2018

Annual Report
Atradius Finance B.V.

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01 Report of the Board of Directors

Report of the Board of Directors

Atradius Finance B.V. (the 'Company') is a private limited liability company, incorporated under the laws of the Netherlands on 14 November 2003, with its corporate seat in Amsterdam, the Netherlands. The Company provides finance and support services to Atradius N.V. and its subsidiaries (together with its subsidiaries referred to as 'Atradius'). The only activity of the Company is to support the access of Atradius and its subsidiaries in obtaining external financing.

The sole shareholder of the Company is Atradius, which is a company incorporated and domiciled in Amsterdam, the Netherlands. The ultimate parent and the ultimate controlling party of Atradius is Grupo Catalana Occidente, S.A. The financial statements of Atradius N.V. are consolidated within Grupo Catalana Occidente, S.A., which is a listed company in Spain.

Risk management

The Company is part of Atradius and relies for its risk management on the Atradius risk management framework. The information found in this report is consistent, where relevant for the Company, with the notes on risk and capital management found in the 2018 annual report of Atradius N.V. The corporate bodies and committees described below operate at Atradius level.

As a global insurance provider, Atradius recognises the importance of risk management. Atradius has introduced a strong governance and associated internal control system within the organisation. As a self-learning organisation and based on regulatory requirements Atradius continues to strengthen its risk management capabilities by broadening the risk management scope and enhancing the existing risk management tools.

The Board of Directors of the Company has the ultimate responsibility and accountability for risk management and internal control within the Company. Atradius N.V.'s Management Board owns, implements and oversees Atradius group-wide risk governance through the Risk Strategy Management Board (RSMB). The RSMB consists of all members of the Management Board, as well as the Directors of Group Risk Management, Strategy and Corporate Development and Finance. The RSMB's responsibilities include the development of the framework to manage risk and the on-going overview of the largest risks. The RSMB establishes the internal risk control system by determining risk control policies and prescribing risk mitigation activities. In addition, the RSMB ensures that there are processes and systems to review the effectiveness of risk management and the internal control system.

Atradius Supervisory Board is responsible for overseeing that the Management Board implements, amongst other things, a suitable risk management and internal control system. In this respect, the Management Board, alongside its risk management functions, periodically presents results, developments and plans to the Supervisory Board and relevant committees thereof. One of these committees, the Audit Committee, supervises, monitors and advises the Management Board on the effect of internal risk management and control systems. The Audit Committee is assisted in this role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Atradius' risk management policies are established to identify and analyse the risks faced by Atradius, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Atradius activities. Through training and management of standards and procedures, Atradius has developed a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

Central to Atradius' system of governance is the Atradius risk governance structure. The risk governance structure comprises a framework of committees which act under the delegated authority of the RSMB, approval authorities, roles and responsibilities and risk boundaries which define the process by which Atradius decides what risks it takes on and how it manages those risks.

For further information we refer to Note '4. Risk and capital management' in the 2018 Atradius N.V. consolidated financial statements.

The key risk the Company is exposed to is credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The main exposure to credit risk is under the subordinated loan granted by the Company to Atradius Insurance Holding N.V. We refer to the description of the main risk and uncertainties and how these are managed to Note 3 Management of financial risk of the financial statements.

Financial performance

The result for the year of the Company is mainly driven by the interest margin on the loan granted to Atradius Insurance Holding N.V, and the issued guaranteed subordinated loan. However, due to the transition to IFRS 9 as of 1 January 2018 and the resulting change in the impairment model for financial assets, a one-time negative impact on the opening balance of equity of EUR 3.5 million after tax was recognised. In order to avoid a negative equity balance the loan agreement with Atradius Insurance Holding N.V. was modified effective 21 December 2018 by increasing the interest margin by 44 basis points. The modification did not result in derecognition of the loan.

This modification resulted in a one-time profit of EUR 5.2 million before income tax expense and therefore at the end of the reporting period the total equity of the Company is EUR 742 thousand.

The Company has adopted IFRS 9 as of 1 January 2018 prospectively, and in line with IFRS 9 transition requirements, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period. The determination of impairment losses and the loss allowance moves from an incurred credit loss model under IAS 39 to an expected credit loss model under IFRS 9.

Under this new credit loss model, allowances for loan losses are recorded upon initial recognition of the financial asset, based on expectations of potential credit losses at the time of initial recognition.

Gender diversity

Dutch legislation, effective from 13 April 2017, requires large Dutch companies, when nominating or appointing members to their Management Board or Supervisory Board, to take into account, as far as possible, a balance in gender, so at least 30% of the positions are held by women and at least 30% by men. The current composition of the Company's board of directors comply with the requirement.

