Atradius

Managing risk, enabling trade

2019

Annual Report Atradius N.V.

Contents

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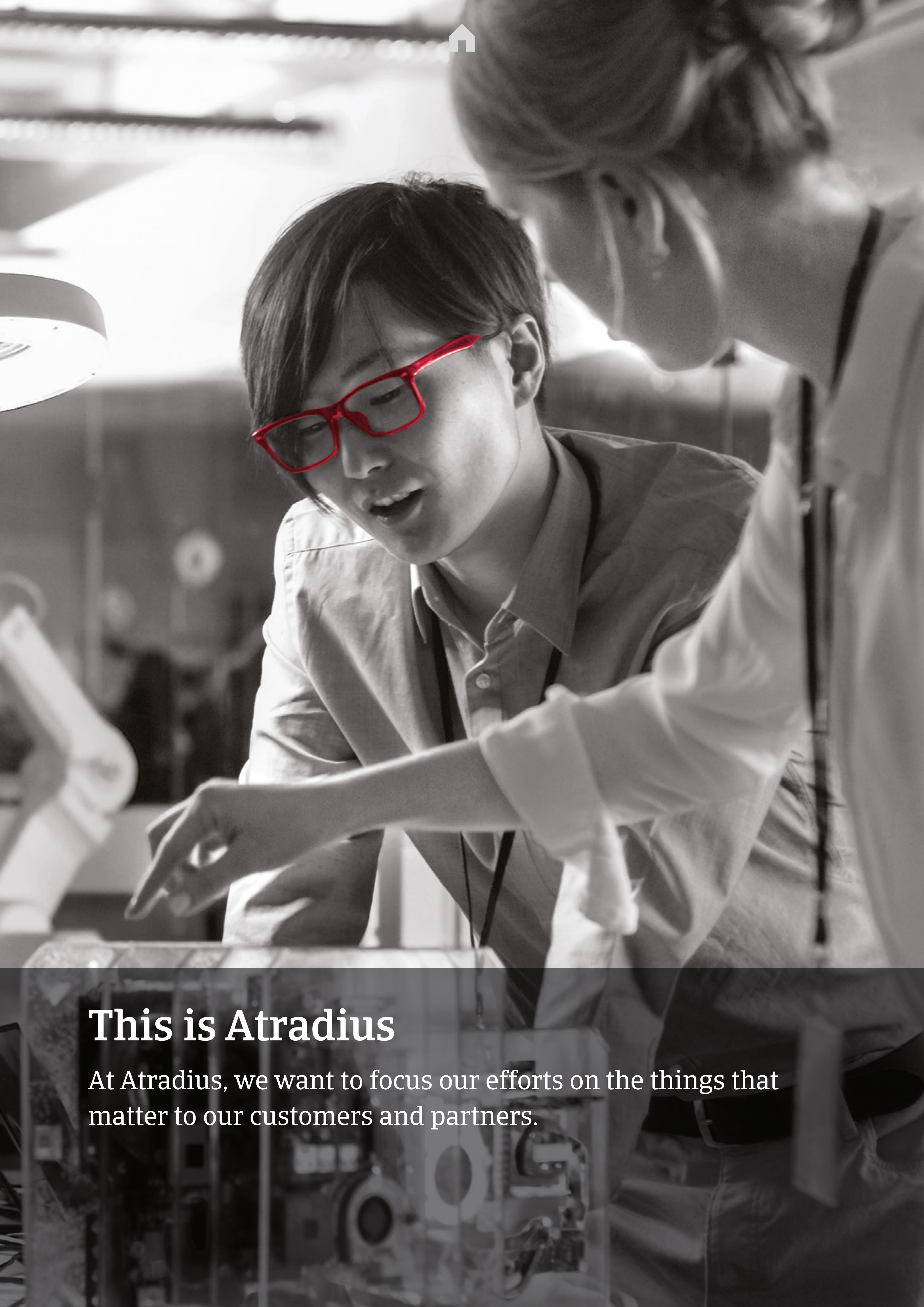


This is Atradius

At Atradius, we want to focus our efforts on the things that matter to our customers and partners.

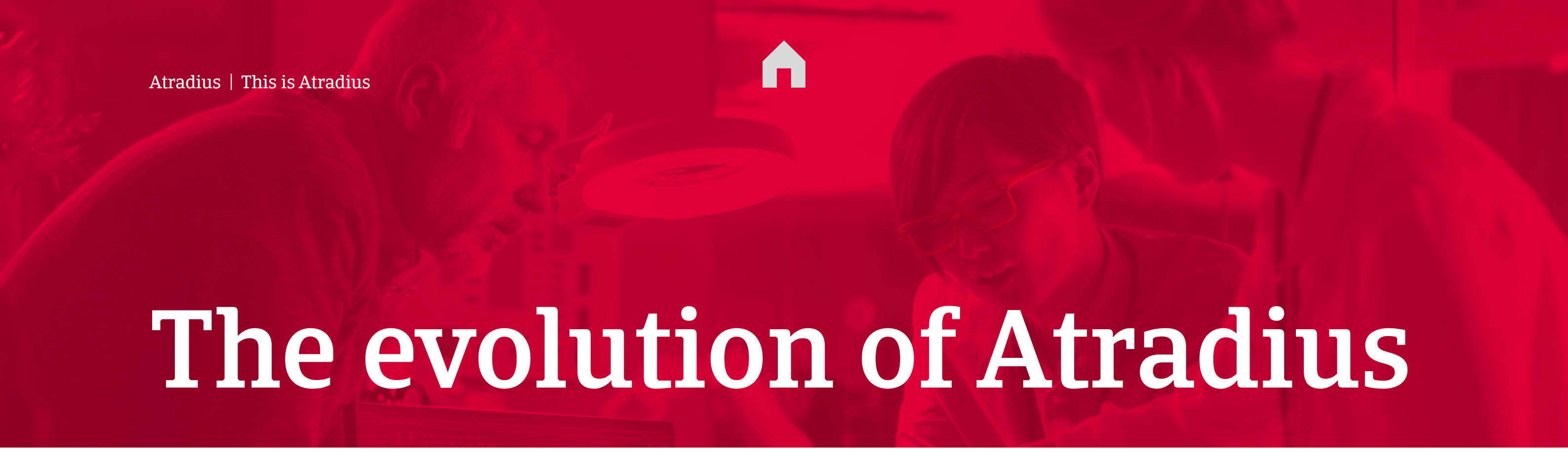
This is Atradius

The world around us is changing. Trade is undergoing a digital transformation and for Atradius to remain at the forefront of managing risk and enabling trade – we are continuing our transformation.

Atradius' core principles are timeless. We believe in providing leading credit insurance and credit management products that are tailored to the individual needs of our customers. At the heart of our offering is the human touch – developing customer relationships built on a deep understanding of our customer's business so that we work in partnership towards our mutual growth and prosperity.

At the same time, we also see the need to transform the business so that our offerings and interactions meet the expectations of our customers and business partners in this hyper-connected and digital world.

Shaping Tomorrow Together has been an important call-to-action for everyone in Atradius in 2019 and has shaped the way we interact with each other, our customers and partners. It perfectly represents our ambition and gives you insight into the Atradius culture. We see the need to 'Shape Tomorrow' because this is not happening in the future – it is happening now. Our customers and partners are doing business in new and more digital ways – which means we also need to provide innovative and efficient ways to bring our value proposition to the market. More importantly, we want to do this 'together'. Together with our customers, business partners and with all Atradius employees. At Atradius, we want to focus our efforts on the things that matter to our customers and partners. This means taking the time to listen to their views and investing in the things that will make a difference. None of this would be possible without each and every Atradius employee joining us on our transformation journey, sharing in our vision and being open and adaptable to change.



The evolution of Atradius

1925 – NCM (Nederlandsche Credietverzekering Maatschappij) is founded in the Netherlands, with the aim of improving trading conditions for Dutch companies.

1929 – Crédito y Caución is founded, becoming the first credit insurer in the Spanish market.

1932 – NCM partners with the Dutch government to provide export credit services to Dutch companies on behalf of the Dutch State. This relationship continues to be successful.

1954 – In Germany, Gerling Kreditversicherung (Gerling Credit) is established as the credit insurance arm of the Gerling Group.

1962 – Gerling Credit opens its first international branch office, in Switzerland, and is the first private credit insurer to offer export credit protection.

1991 – NCM acquires the short-term export credit arm of the UK's Export Credit Guarantee Department (ECGD), itself a long-standing credit insurer.

2001 – The paths of NCM and Gerling Credit meet and Gerling NCM is formed

2004 – Gerling NCM rebrands to Atradius.

2008 – Grupo Catalana Occidente S.A. becomes the major shareholder of Atradius. Crédito y Caución becomes a key part of the Atradius Group.

2011 – Atradius launches its Roadmap for Success; a strategy to enable its regional teams across the globe to be even more responsive to their customers' needs.

2013 – Atradius redefines its corporate guiding principles with a clear focus on delivering tailor-made solutions in each of its markets.

2014 – Grupo Catalana Occidente S.A. celebrates its 150th anniversary, and the 10th anniversary of the Atradius brand.

2016 – Atradius merged its two European insurance carriers consolidating the leadership in the market, and strengthen its information services by acquisitions of Graydon Holding N.V. (Graydon) in the Netherlands and IGNIOS Gestão Integrada de Risco S.A. in Portugal (now named Iberinform Portugal).

2017 – Atradius acquires 25% of Credit Guarantee Insurance Corporation of Africa Ltd.

2018 – Atradius Credit Insurance further continued to expand and strengthen the geographic footprint in 2018 by opening new offices in Bulgaria, Romania, Indonesia, Taiwan and Vietnam, as well as strengthening our presence in Thailand and Malaysia. Atradius Collections opened a new office in Turkey and Atradius Bonding expanded into Portugal.

2019 – Atradius acquired full ownership of Iberinform Portugal S.A. Atradius Collections established an office in Dubai, further expanding its geographical coverage.

Our performance at a glance

Strong profit and growth across the Group

- Total revenue surpassed the EUR 2 billion milestone.
- The result for the year grew to EUR 227.7 million, a 12.4% increase from 2018.
- Insurance premium revenue increased 6.7% (6.1% at constant foreign exchange rates) with favourable portfolio development in most countries.
- Atradius achieved a claims ratio of 42.8%, maintaining balanced risk acceptance while continuing to provide comprehensive coverage to our customers.
- The expense ratio for the year was 35.9%, following substantial investment in innovation and technological development.
- The gross combined ratio was 78.7% [1]
- A positive EUR 25.9 million contribution to the result for the year from our prudent investment portfolio despite constrained interest rates.
- Our shareholder's equity and subordinated debt position was further strengthened by 8.7%.

Management Board

David Capdevila, Chairman (starting 1st of January 2020)
Isidoro Unda, Chairman (until 31st of December 2019)
Andreas Tesch
Christian van Lint
Claus Gramlich-Eicher
Marc Henstridge

Supervisory Board

Ignacio Álvarez, Chairman
Francisco Arregui, Vice-Chairman
Bernd Meyer
Dick Sluimers (until 17th of April 2019)
Xavier Freixes
Hugo Serra
Désirée van Gorp
John Hourican
Carlos Halpern
José María Sunyer

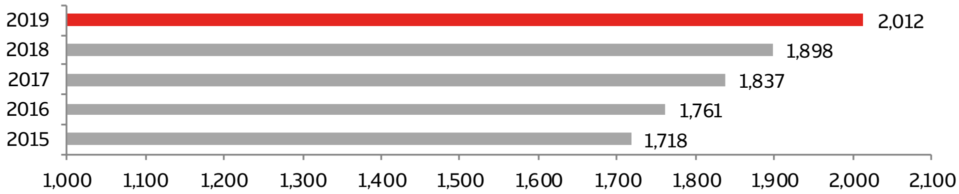
Supervisory Board Committees

Audit Committee
Remuneration, Selection and Appointment Committee

[1] *The combined ratio is calculated using the insurance industry standard; the total sum of claims and expenses divided by insurance revenue.*

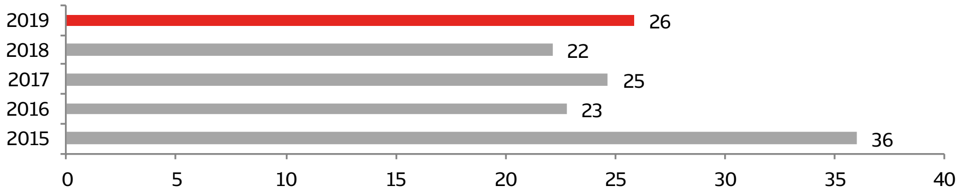
Total Revenue

In EUR million

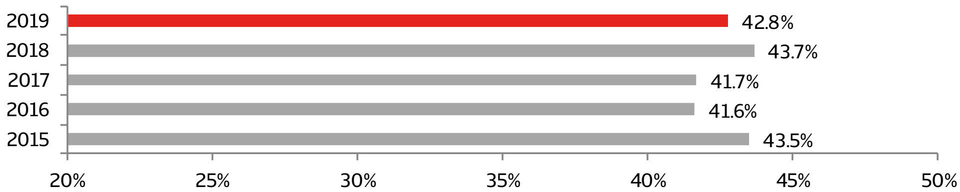


Net Investment Result (1)

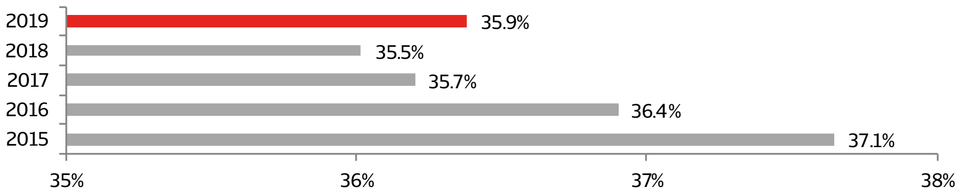
In EUR million



Gross Claims Ratio

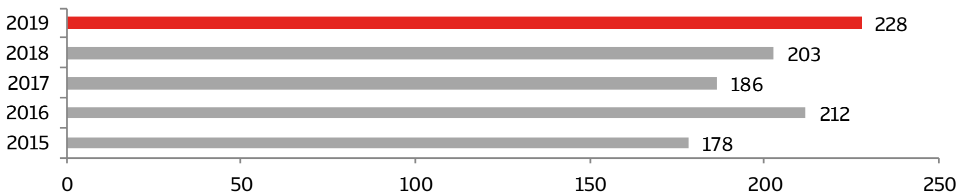


Expense Ratio



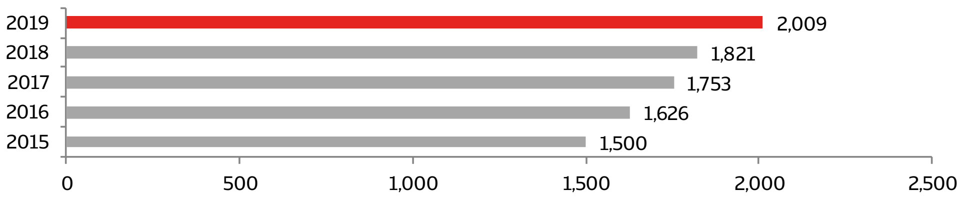
Result For The Year

In EUR million



Equity

In EUR million



(1) Net Investment Result consists of net income from investments and share of associated companies (excluding realised gains & losses, and impairments on associated companies).

Ten years in figures

Financial information (in EUR million)	**2019**	**2018**	**2017**	**2016** [1]	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Insurance premium revenue	1,759.5	1,648.5	1,588.1	1,557.6	1,537.0	1,458.2	1,412.1	1,439.8	1,403.4	1,345.6
Service and other income	252.5	249.5	249.1	203.1	180.8	169.0	166.4	161.8	150.5	155.1
Total revenue	2,012.0	1,898.0	1,837.2	1,760.7	1,717.8	1,627.2	1,578.4	1,601.6	1,553.8	1,500.7
Net investment result [2]	25.9	22.1	24.7	22.8	36.0	37.8	35.1	30.3	31.1	22.7
Total income	2,037.9	1,920.2	1,861.9	1,805.6	1,753.8	1,665.0	1,613.5	1,632.0	1,584.9	1,523.4
Result for the year	227.7	202.7	186.2	211.8	178.2	161.2	134.5	113.6	129.8	124.9
Balance sheet information										
(in EUR million)										
Equity	2,008.7	1,821.4	1,753.2	1,625.5	1,500.2	1,393.0	1,286.9	1,196.3	1,129.8	1,035.2
Total assets	5,067.4	4,725.3	4,519.2	4,391.5	4,250.2	4,130.9	3,697.8	3,737.2	3,580.1	3,285.2
Insurance contracts	1,706.2	1,619.9	1,530.3	1,561.2	1,648.8	1,572.2	1,486.3	1,592.8	1,549.3	1,311.8
Shareholders information										
Return on equity [3]	11.9%	11.3%	11.0%	13.6%	12.3%	12.0%	10.8%	9.8%	12.0%	12.9%
Outstanding ordinary shares (at year-end, in million)	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1
Dividend paid (in EUR million)	91.8	83.9	76.7	71.2	64.9	53.8	43.5	43.5	25.3	--
Technical ratios										
Gross claims ratio [4]	42.8%	43.7%	41.7%	41.6%	43.5%	40.7%	45.6%	51.2%	49.7%	38.6%
Gross expense ratio	35.9%	35.5%	35.7%	36.4%	37.1%	36.6%	35.9%	35.0%	35.2%	35.4%
Gross combined ratio	78.7%	79.2%	77.4%	78.0%	80.6%	77.3%	81.5%	86.2%	84.9%	74.0%
Net claims ratio	43.3%	44.7%	41.4%	42.0%	42.0%	42.6%	46.4%	49.1%	50.3%	44.6%
Net expense ratio	30.0%	32.0%	34.2%	35.4%	35.9%	35.8%	37.4%	37.5%	34.2%	39.3%
Net combined ratio	73.4%	76.7%	75.5%	77.4%	77.9%	78.3%	83.8%	86.7%	84.5%	83.9%
Employees										
Full-time equivalents (FTE), at year-end	3,531	3,545	3,596	3,586	3,161	3,139	3,107	3,143	3,149	3,171
Financial strength ratings										
Moody's [5]	A2, outlook stable									
A.M. Best [6]	A (excellent), outlook stable									

[1] *Including Graydon, Iberinform Portugal, Gestifatura and Informes Mexico since Q3 2016.*

[2] *Net Investment Result consists of net income from investments and share of associated companies (excluding realised gains & losses and impairments on associated companies).*

[3] *Return on equity is defined as the result for the year divided by the time weighted average shareholders' equity.*

[4] *2019 Gross Claims Expenses and the Gross Claims Ratio shown in the management report exclude a single large claim of EUR 83.9 million which was 100% reinsured and had zero impact on the net insurance result*

[5] *In 2019 Moody's reaffirmed the Insurance Financial Strength rating of the Atradius rated entities as 'A2' outlook stable.*

[6] *In 2019 A.M. Best reaffirmed the Financial Strength Rating of A (Excellent), outlook stable and the Long-Term Issuer Credit Ratings (Long-Term ICRs) of the Atradius rated entities as "a+".*

A message from the Management Board

Left to right: Christian van Lint, David Capdevila, Claus Gramlich-Eicher, Andreas Tesch, Marc Henstridge.

Dear stakeholder,

Atradius continues to go from strength to strength with 2019 being another year where everyone in the Atradius family has worked hard – together - to achieve results that we can be proud of. During these turbulent times, against a backdrop of political uncertainty, trade wars and social unrest – Atradius has proven that we can be trusted to manage risk and enable trade for our customers.

Atradius' financial results are a testament to the discipline, expertise and teamwork of our people. Our insurance premium revenue has grown 6.7% compared to last year to a level of EUR 1,759.5 million – enabling us to break the EUR 2 billion total revenue milestone. Claims have remained stable with a ratio of 42.8% and an expense ratio of 35.9% following substantial investment in innovation and technological development. Once again, we are proud to report that our customer retention is at an impressive 93.4% and we are experiencing high demand for our products and services with excellent new business levels. The overall result for the year is an impressive 12.4% higher than 2018 – at EUR 227.7 million, and our capital base has grown to EUR 2,008.7 million making 2019 another very successful year.

The Atradius culture is pivotal to the success of our business and that is why we pay particular attention to this. As a service business, living the right culture is a vital foundation for the quality of service we deliver to our customers.

Shaping Tomorrow Together has been an important message in 2019. This is a call-to-action for all employees to get involved in Atradius' digital transformation. We are a global company spread across many locations and time zones. We are investing in multiple transformation and innovation projects as well as partnerships and we want everyone to be a part of the journey, to understand the trends that are shaping the future of our business and to learn about what is going on in the organisation. The focus has been on supporting employees to shape their own personal development paths, to adapt to new systems and to learn about new technologies.

The transformation programmes for Atradius' core systems continue to be a major focus and we are pleased to be making good progress in these multi-year undertakings. This year we celebrated the first successes of developing our new Credit Insurance systems by releasing the first functionalities. At the heart of these transformation programmes is the ambition to enhance our value proposition, streamline our processes and deliver the best digital experience for our employees, clients and prospects. Innovation projects have continued in 2019 as an important aspect of Atradius' digital transformation – particularly in the areas of Big Data and AI, connectivity, platforms, ecosystems and blockchain.

Connectivity also continues to be a strategic focus area and is at the same time a key enabler for many other innovation areas. In 2019 we started the roll out of Atradius' new Application Programming Interfaces (APIs) offering to existing customers. The service has been well received and provides a modern and quick way to securely connect to Atradius' core services.

Atradius maintains strong ratings from both AM Best (A, excellent) and Moody's (A2), both with a stable outlook. These ratings are a reflection of Atradius being a financially strong, geographically well diversified company with a solid growth and risk profile. The financial strength rating has never been better, supported by our strong capitalisation, solid revenue growth and consistent and strong profitability.

The economic outlook for 2020 is one of moderating global growth. Trade policy tensions will remain and this will create a significant drag on global activity and trade along with the as yet unquantified impact of COVID-19. Asia will continue to be the engine of global growth, although the slowdown of China will impact the region. Advanced markets are expected to see their growth rate decline as trade measures weigh on economic activity. Eurozone growth will remain subdued as economic growth in Germany remains low and Brexit uncertainty continues to cloud the picture. Economic activity is forecast to increase slightly in emerging markets with Brazil and Mexico showing a recovery. US growth is projected to moderate as fiscal policy shifts from expansionary in 2019 to more neutral in 2020. Business failures are expected to increase in 2020 against the backdrop of weaker economic data.

We remain resolute in our ambition towards excellence within the industry while continuing to pursue growth in new markets. We look forward to the completion of the first wave of developments for our enhanced credit insurance systems expected in 2020, along with new advancements in our Bonding systems expected to commence rolling out in 2020 starting with Italy. Our prudent investment portfolio will remain, with no material changes planned. Atradius' disciplined underwriting, excellent solvency position and reinsurance programme will remain in place, helping us mitigate potentially adverse eventualities.

Looking back on the past years the number of employees working at Atradius has remained very stable, as we constantly managed to improve our productivity. Looking forward, no substantive changes in workforce are planned or expected.

