ACyC Ireland. The combined excess of loss programme for Atradius has mitigated the likelihood of it retaining two separate retentions if a common buyer were to fail, affecting both the assumed and direct business of Atradius. 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 group will exceed the top end of the excess of loss coverage purchased.

The attachment point of the excess of loss treaties has been set such that the net retention for business ceded under the quota share treaties and excess of loss structure for any buyer group does not exceed EUR 26.25 million for ACyC.

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.

Reinsurance Result decreased by EUR 32.3 million. The result from government schemes in comparison with previous year is significantly lower (EUR -16.7 million at DEC 2023 vs EUR -39.5 million at DEC 2022). During 2023, Spain and United Kingdom have proceeded to commute their respective Government Schemes, with the remaining treaties still in force.

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:

All amounts are in millions of Euros, unless otherwise stated

- 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 Caucción 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 2023 includes EUR 1.7 million to fund the commitments with those employees (2022: 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 (surety). This provisional premium is later adjusted to match the actual sales insured. At 31 December 2023, EUR 330.8 million was recorded in “Other assets – Accrual accounts” for premiums accrued and not issued net of commissions and reinsurance (2022:EUR 165.2 million).

That line item also includes deferred expenses of EUR 13.7 million (2022: EUR 16.3 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).

For third party business, premium estimates and reserves are set on a reinsurance contract to contract basis by the Company actuary in consultation with the reinsurance underwriter. The underwriters estimate the premium income, ultimate loss ratios and ultimate commission and brokerage costs. These values are then applied to an actuarial risk earnings model incorporating standard actuarial statistical techniques to evaluate the appropriate earned income, reserves setting and costs basis for each reinsurance contract. The performance of each reinsurance contract is regularly reviewed for past underwriting years performance and development and triangulation development to ensure reserves for that reinsurance contract are maintained or adjusted as appropriate.

Regarding to the reinsurance business after the merger with ARE, for third party business, premium estimates and reserves are set on a reinsurance contract to contract basis by the Company actuary in consultation with the reinsurance underwriter. The underwriters estimate the premium income, ultimate loss ratios and ultimate commission and brokerage costs. These values are then applied to an actuarial risk earnings model incorporating standard actuarial statistical techniques to evaluate the appropriate earned income, reserves setting and costs basis for each reinsurance contract. The performance of each reinsurance contract is regularly reviewed for past underwriting years performance and development and triangulation development to ensure reserves for that reinsurance contract are maintained or adjusted as appropriate” Premium estimates and related earned premium are also reviewed by reference to reports from third party companies to determine whether any premium adjustments are necessary.

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 2023 and 2022 are as follows:

2023	Goodwill	Computer applications	Portfolio acquisition	Total
Balances at cost at 1 January	45,803	342,358	17,120	405,281
Effect of merger with ARE (Note 1)	-	14	-	14
Additions	-	14,672	-	14,672
Retirements	-	(5,459)	(1,533)	(6,992)
Effect of changes in foreign exchange rates	(5)	2,576	(30)	2,541
Balances at cost at 31 December	45,798	354,161	15,557	415,516
Accumulated amortisation and impairment at 1 January	(32,090)	(250,086)	(17,120)	(299,296)
Allocations with a charge to the profit and loss statement	(4,585)	(5,879)	-	(10,464)
Retirements	-	1,860	1,533	3,393
Impairment	-	(27,119)	-	(27,119)
Effect of changes in foreign exchange rates	-	(2,042)	30	(2,012)
Accumulated amortisation and impairment at 31 December	(36,675)	(283,280)	(15,557)	(335,512)
Balances at 1 January	13,713	92,272	-	105,985
Balances at 31 December	9,123	70,881	-	80,004

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

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 2023, just as in 2022.

All amounts are in millions of Euros, unless otherwise stated

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

Cash Generating Units	2023	2022
ACyC branch France	1,797	2,700
ACyC branches in Nordic countries	484	736
ACyC branch Germany	6,194	9,304
ACyC branch Switzerland	648	973
Total	9,123	13,713

(1) The goodwill of the Nordic countries unit includes the surety 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 higher Goodwill (ACyC Germany and ACyC France), 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 (2022: 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 surety line. Both restructurings were carried out in 2005 via an aggregation of businesses of the former ACI. The changes generated during 2023 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⁾	
	+50pb	-50pb	+50pb	-50pb	+50pb	-50pb	+1,000bp	-1000bp
2023								
ACyC branch France	(7.8%)	9.5%	6.0%	(4.9%)	(3.3%)	3.3%	(0.8%)	0.8%
ACyC branches in Nordic countries	(8.2%)	10.0%	6.4%	(5.3%)	(2.4%)	2.4%	(2.5%)	2.5%
ACyC branch Germany	(7.6%)	9.6%	6.5%	(5.1%)	(3.8%)	3.8%	(3.2%)	3.2%
ACyC branch Switzerland	(7.4%)	9.7%	6.8%	(5.2%)	(3.7%)	3.7%	(5.5%)	5.5%
Cash Generating Units	Discounte rate		Growth rate		Combined ratio		Solvency Ratio ¹⁾	
	+50bp	-50bp	+50bp	-50bp	+50bp	-50bp	+1,000bp	-1000bp
2022								
ACyC branch France	(10.3%)	13.2%	9.2%	(7.2%)	(3.6%)	3.6%	(0.7%)	0.7%
ACyC branches in Nordic countries	(12.1%)	16.1%	11.9%	(8.9%)	(4.3%)	4.3%	(4.6%)	4.6%
ACyC branch Germany	(8.0%)	10.5%	7.3%	(5.6%)	(5.2%)	5.2%	(5.0%)	5.0%
ACyC branch Switzerland	(8.9%)	12.1%	8.7%	(6.4%)	(3.6%)	3.6%	(3.5%)	3.5%

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 27.1 million in its in-house software (2022: EUR 0.4 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 2023, ACyC capitalised EUR 14.2 million primarily in respect of the Atradius Business Transformation project (ABT) (2022: EUR 20 million).

The amount recorded for computer applications in branches outside Spain totalled EUR 72.8 million (2022: EUR 91.1 million).

At 31 December 2023 and 2022 there were no fully amortised intangible assets still in use. The whole of the intangible assets that were fully amortised by year-end 2023 have been derecognised on the balance sheet in the amount of EUR 1.9 thousand (2022: EUR 84 thousand).

6 Property, plant and equipment and investment property

The breakdown and movements of this balance sheet heading in 2023 and 2022 are as follows:

2023	Land and buildings	Furniture and fixtures	Data processing equipment	Total
Balances at cost at 1 January	66,781	47,930	45,547	160,259
Additions	-	7,650	6,303	13,953
Retirements	-	(5,762)	(3,780)	(9,542)
Effect of changes in foreign exchange rates	3	266	324	593
Balances at cost at 31 December	66,784	50,168	48,477	165,430
Accumulated depreciation and impairment at 1 January	(19,750)	(33,591)	(38,007)	(91,348)
Charge to the profit and loss statement	(769)	(3,025)	(4,019)	(7,813)
Retirements	-	4,942	3,488	8,430
Effect of changes in foreign exchange rates	-	(181)	(291)	(472)
Accumulated depreciation and impairment at 31 December	(20,519)	(31,906)	(38,867)	(91,292)
Balances at 1 January	47,031	14,288	7,502	68,822
Balances at 31 December	46,265	18,262	9,610	74,138

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
Reversal of impairment losses	-	-	-	-
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

At 31 December 2023, a total of EUR 0 miles (2022: EUR 0 miles) of impairment adjustments were reversed.

At year-end 2023 and 2022, none of the fully depreciated property, plant and equipment remained in use. The whole of these assets that were fully depreciated by year-end 2023 have been derecognised on the balance sheet in the amount of EUR 8.4 millones (2022: EUR 7.9 millones).

At 31 December 2023, 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 1.3 million (2022: EUR 1.2 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 2023 and 2022:

At 31 December 2023	Carrying Value (Gross)	Accumulated Depreciation	Accumulated Valuation Adjustments	Total
Property, Plant and Equipment	55,689	(16,270)	(218)	39,201
Investment Property	11,092	(3,961)	(70)	7,061
Total	66,781	(20,231)	(288)	46,262
At 31 December 2022				
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

Shown below is the separate gross value of the buildings and land owned by the Company at year-end 2023 and 2022:

At 31 December 2023	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 2022			
Land	22,512	1,206	23,718
Buildings	33,177	9,886	43,063
Total	55,689	11,092	66,781

The attached Annex gives a breakdown of the land and buildings owned by the Company at 31 December 2023 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 GCO 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 2023 are rented out, mainly for offices and commercial activities. In 2023, the rent revenue from the investment properties owned by the Company amounted to EUR 1 million (2022: EUR 0.5 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 2023 and 2022:

All amounts are in millions of Euros, unless otherwise stated

	2023		2022	
	Carrying Value (Gross)	Accumulated Depreciation	Carrying Value (Gross)	Accumulated Depreciation
Furniture and Fixtures	45,000	(32,255)	42,998	(32,586)
Data processing equipment	39,767	(35,748)	42,748	(36,519)
Total	84,767	(68,003)	85,746	(69,105)

7 Leases

The non-cancellable operating lease commitments are shown below:

	2023	2022
Less than 1 year	17,351	19,840
Between 1 and 5 years	44,328	49,913
More than 5 years	20,483	33,639
Total	82,162	103,392

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% (2022: 93.0%) of the expected total future payments.

The Company is lessee in leases with third parties that during 2023 generated a cost of EUR 24.2 million (2022: EUR 23.8 million).

At 31 December 2023, 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

	2023	2022
Cash at bank and cash at hand	482,865	260,499
Restricted cash	97,006	119,070
Bank deposits	47,854	20,113
Total	627,725	399,682

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.

Restricted cash is mainly a local requirement to cover technical provisions in Switzerland and the United Kingdom.