Ratings

At the time of adopting this annual report, the key operating entities of Atradius (Atradius Crédito y Caución S.A. de Seguros y Reaseguros, Atradius Reinsurance DAC and Atradius Trade Credit Insurance, Inc.) are rated 'A (Excellent), outlook stable' by A.M. Best and A2, outlook stable' by Moody's.

The subordinated notes issued by the Company have been assigned a debt rating of 'bbb, outlook stable' by A.M. Best and 'Baa2, outlook stable' by Moody's.

Management does not anticipate any major changes during the coming financial year.

Amsterdam, 16 April 2019

The Board of Directors

C. Gramlich-Eicher
D. Hagener
F.E. Beijdorff

Conformity statement

As required by section 5:25c subsection 2(c) of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht), the members of the Board of Directors hereby confirm that to the best of their knowledge:

- The Atradius Finance B.V. 2018 financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Atradius Finance B.V.;
- The Atradius Finance B.V. 2018 annual report gives a true and fair view of the position of Atradius Finance B.V. at the end of the reporting period and of the development and performance of the business during the financial year 2018, together with a description of the principal risks Atradius Finance B.V. is being confronted with.

Amsterdam, 16 April 2019

The Board of Directors

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C. Gramlich-Eicher

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D. Hagener

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F.E. Beijdorff

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Company Financial Statements

Company financial statements 2018

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Company financial statements

Company statement of financial position (after profit appropriation)

Assets	Note	31.12.2018	31.12.2017
Financial assets			
Loans and receivables	4.1.1	248,462	248,000
Deferred tax assets	4.1.4	1,004	-
Other assets	4.1.2	3,675	3,683
Cash and cash equivalents	4.1.3	1,290	1,134
Total		**254,431**	**252,817**
Equity			
Capital and reserves attributable to the equity holders of the Company	4.2.1	742	620
Total		**742**	**620**
Liabilities			
Subordinated loan	4.3.1	248,790	248,614
Current tax liabilities	5.4	1,291	-
Payables	4.3.2	36	12
Other liabilities	4.3.3	3,572	3,571
Total		**253,689**	**252,197**
Total equity and liabilities		**254,431**	**252,817**

Company income statement and other comprehensive income

	Note	2018	2017
Interest income	5.1	13,306	13,293
Interest expense	5.2	(13,325)	(13,293)
Net Interest income		**(19)**	**-**
Loan impairment loss on financial assets	3.1.	(300)	
Net interest income after provision for credit losses		**(319)**	**-**
Net gain from loan modification	3.1.	5,240	-
Net operating expenses	5.3	(24)	(22)
Result for the year before tax		**4,897**	**(22)**
Income tax expense	5.4	(1,238)	5
Result for the year attributable to the owners of the company		**3,659**	**(17)**
Total comprehensive income for the year attributable to the owners of the		**3,659**	**(17)**

Company statement of changes in equity

	Attributable to the owners of the Company		
	Share capital	**Retained earnings**	**Total equity**
Balance at 1 January 2017	**18**	**619**	**637**
Total result for the year	-	(17)	**(17)**
Balance at 31 December 2017	**18**	**602**	**620**
Balance at 1 January 2018 (IAS39)	**18**	**602**	**620**
IFRS 9 transition impact (See note 2.2.3)		(3,537)	(3,537)
Restated balance as at 1, January 2018 (IFRS 9)	**18**	**(2,935)**	**(2,917)**
Total result for the year	-	3,659	**3,659**
Balance at 31 December 2018	**18**	**724**	**742**

Company statement of cash flows

	2018	**2017**
I. Cash flows from operating activities		
Interest received - loans and receivables	13,293	13,293
Cash payments to suppliers and related parties	(12)	(1)
Net cash (used in)/generated by operating activities	**13,281**	**13,292**
II. Cash flows from financing activities		
Interest paid - subordinated loan (bond)	(13,125)	(13,125)
Net cash (used in)/generated by financing activities	**(13,125)**	**(13,125)**
Changes in cash and cash equivalents (I + II)	**156**	**167**
Cash and cash equivalents at the beginning of the year	1,134	967
Cash and cash equivalents at the end of the year	**1,290**	**1,134**

The non-cash changes in liabilities arising from financing activities during the year are EUR 176 thousand (2017: EUR 167 thousand).

Notes to the Company financial statements

1 General information

Atradius Finance B.V. (the 'Company') is a private limited liability company, incorporated under the laws of the Netherlands on 14 November 2003, with its corporate seat in Amsterdam, the Netherlands; Chamber of Commerce registration number 34198113. The Company provides finance and support services to Atradius. The only activity of the Company is to support Atradius in obtaining external financing.