Combined with our values, commitment to customers, human capital and investment in technological systems, we feel prepared to make 2020 another year of solid performance and growth in both revenue and result.

We would like to extend our thanks to our customers, business partners, brokers, agents, reinsurers and staff for helping us to achieve our excellent results and being part of our journey to Shape Tomorrow Together.

The Atradius Management Board

David Capdevila, Chairman
Andreas Tesch
Christian van Lint
Claus Gramlich-Eicher
Marc Henstridge

Products and services

Credit Insurance: tailor made solutions for companies of all sizes

Credit Insurance provides protection against losses arising from non-payment for goods sold on credit (whether this results from insolvency, default or political risks).

Our Credit Insurance products are based on a concept called ‘Modula’. This is a worldwide aligned catalogue of modules (or policy conditions) which can be combined in a flexible way for each customer to meet the requirements of their business. This means that every policy is tailored to the needs of the customer. These products are designed to provide protection for a customer’s whole turnover.

Atradius has solutions for all sizes of business. For multinationals we offer a sophisticated and tailored credit management solution in the form of our Global policy. As the market leader and pioneer with 20 years of experience in this segment, Atradius Global has developed an excellent understanding of the needs of multinationals. The structure of the cover is uniquely designed to meet the requirements of the customer, whether they have centralized or local credit management. This is supported by dedicated Global Account teams and Key Account Underwriters situated around the world to provide extensive cross-border customer service and consistent high quality decision making on the buyer portfolio of our Global customers.

For medium-size and large single market companies we offer policies tailored to their needs using the Modula concept. In this way, cover can be adapted to fit all kinds of businesses, in any sector, doing business domestically or internationally.

For SMEs we have created a range of SME products built from the Modula concept but packaged to make them easy to understand and simple to administer.

The added value of purchasing credit insurance from Atradius comes from the day to day credit management and risk assessment support that Atradius provide alongside a credit insurance policy. Each policy is supported by an Account Manager, Credit Limit Underwriting, and our on-line tools and services.

The Account Manager provides a day-to-day contact point who can help customers navigate their policies and provide credit management support.

Credit Limit Underwriting is carried out by hundreds of experienced underwriters across the globe. They assess the risk of your buyers and set safe trading limits. They are based in the country of the buyer so they bring local knowledge and language skills to provide the best possible risk assessments on your behalf.

Atradius' on-line tool Atrium allows customers to perform administration tasks for their policy such as applying for a credit limit or submitting a claim. Atrium also includes additional credit management support services such as 'Insights' which allows you to analyse the risk in your portfolio.

In addition to the more traditional credit insurance, which covers a customer's 'whole turnover', we also offer a range of structured credit risk solutions for specific large and complex transactions. These solutions address a range of circumstances, from enhanced credit protection for single contracts or buyers to pre-export finance, and can be combined to meet multiple needs.

With the rise of digital trading via platforms we have also developed a Single Transaction Credit Insurance product which can be digitally integrated with platforms so that Credit Insurance can be purchased on-line, in the moment when trading decisions are being taken.

Reinsurance: specialised solutions for credit and bonding

Atradius Reinsurance DAC (Atradius Re) is the leading monoline credit and bonding reinsurer in the market, offering reinsurance solutions for credit insurance and bonding business of primary insurers around the globe. Through our team of underwriters in Dublin, Ireland, Atradius Re supports 126 clients in 61 countries. The strength of Atradius Re is the combination of access to the Atradius underwriting skills in our key business lines of credit and bonding, and highly specialised reinsurance skills that support the needs of small and mid-sized credit and bonding underwriters.

Bonding: Leading bond supplier in Europe

Present in 12 European countries, Atradius Bonding serves an extensive portfolio of businesses in a wide range of industries, helping them secure their performance and support their business development. We help our customers do more than just manage risks and protect against worst-case scenarios. We provide tailor-made solutions that fit their needs and strategy. Our long-standing bonding expertise and in-depth market knowledge has allowed us to grow steadily in recent years. This allows us to work closely with major organisations, making us a leading bond supplier in Europe.

Instalment Credit Protection: risk protection for instalment-based credit agreements

Atradius Instalment Credit Protection (ICP) covers short-term and medium-term risks involved in instalment-based credit agreements with private individuals and businesses. It offers its services to financial and corporate policyholders in Belgium and Luxembourg. The main product offering covers consumer credit, leasing and renting risks. More recently, we have extended the product range to offer residential real estate insurance products for co-ownerships and for rental guarantees, as well as products for private-car leasing arrangements. We offer the latest new product 'B2C Protect' to customers in the construction sector, to protect against payment default by homeowners.

Debt Collection: Professional and reliable collections backed by a global network

With worldwide expertise, and staff in 33 countries, Atradius Collections helps businesses - both insured and uninsured - collect domestic and international trade debts, while maintaining sound business relationships with their clients. We have built a strong reputation as a business-to-business specialist, based on the strength of the Atradius brand. We also have a fully integrated international network of collectors, lawyers and insolvency practitioners, as well as online capabilities. Since 2015, Atradius Collections has also offered a first-party collections service, so customers can outsource their reminder process immediately after due date. We have created a range of services for the financial industry, including back-up servicing, cross-border collection and invoice verification, allowing factoring companies and asset-based lenders to investigate whether the business transactions or invoices from clients are acknowledged by the buyer.

Dutch State Business: the export credit agency of the Netherlands

Atradius Dutch State Business (ADSB) is the export credit agency of the Netherlands. To minimise the risks of non-payment not covered by the private market, and to enable the financing of Dutch export, ADSB offers a wide range of insurance and guarantee products to Dutch exporters of capital goods, internationally operating construction companies, and their financiers or investor. ADSB works on behalf of the Dutch state, making sure export transactions can be completed successfully.

Credit Information Services: business intelligence to support credit management decisions

Atradius offers information services through the following companies: Iberinform in Spain and Portugal, Graydon in the Netherlands, Belgium and UK and Informes in Mexico. These companies support our customers with business intelligence solutions that help them to manage risk and grow their businesses by making smart decisions in their credit management, risk and compliance management and marketing. They also support Atradius by providing information to underwrite buyer risks for our core credit insurance business.

Global footprint

Europe

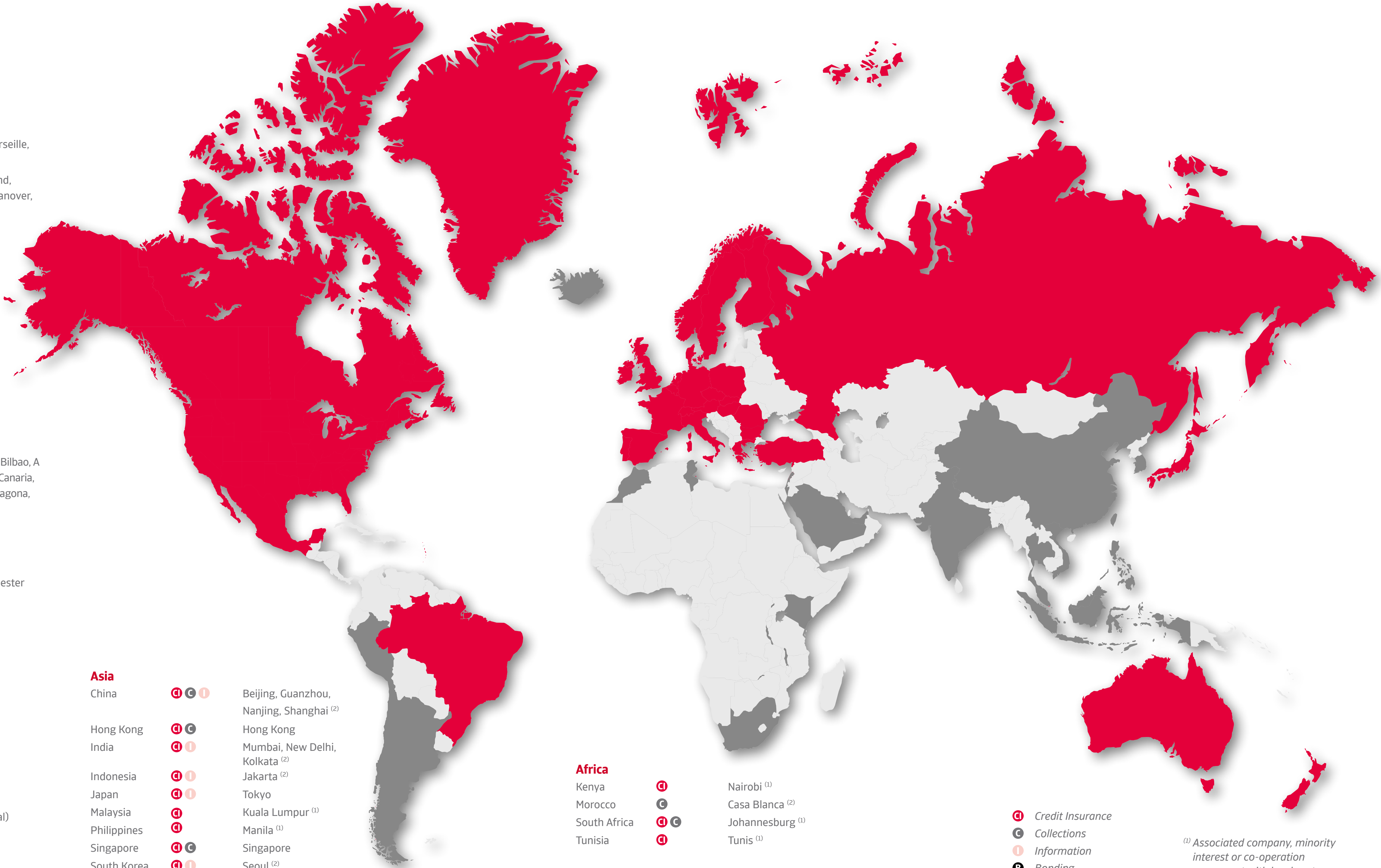
Austria	CI	Vienna
Belgium	CI C I B IC	Namur, Antwerp
Bulgaria	CI	Sofia
Czech Republic	CI C	Prague
Denmark	CI C I B	Copenhagen, Århus
Finland	CI B	Helsinki
France	CI C I B	Paris , Bordeaux , Compiègne, Lille, Lyon, Marseille, Strasbourg
Germany	CI C I B	Cologne , Berlin , Bielefeld, Bremen, Dortmund, Düsseldorf, Frankfurt, Freiburg, Hamburg, Hanover, Kassel, Munich, Nuremberg, Stuttgart
Greece	CI	Athens
Hungary	CI C	Budapest
Iceland	CI	Reykjavik [1]
Ireland	CI C I R	Dublin
Italy	CI C I B	Rome, Milan
Luxembourg	CI B IC	Luxembourg
Netherlands	CI C I B D	Amsterdam, Ommen
Norway	CI I B	Oslo
Poland	CI C	Warsaw, Krakow, Poznan, Jelena Gora
Portugal	CI I B	Lisbon, Porto
Romania	CI C	Bucharest
Russia	CI I	Moscow
Slovakia	CI	Bratislava
Spain	CI C I B	Madrid, Alcalá de Henares, Alicante, Barcelona, Bilbao, A Coruña, Castellón, Girona, Las Palmas de Gran Canaria, Málaga, Murcia, Oviedo, Pamplona, Seville, Tarragona, Terrassa, Valencia, Valladolid, Zaragoza
Sweden	CI I B	Stockholm
Switzerland	CI I	Zurich
Turkey	CI C	Istanbul
United Kingdom	CI C I	Cardiff, Belfast, Birmingham, London, Manchester

Middle East

Israel	CI	Tel Aviv [1]
Lebanon	CI	Beirut [1]
Saudi Arabia	CI	Riyadh [1]
United Arab Emirates	CI C	Dubai [1]

Americas

Argentina	CI	Buenos Aires [1]
Brazil	CI C	São Paulo
Canada	CI C	Mississauga (Toronto), Pointe Claire (Montreal)
Chile	CI	Santiago de Chile [1]
Mexico	CI C I	Mexico City, Guadalajara, Monterrey
Peru	CI	Lima [1]
USA	CI C	Baltimore (Maryland), Indianapolis (Indiana), Chicago (Illinois), Los Angeles (California), Morristown (New Jersey), New York (New York), Dallas (Texas)



Asia

China	CI C I	Beijing, Guanzhou, Nanjing, Shanghai [2]
Hong Kong	CI C	Hong Kong
India	CI I	Mumbai, New Delhi, Kolkata [2]
Indonesia	CI I	Jakarta [2]
Japan	CI I	Tokyo
Malaysia	CI	Kuala Lumpur [1]
Philippines	CI	Manila [1]
Singapore	CI C	Singapore
South Korea	CI I	Seoul [2]
Taiwan	CI I	Taipei [1]
Thailand	CI I	Bangkok [2]
Vietnam	CI I	Hanoi [1]

Africa

Kenya	CI	Nairobi [1]
Morocco	C	Casa Blanca [2]
South Africa	CI C	Johannesburg [1]
Tunisia	CI	Tunis [1]

Oceania

Australia	CI C	Sydney, Adelaide, Brisbane, Melbourne, Perth
New Zealand	CI	Auckland

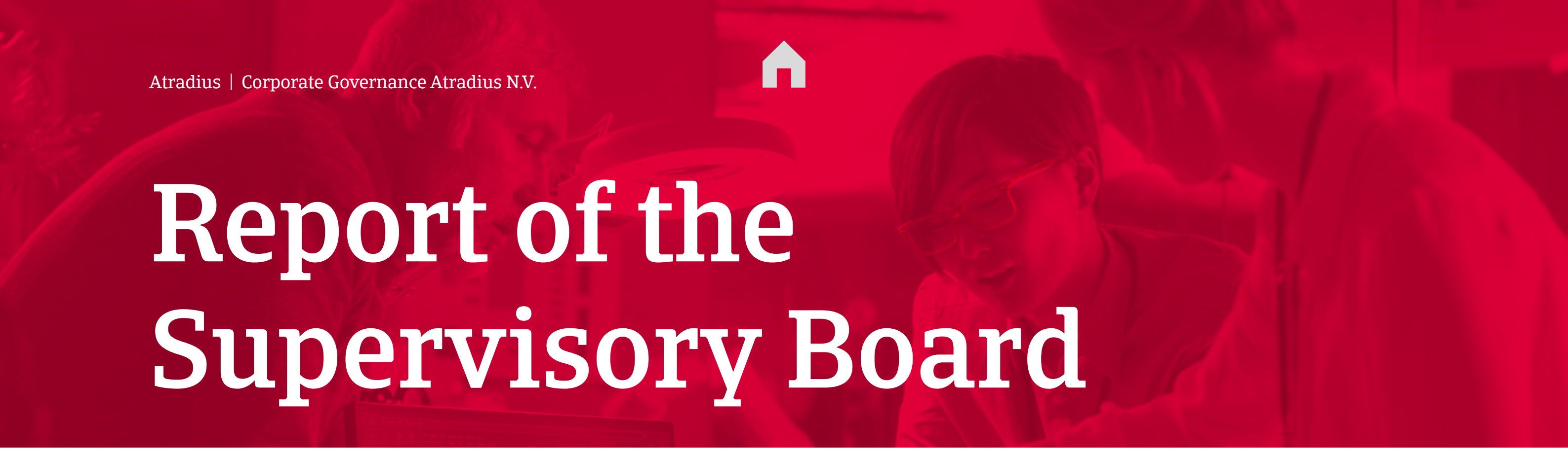
CI Credit Insurance
C Collections
I Information
B Bonding
IC Instalment Credit
D DSB
R Reinsurance

(grey) [1] Associated company, minority interest or co-operation agreement with local partner
[2] Service establishment and co-operation agreement with local partner

General Atradius group organisation

General overview of the main holding and operating companies as at 31 December 2019

- Atradius N.V.
  The Netherlands
  - Atradius Collections Holding B.V.
    The Netherlands
    - **Office locations:**
      Australia, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Dubai, France, Germany, Hong Kong, Hungary, Ireland, Italy, Mexico, Netherlands, Poland, Spain, Singapore, Turkey, United Kingdom, United Arab Emirates, USA
  - Atradius Insurance Holding N.V.
    The Netherlands
    - Atradius Crédito y Caución S.A. de Seguros y Reaseguros
      Spain
      - **Branches:**
        Australia, Austria, Belgium, Bulgaria, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, Hungary, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Singapore, Slovakia, Sweden, Switzerland, Turkey, United Kingdom
      - Atradius Crédito y Caución Seguradora S.A.
        Brazil
      - Iberinform Internacional S.A.U.
        Spain
    - Atradius Reinsurance DAC
      Ireland
      - **Operating company:**
        Brazil
    - Atradius Trade Credit Insurance Inc. USA
    - Atradius Credit Insurance Agency Inc. USA
      - Atradius Seguros de Crédito S.A. Mexico
    - Atradius Rus Credit Insurance LLC Russia
    - Atradius Information Services B.V.
      The Netherlands
      - **Operating companies & branches:**
        Belgium, China, Denmark, France, Germany, India, Indonesia, Ireland, Italy, Japan, Mexico, Norway, Russia, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, Vietnam
    - Atradius Dutch State Business N.V.
      The Netherlands
    - Graydon Holding N.V.
      The Netherlands
      - **Operating companies:**
        Belgium, Netherlands, United Kingdom
  - Atradius Finance B.V.
    The Netherlands
  - Atradius Participations Holding S.L.U.
    Spain
    - Atradius Participations



Report of the Supervisory Board

2019 was a good year for Atradius. We have made progress in our three strategic pillars: growth, profitability and solvency; we have consolidated our strategy and continue to contribute to the commercial development of our customers.

The environment in which we have carried out our activity has not been easy. The world's economies are suffering from a synchronized slowdown and barriers to world trade are proliferating, causing a noticeable slowdown in their growth. Despite this, Atradius has achieved its objectives regarding the three strategic pillars of Grupo Catalana Occidente. The financial results for the year amounted to an annual turnover of EUR 2,012 million, a business growth of 6.0 %; a profit of EUR 227.7 million increased by 12.4% and solvency strengthened by increasing the equity by 10.3% to over EUR 2 billion.

We remain focused on the development of our distribution networks, risk management & prudent underwriting and customer approach.

In 2019, Atradius continued to develop its innovation projects as part of Atradius' digital transformation, particularly in the areas of Big Data and Artificial Intelligence, connectivity, platforms and Blockchain. The Shaping Tomorrow Together programme has been an important call to action for everyone within Atradius in 2019 and has shaped the interaction within the organisation, our customers and partners. The programmes for transforming Atradius' core systems continue to be one of the important areas to focus on. Moreover, Atradius continues to pay attention to innovation and entrepreneurship programmes, through initiatives like the Digital Ambassador Programme and Innovation 'tribes' (for trends like Big Data, Platforms and Blockchain).

Furthermore, Atradius enhanced its global footprint by establishing a new Atradius Collections company in Dubai (United Arab Emirates).

With regards to corporate governance, the Supervisory Board ensures that Atradius runs its business and manages risk for stakeholders in a transparent, ethical way. In 2019, the full Supervisory Board convened 5 times. The Supervisory Board has established two Committees, the Audit Committee and the Remuneration, Selection and Appointment Committee that discuss specific issues in depth and prepare items on which the full Supervisory Board makes decisions. In 2019, the Audit Committee convened 4 times and the Remuneration, Selection and Appointment Committee convened 4 times.

Key topics discussed during the 2019 Supervisory Board meetings were Atradius' results, Atradius' strategy, the main business risks and Atradius' risk management framework. In addition, digitalisation, the impact of new regulations, as well as IT projects and the selection and recommendation to appoint the new Chief Executive Officer (CEO), were other topics that were discussed during the Supervisory Board meetings. The Supervisory Board was also updated on compliance and on the developments around IT security. The budget for 2020 was approved and the reinsurance renewal programme was discussed at the Supervisory Board in December 2019.

Key items discussed in the Audit Committee were Atradius' quarterly results, the Annual Report and auditor´s management letter, internal audit reports, audit plan, the evolution and sufficiency of technical provisions and the (re) appointment of the external auditor. These topics were discussed in the presence of the external auditor PwC.

During 2019, the Remuneration, Selection and Appointment Committee discussed the performance of the members of the Management Board, evaluated the scope and composition of the Management Board and performed the selection process of the new CEO. It also reviewed the Remuneration Policy, variable pay and targets set for the members of the Management Board and Strategic Staff and made recommendations on the (re)appointments of members of the Supervisory Board.

The Supervisory Board, under the remit of the Remuneration, Selection and Appointment Committee, undertakes a self-assessment every year and an external assessment takes place once every three years. At the end of 2018, the Supervisory Board undertook an external assessment and the results were discussed during a feedback session with the full Supervisory Board at the beginning of 2019.

As in previous years, both the Management Board and the Supervisory Board participated in Atradius' annual Permanent Education Programme. In 2019, this programme covered, amongst other topics: Using Machine Reading and Learning in improving Automatic Underwriting and the Dutch Government Pension Reform Plan.

At the end of 2019 Isidoro Unda stepped down as Atradius' CEO, a position he held for the past 12 years. His contribution has been outstanding. He led the company through the financial crisis of 2008/2009 and has been responsible for the success and international expansion in the years that followed. Today, Atradius is a growing, profitable, solvent company that provides quality service to its customers and has cultivated a strong corporate culture. Isidoro Unda's contribution has been exceptional and we would like to expressly thank him for his work.

David Capdevila was appointed as Atradius' new CEO with effect from 1 January 2020. For David this marks a return to Atradius. He has been with Grupo Catalana Occidente since 1992 and was Chief Market Officer (CMO) and a member of Atradius N.V.'s Management Board from 2008 to 2013. We welcome the appointment of David Capdevila as Atradius' new CEO and look forward to our future collaboration.

Dick Sluimers stepped down as a member of the Supervisory Board on 17 April 2019. He had been a member of the Supervisory Board of Atradius N.V. and its predecessors for over 20 years. The Supervisory Board wishes to thank Dick Sluimers for his insight and commitment over many years.

Furthermore, in 2019 Messrs. Ignacio Álvarez, Xavier Freixes and Hugo Serra were re-appointed as members of the Supervisory Board.

Atradius N.V.'s Annual Report contains the financial statements for the financial year 2019, audited by PricewaterhouseCoopers Accountants N.V., and has been presented to the Supervisory Board by the Management Board. The Supervisory Board has approved the Annual Report and advised the General Meeting to adopt the financial statements for 2019.

The Supervisory Board would again like to thank the Management Board and all Atradius employees for the outstanding results achieved in 2019 as well as all customers for continuing to entrust their business to us. Finally, the Supervisory Board is confident that the Atradius management team, stakeholders as well as employees will contribute to us having another successful year in 2020.

The Supervisory Board,

Ignacio Álvarez
Chairman

Shareholder structure

Atradius is part of Grupo Catalana Occidente. It is the international brand of the credit insurance business.