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Equity instruments:								
- Financial investments in equity	-	-	446,855	303,803	-	-	446,855	303,803
Debt securities	-	-	2,132,472	1,477,445	-	-	2,132,472	1,477,445
Loans	-	-	-	-	2,000	-	2,000	-
Deposits in credit institutions	-	-	-	-	50,212	43,073	50,212	43,073
Other financial assets	627,725	399,682	-	-	-	-	627,725	399,682
Total	627,725	399,682	2,579,327	1,781,248	52,212	43,073	3,259,264	2,224,003

1) In 2023 and 2022 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				
2023	Equity instruments	Debt securities	Deposits in credit institutions and other investments	Total
Balances at 1 January	303,803	1,477,445	43,073	1,824,321
Effect of merger	78,750	776,509	-	855,259
Additions	693,111	399,522	88,221	1,180,854
Retirements	(688,904)	(574,585)	(77,466)	(1,340,955)
Writedowns	-	(2,717)	-	(2,717)
Gains/losses recognised on sale	36,314	(9,776)	-	26,538
Changes in value against reserves	23,732	69,967	-	93,699
Impairment losses	-	-	-	-
Effect of changes in foreign exchange rates	49	(3,893)	(1,616)	(5,460)
Balances at 31 December	446,855	2,132,472	52,212	2,631,539

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	82,885	870,909
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	4,327	1,095	5,903
Balances at 31 December	303,803	1,477,445	43,073	1,824,321

At 31 December 2023, there had accrued explicit interest on fixed-income securities and deposits in credit institutions of EUR 16.5 million (2022: EUR 10.1 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	Level 1	Level 3	Total
2023			
Available for sale:			
Equity securities	410,702	36,153	446,855
Debt securities:			
Government bonds	1,607,689	-	1,607,689
Corporate bonds	524,783	-	524,783
Total	2,543,174	36,153	2,579,327

Financial instruments measured at fair value assets	Level 1	Level 3	Total
2022			
Available for sale:			
Equity securities	272,154	31,649	303,803
Debt securities:			
Government bonds	1,176,552	-	1,176,552
Corporate bonds	300,893	-	300,893
Total	1,749,599	31,649	1,781,248

At 2023, the Company was primarily exposed to securities traded on active markets (Level 1), although 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	
	2023	2022
Balance at 1 January	31,649	27,123
Total gains or losses:	-	-
In statement of recognised income and expense	(3,236)	1,107
Purchases/Sales	7,740	3,419
Balance 31 at December	36,153	31,649

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 2023	Available	Less than 1 year	1 to 5 years	More than 5 years	Total
Available-for-sale financial assets:					
- Debt securities	-	439,074	1,559,809	133,588	2,132,472
Loans and receivables:					
- Deposits in credit institutions and loans	-	52,212	-	-	52,212
Other financial assets	1,074,580	-	-	-	1,074,580
Total	1,074,580	491,286	1,559,809	133,588	3,259,264

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

The average annual yields in 2023 and 2022 on fixed-income securities and other similar financial investments, classified by homogeneous issuer group, are shown below:

	% Yield	
	2023	2022
Bonds issued by private entities	3.39%	3.48%
Bank deposits	3.56%	0.24%

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 2023 and 2022:

	2023	2022
Gains recorded in the profit and loss statement on sale	36,878	31,353
Losses recorded in the profit and loss statement on sale	(10,291)	(18,714)

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 surety 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 minimum allowed average rating of the overall fixed income portfolio is A-, whereas investments in individual fixed income securities are allowed a minimum rating of BBB- at purchase. If a debt security in which Atradius has invested falls below the minimum credit rating or is not rated, it should be reviewed by the Atradius Investment Committee to decide whether the debt security 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.

➤ 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 (2022: EUR 50 million). 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 subsidiaries, jointly controlled entities and associates of ACyC at year-end 2023 and 2022:

All amounts are in millions of Euros, unless otherwise stated

2023	Business	% Holding	Net Value of the Investment	Dividends received in 2023	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	2,000	6,311	4,456	2,475
B2B Safe, S.A. (Paseo de la Castellana, 4 Madrid)	Advisory Services	100%	57	-	60	(2)	(9)
Iberinmobiliaria, S.A. (Paseo de la Castellana, 4 Madrid)	Real Estate	100%	60	-	60	16	1.1
Crédito y Caucción do Brasil Gestao de Riscos de Crédito e Serviços LTDA (Avda Angelica, 2530 Sao Paulo)	Management Company	100%	693	-	1,306	3,317	986
Atradius Crédito y Caucción Seguradora, S.A. (Avda Angelica, 2530 Sao Paulo)	Domestic and foreign credit insurance	100%	9,372	-	7,478	5,704	1,753
			16,493	2,000			

2022	Business	% Holding	Net Value of the Investment	Dividends received in 2022	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	-	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
Crédito y Caucción do Brasil Gestao de Riscos de Crédito e Serviços LTDA (Avda Angelica, 2530 Sao Paulo)	Management Company	100%	693	-	1,300	2,257	1,045
Atradius Crédito y Caucción Seguradora, S.A. (Avda Angelica, 2530 Sao Paulo)	Domestic and foreign credit insurance	100%	9,372	-	7,445	3,690	1,989
			16,493	-			

⁽¹⁾ Includes indirect participations in subsidiaries.

⁽¹⁾ Data obtained from 2023 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 2022 financial statements of each investee company.

All amounts expressed in euros, unless stated otherwise.

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:

	2023	2022
Deposits made for accepted reinsurance	23,899	2,320
Accounts receivable on direct insurance operations	114,449	119,394
<i>Policyholders – outstanding invoices</i>	94,960	98,237
Direct business and coinsurance	112,166	116,546
Provision for uncollected premiums	(17,206)	(18,309)
<i>Brokers</i>	19,489	21,157
Receivables from brokers	19,489	21,157
Receivables on reinsurance operations	97,812	111,881
Receivables from reinsurers	100,985	116,120
Provision for impairment of receivables from reinsurance	(3,173)	(4,239)
Other receivables	336,264	203,978
Tax receivables	2,917	717
Rest of receivables	333,347	203,261
Total	572,424	437,573

Shown below is a breakdown of “Other receivables – Rest of receivables”:

	2023	2022
Recovery receivables (Note 16.1)	49,257	37,903
Recoveries pending allocation	3,720	3,841
Recovery management expenses pending application	7,519	7,363
Invoiced study expenses	11,152	11,430
Amounts owed by Group companies (Note 18.1)	89,863	95,573
Others	171,836	47,151
Total	333,347	203,261

Note 16 on “Technical information” includes the estimated movements in recoveries in 2023 and 2022.

The decrease in receivables is mainly explained by collections received in reinsurance business. The balances in reinsurance operations are partially offset in 2023 by the merger with ARE (EUR 17.9 million).

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.

All amounts are in millions of Euros, unless otherwise stated

“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 2023 and 2022:

2023	Provision for uncollected premiums	Provision for impairment of receivables from reinsurance
Balances at 1 January	(18,309)	(4,239)
Effect of merger with ARE (Note 1)	-	(57)
Allocations with a charge to the profit and loss statement	(17,206)	(3,116)
Applications with a credit to the profit and loss statement	18,309	4,239
Balances at 31 December	(17,206)	(3,173)

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)

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 2023 and 2022:

	2023	2022
Deposits received for ceded reinsurance	9,256	9,903
Payables on insurance operations	68,317	74,089
Payables to policyholders	37,943	41,925
Payables to brokers	16,968	18,532
Conditional payables ⁽¹⁾	13,406	13,632
Payables on reinsurance operations	130,682	182,534
Other accounts payable	130,739	129,611
Tax and employee payables	11,092	7,616
Other accounts payable to Group companies and associates (Note 18.1)	20,669	49,315
Rest of payables	98,978	72,680
Total	338,994	396,137

The decrease in payables in is mainly explained by the settlements with reinsurers. The balances in payables from reinsurance operations are partially offset in 2023 due to the merger with ARE in EUR 18.7 million.

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

	2023	2022
Tax and employee payables	11,092	7,616
VAT payable to the Treasury	3,208	471
Other government entities (Consortium, Tax on premiums ...)	1,646	1,678
Payables to Social Security system	6,238	5,467
Other accounts payable to Group companies and associates (Note 18.1)	20,669	49,315
Rest of payables	98,978	72,680
Sundry creditors	57,835	28,592
Payables for services	2,078	1,789
Recoveries pending application	19,675	22,544
Staff compensation payable	19,390	19,755
Total	130,739	129,611

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.

	2023	2022
	Days	Days
Average period of payment to suppliers	27.89	26.00
Ratio of paid operations	28.35	26.66
Ratio of pending operations	3.81	7.70
	Amount	Amount
Total payments (Thousands of Euros)	39,196	31,667
Total payments made within established standard terms	21,440	19,457
Total payments made within established standard terms / total payments	55%	61%
Total pending payments (Thousands of Euros)	735	1,144
Total number of invoices paid	5.31	5.26
Total number of invoices paid within established standard terms	3.68	3.70
% invoices paid within established standard terms/total invoices paid	69%	70%

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.

12 Tax matters

Years open for review and tax audits

At 31 December 2023, 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.

In July 2023 the Spanish Tax Authorities launched a tax audit regarding ACyC SA. Fiscal years in scope are 2016 up to and including 2019. The tax authorities sent several information requests in the previous months and the company provided the requested information. The tax audit is still ongoing, and no topics have been formally disputed so far.

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.

Pillar Two model

In December 2022, the Council of the European Union adopted Directive 2022/2523 incorporating the OECD Model Standards on Pillar Two into the European legal framework. The Directive sets a minimum effective tax rate of 15% for the large groups concerned and sets 31 December 2023 as the deadline for transposition by Member States, with an entry into force date of 1 January 2024.

Under this new legislation, the groups concerned will be required to pay a supplementary tax on the difference between the effective tax rate per jurisdiction, calculated in accordance with the provisions of the Directive, and the minimum rate of 15%.

At the time of preparation of these annual accounts, the process of transposing the Directive into Spanish law is still ongoing. In December 2023, the Council of Ministers in Spain approved, in its initial phase, the Draft Law for the transposition of the mentioned Directive, which is expected to enter into force in Spain retroactively on January 1, 2024.

Once the legislation is applied in Spain, the company Grupo Catalana Occidente S.A. will be the main responsible for the payment of the complementary tax derived from Pillar Two of the Catalana Occidente Group in its capacity as the parent company of the Group, to the extent that there are no Qualified Minimum Domestic Complementary Taxes in force in force ("QDMTT", for its acronym in English).

As of December 31, 2023, given that the legislation is not yet in force, the Company has not recorded the corresponding exposure to the current complementary tax derived from Pillar Two. The Company has not recognized deferred tax assets and liabilities in relation to Pillar Two taxes.

At the end of the year, a preliminary assessment was made of the potential exposure to Pillar Two legislation once it enters into force. This analysis has been carried out based on a simplified calculation and considering only certain adjustments provided for in the legislation.

As a result of this preliminary analysis, the effective tax rate obtained in most of the jurisdictions in which Grupo Catalana Occidente operates exceeds 15%. With respect to those jurisdictions that do not reach the minimum rate, it has been estimated that the impact derived from the complementary tax of Pillar Two will not be significant.

Due to the complexities of applying legislation and calculating GloBE revenue, the quantitative impact on legislation passed or substantially passed is not yet reasonably estimable. Therefore, even for those jurisdictions with an effective tax rate above 15%, there may still be tax implications arising from a full application of Pillar Two. Grupo Catalana Occidente is currently collaborating with tax specialists in the process of implementing the legislation.