The sole shareholder of Atradius Finance B.V. is Atradius N.V. The ultimate parent and the ultimate controlling party of Atradius is Grupo Catalana Occidente, S.A. The financial statements of Atradius N.V. are consolidated within Grupo Catalana Occidente, S.A., which is a listed company in Spain.

These financial statements have been authorised for issue by the Board of Directors on 16 April 2019.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

2.1 Basis of presentation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also comply with article 362.9 of Book 2 of the Dutch Civil Code.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

All amounts in the notes are shown in thousands of Euro (EUR), rounded to the nearest thousand, unless otherwise stated.

Below are the selected standards and amendments that are relevant for the Company.

2.2 New and revised standards

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Company require retrospective application, unless otherwise stated .

2.2.1 Standards, amendments and interpretations effective in 2018

The following relevant standards amendments and interpretations have been adopted in 2018 and have not been early adopted by the Company:

- On January 1, 2018, the Company adopted IFRS 9 'Financial Instruments', which replaces IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements on how an entity should classify and measure financial assets, requires changes to the reporting of 'own credit' with respect to issued debt liabilities that are designated at fair value, replaces the rules for impairment of financial assets and amends the requirements for hedge accounting. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures. Please refer to the 'IFRS 9 Transition Impact Analysis' section for the impact on the Company's financial statements.

2.2.2 Standards, amendments and interpretations not yet adopted

The following relevant standards and amendments are effective for annual periods beginning after 31 December 2018 and have not been early adopted by the Company:

- Amendments to IFRS 9: Prepayment feautures with negative compensation (effective 1 January 2019). The amendments clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or received reasonable compensation for the early termination of the contract. The amendments are not expected to have a material impact on the financial statements.

- Annual improvements cycle 2015-2017 (effective 1 January 2019). The cycle introduces limited amendments to the following standards: IFRS 3 Business combinations, IFRS 11 Joint arrangements, IAS 12 Income taxes and IAS 23 Borrowing costs. The amendments are not expected to have a material impact on the financial statements.

The following relevant standards, amendments and interpretations have not yet been endorsed by the European Union and as such have not been early adopted:

- Amendments to IAS 1 and IAS 8: Definition of material (effective 1 January 2020). The amendments clarify the definition of "material" and align the definition used in the conceptual framework with that in the standards themselves. The amendments are not expected to have a material impact on the financial statements.

2.2.3 IFRS 9 Transition Impact Analysis

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period. Consequently, for notes disclosures, the amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Company. Further details on the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in section 2.4 below.

	IAS 39		**IFRS 9**	
	Measurement category	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial Assets				
Loan and receivables	Amortised cost (Loan and receivables)	248,000	Amortised cost (Hold to collect)	243,521
Other assets	Amortised cost (Loan and receivables)	3,683	Amortised cost (Hold to collect)	3,683
Cash and cash equivalents	Amortised cost (Loan and receivables)	1,134	Amortised cost (Hold to collect)	1,134

The Company performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. Please refer to note 2.4 for more detailed information regarding the new classification requirements of IFRS 9.

(b) The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018. There were no reclassifications on transition to IFRS 9.

	IAS 39 Carrying amount 31-dec-17	Remeasure-ment[1]	IFRS 9 Carrying amount 1-jan-18
Amortised cost	-	-	-
Loans and receivables at amortised cost	-	-	-
Opening balance under IAS 39	248,000	-	-
Remeasurement Expected credit losses	-	(4,479)	-
Total Loans and advances at amortised cost	**248,000**	**(4,479)**	**243,521**
Deferred tax asset	-	-	-
Opening balance	-	-	-
Remeasurment in Expected credit losses	-	942	942
Total Deferred tax asset	**-**	**942**	**942**
Total change to financial assets balance at 1 January 2018	**248,000**	**(3,537)**	**244,463**

[1] 12 Month ECL

The carrying amounts of Cash and cash equivalent and other assets were not impacted by the adoption of IFRS 9.

The deferred tax asset is calculated based on applicable tax rates in the reversal period of the ECL. As the tax rate in the Netherlands is gradually reduced to 20.5%, the average tax rate applied is 21%.

(C) Reconciliation of impairment allowance

The impairment requirements in IFRS 9 are based on an expected credit loss model and replace the IAS 39 incurred loss model. The expected credit loss (ECL) model is applicable to debt instruments recorded at amortised cost. Accordingly, no impairment was calculated under IAS 39 and an ECL is calculated under IFRS 9. For details on the assessment of credit risk in the financial assets and the calculation of the ECL, refer to Note 3.1.1.