Shareholders structure of Atradius N.V., unchanged since 2011:

Shareholders structure of Atradius N.V.		Percentage of Shares
Grupo Catalana Occidente, S.A.		35.77%
Grupo Compañía Española de Crédito y Caución, S.L.		64.23%
Grupo Catalana Occidente, S.A.	73.84%	
Consorcio de Compensación de Seguros	9.88%	
Nacional de Reaseguros	7.78%	
España, S.A. Compañía Nacional de Seguros	5.00%	
Ges Seguros y Reaseguros	3.50%	
Total		**100.00%**

Grupo Catalana Occidente is the main shareholder with an economic stake of 83.2% (35.77% directly and 47.43% indirectly through the holding Company Grupo Compania Española de Crédito y Caución, S.L.).

The shares of Grupo Catalana Occidente are listed on the Continuous Market of the Barcelona and Madrid stock exchanges as part of the IBEX Medium Cap Index. Currently, 38% of its capital is floating and the main shareholder is INOC, S.A., holding 62% of the capital of Grupo Catalana Occidente.

Thanks to the stability of the results and the prudent investment policy, Grupo Catalana Occidente has a solid solvency position.

Key figures (EUR million)	2019	2018	% change 2018/2019
Long-term capital market value	**4,584.8**	**3,908.6**	**17.3%**
Equity	3,851.20	3,204.10	20.2%
Subordinated debt	200.5	200.4	0.2%
Return on long-term capital	**11.1%**	**12.3%**	
Funds under management	**14,377.3**	**12,323.5**	**16.7%**
Total revenue	**4,547.7**	**4,345.2**	**4.7%**
Consolidated result	**424.5**	**386.4**	**9.9%**

Grupo Catalana Occidente

One of the leaders in the Spanish insurance sector and in global credit insurance. Founded more than 150 years ago, it has experienced constant growth, thanks to its capacity to adapt to change and remain loyal to its principles, which are truly insurance oriented.

The Grupo Catalana Occidente is committed to the professional development of its employees and insurance agents, its personalised customer service and the trust its shareholders have in the organisation.

- More than 17,000 insurance brokers
- More than 1,600 branches
- Presence in more than 50 countries
- More than 7,400 employees
- More than €4,500 million turnover

Strategic goal

To be leaders in the field of risk protection and long-term savings of families, as well as that SMEs, and to be international leaders in commercial risk coverage.

Growth

Defining markets targeted by the group, appropriate product and service development and establishing suitable distribution channels to reach the customer.

Profitability

Recurrent and sustained profitability based on technical and actuarial rigour, investment diversification and processes that allow tight cost ratios and quality service.

Solvency

Prioritise own resources generation and continued growth in order to support the group's expansion, ensuring compliance with commitments and ensuring appropriate shareholders returns.

	Characteristics	Lines of Business
Traditional Business	Focused on Spain	Multi-risk
	Families and small and medium sized companies	Automobile
	Professional agency network	Other non-life
	1,405 offices	Life and financial products
		Health
		Funeral
Credit Insurance Business	Service offered in more than 50 countries	Credit insurance
	Business to business	Bonding
	Agents and brokers	Credit and bonding reinsurance
		Debt collection
		Instalment credit protection
		Business information

Fundación Jesus Serra

Fundación Jesús Serra, named after the founder of the Grupo Catalana Occidente, was created in 2006 in order to channel the philanthropic actions of the Group and to drive the human and professional values that were characteristic of its founder. For this reason, the foundation participates in more than seventy projects in the areas of business, teaching, investigation, culture, sport and social action. In this way the Group contributes to the construction of a fairer, more united and more developed society, in which values such as initiative, effort, healthy competition and continuous improvement prevail.

Building trust

Atradius endorses the importance of sound corporate governance. Key elements of independence, accountability and transparency create a relationship of trust between Atradius and all its stakeholders; customers, shareholders, employees, suppliers and the general public.

Atradius N.V. is a limited liability company organised under the laws of the Netherlands, with a Management Board and a Supervisory Board. The Management Board is responsible for achieving the Company's objectives, strategy, policy and results, and is guided by the interests of the Company and the business connected with it. The Supervisory Board supervises the Company's general affairs and the policy pursued by the Management Board, as well as the performance of the management duties by the Management Board members, taking into account the interests of the Company and the business connected with it.

The Management Board

Composition

The Management Board of Atradius N.V. currently consists of five members.

David Capdevila - Chairman and Chief Executive Officer (started 1 January 2020)
Isidoro Unda – Chairman and Chief Executive Officer (until 31 December 2019)
Andreas Tesch - Chief Market Officer
Christian van Lint - Chief Risk Officer
Claus Gramlich-Eicher - Chief Financial Officer
Marc Henstridge - Chief Insurance Operations Officer

CVs of each of the Management Board members, showing their roles, background and experience are available on our *website.*

Role and procedures

The Management Board as a whole is responsible for the management and the general affairs of Atradius and is supervised by the Supervisory Board. The Management Board determines Atradius' operational and financial objectives, and the strategy designed to achieve these objectives. It ensures Atradius has an effective risk management system, internal control system and internal audit function in place. It submits the annual business plan and budget of Atradius to the Supervisory Board for approval. The Management Board rules describe the allocation of duties and the decision-making process of the Management Board.

The General Meeting has the authority to appoint the members of the Management Board on the recommendation of the Remuneration, Selection and Appointment Committee of the Supervisory Board. A Management Board member may be suspended or dismissed by the General Meeting at any time. The Management Board shall consist of at least three members. Management Board members are appointed for an undefined term. In the event of a vacancy, the management of Atradius N.V. will be conducted by the remaining members or sole remaining member of the Management Board.

Remuneration

The Supervisory Board determines the remuneration and further employment conditions of each member of the Management Board, based on the recommendation of the Remuneration, Selection and Appointment Committee of the Supervisory Board and in accordance with the remuneration policy adopted by the General Meeting. You can find information regarding the amount of remuneration received by Management Board members in the explanatory notes to the consolidated financial statements of the Annual Report 2019.

Conflict of interest

A member of the Management Board with a potential conflict of interest with the Company will immediately report this to the Chairman of the Management Board, who will determine whether the reported case qualifies as a conflict of interest. A member of the Management Board will not participate in any deliberations or decision-making of the Management Board if that member has a direct or indirect personal interest that conflicts with the interest of the Company or its business. In such a case, the other non-conflicted members of the Management Board will pass the resolution. If all members of the Management Board are conflicted, then the Supervisory Board will pass the resolution.

The Supervisory Board

Composition

The Supervisory Board of Atradius N.V. currently consists of nine members.

Ignacio Álvarez, Chairman
Francisco Arregui, Vice-Chairman
Bernd H. Meyer
Dick Sluimers (until 17 April 2019)
Xavier Freixes
Hugo Serra
Désirée van Gorp
John Hourican
Carlos Halpern
José María Sunyer

CVs of each of the Supervisory Board members, showing their background and experience are available on our *website.*

Role and procedures

The Supervisory Board supervises the Company's general affairs and the policy pursued by the Management Board. The responsibilities of the Supervisory Board include, among others, supervising, monitoring and advising the Management Board on the Company's strategy, performance and risks inherent to its business activities; the design and effectiveness of the internal risk management and control systems and the financial reporting process. The Supervisory Board rules describe the decision-making process and the composition and committees of the Supervisory Board.

The General Meeting has the authority to appoint the members of the Supervisory Board on the recommendation of the Remuneration, Selection and Appointment Committee of the Supervisory Board. A Supervisory Board member may be suspended or dismissed by the General Meeting at any time. The Supervisory Board shall consist of at least five members. Supervisory Board members shall resign according to a rotation scheme determined by the Supervisory Board, by which each Supervisory Board member shall resign after a maximum of four years after the date of appointment. A resigning Supervisory Board member may be reappointed. A Supervisory Board member will resign early in the event of inadequate performance or in other circumstances in which resignation is deemed necessary by the other members of the Supervisory Board.

The composition of the Supervisory Board

The composition of the Supervisory Board shall be such that the combined experience, expertise and independence of its member enables it to best carry out its various responsibilities. The current members of the Supervisory Board have extensive experience in insurance and reinsurance, investment banking, strategic consulting and regulatory matters.

Role of the Chairman and the Company Secretary

Among other things, the Chairman of the Supervisory Board co-ordinates the decision making of the Supervisory Board, draws up the agenda of the Supervisory Board meetings, chairs the Supervisory Board meetings and the General Meetings of Shareholders. The Chairman also ensures the adequate performance of the Supervisory Board and its committees, ensures the annual evaluation of the functioning of the members of the Management Board and the Supervisory Board, and acts on behalf of the Supervisory Board in serving as the principal contact person for the Management Board. The Chairman of the Supervisory Board is assisted in his role by the Company Secretary.

Committees of the Supervisory Board

The committees of the Supervisory Board are set up to reflect both Dutch corporate standards and the specific interests of the business of Atradius. As risk management is considered a key area for attention, the Supervisory Board considers it important that this subject is discussed by the full Supervisory Board, rather than a specific risk committee.

Audit Committee

The Audit Committee supports the Supervisory Board in fulfilling its supervisory and monitoring duties for the assurance of the integrity of the Company's financial statements, the external auditor's qualifications, and the performance of internal and external auditors. The Audit Committee monitors, independently and objectively, the financial reporting process within Atradius and the system of internal controls. The Audit Committee also facilitates the ongoing communication between the external auditor, the Management Board, the internal audit department and the Supervisory Board on issues concerning the Company's financial position and financial affairs. In 2019, the Audit Committee met four times. The Audit Committee currently consists of Xavier Freixes (Chairman), Francisco Arregui and Bernd H. Meyer.

Remuneration, Selection and Appointment Committee

The Remuneration, Selection and Appointment Committee supports the Supervisory Board in fulfilling its supervisory and monitoring duties for proposals for the appointment of members of the Management Board and the Supervisory Board, the remuneration policy, the remuneration of senior management and other corporate governance matters. In 2019, the Remuneration, Selection and Appointment Committee met four times. The Remuneration, Selection and Appointment Committee currently consists of Francisco Arregui (Chairman), Ignacio Álvarez and Hugo Serra.

The General Meeting determines the remuneration of the members of the Supervisory Board based on the recommendation of the Remuneration, Selection and Appointment Committee, and in accordance with the remuneration policy adopted by the General Meeting. Members of the Supervisory Board's expenses are reimbursed. You can find information regarding the amount of remuneration received by Supervisory Board members in the explanatory notes to the consolidated financial statements of the Annual Report 2019.

Conflict of interest

A member of the Supervisory Board with a potential conflict of interest with the Company will immediately report this to the Chairman of the Supervisory Board, who will determine whether the reported case qualifies as a conflict of interest. A Supervisory Board member will not participate in any deliberations or decision-making process of the Supervisory Board, if that member has a direct or indirect personal interest that conflicts with the interest of the Company or its business. In such a case, the other non-conflicted Supervisory Board members will pass the resolution. If all Supervisory Board members are conflicted as referred to above, then the General Meeting will pass the resolution.

General Meeting

The General Meeting is the body of the Company formed by the shareholders and other persons entitled to vote. The General Meeting can exercise its rights at the General Meeting of Shareholders. The General Meeting is also authorised to approve important decisions regarding the identity or character of Atradius, as well as major acquisitions and divestments.

The internal and external auditor

Internal auditor

The internal auditor fulfils an important role in assessing and testing the internal risk management and control system. The Director of Internal Audit reports to the Chairman of the Audit Committee and, with respect to day-to-day activities, to the Chief Executive Officer of Atradius.

External auditor

The General Meeting appoints the external auditor on the recommendation of the Audit Committee of the Supervisory Board. The Audit Committee evaluates the performance of the external auditor and also pre-approves the fees for audit and permitted non-audit services to be performed by the external auditor. The Audit Committee ensures the external auditor is not appointed to render non-audit services that are listed explicitly as prohibited services in the Atradius Compliance Policy on Auditor Independence.

The General Meeting appointed PricewaterhouseCoopers Accountants N.V. as the Company's external auditor for the financial year 2019.

The global economic environment

Global growth has decreased in 2019.

The global economic environment

Declining global growth

Global growth has decreased in 2019, amid weak global manufacturing activity, with the broadening of tariffs between the US and China as the main culprit. This created a soft patch for growth in both advanced and emerging economies. In 2019 global output expanded at a rate of 2.6%, compared to 3.2% in 2018.

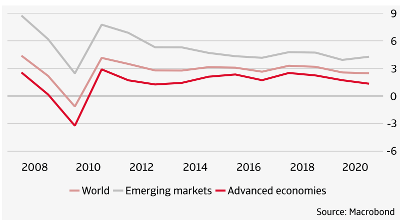
Advanced markets

Major economies such as the United States and especially the eurozone saw a decline of growth. Growth in the US declined in 2019 on the back of weaker business confidence, unwinding of fiscal stimulus and the escalating trade war with China. Domestic demand remained the main growth driver. Labour market conditions continued to improve, with the unemployment rate reaching 3.5% in December.

Weak exports have kept a lid on growth in the eurozone. In addition, production lines in the car industry (especially in Germany) were adjusting to comply with new emission standards. Domestic demand remained fairly resilient as employment continued to expand and low inflation is providing a boost to real incomes. The labour market continues to bring good news, though the pace of job creation is cooling. The unemployment rate seems to be bottoming out at around 7.4% (December 2019).

Financial conditions remained accommodative in 2019, despite monetary tightening by the Federal Reserve (Fed) in 2018 and less monetary policy stimulus by the European Central Bank (ECB). However, over the course of 2019 both the Fed and the ECB took steps towards monetary loosening. The Fed has implemented several policy rate cuts, whereas the ECB reduced its deposit rate in September and resumed its bond-buying programme. Credit growth in the eurozone continued to recover in 2019, with credit conditions broadly unchanged over the year.

Global economic growth
Real GDP growth, percent change y-o-y



Emerging markets

Emerging market economies also experienced weakening of growth in 2019. Major emerging markets in Asia felt the negative spillover from rising trade tensions with the US. But economic woes were certainly not confined to Asia alone. The trade war and a global decline in industrial output also have affected other emerging markets, like Eastern Europe and the metal exporters in Latin America.

Growth in China slowed due to regulatory efforts to rein in debt and the escalating trade tensions with the US. GDP growth slowed to 6.2%. A lifting of fiscal stimulus, targeted monetary easing and some easing of the pace of regulatory strengthening in the financial sector initiated in the second half of 2018 only partially compensated for weakening domestic demand and export growth. In Latin America, growth almost stalled in 2019, as Argentina was hit once again by a severe confidence crisis and remained in recession. Growth in Brazil disappointed due to softening household consumption, shrinking investments and the transitory drag from a mining disaster. In Mexico slowing of private consumption and weakening business sentiment were weighing on growth, reflecting policy uncertainty after the 2018 general elections and uncertain trade relations with the US.

Global insolvencies ticking up

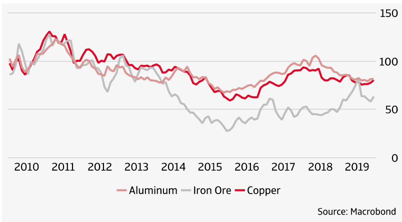
For the first time in a decade, the number of companies going insolvent around the world was increasing in 2019. Rising insolvencies are to be expected in line with the maturing business cycle, especially in developed markets. But the global industrial downturn and US-China trade war are compounding challenges for businesses. The rise in bankruptcies was visible in all major regions. North America surpassed Europe in having the strongest rate of insolvency growth. Credit conditions for businesses remained favourable across advanced markets in 2019 as central banks shifted to a more accommodative stance.

In the eurozone, the insolvency picture was mixed across countries, but decreased on average despite weakness in international trade and Brexit-related uncertainty. Germany as the biggest eurozone economy saw a decline in insolvencies, despite weak manufacturing output, particularly in the car industry. Southern Europe had another year of strong economic performance, causing insolvencies to decline in most countries, including Portugal and Greece. Insolvencies also declined in Italy in a context of low economic growth and political uncertainty caused by an early collapse of the government and tensions with the European Commission over budgetary targets. On the other hand, there were also several countries with a rise in insolvencies. Spain saw a rise in insolvencies despite another year of robust economic growth. In Northern Europe, lower external demand led to subdued growth in the Netherlands and Belgium, causing insolvencies there to rise.

In the US insolvencies rose due to the strong USD and unwinding of pro-cyclical fiscal policy, compounded by trade policy uncertainty which is weighing on the business environment. The United Kingdom witnessed a sharp rise in insolvencies amid rising labour costs and Brexit-related uncertainty which was weighing on business confidence. Several advanced markets in Asia-Pacific, notably South Korea, Hong Kong and Singapore, felt negative spillovers from the US-China trade war.

Global commodity prices

Price index, 2010 = 100



The insolvency environment for emerging markets was also rather negative. Of all major emerging economies, Turkey and Brazil were faced with a rise in insolvencies, while the picture was more benign for Russia. Turkey's economy came to a near standstill in 2019, related to a loss of confidence in the lira accompanied by a credit crunch in the year before and a sharp contraction in fixed investments. Brazil's economic recovery experienced a setback due to low domestic demand and the lagged effects of a mining disaster. Russia faced a slowing economy due to weakening consumer demand, the depreciation of the rouble and the lower-than-expected oil price.

Outlook for 2020

In 2020 growth is likely to decelerate further to 2.3%. The continued uncertainty from trade policies is compounded by the negative effects from the rapid spread of the coronavirus, which is affecting global supply chains. Across emerging markets, growth is forecast to remain constant in 2020 compared to 2019. Latin America will continue to underperform, but growth is projected to strengthen, which reflects expectations of recovery in Brazil and Mexico. Argentina's economy is expected to contract again in 2020, but by less than in 2019. Eastern Europe is forecast to extend its 2019 growth rate next year. A projected pick-up of growth in Russia and Turkey lift growth in the region higher, but moderation of growth in several other Eastern European countries cancels this out. Asia will show the highest growth rates, though the coronavirus is exacerbating the underlying slowdown of domestic demand in the Chinese economy. This is negatively impacting tourism and trade flows in Asia.

Advanced markets are expected to see their growth rates decline as trade measures and the negative effects of the COVID-19 virus are weighing on economic activity. Eurozone growth is slowing further in 2020 amid a challenging external environment. US growth is forecast to moderate as fiscal policy shifts from expansionary in 2019 to broadly neutral in 2020.

In line with subdued growth, business failures in advanced markets are expected to rise again in 2020. However, easing monetary policy should provide some support for economic growth and corporate activity. In the UK insolvencies are expected to rise again The downside risk of a no-deal Brexit has reduced now that the UK and the EU have reached a withdrawal agreement, however uncertainty will continue as the two parties begin to negotiate a future trade agreement, clouding the growth outlook. Depending on the final conditions of the withdrawal agreement, the number of UK business failures could be higher than expected, prolonging the uncertainty. This would also have negative spillovers on other EU countries.

Overall, the picture for 2020 is one of moderating global growth. Economic conditions are expected to remain challenging in 2020 given trade policy tensions as well as the potentially negative impact of the coronavirus on supply chains, both affecting trade and investment. But we also expect that relatively strong consumer spending will keep a recession at bay.

Excellent performance and solid results

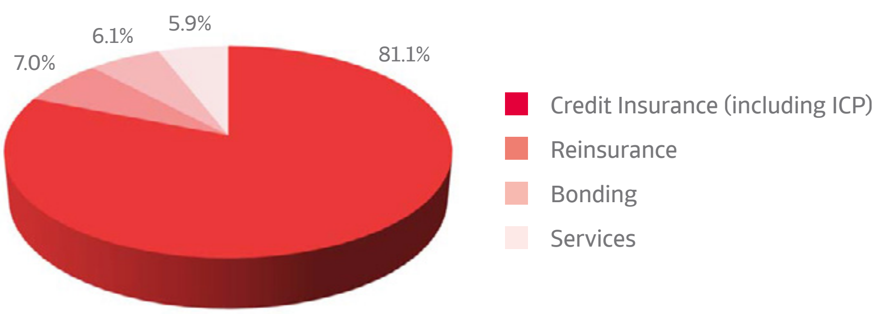
(EUR thousands)	2019	2018	
Gross Insurance revenue	1,896,024	1,781,037	6.5%
Gross insurance claims and loss adjustment expenses [(1)] [(2)]	(810,989)	(778,337)	(4.2%)
Gross insurance operating expenses	(680,260)	(632,561)	(7.5%)
Reinsurance result [(2)]	(82,596)	(105,632)	21.8%
Insurance result	**322,179**	**264,507**	**21.8%**
Service income [(1)]	118,575	120,099	(1.3%)
Service expenses	(115,340)	(116,297)	0.8%
Service result	**3,235**	**3,803**	**(14.9%)**
Net investment result	17,682	22,145	(20.2%)
Operating result before finance costs	**343,096**	**290,455**	**18.1%**
Result for the year (after tax)	**227,708**	**202,655**	**12.4%**
Employees (FTE)	**3,531**	**3,545**	**(0.4%)**

[(1)] *Overview includes inter-segment revenue and claims expenses*

[(2)] *2019 Gross Claims Expenses, Gross Claims Ratio and the Reinsurance result shown in the management report exclude a single large claim of minus EUR 83.9 million that was 100% reinsured and had no impact on the Insurance Result.*

	Gross		Net	
	2019	**2018**	**2019**	**2018**
Claims ratio	42.8%	43.7%	43.3%	44.7%
Expense ratio	35.9%	35.5%	30.0%	31.5%
Combined ratio	78.7%	79.2%	73.4%	76.2%

Revenue by business segment



2019 proved to be another year of strong performance for Atradius, with our steadfast commitment to customers and best-in-class service continuing to drive positive results. Gross insurance revenue grew by 6.5%, substantially more than in 2018 (3.6%). The overall insurance result however grew an even further 21.8% through effective risk management and the continued pursuit of cost efficiencies. Despite changes in the valuation of minority participations, the investment result contributed positively to the bottom line thanks to the positive performance of the investment portfolio. Gross claims ended at EUR 811.0 million, an increase of 4.2% driven by group-wide. Claims activity during the year ultimately proved to be quite stable, and with a continued focus on profitable growth the gross claims ratio ended slightly below that of 2018 (42.8% in 2019, coming from 43.7% in 2018).

Brokerage fees increased by 9.4% driven by the overall growth in different geographical regions and markets. Operating expenses rose by 6.6%, in line with revenue growth due to increased investment in enhancing customer experience by further developing internal systems and customer platforms such as our award winning Atrium platform. Despite this increase, the Net Combined Ratio for the year decreased slightly to an excellent 73.4%. This decrease is partly due to the reinsurance programme, which while remaining under a single quota share contract, retention increased by 2.0 percentage points to 62.0% (up from 60.0% in underwriting year 2018). The reinsurance result in 2019 was EUR 82.6 million (21.8% better than the previous year), driven by the increase retention along with higher reinsurance commissions in the year.

Overall 2019 saw the continuation of stable and consistent growth trends in most of the regions across the group. While Spain, our largest market, faces the pressures of an increasingly competitive environment and continued price erosion, it continues to grow thanks to the volume of insured turnover.

Both our Global unit and our local business in the Asian markets continued to develop well, contributing the most substantial revenue growth of the year. Central & Eastern Europe and the Americas continued to grow and perform consistently, along with the UK & Ireland which saw a very stable and robust growth trend throughout the year, despite our prudent underwriting approach in this region.