Reconciliation of accounting profit/(loss) and taxable income

The reconciliation between account income and the corporate income tax base for 2023 and 2022 for operations subject to tax in Spain is shown below:

2023	Increases	Decreases	Total
Reported profit/(loss) before tax	-	-	429,831
Permanent differences	1,672	(359,852)	(358,180)
Reported profit/(loss) before tax ACYC and foreign entities	-	(357,852)	(357,852)
Non-deductible expenses	1,665	-	1,665
Reinvestment extraordinary profits	7	-	7
Impairment of foreign investments	-	-	-
Dividends received	-	(2,000)	(2,000)
Temporary differences	225,497	(205,564)	19,933
<i>Originating in the year</i>	225,497	-	225,497
Accounting allocations to non-deductible provisions	223,495	-	223,495
Allocation to Equalization Reserve (art.12.3 Spanish CIT Law)	2,002	-	2,002
<i>Originating in previous years</i>	-	(205,564)	(205,564)
Accounting allocations to non-deductible provisions in previous years	-	(205,564)	(205,564)
Total	227,169	(565,416)	91,585

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
Dividends received	-	-	-
Temporary differences	203,427	(175,701)	27,727
<i>Originating in the year</i>	203,427	-	203,427
Accounting allocations to non-deductible provisions	203,427	-	203,427
Allocation to the Equalization Reserve (art.12.3 Spanish CIT Law)	-	-	-
<i>Originating in previous years</i>	-	(175,701)	(175,701)
Accounting allocations to non-deductible provisions in previous years	-	(175,701)	(175,701)
Total	204,815	(477,203)	18,073

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 2023 and 2022:

All amounts are in millions of Euros, unless otherwise stated

	2023	2022
Reported profit/(loss) before tax	429,831	290,461
Gross tax	102,652	71,770
Deductions	(334)	(593)
Other adjustments		
Adjustment for prior years' tax expense	2,180	(3,644)
Adjustment for change of tax rate	(456)	216
Impairment/reversal of deferred tax assets	(1,719)	(201)
Other adjustments	2,067	6,491
Total tax expenses recognised in profit and loss statement	104,390	74,039

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 2023 and 2022:

	2023	2022
Temporary differences (tax prepayments):		
<i>Technical accounts</i>	154,201	130,913
<i>Foreign branches</i>	55,941	22,336
<i>Branches in Spain</i>	98,260	93,504
<i>Increase in asset base on recording defined contribution pension commitments</i>	19,840	20,277
<i>Foreign branches</i>	16,443	27,426
<i>Branches in Spain</i>	3,396	2,855
<i>Tax loss available for setoff</i>	30,756	32,672
<i>Foreign branches</i>	32,756	32,672
<i>Tax effect of revaluation of available-for-sale investment portfolio</i>	13,035	22,524
<i>Foreign branches</i>	13,035	22,524
<i>Other items</i>	25,654	26,728
<i>Foreign branches</i>	23,747	25,172
<i>Branches in Spain</i>	1,907	1,556
Total deferred tax assets	243,486	233,114

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 2023 of EUR 17.4 million (2022: EUR 25.9 million), which are wholly in respect of foreign branches. The time limit for carrying forward those tax losses are specified below:

	2023	2022
Setoff of tax loss carryforwards		
Indefinite	17,390	25,926
Total	17,390	25,926

Deferred tax liabilities

There follows a breakdown of deferred tax liabilities at year-end 2023 and 2022:

	2023	2022
Temporary differences (deferred tax)		
<i>Equalization Reserve</i>	175,119	159,736
Foreign branches	115,932	99,550
Branches in Spain	59,187	60,185
<i>Increase in asset base on recording defined contribution pension commitments</i>	25,696	20,922
Foreign branches	25,696	20,922
<i>Technical accounts</i>	60,439	38,364
Foreign branches	60,439	38,364
<i>Tax effect of revaluation of available-for-sale investment portfolio</i>	16,310	10,725
Foreign branches	4,066	1,133
Branches in Spain	12,244	9,591
<i>Other items</i>	20,803	18,552
Foreign branches	20,122	17,830
Branches in Spain	682	723
Total deferred tax liabilities	298,368	248,298

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 Caucción 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 24% in 2023 (27% in 2022).

Additional information regarding the impact of the merger

At 31 December 2023 the cross-border merger was made effective, in which ACyC (absorbing company) absorbed ARE (absorbed company). That deed of merger was registered in the Mercantile Registry of Madrid on 31 October 2023. The merger involved the dissolution of the Absorbed company and the whole transfer of all its assets and liabilities to ACyC. From an accounting perspective, the effects of the merger were rolled back to 1 January 2023. The merger has increased the volume of the foreign countries in EUR 0.1 million in deferred tax assets and EUR 0.1 million in deferred tax liabilities.

13 Income and expenses

13.1 Personnel expenses

Shown below is the breakdown of personnel expenses at year-end 2023 and 2022:

	2023	2022
Wages and salaries	193,484	182,081
Employee benefits	116,607	116,103
Indemnities	771	840
Employer's Social Security contributions	42,671	39,273
Long-term remuneration in defined-benefit systems	1,404	5,979
Long-term remuneration in defined-contribution systems	16,684	15,960
Other employee costs	55,078	54,050
Total	310,092	298,184

The increase in personnel expenses due to the ARE merger is EUR 4.3 million.

13.2 Other expenses – Rest of Expenses

This line item of the non-technical profit and loss statement for 2023 mainly records the allocation to the amortisation of goodwill of EUR 4.6 million (2022: EUR 4.6 million) and income from exchange and translation differences and the management of the Dutch State business of EUR 12.9 million (2022: EUR 10.6 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 2023 (EUR 327.7 million) and 2022 (EUR 322.7 million) 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 2023 are described in Note 4.11.

	2023	2022
Pension Plans	43,556	51,937
Other employee benefits	8,120	7,538
Total	51,676	59,475

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 impact 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 2023 are in the United Kingdom and Germany and respectively represent 96.1% (2022: 83.0%) of pension plan assets and 76.6% (2022: 79.3%) of the liabilities for defined benefits recorded under liabilities on the balance sheet. The rest of the plans are in respect of Italy, Switzerland, Sweden, Belgium, Norway and France with defined benefit liabilities under those plans range between EUR 0.8 million and EUR 5.5 million (2022: EUR 1.6 million – EUR 10.2 million), and Spain with a surplus of EUR 3.6 million in 2023 (2022: EUR 2.7 millions). The number of participants enrolled between 7 and 451 people (2022: 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 16.7 million in 2023 (2022: EUR 16 million).

Pension assets and liabilities

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

	Defined benefit obligations		Fair value of assets		Techo del activo		Net defined benefit liabilities (assets)	
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at 1 January	340,255	535,348	288,378	443,871	(60)	-	51,937	91,477
Adiciones								
<i>Profit and loss statement:</i>								
Cost of current services	3,847	6,903	-	-	-	-	3,847	6,903
Cost of past services -- Modifications of the plans	-	-	-	-	-	-	-	-
Net interest	14,664	8,147	17,102	9,010	-	-	(2,438)	(863)
Administration costs	4	4	-	-	-	-	4	4
Total Profit and loss Statement	18,515	15,054	17,102	9,010	-	-	1,413	6,044
Recognised income and expense:								
Measurements of losses (gains):								
<i>Actuarial gains and losses:</i>								
- actuarial assumptions	(4,341)	(2,840)	-	-	-	-	(4,341)	(2,840)
- financial assumptions	(952)	(181,910)	-	-	-	-	(952)	(181,910)
- adjustments for experience	891	7,278	-	-	-	-	891	7,278
Return on the plan asset, not including interest income	-	-	5,830	(141,061)	-	-	(5,830)	141,061
Change in unrecoverable surplus other than interest	-	-	-	-	(37)	(60)	37	60
Total recognised income and expenses	(4,402)	(177,472)	5,830	(141,061)	(37)	(60)	(10,195)	(36,351)
Others:								
Contributions by employer	(3,826)	(3,612)	7,763	2,995	-	-	(11,589)	(6,607)
Contributions by employee	606	616	606	616	-	-	-	-
Benefits paid	(13,369)	(15,707)	(13,369)	(15,707)	-	-	-	-
Effect of exchange rates	3,864	(13,972)	5,376	(18,380)	-	-	(1,512)	4,408
Reclassification of plan surplus assets	-	-	(13,203)	7,034	-	-	13,203	(7,034)
Total Other	(15,532)	(32,675)	(15,933)	(23,442)	-	-	401	(9,233)
Balance 31 at December	338,836	340,255	295,377	288,378	(97)	(60)	43,556	51,937

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 94.5 million at 31 December 2023 (2022: EUR 81.3 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 6.6 million (2022: EUR 6.7 million).

The pension commitments with related entities at 31 December 2023 and 2022 are shown below:

	2023	2022
Present value of the net obligations	3,664	2,716
Fair value of the plan assets	6,158	6,260
Total	9,822	8,976

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.

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	74 active members (2022: 85 active members). 556 inactive members (2022: 547 inactive members).	435 active members (2022: 424 active members). 382 inactive members (2022: 378 inactive members).
Defined benefit obligations	EUR 167.5 million (2022: EUR 168.6 million).	EUR 103.7 million (2022: EUR 99.7 million).
Assets	EUR 257.9 million (2022: EUR 246.8 million).	EUR 71.7 million (2022: EUR 59.9 million).
Measurement of gain (loss) in income and expenses not recognised	EUR 6.5 million – gain (2022: EUR 6.3 million – gain).	EUR 2.4 million – gains (2022: 23.6 million – gains).
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 39.2 million.
Employee contributions	In 2023 contributions amounted to 7.1% of the salary (7.1% in (2022)).	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 2023	Cash and cash equivalents	Shares	Bonds	Investment funds	Insurance contracts	Real estate	Total
Belgium	-	-	-	-	25,139	-	25,139
Germany	6,774	22,646	42,283	-	-	-	71,703
Norway	-	-	-	-	2,686	-	2,686
Spain	-	-	-	-	9,362	-	9,362
Sweden	-	-	-	-	-	-	0
Switzerland	-	-	-	-	4,458	-	4,458
United Kingdom	5,176	-	166,849	10,004	-	-	182,029
Total	11,950	22,646	209,132	10,004	41,645	-	295,377

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	-	319	2,669
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	319	288,378

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 22.9 million – gains (2022: EUR 132.3 million-loss).

In 2024 ACyC expects to contribute approximately EUR 2.6 million to defined benefit plans.

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:

All amounts are in millions of Euros, unless otherwise stated

Principal actuarial assumptions	United Kingdom		Germany	
	2023	2022	2023	2022
Discount rate	4.75%	5.00%	3.25%	3.75%
Inflation rate	3.25%	3.50%	2.25%	2.50%
Expected increase of future salaries	3.00%	3.25%	2.80%	3.05%
Expected increase of future benefits	2.89%	3.36%	2.00%	2.25%
Mortality table	CMI 2022 (1% LTR)	CMI 2021 (1.25% LTR)	Heubeck Richttafeln 2018 G	Heubeck Richttafeln 2018 G
Duration in years	14	15	13	13

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	2023		2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(34,983)	41,719	(35,441)	44,356
Inflation rate (1% movement)	31,834	(27,094)	36,944	(33,255)
Future salary growth (1% movement)	6,887	(6,227)	6,791	(6,085)
Future pension growth (1% movement)	30,299	(25,684)	32,461	(27,317)
Future mortality (+1 year)	8,888	n/a	9,111	n/a

Expenses for personnel commitments

EUR 4.4 (2022: EUR 6.3 million) was recorded as pension expense in the technical profit and loss statements under "Administration costs". Of this amount EUR 4.2 million (2022: EUR 6.9 million) was in respect of pension plans and EUR 0.2 million (2022: 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:

2023	Retirements	Litigation	Total
Balances at 1 January	-	975	975
Allocation	-	373	373
Application	-	-	-
Effect of changes in foreign exchange rates	-	-	-
Balances at 31 December	-	1,347	1,347
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

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 2023 and 2022.