2.3 Segment reporting

The Company has one relevant operating segment; the financial information of this operating segment is included in the financial statements.

2.4 Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at Fair-Value through Profit or

loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

In assessing the contractual cash flow characteristics, the Company considers if the cash flows are solely principal and interest (SPPI). For the purpose of the SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. Contractual cash flows that are SPPI are consistent with a basic lending arrangement. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

2.4.1 Financial assets measured at amortised cost

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost. Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

2.4.2 Impairment of financial assets

The Company recognises loss allowance for expected credit losses (ECLs) on the financial assets that are measured at amortised cost, These are measured as the probability-weighted present value of the difference between the contractual cash flows and the cash flows that the Company expects to receive discounted at the asset's Effective Interest rate (EIR). ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-Month ECL, i.e. lifetime ECL that results from those default events on the financial instruments that are possible within 12 months after the reporting date, (referred to as stage 1); or
- Full lifetime ECL i.e. lifetime ECL that results from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

The Company applies a three-stage approach to measure expected credit losses (ECLs) financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in note 3.

For ECL on a modified asset, please refer to note 2.4.3.

2.4.3 Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified the Company assesses whether this modification results in derecognition. A modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers qualitative factors, such as contractual cash flows after modification are no longer SPPI, maturity and covenants. A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms.

Where a modification does not lead to derecognition the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate. For such assets, the risk of default after modification is assessed at reporting.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. The estimated fair value of the cash and cash equivalents is equal to the book value of the cash and cash equivalents due to the short-term nature of the balance.

2.6 Capital and reserves

2.6.1 Share capital

Share capital is the nominal value of issued shares. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

2.6.2 Retained earnings

Retained earnings is the accumulated amount of profits or losses at the end of the reporting period, which have not been distributed to shareholders. The distribution of retained earnings can be restricted by law and/or as set out in the articles of association of the Company.

2.7 Subordinated loans

The Company classifies its financial liabilities at amortised cost.

A subordinated loan is recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost. The difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the fixed period of the loan during which the interest is fixed using the effective interest method. Interest payable is reported under other liabilities.

2.8 Taxation

Income tax in the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect to previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not accounted for.

2.9 Statement of income

2.9.1 Income

Net interest income

Net interest income is the interest income on loans and receivables less interest expenses on subordinated bonds, both recognised using the effective interest method.

2.9.2 Expenses

Net operating expenses

Net operating expenses comprise administrative expenses.

2.10 Statement of cash flows

The statement of cash flows is presented using the direct method.

Some of the terminology used in the statement of cash flows is explained as follows:

- Cash flows are inflows and outflows of cash and cash equivalents;
- Operating activities are the principal revenue-producing activities of the Company and other activities that are not financing activities;
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Company.

2.11 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies. The areas that involve a higher degree of judgement or complexity are the credit impaired losses and deferred tax asset. Detailed information about the each of these estimates and judgements is included in the note 3.1.1 and note 4.1.4 respectively.

3 Management of financial risk

3.1 Financial risk

The Company is exposed to financial risk through its financial assets and financial liabilities. The core components of the financial risk are credit risk, liquidity risk and market risk. The relevant risks for the Company are further detailed in the next paragraphs.

3.1.1 Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to repay their debts towards the Company in full when due. The key area where the Company is exposed to credit risk are the loans and receivables as part of financial assets. The loans and receivables consist of a subordinated loan granted to Atradius Insurance Holding N.V.. The underlying credit risk is in the business of Atradius Insurance Holding N.V. which needs to generate the necessary cash to repay the loan. The subordinated loan is related to the issued subordinated notes (part of the liabilities in the balance sheet). Atradius Insurance Holding N.V. is a subsidiary of Atradius N.V. ,the shareholder of the Company, who acts as a guarantor under the subordinated notes. At the time of adopting this Annual report, the key operating entities of Atradius (Atradius Crédito y Caución S.A. de Seguros y Reaseguros, Atradius Reinsurance DAC and Atradius Trade Credit Insurance, Inc.) are rated 'A (Excellent), outlook stable' by A.M. Best and 'A2, outlook stable' by Moody's. The related maximum exposure to credit risk equals the carrying amount of EUR 248 million of the loan with Atradius Insurance Holding NV.

Significant increase in credit risk (SICR)

As explained in note 2 the Company monitors financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.
The Company considers an instrument to be in default when contractual payments are 90 days past due. Under IFRS 9, when determining whether the credit risk (i.e., risk of default) of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

SICR is assessed by analysing the credit rating of the counterparty of the intercompany loan including assessing any changes in the credit rating since issuance date, of the counterparty and its main operating subsidiaries since issuance date and tracking history of default. Based on the analysis done there was no SICR and the company considered to have low credit risk.