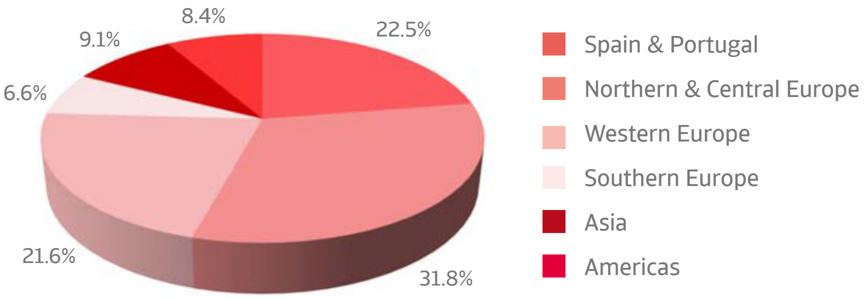
Our Special Products and Reinsurance units also developed well showing even stronger growth than in 2018, while our Bonding unit developed more moderately and the market in Italy struggled to grow within the very challenging local competitive environment.

Credit Insurance including Instalment Credit Protection (ICP)

(EUR thousands)	2019	2018	
Insurance premium revenue	1,496,618	1,397,309	7.1%
Information income	136,500	132,510	3.0%
Insurance revenue	**1,633,119**	**1,529,819**	**6.8%**
Gross insurance claims and loss adjustment expenses [(1)]	(688,292)	(680,354)	(1.2%)
Gross insurance operating expenses [(1)]	(563,226)	(530,232)	(6.2%)
Result before reinsurance	**381,600**	**319,234**	**19.5%**
Reinsurance result	(66,075)	(80,109)	17.5%
Result after reinsurance	**315,525**	**239,125**	**31.9%**
Total credit insurance and ICP gross claims ratio	**42.1%**	**44.5%**	**2.4% pts**

[(1)] *Overview includes inter-segment revenue and (claims) expenses.*

Credit insurance & ICP revenue by region



2019 was another positive year for our credit insurance business with positive growth trends developing further across the group. Gross insurance revenues grew by 6.8% (6.1% at constant foreign exchange rates) while net claims expenses increased only moderately by 2.8%, generating a result after reinsurance of EUR 315.5 million (32.0% higher than in 2018).

With our commitment to excellence while keeping our customers at the very heart of everything we do, 2019 proved to be another year of exceptional customer retention with a record high retention rate of 93.4%. Our credit insurance portfolio showed solid growth with units across the group generally reporting very favourable development, and collectively generating EUR 1,633.1 million in revenue, a 6.8% increase coming from 2018.

In 2019 several competitive environments proved to be increasingly challenging, however almost every one of our local credit insurance units grew versus the previous year. Asia maintained its strong growth trend in 2019 as we continue to pursue our ambition in this region and North America showed excellent growth of 14.5% despite strenuous price pressure. Our markets in the UK and Ireland along with Central & Eastern Europe showed strong and stable growth throughout the year (14.3% and 9.5% respectively) along with Oceania (6.5%) and France (4.2%). The rest of our European markets also showed positive development with the exception of our local Italian market, which continues to persevere under the strain of an exceptionally challenging competitive environment. Spain, our largest market, also saw no relief from competition but nonetheless continued to grow as a result of strong retention and increased volumes of insured turnover.

Gross claims expenses of local credit insurance were EUR 484.5 million with a gross claims ratio 3.3% points lower than the previous year. Both our Global and Special Products units on the other hand continued growing while moderately improving their claims ratios.

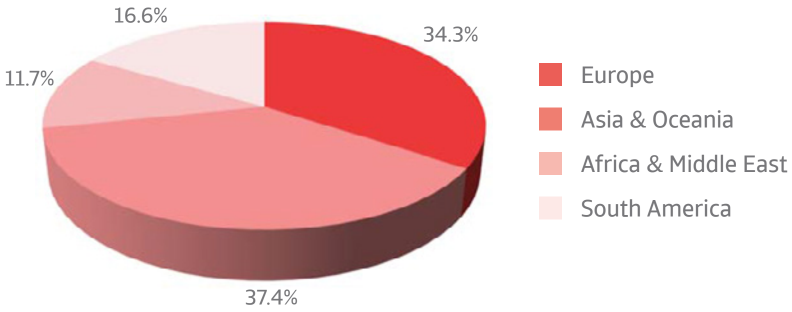
Atradius Global once again surpassed its highest recorded revenue growth rates to date. This was mainly generated by the existing customer base through the excellent retention of Global's first class service.

Our Special Products Unit continued to maintain momentum contributing stable and profitable growth while supporting the increasing demand for non-cancellable credit limits, single situations and structured trade financings across the globe.

Reinsurance

(EUR thousands)	2019	2018	
Insurance revenue	**140,218**	**131,364**	**6.7%**
Gross insurance claims and loss adjustment expenses	(75,426)	(72,376)	(4.2%)
Gross insurance operating expenses	(57,447)	(51,526)	(11.5%)
Result before reinsurance	**7,344**	**7,462**	**(1.6%)**
Reinsurance result	(3,990)	(4,306)	7.3%
Result after reinsurance	**3,354**	**3,155**	**6.3%**
Gross claims ratio	**53.8%**	**55.1%**	**1.3% pts**

Reinsurance revenue by region of cedent



Atradius Reinsurance DAC (Atradius Re) is a leading market reinsurer providing capacity to primary insurance companies in credit insurance and bonding.

Atradius Re currently assumes business from 126 clients over 61 countries, maintaining a balanced diversity within the portfolio. The underlying business consists of 61% credit insurance and 39% bonding, based on premium volume. The business is underwritten by a multilingual, highly trained and experienced international team, at Atradius Re's offices in Dublin, Ireland.

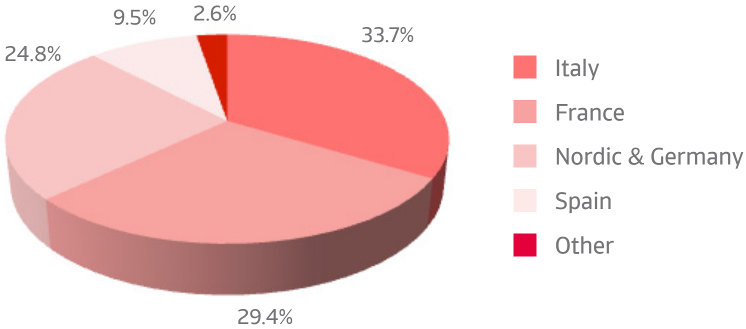
Atradius Re has long-standing relationships with its clients and leads 32% of its treaties; in addition, it maintains close contacts with specialist brokers. The quality of these client relationships is underscored by the Company's unique offering: combining the Group's skills in the primary underwriting of credit insurance and bonding risks with its own distinctive approach, and expertise, in structuring reinsurance solutions. In this way, Atradius Re can always anticipate and respond to the specific and changing needs of its customers.

Total reinsurance revenue for 2019, of EUR 140.2 million, increased from EUR 131.4 million in 2018. The claims ratio decreased from 55.1% in 2018 to 53.8% in 2019.

Bonding

(EUR thousands)	2019	2018	
Insurance revenue	**122,687**	**119,854**	**2.4%**
Gross insurance claims and loss adjustment expenses	(47,271)	(25,607)	(84.6%)
Gross insurance operating expenses	(51,986)	(42,679)	(21.8%)
Result before reinsurance	**23,431**	**51,568**	**(54.6%)**
Reinsurance result	(12,530)	(21,216)	40.9%
Result after reinsurance	**10,900**	**30,351**	**(64.1%)**
Gross claims ratio	**38.5%**	**21.4%**	**(17.1% pts)**

Bonding revenue by region



As a leading bond and surety provider in Europe, Atradius Bonding holds long-standing expertise and in-depth local market knowledge. Atradius Bonding is currently active in twelve countries: Italy, France, Spain, Portugal, Denmark, Finland, Norway, Sweden, Germany, Netherlands, Belgium and Luxembourg. Our strategic focus is to develop new technologies to support and enhance the growth of our customers' businesses while further developing our domestic and international presence. Within just 1 year of the introduction of our bonding offering in Portugal we have been able to consolidate our strong position in the Iberian market, offering our current bonding costumers in Spain the support to expend their business into Portugal.

Innovation is essential to our business strategy. As the bonding market becomes increasingly technologically advanced we have made providing up-to-date products and tools to our customers a priority. Our local web portals boost our customer service through accessibility, speed and flexibility. They enable our customers to access their policies and bond limit information at a click of a button, 24/7. Our web portals help our customers minimize the amount of time they spend on administration and enable them to always be on top of their business. They provide safety, efficiency and transparency.

A business transformation programme is currently on the way, aiming at providing a modern state-of-the-art user journey and experience, by which our customers and partners feel truly supported, and can fully relate to. It will help us secure our performance and future profitability. Furthermore, it will enable geographical expansion and enhancement of the flexible products and solutions we offer to our customers.

The business transformation programme will deliver a common platform for the whole of our bonding business, which will further foster productivity, capacity and efficiency of operations. We have already begun building the platform following an intensive assessment of business requirements.

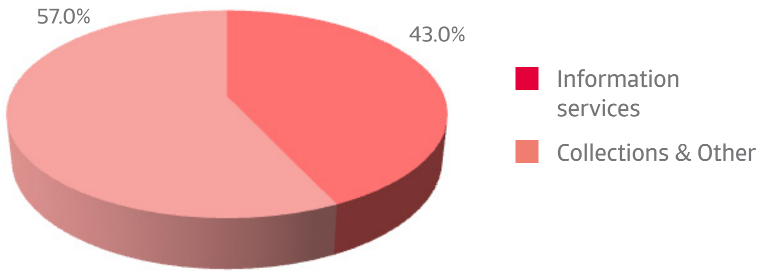
Bonding revenue in 2019 reached EUR 122.7 million, a 2.4% increase compared to previous year. Several countries contributed to this performance, most notably the mature markets such as Spain, Denmark and Italy. While claims activity was on the whole moderate and contained in almost every region, a single loss relating to a sizeable policy resulted in an increase in claims expenses compared to the previous year.

Services

(EUR thousands)	2019	2018	
Service income [1]	118,575	120,099	(1.3%)
Service expenses	(115,340)	(116,297)	0.8%
Service result	**3,235**	**3,803**	**(14.9%)**

[1] *Overview includes inter-segment revenues.*

Service revenue



Atradius' services segment comprises our debt collection operations, the Dutch State Business and our information service businesses.

In 2019 demand for the services Atradius offers beyond its insurance products continued, and in some cases increased. Atradius collections saw a another good year of commercial development, geographical expansion and revenue growth. Our information service company Graydon generated further cost efficiencies while facing the challenges of revenue growth in its highly competitive market, and Atradius DSB continued to serve on behalf of the Dutch state as the export credit agency of the Netherlands.

Debt Collection

Atradius Collections' income increased 11.1% in 2019. Debt placements increased 7%. Collected sums have also increased 14% in 2019, a result of the improved quality and performance of our local teams. Our performance developed positively despite uncertainty in some economies. Strong foundations were forged by widening the customer base and establishing long term relationships, providing a positive outlook for the years to come.

The USA-China trade war, the political challenges in Latin America and the continued emergence of Southeast Asia contributed to an increase in outstanding invoices and trusted debt placement. In Western Europe on the other hand, the instability brought on by Brexit has driven insolvencies and an upsurge of debt placement.

Continuing the strategy of further diversification and geographical coverage, Atradius Collections was established in Dubai and started partnerships in Romania and South Africa. Geographical expansion and enhancing our presence where strategic opportunities present remain key alongside our commitment to excellence. Thinking globally and acting locally remains at the very core of Atradius Collections' strategy.

Atradius Dutch State Business

The technical results for the account of the Dutch state were positive throughout 2019 as ADSB provided cover for risks related to infrastructure projects, the export of capital goods, services to buyers in countries outside the Netherlands, as well as cover for political risks related to investments in other countries.

ADSB also continues to cover development-relevant investments and export contracts in medium-income and lower-income countries which benefit (local) SMEs. We provide this service under the Dutch Good Growth Fund.

The Dutch Trade and Investment Fund enables ADSB to provide cover on investments and export contracts up to EUR 5 million, for which financial support by commercial banks is not available. By discounting bills of exchange, ADSB can also finance these contracts.

Information Services

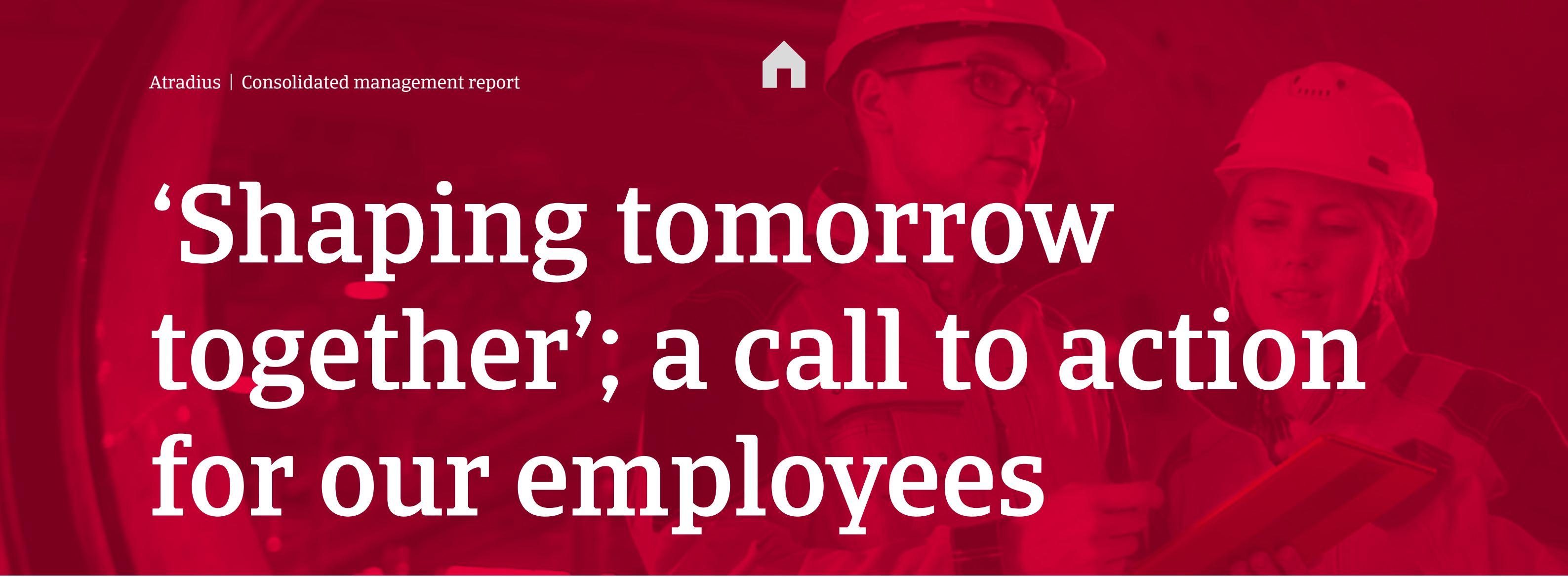
Graydon is one of the leading providers of business information solutions for credit management, marketing intelligence, and risk and compliance. Graydon's markets show modest growth, with fierce competition at the low-end segment and customers moving to value-added services. In this competitive market the company was able to realize revenues that are almost equal to 2018.

The company is moving towards more tailored solutions for its customers, offering scalable products and services. During the year the company launched a new solutions for (international) credit reports and monitoring. Reactions of clients on the look and feel and the user experience of the platform are very positive. In the UK the company launched Graydon Onboarding & Detect, a decision support solution for customer onboarding and fraud detection.

In the Iberian markets, Iberinform continued to support our insurance business as well as our customers, showing both positive growth in revenue and improved profitability. Additionally, Iberinform Portugal became fully controlled by Atradius, with our participation increasing form 80% to 100% in 2019.

Shaping tomorrow together

Digital technologies are changing the landscape and the pace of change is rapid. To provide the best service, we are embracing these changes together as a company.



'Shaping tomorrow together'; a call to action for our employees

Digital technologies are changing the landscape and the pace of change is rapid. To provide the best service, we are embracing these changes together as a company.

Shaping Tomorrow Together, an on-going Atradius initiative, started with an e-learning course focussed on the Atradius Business Transformation programmes. It consists of three themes:

1. 'Be part of it'; is about providing employees with the information and tools they need to own their personal development and adapting a growth mindset. Through this theme we invite staff to think about their own development.
2. 'Atradius Business Transformation is more than new systems'; looks at the projects and programmes that will shape the future of the company and embracing new ways of working and readying employees for the new systems and important compliance projects that will be rolled out over time.
3. Embrace new technologies'; is about the innovation topics that will also be important for our future. It will support employees in building their skills and knowledge about new technologies and provide ways for them to share innovation ideas.

The **Atradius Academy** supports an environment of continuous learning and development. We invest in people by offering a wide choice of development opportunities. At any time and from any place, employees can connect to our Learning Management System to find a wide selection of e-learning courses.

The 2019 e-learning course, "Shaping tomorrow together", was followed by all staff and more than 2,000 people gave feedback. Our employees rated the course on average very positive.

We organised three management development programmes: Stepping Forward 1 and 2, and Moving Forward for country managers. All focusing on the management aspects of business transformation.

For our Management Board and Supervisory Board, we organised a permanent education session covering two topics: Dutch Government Pension Reforms Plans and Using Machine Reading & Learning in improving Automatic Underwriting.

We developed a training for our sales people that meets the requirements of the Insurance Distribution Directive (IDD). When successfully fulfilling the requirements of the directive a certificate will be granted. The training activities are tracked in the Atradius Academy Learning Management System.

Evolve+ is a multi-year cultural change programme that focuses on increasing innovation and maintaining our customer-focus. In 2019, several initiatives focused on spreading awareness and knowledge about digitalisation. The Digital Ambassador Programme trained selected representatives of various regions in concrete digital trends and associated digital initiatives. The tribes, topic-specific communities, organised webinars on selected topics to share information about individual initiatives.

Atradius Moves was a CEO sponsored company-wide step-challenge with a theme built around corporate responsibility and vitality. Employees participated in teams and supported various environmental or social causes, such as clean water access or climate action. Over 1,400 employees participated and walked together in teams of five for their chosen causes.

Gender diversity

Dutch legislation, effective between 13 April 2017 and 31 December 2019, required 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. In 2019, the composition of the Management Board and the Supervisory Board deviated from these percentages.

Indicators	2019	2018	2017	2016 (1)	2015	2014	2013	2012	2011	2010
Headcount	3,692	3,707	3,756	3,758	3,333	3,298	3,257	3,315	3,304	3,318
Total average number of employees (full-time equivalent)	3,538	3,571	3,591	3,584	3,153	3,132	3,132	3,139	3,159	3,318
Total year end number of employees (full-time equivalent)	3,530	3,545	3,596	3,586	3,161	3,139	3,107	3,143	3,149	3,171
Retention rate	90.3%	91.1%	91.1%	92.3%	92.0%	94.9%	91.4%	92.6%	91.1%	85.8%
Sick leave	3.6%	3.8%	3.1%	2.9%	3.1%	2.8%	3.0%	3.1%	3.4%	3.6%
Development and training										
Expenses as % of salaries	2.0%	2.5%	1.8%	1.7%	1.6%	1.5%	1.2%	1.4%	1.3%	1.3%
Number of training attendees	9,844	9,722	9,228	7,680	6,366	5,646	5,283	1,656	1,952	1,236

(1) Including FTEs from Graydon, Iberinform Portugal, Gestifatura and Informes since 2016.

Securing future financial stability

As a global insurance company, Atradius is exposed to many and varied risks linked both to the nature of our business and to the external environment.

Atradius classifies its main risk types as insurance, financial and operational. Insurance risk is predominantly the risk of non-payment by a buyer covered by a policy (credit insurance) or the risk of non-performance of a customer (bonding). Financial risks arise out of developments in financial markets and with counterparties - including market risk, credit risk and liquidity risk. Operational risk means the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

Risk management

The boards of the group companies have ultimate responsibility and accountability for risk management and internal control within their respective companies. The Management Board implements and oversees Atradius group-wide risk governance through the Risk Strategy Management Board (RSMB) and a number of committees that support the RSMB. These are in specific risk-related areas such as underwriting of buyer exposures, country risk, provisioning, asset composition and investment policy, reinsurance, quantitative modelling, and approval of new products. In addition, all employees have well-defined authorities specifying the level of risk they can accept. This framework ensures we assume and manage risks in a controlled way, and in line with the risk appetite of the company. For the description of the main risks and uncertainties and how these are managed please refer to Note 4 Risk and Capital management of the consolidated financial statements.

The relationship between risk and capital is fundamental for Atradius. Understanding how taking risks consumes capital allows management to steer Atradius and to take strategic decisions with the interdependence of risk and capital in mind. These decisions are substantially informed by the outcomes of Atradius' internally developed economic capital model. This model contributes to a multitude of risk assessment activities and risk profile measurement and enhances Atradius' ability to monitor and manage risk levels within the organisation through the allocation of risk-based capital. In addition, we use the model for calculating regulatory capital requirements under Solvency II.

Atradius compliance framework

Compliance practices support our business, our reputation and our integrity. Complying with relevant laws, rules and regulations, and maintaining a high standard of ethics and integrity, leads to lower operational risk and more-stable business 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 the Atradius operations and business conduct. Additional Compliance policies address specific compliance areas in more detail, and set out the requirements that Atradius' employees must adhere to. These requirements are also included in existing and new business procedures. For example, the Policy on Customer Due Diligence addresses potential risks in areas such as sanctions regulations while the Policy on Insurance Distribution outlines the Atradius rules and guidelines for compliance with the EU Insurance Distribution Directive.

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

Capital management

Atradius seeks to maintain a strong capital position and well-capitalised operating entities. This helps us to support the evolution of our insurance business, withstand financial stress in adverse business and financial markets, meet our financial obligations and, ultimately, create shareholder value.

In 2019, all Atradius' entities were able to meet their financial obligations efficiently and to comply with local legal and regulatory requirements.

Shareholders' funds and Subordinated debt

Shareholders' funds at the end of 2019 amounted to EUR 2,008.7 million, an increase of 10.3% from EUR 1,821.4 million at year-end 2018, mainly due to the strong positive results after tax.

Subordinated debt of EUR 325 million (nominal value) at the end of 2019 consisted of subordinated notes of EUR 250 million and a subordinated loan of EUR 75 million (both amounts unchanged versus 2018), which qualify as Tier-2 basic own funds for Solvency II. For further details, please see Note 16 of the consolidated financial statements of the Annual Report 2019.

Regulatory capital

At the end of 2019, Atradius' insurance companies collectively held a solvency ratio well above 200% (1).

Atradius applies a partial internal model to calculate regulatory capital requirements under Solvency II. For further details on the main Solvency II regulatory capital requirements, please see the Solvency and Financial Condition Reports of Atradius' European regulated entities.

(1) Subject to finalisation of any audit procedures.

Corporate social responsibility

We aim to manage the ethical, environmental and social risks of the way we do business.

Corporate social responsibility

Corporate social responsibility is embedded in our culture and our day-to-day operations. We recognize the intrinsic value of insurance, which contributes to the welfare of society by offering companies and their people protection from risks they face in their activities.