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 2023 and 2022, was as follows:

2023	Transactions reported in:			
	Spain and Portugal	Rest of Europe ⁽¹⁾	Rest of the World ⁽²⁾	Total
<i>Net premiums</i>				
Direct insurance premiums	364,210	1,321,890	130,564	1,816,664
Assumed reinsurance premiums	-	319,873	98,041	417,914
Ceded reinsurance premiums	(141,673)	(555,777)	(98,774)	(796,224)
Total premiums	222,536	1,085,985	129,831	1,438,352
<i>Technical provisions</i>				
Provision for sms and for unexpired risks				
Provisioning for the year, direct insurance	84,386	620,619	73,818	778,823
Provisioning for the year, accepted insurance	-	172,472	8,836	181,308
Provisioning for the year, ceded reinsurance	(31,223)	(224,257)	(31,032)	(286,512)
Total	53,163	568,836	51,621	673,620
Claims provision				
Provisioning for the year, direct insurance	600,676	559,935	55,200	1,215,811
Provisioning for the year, accepted insurance	119	468,183	146,630	614,932
Provisioning for the year, ceded reinsurance	(203,398)	(342,283)	(82,812)	(628,493)
Total	397,397	685,836	119,018	1,202,251
Total provisions net of reinsurance	450,560	1,254,672	170,639	1,875,871
<hr/>				
2022	Transactions reported in:			
	Spain and Portugal	Rest of Europe ⁽¹⁾	Rest of the World ⁽²⁾	Total
<i>Net premiums</i>				
Direct insurance premiums	372,831	1,254,230	133,912	1,760,973
Assumed reinsurance premiums	-	21,959	102,493	124,452
Outward reinsurance premiums	(149,620)	(514,023)	(103,805)	(767,448)
Total premiums	223,211	762,165	132,600	1,117,976
<i>Technical provisions</i>				
Provision for unearned premiums and for unexpired risks				
Provisioning for the year, direct insurance	86,514	533,213	73,987	693,714
Provisioning for the year, accepted insurance	-	335	7,673	8,008
Provisioning for the year, ceded reinsurance	(29,089)	(212,292)	(31,048)	(272,429)
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	96,682	310,939	622,157
Total provisions net of reinsurance	271,962	417,938	361,551	1,051,450

The increase in reinsurance accepted premiums of 305 mill EUR and in provisions of accepted reinsurance of 171 mill EUR is mainly due to the ARE merge.

16 Technical information

16.1 Technical provisions

The movements recorded in technical provisions during 2023 and 2022 is as follows:

2023	Balance at 1 January	Effects of the merger	Allocations	Applications	Balance at 31 December
Direct Business and Accepted Reinsurance					
Provision for unearned premiums and for unexpired risks	701,723	201,741	758,390	(701,723)	960,131
Claims provision	1,238,688	513,970	1,316,773	(1,238,688)	1,830,743
Provision for profit sharing and for return premiums	64,114	1,407	55,313	(64,114)	56,720
Total	2,004,525	717,118	2,130,476	(2,004,525)	2,847,594
Reinsurance share on technical provisions					
Provision for unearned premiums and for unexpired risks	(272,430)	(9,622)	(276,890)	272,430	(286,512)
Claims provision	(616,532)	(76,888)	(551,605)	616,532	(628,493)
Other technical provisions	-	-	-	-	-
Total	(888,962)	(86,510)	(828,495)	888,962	(915,005)
2022					
	Balance at 1 January	Effects of the merger	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)
Other technical provisions	-	-	-	-	-
Total	(944,539)	-	(888,962)	944,539	(888,962)

The movements in estimated recoveries of the technical claims provisions recorded under assets on the balance sheets at 31 December 2023 and 2022 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:

2023	Balance at 1 January 2022	Allocations	Applications	Balance at 31 December 2022
Estimated Recoveries				
Estimated Recoveries Direct insurance	69,293	78,365	(69,293)	78,365
Estimated Recoveries Ceded insurance	(31,390)	(29,108)	31,390	(29,108)
Total	37,903	49,257	(37,903)	49,257

2022	Balance at 1 January 2022	Allocations	Applications	Balance at 31 December 2022
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

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 and 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		Surety		Assumed Business	
	2023	2022	2023	2022	2023	2022
Premiums attributed (Direct and Accepted)	1,805,678	1,688,616	142,420	129,114	186,452	-
Gross written premiums net of cancellations and return premiums	1,835,799	1,756,872	191,231	128,553	207,548	-
+/- Change in provision for unearned premiums	(27,963)	(63,280)	(48,673)	644	(21,096)	-
+/- Change in provision for uncollected premiums	(2,157)	(4,976)	(138)	(83)	-	-
Reinsurance premiums (Cession and Retrocession)	(718,329)	(728,754)	(53,975)	(66,285)	(8,019)	-
Gross written premiums net of cancellations and return premiums	(720,830)	(714,354)	(72,650)	(53,093)	(2,744)	-
+/- Change in provision for unearned premiums	2,501	(14,400)	18,675	(13,192)	(5,275)	-
Total of premiums attributed net of reinsurance	1,087,349	959,862	88,445	62,829	178,433	-
Claims (Direct and Accepted)	(791,007)	(685,073)	(18,231)	(38,904)	(82,877)	-
Claims and expenses attributable to claims	(674,895)	(407,548)	(10,822)	(40,848)	(48,461)	-
+/- Change in claims technical provisions	(116,112)	(277,525)	(7,409)	1,944	(34,416)	-
Claims (Cession and Retrocession)	249,701	182,778	4,891	19,283	5,796	-
Claims and expenses paid	240,500	198,815	2,678	23,368	6,060	-
+/- Change in claims technical provisions	9,201	(16,037)	2,214	(4,085)	(264)	-
Total claims net of reinsurance	(541,306)	(502,295)	(13,340)	(19,621)	(77,081)	-
+/- Change in other technical provisions net of reinsurance	11,106	(27,959)	(20)	(13)	-	-
Acquisition costs (Direct and Accepted)	(286,115)	(215,419)	(46,777)	(9,886)	-	-
Administration costs (Direct and Accepted)	(399,589)	(338,013)	(45,745)	(38,753)	(10,202)	-
Other technical expenses (Direct and Accepted)	155	(215)	8	(10)	-	-
Commissions and profit sharing on ceded reinsurance and retrocession	333,167	293,180	57,631	29,563	(63,059)	-
Other technical income	51,789	53,005	4,939	4,779	(133)	-
Total operating expenses and other technical expenses (net)	(289,487)	(235,421)	(29,964)	(14,320)	(73,394)	-

Technical result by year of occurrence

	Credit		Surety		Assumed Business	
	2023	2022	2023	2022	2023	2022
Premiums attributed (Direct and accepted)	1,241,717	1,189,416	45,240	38,717	79,024	-
Gross written premiums net of cancellations and return premiums	1,669,802	1,613,632	145,362	103,206	182,456	-
+/- Change in provision for unearned premiums	(336,893)	(314,015)	(99,928)	(64,330)	(103,432)	-
+/- Change in provision for uncollected premiums	(11,210)	(10,498)	(116)	(100)	-	-
+/- Change in provision for bonuses and return premiums	(79,982)	(99,704)	(78)	(58)	-	-
Time allocated reinsurance premiums	(510,345)	(502,649)	(17,173)	(14,907)	(3)	-
Gross written premiums net of cancellations and return premiums	(621,448)	(609,425)	(55,717)	(39,755)	(6)	-
+/- Change in provision for unearned premiums	111,103	106,776	38,544	24,848	3	-
Total premiums acquired net of reinsurance	731,372	686,766	28,067	23,810	79,021	-
Claims (Direct and Accepted)	(884,594)	(909,713)	(19,022)	(18,095)	(41,781)	-
Claims and expenses attributable to claims	(219,122)	(170,058)	(2,007)	(666)	(3,578)	-
Technical provision for claims paid on claims occurred during the year	(665,472)	(739,656)	(17,015)	(17,429)	(38,203)	-
Reinsurance claims (Ceded)	329,008	336,949	6,910	6,681	-	-
Claims and expenses attributable to claims	75,598	60,907	711	260	-	-
Technical provision for claims paid on claims occurred during the year	253,410	276,042	6,199	6,421	-	-
Total claims net of reinsurance	(555,586)	(572,764)	(12,112)	(11,414)	(41,781)	-
Acquisition costs (Direct)	(172,441)	(149,822)	(4,117)	(2,866)	(23,258)	-
Administration costs (Direct)	(275,622)	(264,306)	(10,042)	(8,603)	(17,541)	-
Other technical expenses (Direct)	-	172,151	-	5,608	-	-
Comissions and profit sharing on ceded reinsurance and retrocession (Ceded)	196,806	9,901	6,864	(268)	-	-
Technical finance income net of expenses of same nature	59,774	51,758	(1,530)	3,268	(1,305)	-
Other technical income	51,559	(66,316)	2,643	9,533	(252)	-
Technical result by year of occurrence	35,863	(6,183)	9,774	4,207	(5,115)	-

The information presented in the preceding table includes data for the 2023 underwriting year, with underwriting year understood to mean the risk underwritten in that year (2023).

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 49.4 million in 2023 (2022: EUR 49.7 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 2023 and 2022 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 surety insurance lines must have subscribed share capital of not less than EUR 9,015,181.57.

The share capital of Atradius Crédito y Caucción S.A. de Seguros y Reaseguros at 31 December 2023 was represented by 5,459,796 registered shares (2022: 4,138,065), 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 2023, it is proposed to increase it by 1.6 million (2022: EUR 5.0 million).

17.3 Bylaws reserves

At year-end 2023, 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. At year-end 2023, it is proposed to increase it by 4.0 million (2022: EUR 12.4 million).

17.4 Voluntary reserves

The Company has absorbed, as indicated in Note 1, Atradius Reinsurance DAC in 2023. The equity position of ARE has been added into different lines of the equity of the Company. The equity, share premium and voluntary reserves, excluding the equalization reserve, have been added into the voluntary reserves of the Company.

At 31 December 2023, the balance of these reserves was freely disposable.

In 2023, an extraordinary cash dividend was distributed from freely disposable reserves, amounting to EUR 162,155,941.20. The distribution was made among the Company's shareholders in proportion to their share in the share capital.

The balance of these reserves at year-end 2023 is EUR 589.7 million (2022: EUR 608.7 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 2023 is EUR 5.6 million (2022: 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 2023, it totaled EUR 1,001.7 million (2022: EUR 800.5 million).

All amounts are in millions of Euros, unless otherwise stated

Due to the merger with ARE, the equalization reserve increased in EUR 43.6 million.

During 2023, the Company has allocated EUR 196.7 million in the credit insurance line and EUR 4.1 million in the surety insurance line, as required by the ROSSP. During 2022 allocated EUR 167.7 million in the credit insurance line and EUR 2.7 million in the surety line.

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

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.

Due to the merger with ARE, the share premium increased in EUR 477 million.

17.8 Other shareholder contributions

No contribution from the Shareholders was registered in 2023 (EUR 0 million in 2022).

17.9 Reserve for actuarial gains and losses

During 2023, the Company recognised a gain of EUR 7.2 million in reserves for actuarial gains and losses (2022: EUR 25 million). All of them come from the impact of the annual measurement of the Company's defined benefit pension plans.