Incorporation of forward looking information

The Company uses forward-looking information that is available without undue cost or effort in its assessment of SICR as well in as in the measurement of ECL.
The Probability of Default (PD) is adjusted to reflect current and forward-looking information in macroeconomics factors affecting the ability of the counterparty to pay.
Forward-looking information includes information obtained from economic export reports, financial analysists government bodies as well as consideration of various internal and external sources of actual and forecast economic information.

Measurement of ECL

For the financial assets provisions calculation, the ECL methodology estimates the difference between the contractual cash flows that must be paid according to the contract and the cash flows that the Company expects to receive. The three elements to calculate the Expected Credit Losses (ECL) are: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The ECL is calculated by the following formula: ECL = PD*LGD*EAD. The numbers are as follows: PD (7.9%), LGD (23.6%) and the EAD (EUR 256.9 million), ECL as of 31 December 2018 amounts to EUR 4.78 million.
The components of the equation are determined in line with IFRS 9 requirements and were assessed by independent evaluators and verified by our internal risk management team.

The recovery rate depends on the type of instrument, the conditions of each issue (for example, subordination level) and the issuer situation when facing a potential liquidation or resolution process. In this context, the Recovery rates for Stage 1 are estimated based on external data and international studies. Currently there is no 'Stage 2 or 3' impairment allowance.

3.1.1.1 Modification of financial assets

On 21 December 2018, the terms of the intercompany loan were modified, by increasing the interest margin by 44 basis points. As a result, the loans carrying value increased by EUR 5.2 million. The modification did not result in derecognition.

The following table includes summary information for the loan granted to Atradius Insurance Holding N.V., with 12 Month ECL whose cash flows were modified during the year as part of the Company's strategy to avoid portraying negative equity and the respective effect on the company's financial performance:

	Year ended 2018	Year ended 2017
Carrying amount before modification	243,521	248,000
Loss allowance before modification	(299)	(4,479)
Amortised cost before modification	**243,222**	**243,521**
Modification gain	5,240	-
Amortised cost after modification	248,462	243,521
Asset closing balance	**248,462**	**243,521**
Loss allowance closing balance	**(4,778)**	**(4,479)**

Based on the SICR assessment performed, the asset was classified as at Stage. There were no transfers between stages during the year. Movement in ECL are only due to the loan modification. The movement in the carrying amounts of the loan and the loss provision during the year is included in the table above.

3.1.2 Liquidity risk

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

The following table indicates the estimated amount and timing of cash flows as at the end of the reporting period of interest bearing assets and liabilities. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

The tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities (and related assets) based on the earliest contractual repayment date. When the Company has a choice of when an amount is paid, the financial liability is allocated to the period in which the Company can be required to pay. The Company's options to redeem the subordinated notes (see Note 4.3.1) and to terminate the loan (see Note 4.1.1) prior to their contractual maturity dates are not reflected in the tables below.

At 31 December 2018	Contractual cash flows (undiscounted)				
	0-1 years	1-3 years	3-5 years	>5 years	Carrying value
Interest bearing assets					
Granted loan	14,384	28,768	28,768	258,443	253,240
Interest bearing liabilities					
Subordinated notes	13,125	26,250	26,250	259,529	248,790

At 31 December 2017	Contractual cash flows (undiscounted)				
	0-1 years	1-3 years	3-5 years	>5 years	Carrying value
Interest bearing assets					
Granted loan	13,293	26,586	26,586	270,944	248,000
Interest bearing liabilities					
Subordinated notes	13,125	26,250	26,250	272,654	248,614

The tables have been drawn up based on undiscounted contractual cash based on the earliest contractual repayment date.

For disclosures about the loan modification, please refer to Note 3.1.1.1

3.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of the financial assets or financial liabilities will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and equity price risk. The Company is only exposed to interest rate risk. Due to the fact that the assets and the liability's terms and conditions are similar the interest risk is not expected to have a material impact.

3.1.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Due to the fact that the redemption dates of both the loan (asset) and the notes (liability) managed by the Company are equal, the company considers the interest rate risk as low. In addition, the company manages it interest rate risk on the notes by an equally fixed rate basis on the loan. As this effectively mitigates any interest rate risk exposure there is no sensitivity to interest rate movement in the Company's accounts.

The table below summarises the combined percentage of the yield and spread at the end of the reporting period by type of interest bearing assets and liabilities as at that date for the fixed rate of interest period. The interest bearing assets in this table relate to the subordinated loan granted to Atradius Insurance Holding N.V.