Managing risk enables trade, which is essential for economic development. It makes companies grow, thereby creates long term value.

We follow the principles of responsibility, ethics, transparency and commitment to the law in all our activities, and try to maximise the creation of sustainable social value for stakeholders across the globe. We will minimise and, if possible, prevent potential negative impacts on social and environmental matters arising from our activities, by taking pro-active measures. It is in the interest of our stakeholders and ourselves to safeguard our reputation and, where possible, improve it further.

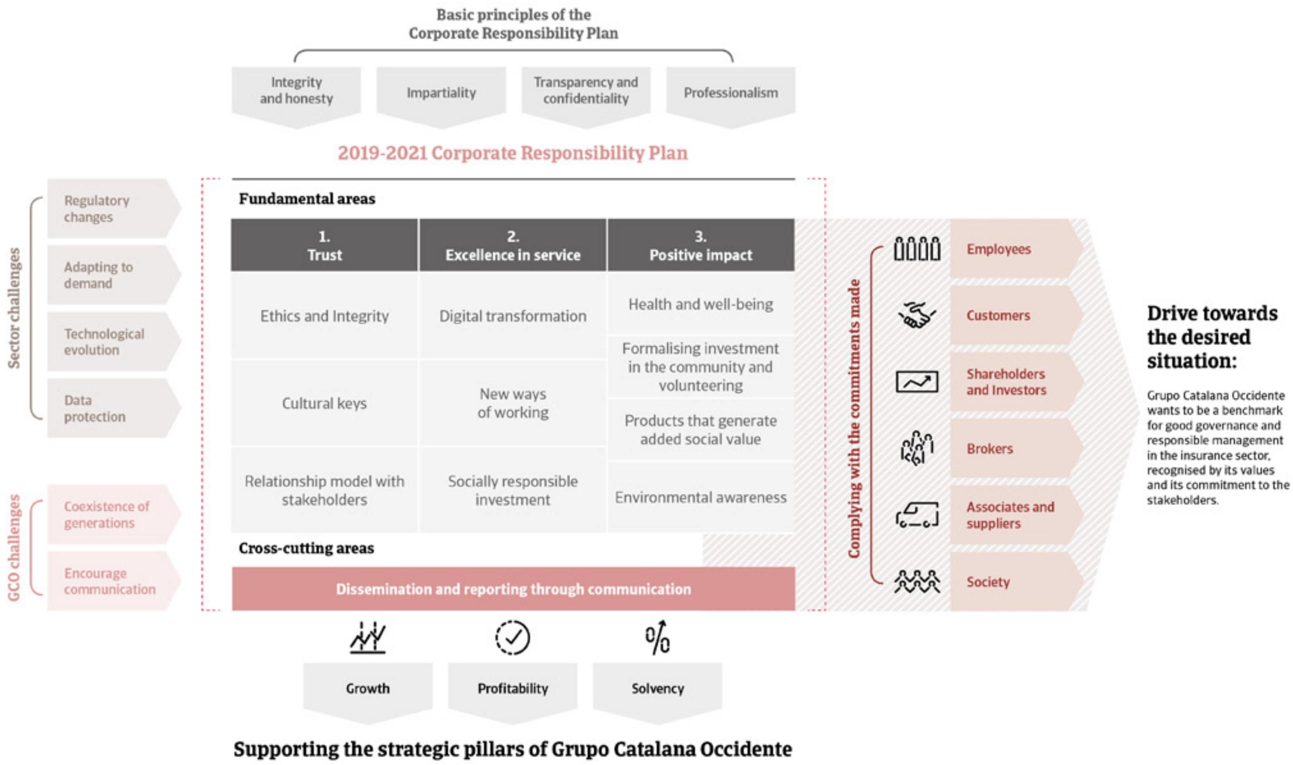
Atradius and Corporate responsibility

As a responsible global company, we aim to manage the ethical, environmental and social risks of the way we do business. While endeavoring to make a valuable contribution to successful world trade and our customers' prosperity, we incorporate environmental aspects in our value chain and acknowledge our responsibility on human rights across our operations. The same goes for our relationships with our suppliers and associates as well as communities in which we operate.

As we want to take our responsibility in helping to secure growth opportunities for future generations and look carefully after the planet we live on, Atradius continues to support and implement the ten principles of the United Nations Global Compact (UNGC) on human rights, labor conditions, the environment and anti-corruption. Every year we provide an update on progress made.

Our Corporate Responsibility Policy is managed by our Corporate Responsibility Team, which is joined by representatives from offices all over the world. The team coordinates group activities and addresses issues identified as most material by our stakeholders.

The Corporate Responsibility Policy of Atradius is in line with the Corporate Responsibility Plan of Grupo Catalana Occidente (GCO), our parent company. An infographic added to this report shows that the GCO Plan is governed by four principles: integrity and honesty, impartiality, transparency and confidentiality, and professionalism. It identifies three fundamental areas: trust, excellence in service and innovation, and positive impact. There is also one so-called parallel cross-cutting area: dissemination and reporting, underlining the aim to improve both internal and external communication



The Corporate Responsibility Team of Atradius evaluates the effectiveness of the company's Corporate Responsibility Policy and suggests improvements to the Management Board when applicable. The Team cooperates with Atradius' Director Legal and Compliance and Data Protection Officer, to ensure that relevant changes in legislation are incorporated into our Corporate Responsibility policies.

Our compliance with the UN Global Compact

Environmental KPIs [1]	2019	2018	2018/2019
KPI	**Total**	**Total**	**Change**
Number of reporting countries	32	32	-
Number of offices	99	98	increase
Total office space (m^2)	**102,629**	**102,491**	**increase**
Energy (gas & electricity) usage			
Electricity from non-renewable source (kWh)	7,037,424	7,673,245	decrease
Electricity from renewable source (kWh)	2,874,299	2,965,137	decrease
% of renewable electricity	29.0%	27.9%	increase
Total electricity (kWh)	**9,911,723**	**10,638,382**	**decrease**
Gas (m^3)	401,971	410,955	decrease
Total energy	**13,455,503**	**14,624,645**	**decrease**
Travel			
Employee air travel (km)	15,050,653	14,902,324	increase
Employee rail travel (km)	2,648,104	3,131,502	decrease
Company lease car travel (km)	9,168,351	10,294,129	decrease
Total travel (km)	**26,867,108**	**28,327,955**	**decrease**
CO2 footprint (tonnes of CO2)			
Energy (CO2)	6,578	8,577	decrease
Travel (CO2)	7,290	6,323	increase
Total (CO2)	**13,868**	**14,900**	**decrease**
Paper used			
Non-recycled paper (sheets A4)	11,823,839	13,761,563	decrease
Recycled paper (sheets A4)	3,876,649	3,744,505	increase
% recycled paper	24.7%	21.0%	increase
Total paper	**15,700,488**	**17,506,068**	**decrease**
Water usage (m^3)	**38,480**	**39,210**	**decrease**
Waste -per type			
Hazardous waste (tonnes)	5.7	5.0	increase
Non-hazardous waste (tonnes) [2]	688.0	1,408.0	decrease
Total waste	**693.7**	**1,413.0**	**decrease**

[1] This table does not include information from Graydon, Gestifatura, Informes Mexico and Iberinform Portugal.

[2] In 2018, due to refurbishing old buildings, we show a high number of non-hazardous waste. 2019 shows normalised numbers.

Consolidated financial statements 2019

Contents

All amounts in thousands of Euro, unless otherwise stated

Consolidated financial statements

Consolidated statement of financial position

Assets	Note	31.12.2019	31.12.2018
Intangible assets	6	**257,701**	**253,297**
Property, plant and equipment	7	**210,051**	**132,317**
Investment property	7	**13,988**	**9,641**
Investments in associated companies	9	**63,110**	**63,428**
Financial investments	10	**2,589,165**	**2,328,948**
Reinsurance contracts	18	**611,602**	**597,716**
Deferred income tax assets	20	**35,615**	**37,271**
Current income tax assets	20	**40,889**	**48,935**
Receivables	11	**239,565**	**237,071**
Accounts receivable on insurance and reinsurance business		192,782	180,503
Other accounts receivable		46,783	56,568
Other assets		**601,443**	**570,315**
Deferred acquisition costs	12	76,300	71,743
Other assets and accruals	13	525,143	498,572
Cash and cash equivalents	14	**404,244**	**446,357**
Total		**5,067,373**	**4,725,296**
Equity			
Capital and reserves attributable to the owners of the Company		2,008,726	1,821,405
Non-controlling interests		-	33
Total		**2,008,726**	**1,821,438**
Liabilities			
Subordinated debt	16	**323,982**	**323,790**
Employee benefit liabilities	17	**124,884**	**100,182**
Insurance contracts	18	**1,706,229**	**1,619,869**
Other provisions	19	**2,620**	**2,679**
Deferred income tax liabilities	20	**103,509**	**101,155**
Current income tax liabilities	20	**38,747**	**47,992**
Payables	21	**178,682**	**227,008**
Accounts payable on insurance and reinsurance business		122,186	152,802
Trade and other accounts payable		56,496	74,206
Other liabilities	22	**579,994**	**480,847**
Borrowings	14	**-**	**336**
Total		**3,058,647**	**2,903,858**
Total equity and liabilities		**5,067,373**	**4,725,296**

Consolidated income statement

	Note	2019	2018
Insurance premium revenue	23	1,759,523	1,648,527
Insurance premium ceded to reinsurers	23	(685,288)	(671,988)
Net premium earned		**1,074,235**	**976,539**
Service and other income	24	252,497	249,517
Share of income/ (losses) of associated companies	25	(1,093)	4,652
Net income from investments	25	18,776	17,493
Total income after reinsurance		**1,344,415**	**1,248,201**
Insurance claims and loss adjustment expenses	26	(892,311)	(775,244)
Insurance claims and loss adjustment expenses recovered from reinsurers	26	370,095	282,938
Net insurance claims		**(522,216)**	**(492,306)**
Net operating expenses	27	(479,103)	(469,789)
Total expenses after reinsurance		**(1,001,319)**	**(962,095)**
Operating result before finance costs		**343,096**	**286,106**
Finance income		2,629	5,858
Finance expenses	28	(32,887)	(14,599)
Result for the year before tax		**312,838**	**277,365**
Income tax expense	29	(85,130)	(74,710)
Result for the year		**227,708**	**202,655**
Attributable to:			
Owners of the Company		227,708	202,638
Non-controlling interests		-	17
Total result for the year		**227,708**	**202,655**

Consolidated statement of comprehensive income

	Note	2019	2018
Result for the year		227,708	202,655
Other comprehensive income:			
Items that will not be reclassified to the income statement:			
Effect of the asset ceiling on defined benefit pension plans	15.5	-	3,286
Actuarial gains/(losses) on defined benefit pension plans	15.5	(21,023)	(15,269)
Income tax relating to items that will not be reclassified		4,829	4,909
Items that may be subsequently reclassified to the income statement:			
Net fair value gains/(losses) on available-for-sale financial investments	15.3	75,516	(47,569)
Share of other comprehensive income of associated companies		-	-
Exchange gains/(losses) on translating foreign operations and associated companies	15.4	11,723	(7,201)
Income tax relating to items that may be reclassified		(19,682)	11,248
Other comprehensive income for the year, net of tax		**51,363**	**(50,596)**
Total comprehensive income for the year		**279,070**	**152,059**
Attributable to:			
The owners of the Company		279,070	152,042
Non-controlling interests		-	17
Total comprehensive income for the year		**279,070**	**152,059**

All amounts in thousands of Euro, unless otherwise stated

Consolidated statement of changes in equity

	Note	Share capital	Share premium reserve	Revaluation reserve	Currency translation reserve	Pension reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to the owners of the Company								
Balance at 1 January 2018		**79,122**	**639,228**	**63,060**	**(55,612)**	**(137,323)**	**1,164,758**	**1,753,232**	**16**	**1,753,248**
Acquisitions		-	-	-	-	-	-	-		-
Dividends	30	-	-	-	-	-	(83,869)	(83,869)	-	(83,869)
Total comprehensive income for the year		**-**	**-**	**(37,552)**	**(5,970)**	**(7,074)**	**202,638**	**152,042**	**17**	**152,059**
Result for the year		-	-	-	-	-	202,638	202,638	17	202,655
Other comprehensive income		-	-	(37,552)	(5,970)	(7,074)	-	(50,596)	-	(50,596)
Balance at 31 December 2018		**79,122**	**639,228**	**25,508**	**(61,582)**	**(144,397)**	**1,283,527**	**1,821,405**	**33**	**1,821,438**
Balance at 1 January 2019		**79,122**	**639,228**	**25,508**	**(61,582)**	**(144,397)**	**1,283,527**	**1,821,405**	**33**	**1,821,438**
Acquisitions		-	-	-	-	-	33	33	(33)	-
Dividends	30	-	-	-	-	-	(91,782)	(91,782)	-	(91,782)
Total comprehensive income for the year		**-**	**-**	**56,411**	**11,146**	**(16,194)**	**227,708**	**279,070**	**-**	**279,070**
Result for the year		-	-	-	-	-	227,708	227,708	-	227,708
Other comprehensive income		-	-	56,411	11,146	(16,194)	-	51,363	-	51,363
Balance at 31 December 2019		**79,122**	**639,228**	**81,919**	**(50,436)**	**(160,591)**	**1,419,485**	**2,008,726**	**-**	**2,008,726**

Consolidated statement of cash flows

	Note	2019	2018
I. Cash flows from operating activities			
Result for the year before tax		312,838	277,365
Adjustments for:			
Realised capital (gains)/losses on investments		(1,560)	(157)
Dividends received from financial investments		(9,431)	(9,383)
Impairment loss		17,079	5,347
Share of income of associated companies	9	(7,126)	(4,652)
Depreciation, impairment and amortisation		68,467	56,951
Interest expense on subordinated debt	28	17,077	17,074
Net interest income		(35,518)	(38,975)
Other non-cash items		14,430	10,410
Changes in operational assets and liabilities:			
Insurance contracts	18	86,359	89,530
Reinsurance contracts	18	(13,886)	(11,829)
Deferred acquisition costs	12	(4,557)	(7,184)
Accounts receivable and payable on insurance and reinsurance business		(42,896)	7,460
Changes in other assets and liabilities		19,086	44,427
Pensions and other long-term employee benefit net contributions		(31,863)	(34,444)
Cash generated from operations		**388,500**	**401,940**
Income tax paid		(98,605)	(66,514)
Interest paid		(18,675)	(18,780)
Net cash (used in)/generated by operating activities		**271,220**	**316,646**
II. Cash flows from investing activities			
Investments and acquisitions (cash outflows):			
Investment property		-	-
Investments in associated companies	9	-	-
Short-term investments		(251,486)	(235,035)
Financial investments available-for-sale	10	(981,753)	(484,342)
Property, plant and equipment and intangible assets		(56,413)	(55,830)
Divestments, redemptions and disposals (cash inflows):			
Investment property		882	-
Investments in associated companies		-	-
Short-term investments		359,608	186,880
Financial investments available-for-sale	10	678,598	426,369
Financial investments fair value through profit or loss		-	-
Property, plant and equipment and intangible assets		54	-
Net cash acquired in a business combination			
Dividends received from associated companies	9	-	-
Dividends received from financial investments		9,431	9,383
Interest received		37,078	41,489
Net cash (used in)/generated by investing activities		**(204,001)**	**(111,086)**
III. Cash flows from financing activities			
Dividend paid	30	(91,782)	(83,869)
Interest paid on subordinated debt		(16,875)	(16,888)
Net cash (used in)/generated by financing activities		**(108,657)**	**(100,757)**
Changes in cash and cash equivalents (I + II + III)		(41,438)	104,803
Cash and cash equivalents at the beginning of the year	14	446,021	341,178
Effect of exchange rate changes on cash and cash equivalents		(339)	40
Cash and cash equivalents at the end of the year		**404,244**	**446,021**

The cash and cash equivalents are presented net of bank overdrafts (see Note 14).

Notes to the consolidated financial statements

1 General information

Atradius N.V. ('the Company'), with its office at David Ricardostraat 1, 1066 JS, Amsterdam, the Netherlands, and its subsidiaries (together referred to as 'Atradius') is a global credit insurer and aims to support its customers' growth by strengthening their credit and cash management through a wide range of credit insurance management products and services. These services include credit insurance, bonding, reinsurance, information services, collection services and instalment credit protection. Atradius offers products and services from strategically located offices on six continents and employed 3,692 people as at 31 December 2019 (2018: 3,707). The parent is Grupo Compañía Española de Crédito y Caución, S.L., which owns 64.23% (equal to 2018) of the shares in Atradius N.V. The ultimate parent and the ultimate controlling party of Atradius is Grupo Catalana Occidente, S.A., which holds 73.84% of the shares in Grupo Compañía Española de Crédito y Caución, S.L. and 35.77% (equal to 2018) of the shares in Atradius N.V. The financial statements of Atradius N.V. are consolidated within Grupo Catalana Occidente, S.A., which is a listed company in Spain.

The Atradius consolidated financial statements have been authorised for issue by the Management Board on 4 March 2020 and have been reviewed by the Supervisory Board. On 4 March 2020 the consolidated financial statements have been adopted at the Annual General Meeting of Atradius N.V.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The Atradius consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also comply with Part 9 of Book 2 of the Dutch Civil Code. These have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial investments.

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 Atradius accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

The income statement of Atradius N.V. for 2019 is incorporated in the consolidated financial statements, which allow for a presentation of a condensed company income statement in the company financial statements in compliance with Book 2, Article 402 of the Dutch Civil Code.

All amounts in the notes are shown in thousands of Euro (EUR), rounded to the nearest thousand, unless otherwise stated.
Due to rounding, numbers presented throughout this, and other documents, may not add up precisely to the totals provided.

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 and amendments adopted by Atradius require retrospective application.

2.2.1 Standards, amendments and interpretations effective in 2019

The following relevant standards, amendments and interpretations have been adopted in 2019, but have had no material effect on the consolidated financial statements unless otherwise mentioned:

- IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of
- Leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right of use ("ROU") of the underlying asset during the lease term. Lessees will be required to separately recognise a depreciation expense on the right-of-use asset and an

interest expense on the lease liability, calculated against an incremental borrowing rate. The weighted average incremental borrowing rate at transition was 2.7%. Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17. Atradius has applied the modified retrospective implementation approach and as such, the comparative information has not been restated. As per 1 January 2019 the group recognised ROU assets and lease liabilities for its operating leases at an amount of EUR 102 million with no impact on equity.

- In the transition to IFRS 16, i.e. the group has elected to use the following practical expedients permitted by the standard.
- The election not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17.
- The option to exclude initial direct costs from the measurement of the ROU assets at the date of initial application.
- The expedient to rely on the assessment of whether leases are onerous applying IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) at transition date.
- The exemption options for short term- and low value leases.

For further information on the BS impacts generated by IFRS 16 please see note 7 and 22.

A reconciliation of the operating lease commitments at December 31, 2018, disclosed in the 2018 financial statements, to the lease liabilities recognised in the statement of financial position at January 1, 2019 is provided below:

	December 31, 2018
Operating lease commitments as disclosed	**109,119**
Impact discounting using the incremental borrowing rate	(9,300)
Impact short term/low value leases recognised on a straight line basis as expense	(1,105)
Impact other, mainly components of contracts reassessed as service agreements	2,824
Lease liability recognised as at January 1, 2019	**101,538**

- Amendment to IAS 19 Employee benefits, on Plan amendment, curtailment or settlement (effective 1 January 2019) specifies how companies determine pension expenses when changes to a defined benefit pension plan occur. This amendment has not had a material impact on the consolidated financial statements.
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective 1 January 2019). These amendments clarify that entities apply IFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied. Atradius applies the equity method and therefore these amendments has not have a material impact on the consolidated financial statements.
- Amendments to IFRS 9: Prepayment features 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 have not 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 has not have a material impact on the consolidated financial statements.
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019). The interpretation provides guidelines on the determination of accounting for uncertain tax events. The interpretation has not have a material impact on the consolidated 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 2019 and have not been early adopted by Atradius:

- IFRS 9 Financial Instruments (effective 1 January 2018) replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement, impairment of financial instruments and the new general hedge accounting requirements. In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities that issue insurance contracts within the scope of IFRS 4: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is available for entities whose activities are predominantly connected with insurance.

- Atradius performed an assessment of the amendments to IFRS 4 and concluded that its activities are predominantly connected with insurance as at 31 December 2015 based on the assessment that the predominance ratio i.e. ratio total carrying amount of its liabilities connected with insurance compared with total carrying amount of liabilities criteria was greater than 90%. Atradius decided to apply the temporary exemption in its reporting period starting on 1 January 2018 and expects to adopt IFRS 9 in combination with the adoption of IFRS 17 Insurance contracts on 1 January 2022. In case of a significant change in operating activities, Atradius will reassess whether its activities are predominantly connected with insurance. Please refer to the 'Temporary exemption from IFRS 9' section included in Risk and Capital management for the related disclosures.
- Amendments to IAS 1 and IAS 8; Definition of Material (effective 1 January 2020) clarifies the definition of material and what should be considered when the definition of materiality is applied. It is expected that these amendments will not have a material impact on the consolidated financial statements.
- Amendments to IFRS 9, IAS 39 and IFRS 7 relating to the Interest Rate Benchmark Reform (effective 1 January 2020). The amendments provide temporary relief for hedge relationships and its accounting during the replacement process of benchmark interest rates (phase 1) and thereafter address issues once the existing interest rates have been replaced. In the absence of any (significant) hedge relationships it is expected that these amendments will not have a material impact on the consolidated financial statements.

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

- Amendments to IFRS 3 Business Combinations (effective 1 January 2020). The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. It is expected that this standard will not have a material impact on the consolidated financial statements.

- IFRS 17 Insurance contracts (effective 1 January 2022). In November 2018, the IASB agreed to start the process to amend IFRS 17 to defer the mandatory effective date of IFRS 17 by one year (original effective date was January 1, 2021). Subject to IASB due process, entities will be required to apply IFRS 17 for annual periods beginning on or after January 1, 2022. The standard replaces the existing guidance in IFRS 4 Insurance contracts. IFRS 17 aims to provide a more useful and consistent accounting model among entities issuing insurance contracts. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies, however this is not applicable for Atradius as these types of contracts are not underwritten. Atradius is currently assessing the impact of the standard on the consolidated financial statements, including which measurement model should be applied to which products, credit insurance, bonding, instalment credit protection (ICP), assumed business and reinsurance held and how the requirements with regards to the level of aggregation should be applied. The impact assessment also includes the transition requirements. The standard can be applied retrospectively in accordance with IAS 8, but it also contains a 'modified retrospective approach' and a 'fair value approach' for transition depending on the availability of data. Atradius will most likely apply a blend of transition approaches. Although the impact on the consolidated financial statements is expected to be material in terms of recognition, measurement and on the presentation and disclosures in the consolidated financial statements, no further details can be provided yet.

2.3 Consolidation

The following principles of consolidation and measurement are applied to the financial statements:

2.3.1 Subsidiaries

Subsidiaries are all entities over which Atradius has control. Atradius controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Atradius. They are de-consolidated from the date on which control ceases.