18 Transactions and balances with related parties

18.1 Balances with related parties

The breakdown of balances with related parties at 31 December 2023 and 2022 is as follows:

2023	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)	51,644	448	13,310	334	-	18,299	47	5,829	89,910
Reinsurance	-	-	-	4,693	-	-	-	(1,121)	3,572
Group tax receivables	-	-	-	-	-	-	34,612	-	34,612
Long-term staff remuneration	-	-	-	-	-	-	6,369	-	6,369
Total Assets	51,644	448	13,310	29,467	-	18,299	41,104	4,708	158,979
Liabilities									
Security deposits received	-	-	-	-	-	-	-	-	-
Debts and other accounts payable (Note 11)	2,294	-	1,878	2,004	-	14,087	-	407	20,670
Reinsurance payables	-	-	-	-	-	-	131	806	937
Group tax payables	-	-	-	-	-	-	-	-	-
Total Liabilities	2,294	-	1,878	2,004	-	14,087	131	1,212	21,607
2022									
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
Total Liabilities	10,404	-	1,591	1,917	15,349	11,895	195	1,769	66,564

(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.

The variation in the balance with related parties are explained mainly due to the fiscal unity and the corresponding charges of the transfer pricing.

18.2 Related party transactions

The following table breaks down the transactions with related parties as at year-end 2023 and 2022 according to their carrying value on the Company's books:

2023	Atradius 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	-	-	2,113	-	-	64	67,609	69,786
From claims ceded/accepted	-	(2,970)	(2,701)	-	-	(93)	(38,646)	(44,410)
From commission on reinsurance ceded/accepted	-	-	(768)	-	-	12	(25,449)	(26,205)
From services provided and received	29,943	11,568	(16,937)	-	6,766	(968)	(2,518)	27,854
From finance income and costs	-	-	-	-	-	-	-	-
Total	29,943	8,598	(18,293)	-	6,766	(985)	996	27,025
2022								
Income statement								
From premiums ceded/accepted	-	4,403	1	(34,206)	-	79	4,403	(29,723)
From claims ceded/accepted	-	(7,042)	-	(64,854)	-	(112)	(7,042)	(75,084)
From commission on reinsurance ceded/accepted	-	(1,835)	-	30,339	-	-	(1,835)	28,504
From services provided and received	28,581	(1,356)	(17,013)	-	7,585	(3,805)	(1,356)	23,364
From finance income	-	-	-	(2)	-	-	-	(2)
Total	28,581	(5,831)	(17,012)	(68,723)	7,585	(3,837)	(5,831)	(52,943)

(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.

The variation in the transactions with related parties compared to 2022 is driven by the merge of Atradius Reinsurance DAC with ACyC.

In 2023 the Company has paid dividends to Grupo Catalana Occidente for EUR 58,015,002.05 (in 2022 no dividend was paid) and to Grupo Compañía Española de Crédito y Caución in the amount of EUR 104,185,389.05 (2022: EUR 0 million).

In 2023 the Company received no dividend from related parties (in 2022 EUR 0 million).

18.3 Compensation of the Board of Directors and Senior Management

The Board of Directors 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:

	2023	2022
Short-term employee compensation ⁽¹⁾	1,125	1,154
Long-term employee compensation	840	720
Post-employment benefits	187	152
Total remuneration	2,152	2,026

(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 (2022: 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 2023.

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.

19 Other information

19.1 Personnel

The average number of full-time employees of the Company and their distribution by job category during 2023 and 2022 is as follows:

	2023	2022
Management	89	87
Technical staff and middle managers	457	447
Administrative staff	1,843	1,805
Others	235	230
Total	2,623	2,569

The gender distribution of full-time employees of the Company at year-end 2023 and 2022 is shown below, breakdown by job category:

	2023		2022	
	Men	Women	Men	Women
Management	73	14	71	14
Technical staff and middle managers	312	141	305	138
Administrative staff	901	943	884	922
Others	52	188	51	184
Total	1,338	1,285	1,311	1,258

The Board of Directors of the Company at 31 December 2023 was composed of 9 members (8 men and 1 woman). In 2022, 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 2023, there were a total of 58 employees with a disability of 33% (2022: 58 employees).

19.2 Auditor fees

During 2023 and 2022, 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:

Items	2023			2022		
	PwC	Other firms in the PwC network	Total	PwC	Other firms in the PwC network	Total
Audit services	1,402	1,182	2,584	1,388	1,078	2,466
Other services required by the regulations	375	-	375	342	-	342
Other verification services	55	7	62	6	7	13
Rest of other services	-	156	156	-	63	63
Total other professional services	1,832	1,345	3,177	1,736	1,148	2,884

These figures are for the fees agree for audit services for 2023 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.

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 2023.

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

One claim, out of the four processed, was settled by agreement with the customer. In other one, the resolution was entered rejecting the claim and ruling that the decisions made by the Company departments involved were lawful. In another one the claim was admitted.

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. Four out of 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 0.01725% for the year ended 31 December 2023, in comparison with the percentage of 0.01372% in 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 2023 there were bank guarantees securing EUR 1.1 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 will propose to the General Shareholders' Meeting the distribution of a dividend to the Company's shareholders in the amount of EUR 23.7 million charged to voluntary reserves.

Except previously mentioned, the Company is not aware of any other events that occurred after the end of the 2023 financial year and until the preparation of these annual accounts that are significant, or that their knowledge may be useful to the user of the same, or that affect the application of the going concern principle.

ANNEX. BREAKDOWN OF REAL ESTATE PROPERTIES AT 31 DECEMBER 2023

(Figures in euros)

Location	Address	Country	Year of acquisition	2023				Last Appraisal Date
				Gross value	Accum. Depreciation	Net value	Impairment	
PROPERTIES FOR OWN USE								
ALCALA DE H.	Comp.Inmob.Garena Plaza pl 9 B	Spain	2005	1,031,468	(302,903)	728,565	(187,473)	28-mar.-22
ALICANTE	C/ San Fernando , 19 Principal	Spain	2002	429,024	(54,061)	374,964		24-mar.-22
BILBAO	Gran Vía, 17 2º Planta Of.1 y 3	Spain	2004	2,931,093	(733,982)	2,197,111		29-abr.-22
CASTELLON	Ruíz Zorrilla, 1 5º	Spain	1999	414,097	(123,283)	290,814		5-abr.-22
GERONA	Avda. Jaime I, 1	Spain	1990	335,248	(180,442)	154,806		8-abr.-22
LA CORUÑA	Real, 85 6º	Spain	1975	495,743	(370,436)	125,307		9-may.-22
LAS PALMAS	Plaza de España, 6	Spain	2020	365,013	(14,407)	350,607	(12,454)	6-jun.-23
LEON	Avda. Independencia, 2 3º	Spain	1974	36,998	(28,540)	8,466		8-abr.-22
MADRID	Pº de la Castellana, 4	Spain	1995	21,739,237	(7,786,128)	13,953,109		28-mar.-22
MALAGA	Avda. Andalucía, 19 L-A2	Spain	1981	160,619	(105,493)	55,126		22-abr.-22
MALAGA	Avda. Andalucía, 19 L-A5	Spain	1987	119,346	(68,568)	50,778		22-abr.-22
MURCIA	Avda. Libertad, 2	Spain	1988	252,571	(140,729)	111,842		18-mar.-22
MURCIA	Avda. Libertad, 2 Local C	Spain	2001	115,755	(41,502)	74,253		18-mar.-22
OVIEDO	Conde de Toreno, 4	Spain	1967	134,614	(107,691)	26,923		13-abr.-22
PAMPLONA	Avda. Carlos III, 13-15	Spain	1984	110,902	(67,627)	43,276		3-may.-22
SEVILLA	Plaza Nueva, 8 Dpdo. 5	Spain	1971	494,036	(395,228)	98,807		24-mar.-22
SEVILLA	Plaza Nueva, 8 Garaj. 63	Spain	1971	6,842	(5,348)	1,494		24-mar.-22
SEVILLA	Plaza Nueva, 8 Garaj. 50	Spain	1973	6,540	(5,112)	1,428		24-mar.-22
TARRASA	Gutenberg, 3 3º F	Spain	1976	143,451	(104,378)	39,074		28-mar.-22
VALENCIA	Avda. Jacinto Benavente,14	Spain	2004	2,284,661	(507,696)	1,776,965		8-abr.-22
VALLADOLID	Duque de la Victoria, 4	Spain	1978	247,596	(176,112)	71,483		1-abr.-22
ZARAGOZA	Plaza Salamero, 14 3º A	Spain	1975	285,300	(211,448)	73,852		7-abr.-22
ZARAGOZA	Plaza Salamero, 14 Trasteros	Spain	1989	4,608	(3,320)	1,288		7-abr.-22
LISBOA	Av.C. Bordalo Pinheiro 75	Portugal	2017	3,970,100	(376,616)	3,593,484		3-nov.-23
LISBOA	Avda. la Liberdade, 245	Portugal	2001	1,444,953	(504,202)	940,751		29-jun.-22
OPORTO	Plaza Buen Suceso, 61	Portugal	1905	977,169	(329,972)	647,197	(375)	29-jun.-22
ROMA	Via Crescenzio	Italy	1972	15,823,758	(3,266,369)	12,557,390	(17,929)	10-dic.-23
ROMA	Via Cassiodoro 9	Italy	1993	1,328,200	(258,000)	1,070,200		10-dic.-23
Total Own-Use Real Estate				55,688,942	(16,269,593)	39,419,360	(218,231)	

Location	Address	Country	Year of acquisition	2023			Last Appraisal Date
				Gross value	Accum. Depreciation	Net value	
PROPERTIES FOR OWN USE							
ALBACETE	Tesifonte Gallego, 4	Spain	1982	59,865	(38,369)	21,495	10-mar.-22
ALMERIA	Lachambre, 2 2º	Spain	1996	102,998	(45,818)	57,180	29-mar.-22
BADAJOS	Avda. Ramon y Cajal, 13 1º	Spain	1992	64,119	(32,051)	32,068	21-mar.-22
BARCELONA	Provenza, 216	Spain	1965	7,847,107	(2,133,219)	5,713,888	5-abr.-22
BILBAO	Gran Vía, 53	Spain	1967	146,093	(116,874)	29,219	29-abr.-22
BURGOS	P. Alonso Martínez, 8	Spain	1987	80,510	(46,018)	34,491	17-mar.-22
CORDOBA	Ronda de los Tejares, 32	Spain	1986	127,910	(75,057)	52,853	21-mar.-22
GRANOLLERS	Avda. San Esteban, 9	Spain	1999	201,270	(86,551)	114,719	28-mar.-22
JAEN	P. Constitución, 10	Spain	1989	76,541	(41,995)	34,546	25-mar.-22
JEREZ	Cmte. Paz Varela, 21 2º L-8	Spain	1988	41,184	(22,929)	18,255	29-abr.-22
LA CORUÑA	Alameda, 34 5º C	Spain	1974	82,324	(62,868)	19,456	6-may.-22
LERIDA	Avda. del Segre, 1	Spain	1990	109,392	(57,961)	51,431	28-mar.-22
MADRID	Dulcinea, 47 Bajo L-1-2	Spain	1969	213,572	(170,858)	42,714	5-abr.-22
P. MALLORCA	Pª del Borne, 15	Spain	1975	137,568	(103,033)	34,535	22-mar.-22
S. C. TENERIFE	Villalba Hervas, 9 1º C	Spain	1987	190,727	(108,900)	81,827	9-jun.-22
SABADELL	Plaza de Cataluña, 16	Spain	1997	222,201	(92,384)	129,817	28-mar.-22
SANTANDER	Cuesta, 2 4º Dcha.	Spain	1985	132,231	(79,005)	53,226	24-mar.-22
SEVILLA	Plaza Nueva, 8 Garaj. 61	Spain	1971	6,842	(5,349)	1,494	24-mar.-22
SEVILLA	Plaza Nueva, 8 Garajes	Spain	1973	32,699	(25,560)	7,139	24-mar.-22
TARRAGONA	Rambla Nova, 76 1º 2	Spain	1976	110,509	(81,446)	29,063	11-abr.-22
VIGO	Uruguay, 2 2º	Spain	1967	205,884	(164,708)	41,176	15-mar.-22
VITORIA	Manuel Iradier, 24 L-1	Spain	1986	71,875	(41,949)	29,926	18-mar.-22
ZARAGOZA	Plaza Salamero, 14 3º B	Spain	1975	116,558	(86,348)	30,210	7-abr.-22
ZARAGOZA	Coso, 98-100 7º 6	Spain	1972	41,409	(32,814)	8,595	1-abr.-22
LEON	Avda. Independencia, 2 3º	Spain	1974	38,462	(29,641)	8,811	8-abr.-22
OVEDO	Conde de Toreno, 4	Spain	1967	21,914	(17,531)	4,383	13-abr.-22
GENOVA	Via di Sottoripa 1/A	Italy	1991	249,333	(69,388)	179,945	(41,945) 10-dic.-23
UDINE	Via Manzini 8-9	Italy	1992	184,416	(57,248)	127,168	(28,168) 10-dic.-23
ROMA	Via Padre Semeria 29	Italy	1985	176,406	(34,827)	141,579	10-dic.-23
Total Leased Properties				11,091,91	(3,960,699)	7,131,209	(70,113)