	Weighted average effective interest rate %	
	2018	2017
Interest bearing assets		
Granted loan	5.36%	5.36%
Interest bearing liabilities		
Subordinated notes	5.35%	5.35%

For disclosures about the loan modification, please refer to Note 3.1.1.1.

3.1.3.2 Currency risk

The Company is not exposed to currency exchange risk, since the Company's assets as well as the liabilities are all denominated in EUR.

3.1.3.3 Equity price risk

The Company is not exposed to movement in equity prices since it does not hold any equity investments in its investment portfolio.

4 Notes to the statement of financial position

4.1 Assets

4.1.1 Financial assets

The financial assets relate to a loan granted on 23 September 2014 to Atradius Insurance Holding N.V., a related party, of EUR 248 million, with an original maturity of 30 years. The loan bears interest on the principal amount consisting of a fixed rate of interest of 5.360% per annum payable annually in the first 10 years, which will thereafter be reset to a floating 3 month-EURIBOR plus a margin of 5.031% per annum payable quarterly for the remaining 20 years. Provided that notice has been given to the other parties, the Company and Atradius Insurance Holding N.V. have the possibility to terminate this loan on 23 September 2024 and each interest payment date thereafter, without any penalties.

On 21 December 2018, the Company and Atradius Insurance Holding N.V. agreed to increase the interest margin by 44 basis points. This has resulted in an increase of EUR 5.2 million in the loans' carrying value.
For additional information about the loan modification, please refer to Note 3.1.1.1.

The loss allowance is based on a 12-month ECL, there was no SICR on transition. For additional information, please refer to note 3.1.1.

The fair value of the loan at year-end 2018 is estimated at EUR 260 million (2017: EUR 295 million). The estimate is calculated in line with the estimate for the subordinated notes (see Note 4.3.1). The loan is classified as a level 2 financial instrument under the fair value hierarchy since it is related to the subordinated notes (see Note 4.3.1). There have been no transfers into or out of Level 2 of the fair value hierarchy during 2017 and 2018.

4.1.2 Other assets

The estimated fair values of other assets are comparable with the book value of these assets due to the short-term nature of the balance. These assets consist of accrued interest, prepaid expenses and income tax.

4.1.3 Cash and cash equivalents

All cash and cash equivalents include cash at bank and cash in hand. The Company participates in a cash pooling agreement within Atradius. Cash balances are transferred to the master account at Atradius Insurance Holding N.V. on a quarterly basis, resulting at year end in an intercompany cash receivable.

4.1.4 Deferred tax asset

The Expected credit loss of EUR 4.5 million created a temporary difference between IFRS and tax base and therefore a deferred tax asset of EUR 0.9 Million was recognised in equity. The deferred tax asset will depend on the value of the Expected credit loss and will move in accordance with the changes in the excepted credit loss amount going forward.
The gross movement on the deferred income tax is presented in the following table:

	2018	2017
Balance at 1 January	942	-
Charge to the income statement of the year	62	-
Balance at 31 December	**1,004**	-

EUR 62 thousand is transferred from current tax to deferred tax asset.

4.2 Equity

4.2.1 Capital and reserves

The authorised share capital amounts to EUR 90,000 divided into 90 shares with a nominal value of EUR 1,000 each. Eighteen shares (nominal value EUR 18,000) were issued and fully paid at balance sheet date. The fully paid ordinary shares carry one vote per share and carry the right to dividends. There have been no changes in the number of shares outstanding during the reporting period.

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders, and
- maintain an optimal capital structure to reduce the cost of capital for Atradius N.V and it's subsidiaries.

Per year-end 2018 the capital includes shareholders' equity of EUR 742 thousand and subordinated debt of EUR 250 million (nominal value).

4.3 Liabilities

4.3.1 Subordinated loan

On 23 September 2014, the Company issued guaranteed subordinated notes with a nominal value of EUR 100,000 each for an aggregate amount of EUR 250 million (the subordinated 'notes'). The Company may redeem the subordinated notes, in whole but not in part, on 23 September 2024 and on each interest payment date thereafter. Unless previously redeemed, the subordinated notes will be redeemed at maturity on 23 September 2044. The subordinated notes bear interest at a fixed rate of 5.250% per annum payable annually in the first 10 years, which will thereafter be reset to a floating 3 month-EURIBOR plus a margin of 5.031% per annum payable quarterly for the remaining 20 years. The notes do qualify as regulatory capital under the Solvency II grandfathering rules. The subordinated notes are guaranteed by Atradius N.V. and are listed on the Luxembourg Stock Exchange.

The subordinated notes issued by the Company have been assigned a debt rating of 'bbb, outlook stable' by A.M. Best and 'Baa2 (hyb), outlook stable' by Moody's.