Intragroup transactions, balances and unrealised gains on intragroup transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies are changed where necessary to ensure consistency with the policies adopted by Atradius except for the accounting for insurance contracts (see Note 2.17).

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling Interest (Minority-interest) (further referred to as 'non-controlling interest') and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.3.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of fair values of the assets (at the acquisition date) transferred to Atradius, liabilities incurred by Atradius to the former owners of the acquiree and the equity interests issued by Atradius in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the income statement as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that the deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed. If the net amount of the identifiable assets acquired and the liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of Atradius' previously held equity interest in the acquiree (if any), then the excess is recognised immediately in profit or loss as a bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement method is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by Atradius in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at the fair value and included in the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments, are adjusted retrospectively, with a corresponding adjustment to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. A contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. A contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: Recognition and Measurement or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, Atradius' previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e., the date when Atradius obtains control) and the resulting gain or loss, if any, is recognised in the income statement. Amounts arising from interests in the acquiree before the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Atradius reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.3.3 Associated companies

Associated companies are entities in which Atradius has significant influence, but not control or joint control, over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Interests in associates are initially recognized at cost, which includes positive goodwill arising on acquisition. Negative goodwill is recognized in the income statement on the acquisition date. If associates are obtained in successive share purchases, each significant transaction is accounted for separately.

Atradius' share in its associated companies' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

Unrealised gains on transactions between Atradius and its associated companies are eliminated to the extent of Atradius' interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associate's accounting policies are changed where necessary to ensure consistency with the policies adopted by Atradius.

Interests in companies in which Atradius does not exercise significant influence are accounted for at fair value, in accordance with the accounting principles for available-for-sale investments.

2.4 Segment reporting

IFRS 8 requires operating segments to be identified on the basis on which the Management Board regularly reviews components of Atradius in order to allocate resources to the segments and to assess their performance. Operating segments are reported in a manner consistent with the internal reporting provided to the Management Board. For more information related segment please see note 5.

2.5 Foreign currencies

2.5.1 Functional and presentation currency

Items included in the financial statements of each of Atradius' entities/branches are measured using the currency of the primary economic environment in which the entities/branches operate (the 'functional currency').

All amounts in the notes are shown in thousands of Euro (EUR)

2.5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. A monetary item that forms part of a net investment in a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, part of the net investment in that foreign operation. In the consolidated financial statements the related exchange gains and losses on these monetary items are recognised in other comprehensive income.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial investments, are included in the revaluation reserve through other comprehensive income.

2.5.3 Atradius companies

The results and financial position of all Atradius entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of that statement of financial position;
- income and expenses for each income statement presented are translated at monthly average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at exchange rates at the dates of the

transactions; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate.

The exchange rates of the most relevant functional currencies for Atradius are presented below:

Currency	End rate			Average rate		
	GBP	USD	AUD	GBP	USD	AUD
At 31 December 2019	1.175	0.890	0.625	1.173	0.911	0.616
At 31 December 2018	1.118	0.873	0.617	1.123	0.880	0.642

2.6 Goodwill and other intangible assets

2.6.1 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed. If the net amount of the identifiable assets acquired and the liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of Atradius' previously held equity interest in the acquiree (if any), then the excess is recognised immediately in profit or loss as a bargain purchase. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 2.3.2) less accumulated impairment losses, if any. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

For the purpose of impairment testing, goodwill is allocated to Atradius' relevant cash-generating units. The CGU's where Goodwill is allocated are the lowest identifiable level possible. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill on the acquisitions of associated companies is included as part of investments in associated companies.

For more information related intangibles please see note 6.

2.6.2 Software

Acquired computer software licenses 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.

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. All other costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. 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. Software developed for strategic business developments can in some case be amortised in 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.

2.6.3 Other intangible assets

Other intangible assets are recognised at fair value at the acquisition date. Amortisation charges are included in net operating expenses and are calculated using the straight-line method over the expected life of the asset which is estimated to be between 5 and 15 years. Other intangible assets relate to agent networks, non-patented technology, trade names and insurance.

For more information related intangibles please see note 6.

2.7 Property, plant and equipment

Land and buildings comprise offices occupied by Atradius ('property for own use'). Land and buildings are stated at the cost of acquisition or construction, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For analysis of the residual value, the fair value is assessed based on active market prices, adjusted if necessary, for any difference in the nature, location or condition. All other property, plant and equipment are stated at historical cost less accumulated depreciation and subsequent impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Atradius and the cost of the item can be reliably measured. All other repairs and maintenance are recognised as an expense in the income statement during the financial period in which they are incurred.

Some of Atradius' properties comprise a part that is held as investment property to earn rentals or for capital appreciation and another part that is held for own use. If these parts could be sold separately or leased out separately under a financial lease, Atradius accounts for the parts separately as investment property and property for own use, respectively.

The depreciation period is based on the estimated economic useful life of the asset. Leasehold improvements are depreciated over the shorter of the estimated useful life of the improvements and the respective lease terms. Land is not depreciated. All other assets are depreciated using the straight-line depreciation method over the estimated economic useful lives: buildings over 50 years, fixtures and fittings over 3-10 years and information systems hardware over 3-5 years.

2.7.2 Leased property, plant and equipment

At inception of a contract, Atradius assesses whether it is a lease. A contract is a lease if it involves the use of an identified asset and conveys the right to control the use the asset for a period of time in exchange for consideration – i.e. Atradius has the rights to obtain substantially all of the economic benefits from using the asset, and direct the use of the asset.

As a lessee

A ROU asset and a lease liability are recognised at the commencement date of the lease. The ROU asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of the costs to remove the underlying asset or to restore the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments to be paid, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Group's incremental borrowing rate. Atradius generally uses its incremental borrowing rate as the discount rate that applies to the lease.
Subsequently, the ROU asset is depreciated using the straight-line depreciation method over the shorter of the asset's useful life and the lease term. The lease liability is subsequently measured at amortised cost using the effective interest method. The depreciation expense on the ROU asset and the interest expense on the lease liability are separately recognised in the income statement.

Atradius presents its ROU assets in 'property plant and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

The Group has chosen to implement IFRS 16, applying the modified retrospective approach. As such the comparative information of 2018 has not been restated. Atradius has elected not to recognise ROU assets and lease liabilities for short-term-leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis in the income statement.

As a lessor

The Group classifies all leases for which it is a lessor as operating leases, because none of these leases transfer substantially all of the risks and rewards incidental to ownership of the underlying asset.
Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are included in 'net investment income'.

2.8 Investment property

Property held for long-term rental yields that is not occupied by one of the companies of Atradius is classified as investment property.

Investment property comprises freehold land and buildings. It is stated at the cost of acquisition or construction, less any subsequent accumulated depreciation and subsequent impairment losses. Buildings are depreciated using the straight-line depreciation method over the estimated economic useful life of the property: 50 years.

2.9 Fair value measurements

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 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 market 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 a current observable market transaction. 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 with 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 Atradius is the current bid price. Transaction costs on initial recognition of financial investments are expensed as incurred.

The fair values of financial instruments in markets that are not active are determined using valuation techniques. Atradius uses a variety of methods and assumptions that are based on market conditions existing at the end of the reporting period.

The fair values of property for own use and investment property are determined by independent real estate valuators registered in the relevant countries and who have appropriate qualifications and experience in the valuation of properties.

See Note 4.3.1.1 for further details regarding the determination of the fair value of financial investments.

2.10 Recognition and derecognition of financial investments

All purchases and sales of financial investments that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognised at trade date, i.e. the date that Atradius commits to purchase or sell the asset. Loans and receivables are recognised and derecognised at settlement date, the date Atradius receives or delivers the asset.

Financial investments are derecognised when the rights to receive cash flows from the financial investments have expired or where Atradius has transferred substantially all the risks and rewards of ownership. If Atradius neither transfers nor retains substantially all the risks and rewards of ownership of a financial investment and does not retain control over the investment, it derecognises the financial investment. In transfers where control over the asset is retained, Atradius continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which Atradius is exposed to changes in the value of the asset.

2.11 Classification of financial investments

Atradius classifies its financial investments into two categories: investments available-for-sale and loans and receivables. The classification depends on the purpose for which the investments were acquired. Atradius determines the classification of its investments at initial recognition and re-evaluates this at the end of each reporting period.

2.11.1 Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets that are either designated in this category or not classified in other categories.

Financial investments are initially recognised at fair value plus transaction costs that are directly attributable to their acquisitions. Unrealised gains and losses arising from changes in the fair value of financial investments classified as available-for-sale are recognised in other comprehensive income net of tax. When financial investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net gains or losses on financial investments.

2.11.2 Loans and receivables

Loans and receivables (including deposits) are non-derivative financial investments with fixed or determinable payments that are not quoted on an active market, other than those that Atradius intends to sell in the short term, or that it has designated as available-for-sale. Deposits withheld by ceding companies and receivables arising from insurance contracts are also classified in this category. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

2.12 Impairment of assets

2.12.1 Financial assets - general

At the end of each reporting period Atradius assesses, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has a negative impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Atradius first assesses whether objective evidence of impairment exists for financial assets that are individually significant. If Atradius determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and assesses them collectively for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

2.12.2 Financial investments - carried at amortised cost

Atradius assesses, at the end of each reporting period, whether there is objective evidence that a financial asset carried at amortised costs is impaired. Objective evidence that loans and receivables are impaired can include significant financial difficulty of the counterparty, default or delinquency by a counterparty, restructuring of a loan or advance by Atradius on terms that Atradius would not otherwise consider; indications that a counterparty will enter bankruptcy; or economic conditions that correlate with defaults.

Where such evidence exists that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, Atradius may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

2.12.3 Financial investments - carried at fair value

Atradius assesses, at the end of each reporting period, whether there is objective evidence that an available-for-sale financial investment is impaired. Objective evidence that available-for-sale financial investments (including debt and equity securities) are impaired can include default or delinquency by an issuer, indications that an issuer will enter bankruptcy and/or the disappearance of an active market for a security. In addition, for an investment in an equity security, management assesses whether there has been a significant or prolonged decline in its fair value below its acquisition cost.

In this assessment, Atradius uses the following indications to decide whether a loss on an equity instrument position qualifies for impairment:

- significant: The market value of the equity instrument dropped below 60% of its average historical cost price (i.e. the unrealised loss is larger than 40% of the average historical cost price); or
- prolonged: The market value of the equity instrument has been below its average historical cost price for consecutive period of 18 months.

Where such evidence exists for available-for-sale financial investments, the cumulative net loss that has been previously recognised directly in other comprehensive income is recycled from other comprehensive income (the revaluation reserve) and recognised in the income statement.

If, in a subsequent period, the fair value of debt securities classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement, but only to the amortised cost price. Subsequent increases above the amortised cost price are credited against the revaluation reserve as a component of other comprehensive income.

Impairment losses recognised in the income statement on equity securities cannot be reversed in subsequent periods.

2.12.4 Impairment of other non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Investment properties are not allocated to cash-generating units, but are tested for impairment on an individual basis.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised in the income statement, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in previous years. The amount of the reversal is recognised in the income statement. However, impairment losses recognised for goodwill are not reversed in subsequent periods.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and 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, and are used by Atradius in the management of its short-term commitments. Bank overdrafts that are repayable on demand form an integral part of Atradius' cash management and are included as a component of cash and cash equivalents for cash flow purposes. In the statement of financial position, bank overdrafts that do not meet the criteria for offsetting, are presented separately as liabilities under borrowings.

Deposits pledged for regulatory and other purposes as well as cash held for investments are not available for use in Atradius' day-to-day operations and are therefore not included within cash and cash equivalents. These assets are included within financial investments.

2.15 Capital and reserves

2.15.1 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.

2.15.2 Share premium reserve

Share premium reserve is the amount received by the Company in excess of the nominal value of the shares it has issued.

2.15.3 Revaluation reserve

The revaluation reserve comprises the unrealised gains/losses of the securities available-for-sale after the deduction of income tax, except for impairments that are charged directly to the income statement.

2.15.4 Currency translation reserve

The net exchange difference, after the deduction of income tax that is recognised in the currency translation reserve in each period represents the following:

- in respect of revenue, expenses and capital transactions, the difference between translating these items at actual or average exchange rates and using the exchange rate at the end of the reporting period, which is the case for recognised assets and liabilities;
- in respect of the net assets at the beginning of the reporting period, the difference between translating these items at the rate used at the end of the previous reporting period and using the rate at the end of the current reporting period; and
- in respect of the net assets acquired during the reporting period, the difference between translating these items at the rate at acquisition date and using the rate at the end of the current reporting period.

2.15.5 Pension reserve

The pension reserve relates to the various defined benefit schemes and consists of:

- actuarial gains and losses, after the deduction of income tax, that arise in calculating Atradius' pension obligations and fair value of the plan assets in respect of a defined benefit plan in the period in which they occur; and
- the non-recognition of assets ('asset ceiling') that can occur when the plan assets are higher than the projected benefit obligation and where Atradius cannot recover any surplus through refunds from the pensions vehicle due to solvency and/or control requirements.

2.15.6 Retained earnings

Retained earnings are the accumulated amount of profits or losses at the end of the reporting period, which have not been distributed to shareholders.

2.15.7 Non-controlling interests

Non-controlling interests represent the proportion of shareholders' equity and of total comprehensive income attributable to minority shareholders.

Non-controlling interest are initially measured on the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities at the date of the acquisition. The calculation of the percentage attributable to the non-controlling interest includes any equity interest not held indirectly through subsidiaries.

Non-controlling interest is presented within equity separately from the equity attributable to the equity holders of the Company. Similarly, the statement of recognised income and expenses presents total income and expenses for the period showing separately the amounts attributed to the equity holders of the Company and non-controlling interests.

2.16 Subordinated debt

A subordinated debt is recognised initially at fair value, net of transaction costs incurred. A subordinated debt is subsequently stated 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 debt during which the interest is fixed using the effective interest method. Interest payable is reported under other liabilities.

2.17 Insurance contracts

An Insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or its beneficiary if a specified uncertain future event (the insured event) affects the policyholder.

The insurance contracts issued by Atradius can be classified into two main categories:

- Credit insurance contracts: contracts that provide for specific payments to be made to reimburse the holder for the loss it incurs because a specified debtor fails to make a payment when due under the original or modified terms of the contract between the debtor and Atradius' insured customers; and
- Bonding contracts: contracts that provide compensation to the beneficiary of the contract if Atradius' bonding customer fails to perform a contractual obligation relative to the beneficiary.

The company applies IFRS 4.25, which allows existing insurance accounting practices to continue. The main difference relates to the accounting of local business in Spain and Portugal that applies existing earnings and related provisioning practices. The differences in application lead to different allocations of unearned premium and provision for outstanding claims. Further reference is made to specific information included in Note 4.2.6 and Note 18.

2.17.1 Deferred acquisition costs

Commission costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as deferred acquisition costs. All other costs are recognised as expenses when incurred. The deferred acquisition costs are subsequently amortised over the life of the policies as premium is earned.

2.17.2 Provision for unearned premium

The recognition of unearned premium per product is set out in Note 4.2.6.1.

2.17.3 Provision for outstanding claims

Claims and loss adjustment expenses are charged to the income statement as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from the risks Atradius has assumed up to the end of the reporting period. Atradius does not discount its liabilities (other than the recoveries on the Instalment Credit Protection (ICP) product) given the short-term nature of its liabilities. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to Atradius and statistical analyses for the claims incurred but not reported. When appropriate, deductions are made for salvage, subrogation and other expected recoveries from third parties. For reinsurance business the provisions are determined treaty-by-treaty, based on premium and loss information supplied by the ceding companies. Estimates of expected losses are developed using historical claims experience, actual versus estimated claims experience and other known trends and developments.

Additional information on the measurement of the provision for outstanding claims is provided in Note 4.2.6.

2.17.4 Liability adequacy test

At the end of each reporting period, a liability adequacy test is performed to ensure the overall adequacy of the total insurance contract liabilities, net of related deferred acquisition costs. In performing this test, current best estimates of future contractual cash flows and claims handling expenses are used. Any deficiency on consolidated level is immediately charged to the income statement by first writing down the related deferred acquisition costs and then by establishing a provision for losses arising from the liability adequacy test.

2.17.5 Reinsurance contracts

Contracts entered into by Atradius with reinsurers, under which Atradius is compensated for losses on one or more contracts it has issued and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts held. Contracts that do not meet the classification requirements are classified as financial assets. Insurance contracts entered into by Atradius under which the contract holder is another insurer (reinsurance business) are included in insurance contracts.

The benefits to which Atradius is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance contracts) that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premium payable for reinsurance contracts and are recognised as an expense when due.

Atradius assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, Atradius reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. Atradius gathers the objective evidence that a reinsurance asset is impaired by applying procedures similar to those adopted for financial assets held at amortised cost. The impairment loss is calculated under similar method used for these financial assets.

Reinsurance commission related to Atradius' quota share treaties is calculated and accounted for at a provisional rate but reviewed against the development of the ultimate loss ratio as soon as an underwriting year matures. The sliding scale commission (an additional income or expense on top of the provisional commission) is based on an estimate by management of the ultimate loss ratio for an underwriting year.

Atradius recognises the gains and losses from reinsurance contracts directly in the income statement.

2.17.6 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, Atradius reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. Atradius gathers the objective evidence that an insurance receivable is impaired by applying procedures similar to those adopted for loans and receivables. The impairment loss is also calculated under similar method used for these financial assets.

2.17.7 Salvage and subrogation reimbursements

Some insurance contracts permit Atradius to sell goods acquired in settling a claim (i.e., salvage). Atradius may also have the right to pursue third parties for payment of some or all costs (i.e., subrogation).

Estimates of salvage recoveries and subrogation reimbursements are included as an allowance in the measurement of the provision for claims. The allowance is the amount that can reasonably be expected to be recovered.

2.17.8 Insurance portfolios

Acquired insurance portfolios are initially recognised at fair value by estimating the net present value of future cash flows related to the liability arising from insurance contracts, being the provision for unearned premium and the provision for outstanding claims at the date of acquisition. The difference between the carrying value and the fair value of the insurance contracts is recognised as an intangible asset.
The Group subsequently amortises this asset based upon the duration of the underlying cash flows. The carrying amount after initial recognition is adjusted for accumulated amortisation and any accumulated impairment losses.

2.18 Provisions

Provisions for restructuring, onerous contracts and litigation are recognised when Atradius has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Restructuring provisions include employees' termination payments that are directly related to restructuring plans. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Where the effect of the time value of money is material, the provision is measured as the present value of the expenditure expected to be required to settle the obligation discounted using a pre-tax rate.

2.19 Deposits received from reinsurers

Deposits received from reinsurers represent amounts received from reinsurance companies in respect of ceded claims and premium provisions and are stated at amortised cost using the effective interest method. Interest expense is recognised on an effective yield basis, except for short-term deposits where the impact of interest would be immaterial.

2.20 Employee benefits

2.20.1 Post-employment benefits

Atradius has a number of post-employment benefit plans. The obligations of these schemes are determined by periodic actuarial calculations and are generally funded through payments to state plans, insurance companies or trustee-administered funds. Atradius has both defined benefit plans and defined contribution plans.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. In a defined benefit plan Atradius may pay contributions into a separate entity or fund. Atradius, and in some cases the employees who are participating, fund a defined benefit plan and Atradius has a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and previous periods.

The amount recognised as a defined benefit liability is the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly. The recognition of assets that arise by over-funding of the defined benefit plan is limited to the ability to use 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 defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms of maturity that approximate to the terms of the related pension liability.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding 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 comprehensive income. Atradius 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 at the beginning of the annual period to the then net defined benefit liability (asset), 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 income statement.

The non-recognition of assets (‘asset ceiling’) can occur when the plan assets are higher than the projected benefit obligation and Atradius cannot recover any surplus through refunds from the pension vehicle due to solvency and/or control requirements.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement. Atradius recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- administration expenses;
- net interest expense or income; and
- remeasurement.

The first two components of defined benefit costs are presented in the income statement under net operating expenses. The net interest is presented under finance expenses. Curtailment gains and losses are accounted for as past service costs. Remeasurements are recognised in other comprehensive income.

Defined contribution plans

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

For defined contribution plans, Atradius pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Atradius has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The contributions to these plans are recognised as expenses in the income statement.

2.20.2 Other long-term employee benefits

Atradius has a number of other post-employment plans. The main plans are lump sum payment plans and pre-pension plans. A lump sum payment plan is a plan where the employees are entitled to a lump sum payment at the date their employment is terminated. A pre-pension plan is a plan where the employees are entitled to receive payments if they stop working before their actual retirement date.

Atradius’ obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated annually by independent actuaries using actuarial techniques.

2.20.3 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Atradius recognises termination benefits when it is committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. When termination benefits are related to an overall restructuring plan, the Atradius liability is included as part of the provisions.

2.20.4 Profit sharing and bonus plans

Atradius recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration, amongst other things, individual targets and the profit attributable to the owners of the Company. Atradius recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21 Taxation

Income tax in the consolidated income statement for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

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 of 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 consolidated 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 used. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and Atradius intends to settle its current tax assets and liabilities on a net basis. 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 the accounting nor the taxable profit or loss, it is not accounted for.

2.22 Consolidated income statement

2.22.1 Income

Revenue comprises the fair value for services, net of value added tax, after eliminating revenue within Atradius. Revenue is recognised as follows:

Premium earned

Written premium includes both direct business and reinsurance business and is defined as all premium and policy-related fees invoiced to third parties and reinsurance premium, excluding tax.

Written premium includes an estimate of premium not yet invoiced for which Atradius has already accepted the contractual risk. Accruals for premium refunds and cancellations are charged against premium written. Premium earned includes an adjustment for the unearned share of premium.

Premium ceded under reinsurance contracts is reported as a reduction of premium earned. Amounts for ceded unearned premium under cession agreements are reported as assets in the consolidated statement of financial position.

Service and other income

Service income includes the income from:

- Credit information services, consisting of providing up-to-date credit information on buyers for which a customer requires a credit limit application under the insurance policy. This performance obligation is satisfied over time during the policy period. Revenue is recognised based on the credit limit applications requested by and invoiced to the customer, against fixed prices stated in the contract. If a contract includes a separate charge for monitoring,

this element is recognised evenly over time;
- Debt collection services for debts owed to customers. The performance obligation is defined at the level of the individual debts, placed under the contract. Revenue is recognised in line with the actual collected amounts, based on fees specified in the debt collection agreements.
- Business information and other service income.
  - Business information is provided online to customers on a subscription basis. Revenue is recognised evenly over time based on the consideration in the contract, reflecting the constant effort required to acquire and prepare business information.
  - Atradius Dutch State Business (ADSB) is the official Export Credit Agency for The Netherlands and issues export credit insurance policies and guarantees to Dutch businesses, on behalf of and for the risk of the Dutch State. ADSB receives a service fee for managing the credit insurance facility, specified in the service contract. This income is recognised evenly over time.

Share of income of associated companies

Associates are accounted for in the consolidated financial statements using the equity method. Under the equity method the investor’s share of after-tax profits or losses of the associates is presented as a single line item in the income statement.