*** 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)

ANNEX. Merger Balance sheet

ATRADIUS REINSURANCE DAC

BALANCE SHEET 31 DECEMBER 2022 AND 31 DECEMBER 2021

Assets	31.12.2022	31.12.2021
	(Thousands of Euros)	(Thousands of Euros)
Intangible assets	-	-
Property, plant and equipment	20	14
Investment property	-	-
Financial investments	856,408	937,600
Deposits in cedent companies	21,765	33,840
Reinsurance share on technical provisions	110,962	83,379
Claims pending	93,213	65,968
Earned premium provision	17,749	17,411
Loans and receivables	184,764	183,340
Ceded acquisition costs	69,098	69,284
Earned income	3,842	4,393
Other assets	6,484	1,341
Cash and cash equivalents	55,228	66,973
Total Assets	1,308,571	1,380,164
Equity		
Share capital presented as Equity	635	635
Capital contributions	279,054	279,054
Revaluation reserve	(20,777)	27,019
Result for the year	226,056	248,879
Total Equity	484,968	555,587
Liabilities		
Technical provisions	718,320	724,878
Underwriting provision-assumed	687,556	703,304
Underwriting provision-direct	30,763	21,574
Deferred tax liabilities	-	2,029
Debits and payables	105,283	99,699
Payables on reinsurance operations	86,302	90,919
Unearned reinsurance commission	4,611	4,156
Other liabilities including taxes and Social Security	14,370	4,624
Total Liabilities	823,603	824,577
Total Equity and Liabilities	1,308,571	1,380,164

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

BALANCE SHEET 31 DECEMBER 2022 AND 31 DECEMBER 2021

Assets	31.12.2022	31.12.2021
	(Thousands of Euros)	(Thousands of Euros)
Cash and cash equivalents	399,682	347,323
Available-for-sale financial assets	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
Deposits in credit institutions	43,073	60,015
Deposits made for accepted operations	2,320	3,201
Receivables on insurance operations	119,394	108,351
<i>1. Policyholders</i>	<i>98,237</i>	<i>89,067</i>
<i>2. Brokers</i>	<i>21,157</i>	<i>19,284</i>
Receivables on reinsurance operations	111,881	91,092
Other receivables	203,978	195,088
<i>1. Tax receivables</i>	<i>717</i>	<i>316</i>
<i>2. Rest of receivables</i>	<i>203,261</i>	<i>194,772</i>
Reinsurance share on technical provisions	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	68,822	73,987
Property, plant and equipment	61,631	71,689
Investment property	7,191	2,298
Intangible assets	105,985	97,471
Goodwill	13,713	18,319
Other intangible assets	92,272	79,152
Holdings in Group companies and associates	16,493	16,493
Holdings in Group companies	16,493	16,493
Tax assets	244,884	187,226
Current tax assets	51,388	17,261
Deferrad tax assets	193,496	169,965
Other assets	366,695	307,700
Assets and reimbursement rights for long-term staff remuneration	88,505	95,157
Accrual accounts	278,190	212,543
Total Assets	4,353,417	4,103,682

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

BALANCE SHEET 31 DECEMBER 2022 AND 31 DECEMBER 2021

Liabilities and Equity	31.12.2022	31.12.2021
	(Thousands of Euros)	(Thousands of Euros)
Debts and payables	396,137	579,668
Deposits received for ceded reinsurance	9,903	11,556
Payables on insurance operations	74,089	69,482
1. Payables to insureds	41,925	41,515
2. Payables to brokers	18,532	15,194
3. Conditional payables	13,632	12,773
Payables on reinsurance operations	182,534	376,670
Other accounts payable:	129,611	121,960
1. Tax payables	7,616	6,813
2. Other accounts payable to Group companies and associates	49,315	41,314
3. Rest of other accounts payable	72,680	73,833
Technical provisions	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	60,450	101,260
Provision for pensions and similar obligations	59,475	98,752
Tax liabilities	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	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
1. Legal and bylaws reserves	17,409	17,409
2. Equalization reserve	800,488	630,530
3. Other reserves	580,204	424,378
Other shareholder contributions	60,000	60,000
Result for the year	216,422	132,372
(Interim dividend and intern equalization reserve)	(169,958)	(1,642)
Valuation adjustments:	(63,905)	60,627
Exchange and translation differences	(26,673)	(19,376)
Available-for-sale financial assets	(37,232)	80,003
Total Equity	1,466,761	1,349,775
Total Liabilities and Equity	4,353,417	4,103,682

Management Report

Management Report

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1 Economic Environment

Slower growth ahead

Global economic growth slowed from 3.1% in 2022 to 2.5% in 2023 (against 1.5% forecasted for the year in 2022). Despite still presenting a decline, growth was relatively strong at the start of the year. In May 2023 the World Health Organization announced that it no longer considered the COVID-19 pandemic a global public health emergency. Supply chains, which the pandemic disrupted, largely normalized. The energy shocks caused by the war in Ukraine reduced, manifesting a lesser economic impact than was projected in 2022.

Nonetheless, anticipated headwinds began to mount as extra savings built up during the pandemic began to decline, the initial growth stimulus from the reopening of the services sector diminished, and a sustained slowdown in manufacturing occurred. Additionally, the war in Gaza emerged as a new risk, with a potentially large impact on oil markets and the global economy if the conflict would escalate regionally.

Advanced markets

Across advanced markets, GDP growth slowed to 1.4% in 2023, from 2.6% in 2022. Advanced economies continue to drive the decline in world GDP growth from 2022 to 2023, with stronger services activity offset by weaker manufacturing. Many governments kept supportive fiscal policies in 2023, resulting from fiscal support given because of the energy crisis. Monetary policy, however, was tightened almost everywhere in the advanced world to combat high inflation. In advanced markets, inflation declined to an average 4.6% in 2023, mainly due to lower energy prices, with core inflation (excluding energy and food) easing in the second half of the year as well.

Growth in the United States surprised to the upside at the beginning of 2023, but GDP performance was worse in the second half of the year, as wage growth slowed, savings accumulated during the pandemic was running out, and monetary policy remained tight. The labour market remained relatively tight in 2023, with an average unemployment rate of 3.7%. However, unemployment started to increase in the second half of the year. The Federal Reserve tightened the policy rate several times in 2023 and continued to shrink the size of its balance sheet.

Growth in the eurozone was weak throughout 2023. The industrial sector was in a recession and services activity was not strong enough to offset manufacturing weakness. High inflation was still weighing on consumers' purchasing power and negatively affecting sentiment among both households and businesses. The European Central Bank tightened its policy rate in the first half of 2023 but paused its hiking cycle in September, as inflation started to come down. The ECB also continued to build down its balance sheet, as principal payments on assets under the Asset Purchasing Programme were no longer reinvested.

Emerging markets

Growth in emerging market economies (EMEs) increased slightly from 3.7% in 2022 to 4.0% in 2023. Growth was supported by China's reopening from the COVID lockdowns in early 2023. The consumption recovery in emerging markets, however, was slower than in advanced markets post-COVID, due an earlier reopening in emerging economies, a lower availability of effective vaccines and weaker safety nets. There are substantial differences between EMEs. Emerging Asia was ahead of other regions due to China's recovery post-COVID, while Latin America, which struggles with structural weaknesses and political uncertainty, will lag behind other regions.

Growth in Emerging Asia improved in 2023, mostly driven by China, where the growth rate changed from 3.0% in 2022 to 5.1% in 2023. China's growth was boosted in the first quarter following the end of COVID containment measures, but consumption growth in the rest of the year disappointed, and spending remains below the pre-pandemic trend. The Chinese real estate sector remains a weak spot, with poor housing activity indicators, and a steady stream of negative headlines about distressed property developers.

The economic recovery slowed for the second year in a row in Latin America, but the slower GDP growth and lower inflation also paved the way for a looser monetary policy. Brazil's economy saw a flat development of GDP growth in 2023 (3.0%) compared to 2022. GDP performance was surprisingly robust coming out of the pandemic. Growth was underpinned by a record harvest in Q1 of 2023. In Mexico, economic activity slowed to 3.0% in 2023, and its post-pandemic recovery remains incomplete. Mexico's exports declined in 2023, as the economy was exposed to the global slowdown, and elevated inflation weighed on private consumption growth.

In Eastern Europe, growth was more resilient in 2023 than expected one year ago due to a stronger-than-expected GDP performance of the Russian economy. In Turkey, there was a shift towards more orthodox economic policymaking after the re-election of President Erdogan. The central bank rapidly tightened the monetary policy in response to rampant inflation, with the interest rate rising to levels not seen in over 20 years. This, along with the weak external environment and high inflation, weighed on Turkish growth.

Global insolvencies: adjusting back to pre-pandemic levels

Insolvencies continued to increase in 2023, driven by normalisation after the pandemic and the bankruptcy of zombie firms. The phasing out of fiscal support measures and the lifting of temporary changes to insolvency legislation pushed the insolvency level higher in most markets. The mean insolvency level across countries is already above 2019, but countries are at different stages of the adjustment process.

In the eurozone, relatively high increases of insolvencies were recorded in the Netherlands, Italy and France, countries where the adjustment process was in full swing. However, there were also markets with a relatively small increase, such as Belgium and Austria, or even a decline, as happened in Spain. In these markets, the insolvency level already increased to the normal level in 2022.

In the United States, there was a relatively high insolvency growth rate in 2023, as they were adjusting back to pre-pandemic levels. In the United Kingdom, the increase of insolvencies was more contained, as the insolvency level was already back at the pre-pandemic level at the start of the year. Due to the phasing out of government support and the poor recovery since Brexit, the strongest rise in insolvencies in the UK already occurred in 2022.