The fair value estimate of the notes at year-end is EUR 260 million (2017: EUR 295 million) and is classified as Level 2 under the fair value hierarchy as it is based on binding quotes from independent brokers.

There have been no transfers into or out of Level 2 of the fair value hierarchy during 2017 and 2018.

4.3.2 Payables

Payables are all current and relate mainly to operating costs.

4.3.3 Miscellaneous liabilities and accruals

The other liabilities consist of the accrued interest balance on the bonds at the end of the reporting period of EUR 3.6 million (2017: EUR 3.6 million).

5 Notes to income statement

5.1 Interest income

This amount consists of interest income relating to the loan granted to Atradius Insurance Holding N.V.

5.2 Interest expense

This amount consists of interest expenses relating to the subordinated notes.

5.3 Net operating expenses

This amount consists of administrative expenses.

5.4 Income Tax

	2018	**2017**
Current tax	1,300	(5)
Deferred tax	(62)	-
Income tax expense/(Income) for the year	**1,238**	**(5)**

The reconciliation of the expected tax rate to the actual tax rate is provided in the following table:

	2018	**2017**
Result before tax	**4897**	**(22)**
Tax at the rate of 25%	1,224	(5)
Impact of change in tax rate	14	-
Income tax expense/(Income) for the year	**1,238**	**(5)**

The current tax liability relates to corporate income taxes payable. As Atradius Finance B.V. is included in a fiscal unity for corporate income tax purposes with Atradius N.V. in the Netherlands, the tax payable will be settled with other entities within the fiscal unity. All companied included in the fiscal unity are jointly and severally liable for the corporate income tax payable in the Netherlands by the fiscal unity.

6 Personnel

The Company has no employees (2017: nil).

7 Related party transactions

At 31 December 2018	Interest income related parties	Interest expense related parties	Nominal values owed by related parties	Nominal values owed to related parties
Atradius Insurance Holding N.V.	13,306	-	248,000	-
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	-	-	1,290	-
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	-	2,100	-	40,000
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	-	722	-	13,291
Bilbao Compañía Anónima de Seguros y Reaseguros	-	162	-	3,000
Total	**13,306**	**2,984**	**249,290**	**56,291**

At 31 December 2017	Interest income related parties	Interest expense related parties	Nominal values owed by related parties	Nominal values owed by related parties
Atradius Insurance Holding N.V.	13,293	-	248,000	-
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	-	-	1,134	-
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	-	2,100	-	40,000
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	-	715	-	13,291
Bilbao Compañía Anónima de Seguros y Reaseguros	-	159	-	3,000
Total	**13,293**	**2,974**	**249,134**	**56,291**

Subordinated loan

Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros, a subsidiary of the ultimate parent of Atradius has purchased on 23 September 2014 EUR 40 million (16.0%) of the guaranteed subordinated notes. During 2018 and 2017 additional guaranteed subordinated notes were purchased by Seguros Catalana Occidente S.A. de Seguros y Reaseguros (EUR 13.3 million, 5.3%) and Bilbao Compañía Anónima de Seguros y Reaseguros (EUR 3.0 million, 1.2%). Both companies are also subsidiaries of the ultimate parent of Atradius.

The interest expense relating to this portion in 2018 was EUR 2.9 million (2017 EUR 2.9 million).

All transactions with related parties are at arm's-length.

To better align with other group companies, we present nominal values.

8 Auditors fees

The information of Atradius Finance B.V. is consolidated in the financial statements of Atradius N.V., no further disclosure is required relating to auditor fees.

9 Remuneration of the Board of Directors

There was no remuneration for members of the Board of Directors in 2018 and 2017.

10 Events after the reporting period

There are no events to report.

11 Proposed profit appropriation

The Board of Directors proposes to the General Meeting to allocate the result for the year to the retained earnings. The proposal is reflected in these financial statements.

03 Other information

Other Information

12 Statutory appropriation of result

In accordance with article 21 of the Articles of Association the result for the year is at the disposal of the General Meeting.

Independent auditor's report

To: the general meeting of Atradius Finance B.V.

Report on the financial statements 2018

Our opinion

In our opinion, Atradius Finance B.V.'s financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2018 of Atradius Finance B.V., Amsterdam ('the Company').

The financial statements comprise:

- The Company statement of financial position as at 31 December 2018;
- the following statements for 2018: the Company income statement and other comprehensive income, the Company statement of changes in equity and the Company statement of cash flows;
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of Atradius Finance B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

The Company's main activity is the financing of Atradius Insurance Holding N.V. and its group companies, through bond offerings on international capital markets. The repayment of the bond to the investors is guaranteed by Atradius N.V. as disclosed in note '3.1.1. Credit risk' to the financial statements. The Company has financial instruments with fixed interest rates to mitigate the interest rate risk. Both the issued loan and the bond have fixed interest rates with equal characteristics.