Net income from investments

Investment income comprises interest income on funds invested (including available-for-sale financial investments), dividend income, gains on the disposal of available-for-sale financial investments and rental income from investment property that are recognised in the income statement. Interest income is recognised as it accrues in the income statement, using the effective interest method. Dividend income is recognised in the income statement on the date that Atradius’ right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Investment expenses comprise impairment losses recognised on financial investments and investment property.

Realised gains or losses on investment property recognised in the income statement represent the difference between the net disposal proceeds and the carrying amount of the property.

2.22.2 Expenses

Net insurance claims

Claims charges include claims paid, the change in provision for outstanding claims, and the claims handling expenses. Claims ceded under cession contracts are recorded as reductions of gross claims.

Net operating expenses

Net operating expenses comprise administrative expenses and commissions. Total administrative expenses are expenses associated with selling and administrative activities after reallocation of claims handling expenses to insurance claims.

Finance income and expenses

Finance income consists of interest received on loans, receivables and cash and cash equivalents.

Finance expenses includes interest, amortisation of discount on the subordinated debt, foreign exchange results and the net interest on the net defined benefit liability (asset) related to defined benefit plans (see also Note 2.20). Foreign currency gains and losses are reported on a net basis and consist of transaction and translation results.

Interest income and expenses are calculated using the effective interest rate method based on market rather than nominal rates, at the date that the instrument is recognised initially or modified.

2.23 Consolidated statement of cash flows

The statement of cash flows is presented using the indirect method, whereby the result for the year before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

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 Atradius and other activities that are not investing or financing activities;
- investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of Atradius.

3 Critical accounting estimates and judgements in applying accounting policies

Atradius makes estimates and assumptions that affect the reported assets and liabilities and contingent assets and liabilities. Estimates and judgements are continually evaluated. These are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant areas for which management is required to make judgements and estimates that affect reported amounts and disclosures are detailed below.

3.1 Measurement of fair value

Atradius measures some of its financial instruments at fair value for financial reporting purposes. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Atradius uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Where Level 1 inputs are not available, Atradius engages an external independent valuation company to perform the valuation. Atradius works together with the external independent valuation company to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various instruments are disclosed in Note 4.3.1.1 and Notes 7 and 16.

3.2 (Re-)insurance related estimates

The ultimate liability arising from claims made under insurance contracts

The estimate of the ultimate liability arising from claims including recoveries made, or to be made, under insurance contracts is Atradius' most critical accounting estimate. Although management has endeavoured to adequately take all facts into account, by their very nature estimates remain uncertain and the eventual outcome may differ significantly from the projected amount.

Pipeline premium

Pipeline premium is estimated as the part of insurance premium earned but not yet invoiced at the end of the reporting period. Although the calculation of the pipeline premium is derived from the core business systems and calculated at policy level, considering all policy specific features that might impact the assessment, the calculation does involve the use of management estimates. The main reason is that premiums for risks taken on depend on the amount of business insured during the reporting period, whereas at the end of the reporting period not all business has been declared yet. A secondary reason is that for part of the policies the final premium depends on claims related to the policy. As the final performance of the policy is not known at reporting date, this also means that part of the pipeline premiums result from estimates. The assumptions are based on recent trends in insured business, client specific information, knowledge of pending claims, and when relevant, macro-economic information.
Additional information is disclosed in Note 13.

3.3 Impairment of available-for-sale equity financial investments

Atradius determines that an available-for-sale equity financial investment is impaired when there has been a significant (40% of decrease) or prolonged (18 consecutive months) decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement.

Had all the declines in fair values below cost been considered significant or prolonged Atradius would have an additional EUR 3.1 million loss before tax (2018: EUR 10.4 million loss), being the transfer of the total revaluation reserve for unrealised losses on equity financial investments to the income statement.

3.4 Estimated impairment of goodwill

In accordance with its accounting policy, Atradius annually tests whether goodwill of subsidiaries and associated companies has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates (see Note 6).

In order to test the value in use against the recognised goodwill, Atradius has stress-tested the main assumptions (discount rate, combined ratio of terminal value and Capital Requirement ratio) which have been applied when determining the value in use for the related cash-generating units.

The discount rate used varies depending on the location and industry of the company to analyse, using customised Risk-Free Rates, Market Betas and Country Risk Premiums. The terminal value is calculated based on the dividend flow/free cash flow of the normalised period through a perpetuity, which applies a long-term growth rate of 1% - 3% and the specific discount rate.

The projection period is 10 years, where the first 1-5 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.

3.5 Pension and post-retirement benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The main assumptions used in determining the net cost (income) for pensions includes the discount rate and the inflation rate. Any change in these assumptions will impact the carrying amount of pension obligations.

Atradius determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, Atradius considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions.

Additional information, including a sensitivity analysis for the main (actuarial) assumptions, is disclosed in Note 17.

4 Risk and capital management

4.1 Risk management

As a global insurance provider, Atradius recognises the importance of risk management. Atradius maintains a solid risk management system comprising a risk strategy aligned to the business plan and supported by a mature governance structure, clear policies and procedures and an associated internal control system. As a self-learning organisation, Atradius is always strengthening its risk management capabilities to ensure it can meet the challenges of changing environments.

The relationship between risk and capital is fundamental for Atradius. Understanding how risk-taking consumes capital allows management to steer Atradius and take strategic decisions with the interdependence of risk and capital in mind. These decisions are substantially informed by the outcomes of Atradius' economic capital model. This internally developed model, which has received supervisory approval for use in calculating regulatory capital requirements, contributes to a multitude of risk assessment activities, as well as risk profile measurement, and enhances Atradius' ability to monitor and manage risk levels within the organisation through the allocation of risk-based capital and the definition of an appropriate risk appetite.

4.1.1 The risk landscape

The state of the global economy greatly influences the risks that Atradius faces. Economic deterioration may result in increased insolvencies thereby causing more frequent and severe claims expenses. The return on our investment may also deteriorate and defaults on our holdings of debt instruments may occur. A severe deterioration of all the above-mentioned may affect the credit rating of Atradius. A downgrade of our credit rating could have a negative impact on the number of customer policies held by Atradius and thereby lower revenues. Understanding of this landscape, anticipating developments and preparing mitigating actions is a key expertise of Atradius.

In addition to the risks arising from exposures under customer policies, which we refer to as underwriting risk, Atradius' risk landscape contains other types of risk. Atradius faces market risk related primarily to our assets, credit risk from reinsurers and third-party receivables, and operational risks such as cyber risk and legal risks. In addition, strategic risks exist, such as the rapidly changing technological environment, possible adverse impacts from geopolitical conflict, and uncertainty around the breakup of supranational entities. Atradius has structures, systems and processes in place to identify, evaluate, monitor, and control or mitigate internal and external sources of material risk in the landscape.

Atradius' current activities will continue without interruption post Brexit. Atradius is prepared for the regulatory changes triggered by Brexit and with branches across the EEA and in the UK, is well placed to continue to issue policies in all EU27 countries and in the UK.

4.1.2 The risk management and internal control framework

The boards of the group companies have ultimate responsibility and accountability for risk management and internal control within their respective companies. 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 related system by determining risk policies, risk boundaries, and by 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.

The Supervisory Board is responsible for overseeing that the Management Board implements a suitable risk management and internal control system. In this respect, the Management Board 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 effectiveness of internal risk management and control systems. The Audit Committee is assisted in this role by Internal Audit, which carries out both regular and ad hoc reviews of risk management controls and procedures.

Atradius' risk management policies are established to formalise the identification and analysis of 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 Atradius' activities. Through its training, management standards and procedures, Atradius maintains 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 support the RSMB in specific risk areas.

By applying the Atradius risk governance structure, Atradius is able to:
- Communicate risk-related norms and values across the organisation;
- Provide clarity over the various responsibilities and accountabilities in the management of risk;
- Manage the Group's risk profile and development of the business over time;
- Ensure that Atradius adheres to an approved risk appetite;
- Ensure appropriate ownership of decisions; and
- Provide the Management Board with clear in sight into decision-making and risk-management processes.

4.1.3 Risk classification

Atradius classifies its main risk types as insurance, financial and operational. Insurance risks are the risks of financial loss as a direct result of providing insurance; these arise predominantly from the risk of non-payment by a buyer covered by a policy (credit insurance) or the risk of non-performance by a customer (bonding). Financial risks include market risk, credit risk and liquidity risk. Operational risks arise from inadequate or failed internal processes, people, systems, or from external events.

4.2 Insurance risk

4.2.1 Insurance products, their characteristics, sensitivity to insurance risk, risk mitigation and controls

Atradius operates with two main direct insurance product lines: credit insurance and bonding. In addition, Atradius writes both credit and bonding business as a reinsurer. Credit insurance can be divided into three subcategories: traditional credit insurance, instalment credit protection and special products. Each of these sub-categories has particular risk characteristics.

The starting point for the management of insurance risk is that all staff have well-defined authorities specifying the level of risk they can accept. Furthermore, Atradius' 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, Atradius 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 its buyers without prior approval from Atradius. 'Buyers' are the customers of Atradius' insured customers, i.e., the parties that Atradius insures credit risk on. In order to mitigate the risk of adverse selection, the traditional credit insurance products of Atradius usually cover the entire portfolio of buyers of a policyholder.

For traditional credit insurance, there are two underwriting processes: policy underwriting and buyer underwriting. Policy underwriting is the process by which Atradius decides which companies to accept as policyholders and the terms and conditions of cover that are offered to those policyholders. Buyer underwriting is the process by which Atradius sets a risk capacity for each buyer and issues credit limits for buyers under existing policies. Policy underwriting and buyer underwriting are carried out by Commercial and Risk Services units respectively.

Policies are issued for a fixed period: usually no longer than two years and with a break clause after one year. Within traditional credit insurance, customers retain some of the risk for their own account to protect Atradius 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 Atradius' maximum liability. A customer is covered for the credit risk on a buyer after a credit limit on the buyer has been established. Most policies allow customers to establish credit limits themselves for smaller amounts, under strict conditions specified in the policy. Larger credit limits must be issued by Atradius. Credit limits are an important risk management instrument for Atradius as they cap the amount that Atradius would have to pay to a customer in the event of a claim. Moreover, Atradius can, in principle, withdraw the credit limit on a buyer at any time if circumstances demand. Credit limits may be subject to specific conditions and Atradius can also set conditions for cover on a country or withdraw cover on a country altogether. These are important tools in managing insurance risk exposure.

Staff in Commercial units have well-defined authorities specifying who can underwrite which policies. Authorities typically require the approval of two people and conditions become stricter as the maximum liability under a policy becomes larger, with the largest policies needing sign-off by both the Director of a Commercial unit and the responsible Management Board member. The pricing of credit insurance policies (new, amended and renewed), is also subject to governance and the methodologies used to establish a technical price require the approval of the Quantitative Model Committee, a committee responsible for approving quantitative models used within the group.

Staff in Risk Services have well-defined authorities specifying who can set what capacity on a buyer and who can approve what credit limits. As credit limit amounts grow, decisions require the approval of one or more cosignatories of increasing seniority. The largest credit limit amounts require the approval of the Atradius credit committee with the appropriate authority level.

The special products business offers a range of bespoke policies to insure against various credit and political risks; this product line includes policies that cover single transactions, single trade relationships and e.g. asset confiscation. A distinguishing feature of special products policies is that, unlike traditional credit insurance, credit limits typically cannot be readily withdrawn. The conditions of special products policies tend to place a greater onus on risk monitoring and due diligence on the insured.

All policies are bound within clearly defined authorities issued to the policy underwriters who report ultimately to the Chief Market Officer. All buyer risk is signed off by dedicated Risk Services teams, which report ultimately to the Chief Risk Officer. In addition, a dedicated risk management team with a functional reporting line to the Director of Group Risk Management ensures adherence to the risk governance model, monitors the portfolio risk and ensures compliance with the terms of the reinsurance treaty.

Bonding

Atradius issues surety bonds for customers in a number of European countries including Italy, France, Spain, Portugal, Germany and 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, local governments and tax authorities as well as companies.

While a customer may fail to meet its obligations either because it is unable to perform to an agreed or required level or because it is insolvent, there is also the risk that the customer may intentionally fail to meet its obligations. Therefore, our assessment of both the customer's financial strength and its ability to perform play an important part in the underwriting process. Unlike traditional credit insurance, exposure related to issued bonds cannot be unilaterally cancelled by Atradius.

When a bond is called by the beneficiary, Atradius mediates to resolve conflicts by working with both customer and beneficiary. If, as a result of non-performance, a payment is made by Atradius to the beneficiary, a recovery action is taken against the customer who remains ultimately liable. If Atradius does incur 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 spread of customers over industry sectors varies by country as a result of differing 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 are issued with tenors ranging from a few weeks to years, but only rarely in excess of five years.

All bonding facilities 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 bonding wordings and other technical aspects. Financial underwriters, who are not part of the Commercial units, focus on the credit risk-related aspects of customers; they must approve the acceptance of facilities and individual bonds over certain thresholds. There is an authority structure in which decisions are escalated depending on the amounts involved. The largest amounts require the approval of Atradius credit committees (Local or Group) with the appropriate authority level.

Other products

Reinsurance

Atradius underwrites reinsurance programmes for credit insurance and bonding business written by primary insurers. This business is conducted by Atradius Reinsurance DAC, which is domiciled and regulated in Ireland.

Atradius Reinsurance DAC provides reinsurance capacity for primary insurance companies from both the developed and developing credit insurance and bonding 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 61% credit insurance and 39% bonding, 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 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 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 Atradius.

Risk underwriting is performed by the risk underwriting teams. Credit decisions are made for each individual operation based on an automated decision model. The model, without human intervention, can refer the case to an underwriter for manual assessment. Authorities are granted to underwriters according to their seniority and expertise. Cases are escalated according to pre-determined thresholds to the local ICP credit committees, then to the ICP credit committee and finally to the Management Board member responsible for instalment credit protection.

4.2.2 Insurance risk management tools

Atradius monitors its exposure across various dimensions such as counterparty, industry sector and geographic location. We maintain records of all credit insurance policies, credit limits and buyers in various connected systems. These systems enable Atradius to set specific limits by buyer or buyer group. Management information derived from these systems enables Atradius to monitor aggregate exposure by country, customer, industry sector and other dimensions.

All buyers with significant exposure are reviewed at least annually. Atradius continually receives information on buyers through on-line connections with business information providers and from customers reporting negative payment experiences. Buyers are reviewed whenever pertinent new information is received. Atradius assigns an internal rating to buyers and the review process takes into account exposure on a buyer through direct business, including exposure for special products and bonding. The authority structure for approval of new exposure referred to in this note also applies to buyer reviews.

The main system includes an integrated risk and (capital) cost-based pricing system. Most new policies and non-tacit renewals are priced starting from a technical price suggested by the Group Pricing Model.

For reinsurance, Atradius Reinsurance DAC uses a number of risk management tools to monitor the reinsurance portfolio for exposures and performance developments. The reinsurance system is used to record the risk profile, ultimate estimate and related accounting information for each reinsurance treaty. This allows the reporting of performance, total aggregate exposure and accounting reinsurance result. Performance development and exposures related to each reinsurance treaty are reviewed quarterly within certain limits and through exception reporting.

For ICP, consumer credit risk underwriting relies on the databases of the relevant national authorities. In Belgium, the National Bank of Belgium maintains two databases: a negative database, listing every credit non-payment incident, and a positive database, listing every credit granted to any individual. In addition, ICP maintains and uses its own internal consumer credit database.

Both Bonding and ICP have their own pricing systems and guidelines, which reflect the specifics of their businesses.

4.2.3 Reinsurance programme

Atradius 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 either the entire portfolio of Atradius or specific risks. The reinsurance treaties are renewed annually, usually in December of the preceding year. However, during January 2018, Atradius decided to renew its reinsurance arrangements for 2019.This trend continued with the renewal of the reinsurance arrangements for 2020 in early 2019. On renewal, Atradius assesses the optimal structure of the treaties for the forthcoming period, including excess of loss, stop-loss and facultative treaties. 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' SCR appetite.

For the underwriting year 2019 one quota share reinsurance treaty is in place covering the majority of Atradius' business. The retention under this treaty is 62% (2018; 60%).

In addition, there are two separate quota share treaties, which cover a limited number of policies, where the retention percentage is 25%. In addition, there is a single excess of loss programme, covering the own retention under these quota share treaties, consisting of a series of excess of loss treaties (per buyer group). These excess of loss treaties also provide protection for the assumed business of Atradius Reinsurance DAC. 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 25 million for Atradius. Atradius Reinsurance DAC has also purchased additional lower level protection.

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 then security can be requested and if not provided the reinsurance agreement with that reinsurer can be terminated.

4.2.4 Concentration risk

Atradius is exposed to concentration risk in a number of ways: primarily by buyer, buyer's country or buyer's industry. The following tables illustrate the exposure at the end of 2019 and 2018 in terms of the sum of credit limits registered by Atradius on individual buyers. This is referred to as total potential exposure or TPE.

TPE is an approximate upper boundary to real exposure, in the sense that a limit that Atradius has issued does not necessarily give rise to underwriting risk at a specific point in time. Atradius normally does not know the real outstanding exposure under its limits on any specific buyer. The 'usage' of limits is, on average, much smaller than the amount of the limit. At the portfolio level, real outstanding exposure tends to be in the range of 10% to 30% of TPE, on top of which customers still have their own retention. In addition to the TPE, customers are often allowed to bring exposure under the policy through discretionary limits and potential exposure resulting from a discretionary limit on any buyer is not held on Atradius' system. Each policy specifies the maximum discretionary limit allowed under the policy. For most policies this is no more than EUR 20 thousand per buyer. This illustrates that TPE is a crude measure of exposure and that, in aggregate, real exposure will be far lower.

The TPE details below show TPE gross of reinsurance. Due to the non-linear nature of the excess of loss cover in Atradius' reinsurance programme, which has a finite number of reinstatements for each layer, there is no natural way to show TPE net of reinsurance.

The following tables, show aggregated TPE for credit insurance (including special products and assumed reinsurance.

Buyer country	TPE 2019 (EUR million)	%	TPE 2018 (EUR million)	%
Spain, Portugal	98,739	14.7%	99,453	15.2%
Germany	93,024	13.8%	90,599	13.9%
Central and Eastern Europe	68,595	10.2%	63,935	9.8%
USA	60,602	9.0%	50,556	7.7%
France	48,407	7.2%	47,119	7.2%
United Kingdom	46,219	6.9%	44,989	6.9%
Italy	43,661	6.5%	44,263	6.8%
Nordic	31,748	4.7%	28,072	4.3%
The Netherlands	30,392	4.5%	29,650	4.5%
Other	151,132	22.5%	154,768	23.7%
Total	**672,520**	**100%**	**653,404**	**100%**

The following table shows the distribution of TPE over buyer industry sector.

Industry sector	TPE 2019 (EUR million)	%	TPE 2018 (EUR million)	%
Chemicals	87,466	13.0%	86,479	13.2%
Electronics	82,858	12.3%	77,433	12%
Consumer durables	73,145	10.9%	69,881	11%
Metals	72,285	10.7%	68,424	10.5%
Food	64,587	9.6%	63,001	9.6%
Transport	61,128	9.1%	60,461	9.3%
Construction	51,495	7.7%	49,773	7.6%
Machines	41,225	6.1%	39,972	6%
Agriculture	33,954	5.0%	33,876	5.2%
Construction materials	29,389	4.4%	28,360	4.3%
Services	27,109	4.0%	27,837	4.3%
Other	47,881	7.1%	47,907	7.3%
Total	**672,520**	**100%**	**653,404**	**100%**

The following table shows TPE aggregated by group of buyers. This is the method of aggregation that is relevant for Atradius' excess of loss treaties. For instance, assuming real outstanding exposure of 20% of TPE, then only buyers with TPE in excess of around EUR 125 million could give rise to claim under an excess of loss treaty (equal to 2018).

TPE Value band (EUR million)	TPE 2019 (EUR million)	%	TPE 2018 (EUR million)	%
0 - 20	357,231	53.1%	349,910	53.6%
20 - 100	116,550	17.3%	113,528	17.4%
100 - 250	68,958	10.3%	70,575	10.8%
250 - 500	53,359	7.9%	48,405	7.4%
500 - 1000	39,402	5.9%	37,175	5.7%
1000 - and more	37,021	5.5%	33,811	5.2%
Total	**672,520**	**100%**	**653,404**	**100%**

Exposure for bonding and for instalment credit protection has different characteristics and therefore not included in these tables. The bonding exposure is EUR 25 billion (2018: EUR 24 billion). Exposure for instalment credit protection amounts to EUR 3 billion (2018: EUR 2.6 billion).

4.2.5 Factors affecting the frequency and severity of claims

The frequency and severity of claims are affected by several factors. These include all factors that affect credit risk in general. Thus the status of the economy is a major driver of the frequency and severity of claims. Its effect may vary by country and sector. For trade credit risk, the behaviour of customers may also affect the frequency and severity of claims, for instance through risks inherent to their business activities and their risk management practices. Specific events (e.g. natural disasters) or structural changes in the economy (e.g. easier access to developed markets for producers in low cost countries), may impact the frequency and severity of claims. What specific events or structural changes are relevant in this respect will vary over time. In addition, the political risk cover that Atradius provides has its own dynamics of frequency and severity of claims.

The bonding business usually only incurs irrecoverable losses when, after a bond call, any payments to beneficiaries cannot be reclaimed from the bonding customer, or its guarantors. This is usually due to either the insolvency or bankruptcy of the bonding customer. Thus, in the end, the frequency and severity of claims is affected by similar factors as those affecting credit insurance.

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

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

4.2.6 Sources and assumptions

4.2.6.1 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 4.2.5.

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

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

As a consequence, the release of the provision for unearned premium should be taken into account for the local credit insurance business in Spain and Portugal, bonding, instalment credit protection and reinsurance when interpreting the claims development tables in Note 18 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 amounts that will be paid out as a percentage of the claim amount;
- the speed with which customers submit claims, as measured from the moment that the insured shipment took place, the expected average claims payment and the expected percentage of cases that do not lead to a payment;
- the expected number of claims for risks taken on during the most recent months since very few claims will have been reported for the most recent four to six months (depending on the country of the customer);
- the inflow by number and size of large case; and
- the estimation of the expected recovery percentages.

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

4.2.6.2 Assumptions, change in assumptions and sensitivity

The risks associated with credit insurance and bonding are complex and 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.

The most important assumption used in the main method for reserving for traditional credit insurance to set the estimate for the ultimate number of claims for the most recent months of shipment is that the claims inflow in early 2020 will be around 20% above the level of end 2019. An indication of the sensitivity to projected ultimate number of claims would be the following: if the estimated ultimate number of claims for the most recent six months of risk were to change by 10%, the claims provisions would change by EUR 27 million, gross of reinsurance (2018: EUR 25 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.

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, in the judgement of management, be 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.

Atradius is regularly reviewing how the Brexit might affect the defaults in the UK buyer portfolio. The impact on provisions has been assessed by identifying a section of the UK buyer portfolio considered at a significantly increased risk. To the exposure of this portfolio, stressed versions of the company's probabilities of default and loss given default (parameters used in Atradius' Internal Model) were applied. In addition, a margin of uncertainty has been added to reflect the possibility of buyers outside the UK being affected. This Brexit scenario resulted in an additional provisions being set of EUR 29 million (2018: EUR 38 million).