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 2023 with profit net of reinsurance of EUR 256.6 million. The Company offers a wide range of surety 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 surety line posted profit net of reinsurance of EUR 45.1 million. The reinsurance business assumed, resulting from the merger with ARE, has generated a result of EUR 28.0 million

Insurance Revenue

Insurance revenue performed well, posting moderate growth of 19.2%. The surety business' revenue was up 10.1%, to reach EUR 147.3 million in 2023, while credit insurance revenue rose to EUR 1,868.6 million.

Claims

Claims ended the year at EUR 892.1 million, 23.2% more than in 2022. The claims ratio reached 40.5%.

Operating Expenses

Operating expenses totalled EUR 776 million in 2023. Insurance brokerage commissions increased 47.8%. The Company ended 2023 with an expense ratio of 35.2%, in comparison with the previous year's figure of close to 32%.

Reinsurance Result

Part of our business is ceded to our panel of reinsurers, whose aggregate share of the Company's results was EUR 192.2 million (2022: EUR 270.2 million). The reinsurance treaties arising from government support measures had a negative impact of EUR 16.7 million on the results.

Net Investment Result

The net investment result rose to EUR 57.8 million for 2023 from the EUR 17.6 million recorded in 2022.

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 surety 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 (2022: 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 meeting its financial obligations;
- b) Comply with the local regulatory capital requirements of all ACyC branches;
- c) Manage capital adequacy in ACyC and its 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 2023, 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 2023 amounted to EUR 2,107.0 million, with a positive contribution of EUR 325.4 million from the result recorded for the year.

The equalization reserve reached EUR 1,001.7 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 Entities in Brasil

Insurance revenue in Brazil decreased 9.8% (EUR 25 million 2022).

5 Other Information

5.1 Our People

ACyC offers products and services from offices located on six continents and had 2,623 employees at 31 December 2023 (2022: 2,569).

Until now, Human Resources (HR) could perform the day-to-day activities in a relatively stable environment, allowing us, together with the business, to work gradually towards a future and slowly adapt to new requirements. Currently, an impressive number of developments are emerging, affecting our future and the foundation of our work.

Our employees are at the centre of our business. We have stood strong despite change thanks to our employees' expertise and reliability. Their resilience and commitment to our company meant that we could see the challenges in 2023 as opportunities to gain experience and grow. As an employer, we aim to provide a positive employee experience, focusing on keeping our people motivated and engaged. We believe in creating an environment where everyone feels included and free to be themselves.

One of our main activities in 2023 was to start rethinking and adapting our HR strategy to reflect the challenges of today – talented employees leaving the company, technological advancements, and sustainability. We needed to adapt our HR strategy to our goals and therefore defined three strategic pillars to improve today and prepare for tomorrow and the near future. We want to be an attractive employer, enable our employees to reach their potential and be resilient for the future, while we evolve our culture.

Attractive employer

As an answer to the basic needs of our company and employees, we want to be an attractive employer, focusing on employee retention and attraction. We do this by being the employer of choice for our (future) employees by providing them with up-to-date and attractive employment conditions.

Attraction and retention of talent was a key strategic pillar in 2023 for Atradius. We continuously attract the right employees, take care of a good onboarding, and implement the appropriate up-to-date conditions to be able to do so. By optimising these core activities, we stay on top of the game and can meet the needs of Atradius and our employees.

In 2023, we had a retention rate of 91%. This is higher than in 2022 where this rate was 90%, further increasing our already high retention rate. Thus, indicating that our efforts to attract and retain our employees and keep a positive work environment are on track. Our constant efforts towards recruitment and onboarding are effective, suggesting our new hires are a good fit for the company and they receive the support they seek.

In line with our value of continuous improvement, in 2023, we continued to improve our global online onboarding journey, which we launched in February 2022. Moreover, France and The Netherlands have created their online country onboarding process. More countries will follow next year. Additionally, an online toolbox for managers was created to facilitate and streamline the onboarding process internally. We piloted a Buddy Programme in three countries to help new hires adjust to their new work environment, the company culture, and their specific goals. The aim in 2024 is to offer this programme globally to all our new joiners worldwide.

In terms of attracting talent, we have the Employee Advocacy Programme – a programme aimed at encouraging our employees to share Atradius content on social media. It is currently used to share our vacancies on our employees' network to increase the reach. We have also given special attention to making our vacancies appear gender-neutral and have included an 'equal opportunity for all' statement in our job postings. Additionally, our employer branding was improved on all our career sites, enhancing the look and feel of our website, including inspiring videos regarding the Atradius culture while promoting the position.

Enabling employer

In HR, we ensure attractive conditions and aim to continuously provide our employees with the right career and development opportunities. We focus on the opportunities that fit with the changing context in which we operate. This helps us become an enabling employer.

Having the opportunity to develop and being offered a clear career perspective is particularly important to help our employees in the current competitive business environment. The feeling of making progress in one's development and career highly contributes to the satisfaction of employees.

At Atradius, we encourage employees to determine their own set of personal goals and work on their development and career accordingly. As HR, together with management, we do our utmost to support and facilitate this journey. All employees receive annual appraisals and participate in either regular one-to-one meetings with their manager or team meetings to review their performance. They can discuss the challenges they face and set new goals.

The results of our Employee Engagement Survey in 2022 showed that career development and personal development were one of the few topics we scored below the external benchmark. In May 2023, we conducted an Employee Development Survey to gain a better understanding of the development needs and learn from current experiences. Over 2,300 employees participated in the survey. The question "career development is important to me" scored 8.3 and the question "feedback from others is important to me when it comes to career development" scored 7.9. These results indicate that we all find career development to be an especially important topic and both feedback and knowledge sharing are essential.

In recent years, we have continued to make important steps in facilitating development. The Atradius Academy aims to make learning accessible to all via various (virtual) learning and development opportunities such as e-learning courses, webinars, classroom training and development programmes designed in a hybrid fashion with both online and in-person sessions. Additionally, all new employees must complete our suite of compliance courses.

A key component of future-proofing Atradius and Shaping Tomorrow Together (our global initiative to prepare employees for digital change) is to stay up to date with recent technologies and innovations. To facilitate this, we have invested in training and development courses on Office 365 tools and offered various in-house webinars on the various internal IT systems and apps we developed as part of the Digital Ambassador Programme. These webinars have each reached over eight hundred employees across our offices.

The continuous increase in offerings from the Atradius Academy, complemented by local and unit-level training, ensures all our employees are offered a large variety of learning opportunities per year. This year the average learning hours per employee was 20.3 hours (compared to 16.6 hours in 2022), with males (19.4 hours) and females (21.2 hours) spending a similar amount of time developing themselves. Three years ago we set an internal target to ensure each employee spends at least 20 hours on learning per year, which we have now reached.

Sustainable employer

As a sustainable employer, we ensure the long-term well-being of our employees so that together we are fit for the future. We do this considering societal and demographic changes.

Our employees' well-being and vitality are of primary importance. We offer various organisation-wide well-being and vitality initiatives to ensure our employees take the time to focus on themselves and keep a positive work-life balance. We believe that continuous efforts to evolve our company culture have a positive impact on the mental health and well-being of our employees.

In 2023, we continued the third year of our Growth Programme with two sessions: one on personal development and the other about feedback. This is part of our three-year programme where, in 2021, we focused on personal well-being and the importance of having a good balance in a challenging environment. In 2022, 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, well-being initiatives will continue next year.

In today's world, the active engagement and acknowledgement of diversity, equity, and inclusion (DEI) is essential. We have created a multi-year action plan to obtain a more diverse workforce and an inclusive work environment that stimulates life-long learning, provides flexibility and is in line with the company's ESG initiatives. The action plan addresses this topic in recruitment, hiring, training, salary development and promotions.

One sub-action of the multi-year action plan is to offer an Unconscious Bias in Recruitment course for all hiring managers. This course was created as a follow-up to last year's webinar series on diversity and inclusion, raising further awareness on the topic and including a guide on how to use more inclusive language. We also have piloted a Female Sponsorship Programme to help improve female career progression and expand the talent pool available for senior positions. As already mentioned, we have made our vacancies appear gender-neutral and all postings include an 'equal opportunity for all' statement. Efforts on this action plan will continue during the coming years in line with our Sustainability Master Plan outlined in the ESG Chapter.

Evolving our culture

To be an attractive, enabling, and sustainable employer, we find it especially important to strengthen our culture. We do this 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 2023, a winners' event was hosted in Madrid to celebrate the Strike League winning teams from 2022. 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 Happy Holidays Video - a yearly Atradius-branded Seasons Greetings video to share with customers and partners. The video highlights our offices around the world to display our culture and bring forward our international community.

Atradius Cares, under the Evolve+ initiative, was introduced in 2017 to share our resources charitably and give back to society. This applies to our commercial stakeholders and the wider community and the environment. Over the past years, various 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. Detailed information can be found in the ESG chapter.

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

On 31 October 2023, the intra-Community cross-border merger by absorption between ACyC, as the absorbing company, and Atradius Reinsurance DAC (ARE), as the absorbed company, was completed. ARE was dissolved without going into liquidation and all of its assets and liabilities, including all its reinsurance obligations, were transferred by universal succession to ACyC and assigned to its branch in Ireland, which since that date has carried out the reinsurance activities of ARE as its legal successor.

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 126.9 million (EUR 270.2 million in 2022) 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 2023 of EUR 16.7 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 2023 or 2022 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 2023 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 2023 the average payment period was 28 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 2023 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

Our large, multi-year programmes together with separate innovation initiatives cover key areas of our business in commercial and risk. Our agenda continues to be dominated by the digital transformation programmes for the Credit Insurance and Surety. 2023 was a year of progress as we reached a key milestone after a major release, which saw us shifting our core commercial credit insurance operations across many of our offices to a single, state-of the art, in-house built secure system. This new working environment offers unprecedented levels of functionality and connectivity between our online systems that will allow us to maximise the value of our products and services to all our customers, brokers and market partners.

5.10 Environment, Society and Governance (ESG)

In 2022, we created a dedicated ESG Committee chaired by our CFO Claus Gramlich-Eicher. The Committee is composed of members of our leadership team from various business areas and group functions, and has been set up to structure our various ESG initiatives.

In 2023, we also recruited a Head of ESG, who is responsible for promoting, driving, and coordinating the ESG initiatives globally as well as for overseeing the operational management of sustainability across our different international businesses.

Additionally, this year Atradius approved its sustainability policy in line with GCO's public policy which defines the Atradius' approach towards sustainability.

In addition, Atradius has a Human Rights statement with the aim of adapting it to the provisions of the United Nations' Universal Declaration of Human Rights and in accordance with the principles and values of the Group's Code of conduct.

Sustainability Master Plan 2024-2026

In 2022, we formalised our sustainability ambitions based on three pillars - People, Planet and Prosperity, which have guided our actions in the current year.

In 2023, together with GCO, we carried out a materiality assessment following the new European Corporate Sustainability Reporting Directive (CSRD) approach. The CSRD implies the incorporation of the double materiality approach, which identifies and prioritises the sustainability aspects based on, (1) the impact that Atradius' activities have on the environment and its stakeholders (impact materiality), and (2) the impact that the environment and its stakeholders have on Atradius' activities from a risk and opportunity perspective (financial materiality).

The process included interviews with relevant functions of Atradius as well as internal and external surveys, complemented by global peer, trend, and regulatory analyses.