The transition to IFRS 9, in particular the determination of the expected credit loss on the issued loan to Atradius Insurance Holding N.V. based on the principles of IFRS 9, characterised the financial year 2018.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 3.1.1 and 4.1.4. of the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the measurement of expected credit losses we considered this as key audit matter as set out in the section 'Key audit matters' of this report.

As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competences, which are needed for the audit of a finance company.

First-year audit consideration

After our appointment as the Company's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Company, its business, its internal control environment and IT systems. We looked at where and how this effected the Company's financial statements and internal control framework.
Additionally, we reviewed the predecessor auditor's files and discussed the outcome thereof to confirm our understanding of the opening balances and internal controls within the Company. Based on these procedures, we have prepared our risk assessment and audit strategy and prepared our audit plan, which we discussed with the board of directors.

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out below.
These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Based on our professional judgement, we determined the materiality for the financial statements as a whole at € 2.534.000. As a basis for our judgement, we used 1% of total assets. We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the information needs of the common stakeholders, of which we believe the shareholders and bondholders are the most important ones. Inherent to the nature of the company's business, the amounts in the financial statements are large in proportion to the income statement line items interest income and expenses, operating expenses and income tax. Based on qualitative considerations we performed audit procedures on those income statement line items, applying a benchmark of 10% of the total of those expenses.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them misstatements identified during our audit above € 126.700 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this

section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we made on the results of our procedures should be read in this context.

Key audit matter	*How our audit addressed the matter*
Measurement of expected credit losses *Notes 3.1.1. Credit risk and 4.1.1. Financial assets* We consider the valuation of the loans issued, as disclosed in note 3.1.1. Credit risk and 4.1.1. Financial assets to the financial statements for a total amount of € 248.462, to be a key audit matter. This is due to the size of the loan and impairment rules introduced by IFRS 9. The basis for determining any expected credit loss pursuing to IFRS 9 is the classification and measurement of financial instruments. The board of directors has performed an assessment to conclude whether the cash-flows from financial instruments fulfil the requirements of the SPPI test (solely of payment of principal and interest). The board of directors has determined that the loan issued is categorised as stage 1 loans, hence only a 12-month expected credit loss ('ECL') has been recognised. Mainly with respect to the probability of default ('PD'), the loss given default ('LGD') used in the determination of the expected credit losses, management has applied significant judgement given the low default character of the entity's loan portfolio. As a result, there is limited internal historical data to support and back-test the PD and LGD. • In the absence of internal historical losses and default information, the board of directors used data from external data source providers in determining the ECL. • The loans granted to Atradius Insurance Holding N.V. and its group companies are guaranteed. This has been considered as part of the calculation of the EAD.	We performed the following procedures to test the board of directors's assessment of the expected credit loss to support the valuation of the loan issued to Atradius Insurance Holding N.V. and its group companies: • In connection with classification and measurement, we analysed supporting documents (mainly loan documentation such as prospectuses and term sheets) to evaluate whether the SPPI requirements in IFRS 9 are met. • With respect to the ECL calculation, we tested the loan qualification as stage 1 loan by assessing the actual performance of the loan (i.e. no significant deterioration of credit risk). • We evaluated the financial position of the counterparties of the loan issued and the guarantor by assessing observable data from rating agencies, developments in credit spreads, the latest available financial information and other publicly available data in order to assess if there are no adverse conditions present suggesting to classify the loans as stage 2 or stage 3 loans. • For the expected credit loss, we assessed that the impairment methodology and model applied by the entity were in accordance with the requirements of IFRS 9. • We assessed that the PD and LGD, applied by the board of directors, were based upon data from external data source providers and we have recalculated the impairment recorded in the financial statements. We found the assessment of the board of directors to be sufficiently rigorous. Our procedures as set out above did not indicate material differences.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- the report of the board of directors;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Atradius Finance B.V. following the passing of a resolution by the shareholders at the annual meeting held on 9 March 2018.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

For the period to which our statutory audit relates, in addition to the audit, we have provided no other services to the Company.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code;
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error.
They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 16 April 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.H. Zoon RA

Appendix to our auditor's report on the financial statements 2018 of Atradius Finance B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.
Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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 Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 financial statements 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 and are made in the context of our opinion on the financial statements as a whole.
  However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors 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 provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable,
related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements 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 or when, in extremely rare circumstances, not communicating the matter is in the public interest.