The outcome was integrated into a new Sustainability Master Plan 2024-2026 which is structured into 10 strategic lines related to 4 pillars: Environmental Responsibility, Social Commitment, Good Governance and Sustainable Business.

Promoting sustainability awareness

Atradius has developed several programmes including education sessions for senior management to promote a culture of sustainability within the organisation and ensure that employees are well-informed.

This started last year with the launch of our mandatory sustainability e-learning on the Atradius Academy Learning Management System.

In 2023, we also launched the Sustainability SharePoint which contains details about our own sustainability initiatives and general information on ESG and sustainability.

International Commitments

Atradius supports the ten principles of the United Nations Global Compact on human rights, labour conditions, the environment and anti-corruption and reports on this annually, via our parent company GCO. As part of GCO, Atradius is also a signatory to the UNEP-FI Principles for Sustainable Insurance and UNPRI Principles for Responsible Investment.

Recognitions

In 2023, Atradius was awarded the bronze medal from EcoVadis in recognition of our sustainability that place us in the top 50% of companies assessed by the provider of business sustainability ratings.

According to Moody's, Atradius' ESG Credit Impact Score is neutral-to-low (CIS-2), reflecting the limited credit impact of Environmental and Social risks on the financial strength rating ('A1' outlook stable).

Environmental responsibility

Atradius has a global presence operating in more than 50 countries through a network of 98 offices varying in different sizes.

In most countries, Atradius leases offices either as a single tenant or rents spaces within a multi-tenant building. We collaborate with the landlords to lower our carbon footprint and support our sustainability goals.

Atradius has developed Corporate Real Estate Standards (CRES), which include ESG goals for energy saving measures and new procurement procedures when sourcing for new office locations. Atradius has also introduced hybrid working, reducing the amount of office square meters from 102,629 square meter in 2019 to the 84,972 square meter in 2023 already, and in progress to future optimisation.

Energy consumption and energy efficiency measures

Currently, 9 buildings where Atradius has offices hold sustainable building certificates. When sourcing new office locations, our specifications always include criteria to maximize sustainability, seeking certifications such as ENERGY Star, BREEAM, and LEED.

In an effort to reduce energy consumption, Atradius is implementing various energy efficiency measures. These include replacing existing lighting with more energy-efficient and environmentally friendly LED bulbs, installing motion-sensitive lighting systems, and adjusting lighting schedules to align with office hours. In 2023, the total electricity consumption reached 9,526,636 KWh, with around 40% sourced from renewable energy. In 27 offices, 100% of the electricity consumed is guaranteed to be of renewable origin. The remaining energy consumption, generated by facilities through stationary combustion, amounted to 548 tonnes of CO₂.

Local actions have also been developed to promote sustainable practices, for example in France an energy challenge was organised on each floor of the building throughout 2022, with rewards distributed to the floor that had used the lowest amount of energy in 2023.

Paper and waste

We have put measures in place to assess and minimize the resources we purchase. This includes managing materials categorised as waste spills, hazardous waste such as electronic batteries, PCs, and electronic printing materials. We also responsibly dispose of old phones, laptops, screens, and other electronic devices. Through these initiatives, we aim to significantly decrease the company's environmental footprint.

Furthermore, we consider waste minimisation during office refurbishments, reusing and recycling materials wherever possible.

In 2023, our paper usage resulted in emissions amounting to 44 tonnes of CO₂ and 23% is recycled paper. Furthermore, demonstrating our commitment to sustainability, we set a target to source 100% of our paper from recycled materials in the coming years, ensuring they hold eco-certifications such as the Forest Stewardship Council (FSC).

Travel

In 2023, we revised our internal travel policy, incorporating new ESG recommendations to encourage environmental consciousness and responsible behaviour. The updated policy advises minimizing air travel, especially for distances under 500 kilometres or travel times less than four hours. In the same year, our business travel activities resulted in 3,025 tonnes from air travel and 80 tonnes from train travel. Additionally, our company car fleet contributed to 1,162 tonnes of CO₂ emissions.

The Group Company lease car policy is expected to be published in early 2024 with a more focus on ESG by limiting emissions to a maximum of 120 grams/km and applying an incentive to hybrid and electric cars, 5% and 10% increase in the lease amount at the time of replacement, respectively.

In terms of commuting journeys, a sustainable mobility model will continue to be promoted with the installation of electric car charging stations near the offices, like in the UK, Denmark, Norway, Sweden, The Netherlands, Germany, Belgium, and France.

In addition, Atradius Belgium has undertaken initiatives to promote new alternative means of transportation, such as the inclusion in company benefits of the reimbursement of bike sharing use in Antwerp or the free use of four electric company bikes as new ways of getting to work and reducing emissions.

Social commitments

Diversity, equality, and inclusion

Atradius promotes gender equality and diversity through the Code of Conduct and the Human Resources Policy. In addition, we developed a Human Rights statement in 2021.

In 2022, we designed a multi-year action plan to create a more diverse workforce and inclusive work environment which among other initiatives included targets to increase the presence of women in middle management as well as the reduction of our gender gap. The actions will maintain continuity in our Sustainability Master Plan for 2024-2026 with further development to be implemented to comply with the EU Pay Transparency Directive.

In 2023, 33% of all managers (31% in 2022) and 25% (24% in 2022) of our senior management were women (including our leadership team). As positions within senior management become available, Atradius will continue to keep its culture of diversity at the centre of hiring practices with increasing the number of women in senior positions. As the women within Atradius are equally representative of the high calibre of human capital within the company, we expect that within four years they shall represent at least 22% of the Supervisory Board (11% in 2023), 17% of the Management Board (0% in 2023) and 26% (25% in 2023) of our sub-top-level positions.

We continued to monitor the gender pay gap. Several factors come into play when measuring pay gaps such as years of experience or the different average salary by country. In 2023, the pay gap calculated as average remuneration ratio Women/Men was 0.93 in the category Senior Management (stable compared to 2022) and 0.82 in the category Middle Management (0.84 in 2022).

These actions were complemented by courses and webinars on inclusive language, intercultural communication, and unconscious bias to raise further awareness on the topic.

Employee well-being program

Atradius is promoting new ways of working and is implementing measures aiming at facilitating and improving people's work-life balance.

In 2023, we continued the third year of the Growth Programme with two sessions: one on personal development and the other on feedback.

Since July 2021 Atradius introduced a hybrid working model that combines the advantages of working in the office and of working at home, allowing employees to work 40% of the working week remotely. The model provides a groupwide common framework, while also offering flexibility for local adaptations linked to local legislation, Collective Labour Agreements, and current local practices.

Contribution to local communities

In 2023 Atradius' employees coordinated various local campaigns and activities to support local causes through partnerships with local charities and employee volunteer programmes.

Health

Atradius actively engages in charity races to raise funds and awareness for disease prevention. For example, in 2023 Atradius Italy participated to "Race for the Cure" a sporting event for women's health that supports breast cancer organisations and hospitals and Atradius France in "Les foulées de l'assurance" for the prevention of cardiovascular diseases. Additionally, Atradius UK and Ireland have supported the Alzheimer's Society, the chosen charity of the year via bake sales, charity events, and choir concerts throughout the year.

Finally, for the ninth consecutive year Atradius Amsterdam has taken part in the Amsterdam City Swim, an event where swimmers raise money to help fund the research into treatments for the ALS (Lou Gehrig's disease).

Toy collection and donation were organized by the employees of Atradius France to support the activities of Ti'Clown, an association that helps children live better in hospital and regain their status as children despite their illness.

Environmental awareness

Through the World Clean-up Day, Atradius volunteers participated in clean-up drives, collecting rubbish both on land and in the sea. In 2023, 140 colleagues from 17 different countries/regions participated in picking up 190 kilos of waste.

Atradius Belgium has launched a new trend of end-of-year gifts for its employees and donated 5 trees for each colleague in the Atradius forest in Evelette. A total of 1,500 trees were planted in 2023.

We developed local actions to involve our customers in our sustainability efforts; in 2023, Atradius Germany invited 15 customers to plant 4-meter-tall trees in Kevelaer, Germany, with their account managers.

For any registration on our platform view, a new tool offered to our customers in Spain, Portugal, and Brazil, Atradius delivers water filters to the NGO The Social Water, for the purification of polluted waters.

Solidarity and social inclusion

Atradius Vietnam donated used computers to Thien An Shelter (MATA), a social protection institution established to help the visually impaired youth access education and learn skills needed to integrate into the society.

Several countries such as Spain and the Netherlands have a long-standing participation in donating to local food banks.

Sustainable business

Sustainable investment

Atradius has updated its Policy to include sustainable investment principles in the management of its financial investments.

The policy includes the incorporation of ESG considerations into the analysis and decision-making processes in terms of investment management:

Exclusion principles:

Exclusion of companies in which part of their activity is carried out in certain economic sectors, which are involved in controversial activities or in those companies with a high ESG risk score, as measured by an external provider.

Integration principles:

Investment in projects aimed at the transition towards a low-carbon economy, which is more resource-efficient and more sustainable, are progressively increased and/or investments in projects aimed at achieving the social and environmental objectives, in line with the priorities set out in the Group's Sustainability Master Plan.

In 2023 we achieved the target of ensuring 10% of our investments were sustainable or delivered sustainable impacts.

ESG Rating Pilot

In 2022, we conducted customer surveys and interviews to develop a more accurate understanding of the customers' needs in relation to sustainability and the role that we can have as a credit insurer. As a result, in 2023 we kicked-off several pilots. One in particular was focused on developing in-house knowledge and insights of how ESG drivers and topics translate themselves into credit risks, and to which degree companies' ESG performance is linked to their own creditworthiness. Once we have developed this insight, we can support our customers to navigate through the ESG-linked credit risks.

The pilots conducted also highlight that, considering the limited availability of ESG information, reports and scores in the market at the moment, it is safe to say that we are at the beginning of this journey. Our expectation is that more companies will start gathering data in 2024 already so they can publish sustainability disclosures and reports as of 2025 following coming into effect of the CSRD for a number of companies, and the information will become more readily available in a standardized and audited form, so we can build reliable data models and insights.

6 Outlook for 2024

We predict global economic activity to slow to 1.3% in 2023. 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
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, 12 de marzo de 2024, ha formulado las Cuentas Anuales (PCEA) y el Informe de Gestión de la Compañía, correspondientes al ejercicio cerrado al 31 de diciembre de 2023, que constan extendidos en ___ páginas numeradas correlativamente, además de la presente.

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 a continuación firman esta manifestación, a 12 de marzo de 2024

The Board of Directors of ATRADIUS CRÉDITO Y CAUCIÓN S.A. DE SEGUROS Y REASEGUROS, in the meeting held today, 12 March 2024, has formulated the Annual Accounts (Spanish GAAP) and the Management Report of the Company, corresponding to the financial year ended 31 December 2023. They consist of ___ consecutively numbered pages, in addition to this one.

And as an evidence thereof, in compliance with the provisions of article 253 of the Spanish Companies Act, the Directors referred to below sign this statement, on 12 March 2024.

Xavier Freixes Portes

Hugo Serra Calderón

Désirée Maria van Gorp

John Patrick Hourican

Carlos Halpern Serra

José María Sunyer Sendra

Juan Ignacio Guerrero Gilabert

Joaquín Guallar Pérez