Claims provisions are presented net of recoveries from salvage and subrogation. Realised recoveries can deviate from expected recoveries. Expected recoveries amount to EUR 429 million (2018: EUR 409 million). The largest two components of the expected recoveries are the recoveries for standard credit insurance of EUR 193 million (2018: EUR 186 million), and for instalment credit protection of EUR 149 million (2018: EUR 142 million).

4.3 Financial risk

Atradius is exposed to financial risk mainly through its financial assets, financial liabilities, reinsurance contracts and insurance contracts. The core components of financial risk are market risk, credit risk and liquidity risk.

These risks arise mainly from interest rate sensitive positions, equity instruments, credit exposures, non-Euro currency exposures and cash flow patterns.

4.3.1 Market risk

Market risk is the risk that the fair value of assets and liabilities that are sensitive to movements in market prices, decrease or increase due to adverse movements in equity prices, interest rates or currency exchange rates. Atradius exposes itself to these risks by holding assets and liabilities which fair value are sensitive to movements in those prices. To measure these risks, Atradius uses several risk metrics. The most important ones being the mismatch between assets and liabilities which fair value is denominated in foreign currency, value-at-risk, capital models from the credit assessment institutions and interest rate duration.

Atradius uses a Solvency II available capital approach to define the Strategic Asset Allocation and to assess the impact of investment decisions to ensure that sufficient Solvency II capital remains.

4.3.1.1 Fair value of financial assets and liabilities

The estimated fair values of Atradius financial assets and liabilities, other than the subordinated debt, equal their carrying value. The fair values of subordinated debts are disclosed in Note 16.

The fair values correspond with the price, at our best estimate, that would be received to sell an asset or paid to transfer 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, we use valuation techniques which are based on market prices of comparable instruments or parameters from comparable active markets (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 involve various assumptions about the relevant pricing factors. Changes in these assumptions could 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 framework designed to ensure that they are either determined or validated by a function independent of the risk taker. To this end, Atradius establishes the accounting policies and processes governing valuation and is responsible for ensuring that these comply with all relevant accounting pronouncements. Within this governance structure, non-quoted investments or illiquid investments in which Atradius invests are valued by an external independent valuation company. That company uses its own proprietary valuation systems to value the securities supported by economic and market assumptions from financial information providers. The valuations are provided on a monthly basis and are reviewed and approved by Atradius.

Debt and equity securities available-for-sale

The fair value of debt and equity securities available-for-sale is based on quoted market prices, where available. For those securities not actively traded, fair values are provided by an external independent valuation company.

Loans and short-term investments

For loans and other short-term investments, carrying amounts represent a reasonable estimate of their fair values.

Other financial assets

The carrying amount of other financial assets, including cash and cash equivalents, is not materially different to their fair value, given their short-term nature.

Subordinated debt

The fair values of subordinated debts are based on binding quotes from independent brokers (see Note 16 for further details).

Other financial liabilities and deposits received from reinsurers

The carrying amount of other financial liabilities and deposits received from reinsurers is not materially different to their fair value, given their short-term nature.

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

Financial instruments measured at fair value	Quoted prices in active markets Level 1	
Assets	**2019**	**2018**
Available-for-sale:		
Equity securities	370,138	241,720
Debt securities:		
Government bonds	562,622	563,834
Corporate bonds	1,504,007	1,267,474
Total	**2,436,767**	**2,073,028**

The Company has at 31 December 2019 and respectively 31 December 2018 only securities traded in active markets (level 1).

4.3.1.2 Equity price risk

Equity price risk is the risk that the fair value of the assets that are sensitive to movements in equity prices decreases due to adverse movements in equity prices. Atradius exposes itself to equity price risk by investing in equity instruments issued by corporations and equity instruments issued by investment funds. These risks are measured and analysed by using value at risk techniques and capital models from the external credit assessment institutions. The value-at-risk measures the potential maximum loss on Atradius' equity instruments due to adverse movements in equity prices in the short-term while the capital models measures the potential maximum loss in the long-term, (see Note 4.3.1.4 for more information). Atradius invests in a portfolio of diversified equity instruments to minimize the idiosyncratic risk of individual assets.

Individual equity instruments

Atradius invests in individual equities via a segregated mandate in which the asset manager has discretion to select the equity portfolio in accordance with investment restrictions set in the investment management agreement. This diversified portfolio consists out of EUR denominated large capitalisation equities. Per the end of December 2019, the market value of these equities is EUR 137.1 million (2018: EUR 78.5 million).

Investment funds

The investment funds in which Atradius invests are exposed to market risk, counterparty risk, liquidity risk and currency risk (i.e., general investment fund risks). The risk of an investment fund is mainly driven by the nature of the assets in which it invests. As investment funds are offered to multiple investors, the investment restrictions of a fund are stated in the fund's prospectus. Atradius only selects investment funds that have similar investment restrictions stated in their prospectus as stated in the Atradius Investment Policy.
Equity instruments issued by investment funds

The portfolio of equity instruments issued by investment funds are shown in the following table:

All amounts in thousands of Euro, unless otherwise stated

	EUR million	Weight in %	EUR million	Weight in %
	2019		2018	
Passive equities exchange traded funds	199,173	85.5%	161,184	98.8%
Active money market funds	16,700	7.2%	2,008	1.2%
Real Estate funds	17,097	7.3%	-	0.0%
Total	**232,970**	**100.0%**	**163,192**	**100.0%**

Passive equities exchange traded funds

The portfolio of passive equities exchange traded funds mainly consists of exchange traded fund which passively tracks the Dow Jones EuroStoxx 50 Index.

Active money market funds

The portfolio of active money market funds consists of money market fund denominated in Brazilian real and one money market fund denominated in GBP.

Real estate funds

The portfolio of real estate funds consists of 2 real estate funds denominated in EUR and in which the underlying asset exposure is focussed on European real estate.

4.3.1.3 Interest rate risk

Interest rate risk is the risk that the fair value of assets and liabilities, that are sensitive to movements in interest rates, decreases or increases due to adverse movements in interest rates. Atradius exposes itself to this risk by investing in debt instruments and equity instruments issued by investment funds that invest in debt instruments, issuing subordinated debt and by insurance contracts. Financial assets in Atradius are mainly covering insurance liabilities.

Profile

At the end of the reporting period the interest rate profile of Atradius' interest-bearing financial instruments was:

	Fixed rate instruments - carrying amount		Variable rate instruments - carrying amount	
	2019	2018	2019	2018
Financial assets (1) (3)	2,066,629	1,831,308	556,642	702,277
Financial liabilities (2) (4)	(323,982)	(323,790)	(43,529)	(42,347)
Total	**1,742,647**	**1,507,518**	**513,113**	**659,930**

1) Fixed rate financial assets include debt securities;
2) Fixed rate financial liabilities include the subordinated debt;
3) Variable rate financial assets include cash and cash equivalents, loans, short-term investments.
4) Variable rate financial liabilities include borrowings and deposits received from reinsurers.

Duration

Duration demonstrates the dependability of a bond's market value to a change in the underlying discount rate of that bond. The duration figure depicts the percentage change of the market value of a bond investment if the underlying discount rate is parallel shifted by 100 basis points or 1.00%.. The higher the duration figure, the more a bond is sensitive to movements in the underlying discount rate.

Atradius uses the duration to assess its interest rate risk exposure and monitors whether the duration remains between the minimum and maximum duration limit (between one to five years for government bonds and one to three years for corporate bonds) as set in the Atradius Investment Policy. The duration can be described as the percentage change of a bond's value when the underlying discount rate is parallel shifted by 100 basis points or 1.00%. and is calculated as the weighted average of the discounted future cash flows to be received measured in years. The duration for 2019 is (value at the end-of-2019) 2.3 years (2018: 2.0 years) and the average maturity for 2019 is 2.4 years (2018: 2.2 years).

4.3.1.4 Value-at-Risk

Atradius measures equity price and interest rates risk by analysing the value-at-risk (VaR) of its financial instruments. This risk metric measures the potential maximum loss on those financial instruments due to adverse movements in equity prices and interest rates within a specified time frame and probability (confidence level). The VaR is based on variance-covariance methodology that uses the historical volatility of the fair values of the financial instruments and the correlation between them as main inputs. These volatilities and correlations are provided by financial information providers or financial institutions.

The risk of using the variance-covariance methodology or any other historical methodology is that it may underestimate the riskiness of the financial instruments. This is because these methodologies assume that the historical volatility of and correlation between the financial instruments will be repeated in the future. Therefore, it is not intended to represent or to guarantee any future price movements but rather to be used as guidance for information purposes and comparison of historical developments only.

The VaR provides insight into the maximum expected loss per asset category and on portfolio level. The fair values and percentages presented are calculated with a given confidence level of 99% for a period of 12 months. This implies that there is 1% probability of underestimating the potential maximum loss for the coming 12 months.

The following table shows the VaR of Atradius equity securities and debt securities on portfolio level.

Value-at-Risk	**EUR million**	**% of the market value**	**EUR million**	**% of the market value**
	2019		**2018**	
Equity securities:				
Shares (including funds)	119.6	33.8%	84.6	35.3%
Debt securities:				
Government bonds	9.5	1.7%	17.0	3.0%
Corporate bonds	24.1	1.6%	17.7	1.4%
Structured debt				
Total portfolio	124.9	4.8%	95.9	4.1%

The classification of financial investments in the VaR table stated above are based on the actual financial risks that the individual securities present in the investment portfolio carry. For instance, within debt securities a separation between government bonds, and corporate bonds is maintained to capture the actual exposure to corporate bonds that carry additional credit risk above the risks that government bonds bring along. When individual securities are classified to the asset class that fits their actual risk profile, the volatility of that asset class is calculated using the volatility to the financial markets of the underlying securities in that asset class. The volatility of each asset class as a whole serves as input for the VaR calculation of that asset class. In case of an investment fund, the volatility of the fund (driven by the characteristics of its underlying securities) serves as input for the calculation of the VaR on that specific investment fund and is subsequently included in the VaR calculation of the asset class. Total portfolio VaR is less than the sum of the VaR of the individual portfolio components because the correlation between these components is less than one and forms the basis of portfolio diversification. The VaR percentage increased from 4.1% at the end of 2018 to 4.8% at the end of 2019 and the VaR value increased from EUR 95.9 million at the end of 2018 to EUR 124.9 million at the end of 2019.

4.3.1.5 Currency risk

Movements in exchange rates may affect the value of consolidated shareholders' equity, which is expressed in Euro. Foreign exchange rate differences taken to other comprehensive income arise on the translation of the net investment in foreign subsidiaries and associated companies. During 2019, the Euro weakened against most of the non-Euro functional currencies (see Note 2.5.3) resulting in a foreign currency gain in other comprehensive income of EUR 11 million, net of tax (2018: a loss of EUR 6 million, net of tax).

However, the impact of these fluctuations is limited as revenue, expenses, assets and liabilities within our non-Euro operations are generally denominated in the same currencies.

All amounts in thousands of Euro, unless otherwise stated

Atradius exposure to foreign currency exchange rate risk, arising from monetary financial assets and liabilities denominated in non-functional currencies as at 31 December 2019 and 31 December 2018, is presented in the following table, in EUR:

	Financial assets	Financial liabilities	Net position	Financial assets	Financial liabilities	Net position
	2019			2018		
EUR	237,983	228,290	9,694	165,638	153,919	11,719
GBP	14,353	22,380	(8,028)	24,217	25,559	(1,342)
USD	347,882	309,017	38,865	307,310	260,599	46,711
AUD	6,921	8,839	(1,918)	8,644	8,610	34
Other	117,619	213,144	(95,525)	143,022	236,587	(93,565)
Total	**724,758**	**781,670**	**(56,912)**	**648,831**	**685,274**	**(36,443)**

Sensitivity analysis

As an indication of the currency exposure, a 10% strengthening of these foreign currencies against the Euro as at the end of the reporting period would have increased/(decreased) the result for the year by an amount equal to the net position as presented above, calculated against that 10%. This analysis assumes that all other variables, and in particular interest rates, remain constant and is performed on the same basis as for 2018. A 10% weakening of the aforementioned foreign currencies against the Euro as at the end of the reporting period would have had an equal but opposite effect.

The following table specifies Atradius' gross and net positions in major currencies (both monetary and non-monetary items), in EUR:

	Assets	Liabilities	Net position	Assets	Liabilities	Net position
	2019			2018		
EUR	3,708,155	2,060,116	1,648,039	3,487,135	2,000,708	1,486,427
GBP	214,218	134,698	79,521	163,861	112,692	51,169
USD	479,557	312,857	166,700	432,628	296,766	135,862
AUD	96,970	51,673	45,297	85,823	42,730	43,093
Other	568,472	499,304	69,169	555,849	450,962	104,887
Total	**5,067,373**	**3,058,647**	**2,008,726**	**4,725,296**	**2,903,858**	**1,821,438**

4.3.2 Credit risk

Credit risk is the risk that customers or counterparties are unable to repay their debt towards Atradius in full when due. Atradius exposes itself to credit risk mainly by reinsurance contracts and holding financial assets.

Reinsurance is used to manage insurance risk. This does not, however, discharge the liability as primary insurer. If a reinsurer fails to pay a claim for any reason, Atradius remains liable for the payment to the policyholder. The Atradius policy is to select only reinsurers that have a well-established investment grade credit rating. The minimum requirement is an 'A' level rating, although there are some minor exceptions. In the event that the reinsurer's rating is found to be below this threshold, Atradius has the right to either terminate the reinsurance relationship during the course of the reinsurance year or else seek collateral if the relationship is to continue. Deposits received from reinsurers mitigate the credit risk.

Individual operating units maintain records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors. Management information reported to Atradius includes details of provisions for impairment on loans and receivables and subsequent write-offs.

Credit exposure to business partners, such as insured customers and brokers, is closely monitored. Potential impairments on receivables are reviewed monthly and updated.

With regard to managing the credit risks of the financial investments, the investment policy of Atradius 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 to 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 Group Investment Committee to decide whether the debt security is still a suitable investment. The maximum concentration limit per issuer (per legal entity and at Atradius N.V level) is 5% of the market value of the financial investments of the legal entity or Atradius N.V.. The concentration per issuer is evaluated by aggregating the exposure to a single issuer through both debt investments and equity securities. The Group Investment Committee monitors this limit and takes action if necessary.

The counterparty ratings of receivables, short-term investments, claims, commissions and deposits arising from reinsurance, cash and cash equivalents and the rating of debt securities as at 31 December 2019 and as at 31 December 2018, are presented in the following tables:

At 31 December 2019 (EUR million)	**AAA**	**AA**	**A**	**BBB**	**Other and Non-rated**	**Total**
Receivables, claims, commissions and deposits arising from reinsurance:						
Receivables, claims and commissions arising from reinsurance	-	209	249	1	29	488
Deposits received from reinsurers	-	(3)	(38)	-	(2)	(44)
Debt securities:						
Government bonds	252	234	38	9	30	563
Corporate bonds	19	148	897	439	1	1,504
Short-term investments:						
Deposits withheld by ceding companies	-	9	9	1	5	24
Bank deposits under short-term investments	39	14	40	35	-	128
Cash and cash equivalents	-	32	302	52	19	405
Total	**310**	**643**	**1,497**	**537**	**82**	**3,068**

At 31 December 2018 (EUR million)	**AAA**	**AA**	**A**	**BBB**	**Other and Non-rated**	**Total**
Receivables, claims, commissions and deposits arising from reinsurance:						
Receivables, claims and commissions arising from reinsurance	-	209	245	1	23	478
Deposits received from reinsurers	-	(22)	(18)	-	(2)	(42)
Debt securities:						
Government bonds	255	227	57	8	17	564
Corporate bonds	14	171	1,002	79	1	1,267
Short-term investments:						
Deposits withheld by ceding companies	-	7	8	4	7	26
Bank deposits under short-term investments	28	7	135	61	-	230
Cash and cash equivalents (1)	-	34	343	51	19	447
Total	**297**	**633**	**1,772**	**203**	**65**	**2,969**

All amounts in thousands of Euro, unless otherwise stated

The counterparty credit ratings and the credit rating of the debt instruments are predominantly based on Standard & Poor's rating.

4.3.2.1 Temporary exemption from IFRS 9

Atradius has decided to apply the temporary exemption for the application of IFRS 9 to its financial assets (see note 2.2.2 'Standards, amendment and interpretation not yet adopted'). The financial assets for financial year ending 31 December 2019 are still classified and measured based on IAS 39 (see note 10 'Financial investments' and note 2.2.2 'Standards, amendment and interpretation not yet adopted'). The disclosure below provides information required for the application of the temporary exemption.
IFRS 9 classification of financial assets is based on assessment of the business model and the contractual cash flows of the instruments. Contractual cash flows are assessed to check if the asset gives rise to payments on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.
Contractual cash flows that are SPPI on the principal amount outstanding are consistent with basic lending arrangements. Interest is the consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for other basic risks (e.g. liquidity risk) and costs (e.g., administrative costs) associated with holding the financial assets for a particular period of time, and a profit margin that is consistent with a basic lending agreement.

The table below presents an overview of the fair values of financial assets based on SPPI criteria as at 31 December 2019, as well as the changes in the fair values during the year. The asset classes are divided into two categories:

- SPPI: Assets of which cash flows represent solely payment of principal and interest on an outstanding principal amount, excluding any financial assets that meet the definition of held for trading in IFRS 9, or that are managed and whose performance is evaluated on a fair value basis; and
- other: all financial assets other than those specified in SPPI financial assets:
    - I. With contractual terms that do not give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding;
    - II. That meet the definition of held for trading in IFRS9 or that are managed and whose performance are evaluated on a fair value basis.

(EUR million)	Fair Value at		Change in fair value
	31-Dec-19	01-Jan-19	
Debt securities: (Government bonds + Corporate bonds+ Structured debt)	2,067	1,831	236
SPPI	2,061	1,826	235
Other	5	5	-
Equity securities:	370	242	128
SPPI	-	-	-
Other	370	242	128
Short-term investments:	152	256	(104)
SPPI	152	256	(104)
Other	-	-	-
Cash and cash equivalents	404	446	(42)
SPPI	404	446	(42)
Other	-	-	-
Total	**2,993**	**2,775**	**218**

The credit ratings of the financial assets passing the SPPI test (Debt securities, Bank deposits under short-term investments and cash and cash equivalents) which are above investment grade (rated BB or above) are included in the counter party rating table in section 4.3.2.
No impairment allowance was recorded for those financial assets as at 31 December 2019.
For information on credit exposure for 'Other accounts receivables', please refer to note 11.

4.3.3 Liquidity risk

Atradius is exposed to liquidity risk if there is insufficient cash available to meet its financial obligations, when due, at a reasonable cost. For Atradius, 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.

Liquidity risk is managed at Atradius level, in close coordination with local operations. 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 Atradius should only invest in financial instruments that can be liquidated in less than three business days. Atradius is able to access credit facilities to prevent certain liquidity shortages which may arise due to short-term cash flow variances. Atradius maintain one uncommitted credit line in excess of EUR 1 million, in the form of an overdraft facility for a total amount of EUR 50 million (2018: EUR 50 million). The credit line provides liquidity to cover infrequent peaks in short-term liquidity requirements while also permitting Atradius to reduce its cash balances and to benefit from a more substantial and stable investment portfolio. Finally, Atradius has in place a simultaneous claims payment clause in the main reinsurance treaties. This clause allows Atradius to ask the reinsurers to anticipate the payment of a large claim upon Atradius' request instead of the usual payment terms agreed in the reinsurance treaties.

Liquidity and interest risk tables

The following tables indicate the estimated amount and timing of the main cash flows at the end of the reporting period of interest and non-interest bearing liabilities and assets. 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. Atradius has considered the impact of the cross-border cash pooling arrangement in this overview.

The tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest contractual repayment date. When Atradius has a choice of when an amount is paid, the financial liability is allocated to the latest period in which Atradius can be required to pay. When the lender has a choice of when an amount is paid, the financial liability is allocated to the earliest period in which Atradius can be required to pay.

All amounts in thousands of Euro, unless otherwise stated

At 31 December 2019		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	298,927	--	248,982
Subordinated loan	5.00%	-	3,750	76,120	-	75,000
Bankoverdraft	0.00%	-	-	-	-	-
Deposits received from reinsurers	0.42%	-	43,529	-	-	43,529
Total		**-**	**60,404**	**375,047**	**-**	**367,511**
Non-interest bearing liabilities						
Insurance contracts			1,155,589	535,943	(9,882)	1,706,229
Payables		-	178,682	-	-	178,682
Total		**-**	**1,334,271**	**535,943**	**(9,882)**	**1,884,911**

At 31 December 2018		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	52,500	259,529	248,790
Subordinated loan	5.00%	-	3,750	79,870	-	75,000
Bankoverdraft	0.00%	336	-	-	-	336
Deposits received from reinsurers	0.30%	-	42,011	-	-	42,011
Total		**336**	**58,886**	**132,370**	**259,529**	**366,137**
Non-interest bearing liabilities						
Insurance contracts		-	1,096,725	498,825	(114)	1,619,869
Payables		-	227,008	-	-	227,008
Total		**-**	**1,323,733**	**498,825**	**(114)**	**1,846,877**

At 31 December 2019		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing assets						
Debt securities	0.21%	-	550,213	1,480,960	70,756	2,066,629
Investments: deposits and cash held for investments	0.48%	44,699	108,413	-	-	152,390
Cash: Cash and bank deposits	0.01%	399,307	4,937	-	-	404,244
Total		**444,006**	**663,563**	**1,480,960**	**70,756**	**2,623,263**
Non-interest bearing assets						
Other financial assets		-	370,146	-	-	370,146
Reinsurance contracts		-	420,278	194,918	(3,594)	611,602
Receivables		-	239,565	-	-	239,565
Total		**-**	**1,029,989**	**194,918**	**(3,594)**	**1,221,313**

At 31 December 2018		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing assets						
Debt securities	0.46%	-	387,943	1,436,020	37,259	1,831,308
Investments: deposits and cash held for investments	0.12%	75,808	180,252	-	-	255,894
Cash: Cash and bank deposits	(0.14%)	441,352	5,005	-	-	446,357
Total		**517,160**	**573,200**	**1,436,020**	**37,259**	**2,533,559**
Non-interest bearing assets						
Other financial assets		-	241,746	-	-	241,746
Reinsurance contracts			410,878	186,880	(42)	597,716
Receivables		-	237,071	-	-	237,071
Total		**-**	**889,695**	**186,880**	**(42)**	**1,076,533**

4.4 Operational risk

4.4.1 Operational risk management

Operational risk means the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. This definition is in line with industry practice as well as with the European Solvency II Directive. It is present within all activities undertaken by Atradius, at all levels and across all locations.

The Operational Risk Management (ORM) unit is part of the Group Risk Management department it is responsible for developing methods for the identification, assessment and response 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 overseen by the Operational Risk Committee, which has a reporting line to the RSMB.

The ORM unit uses a framework for management of operational risk, which is based on the Committee of Sponsoring Organisations' Enterprise Risk Management (COSO ERM) Integrated Framework. Identification and monitoring activities continue to be developed and enhanced, including the maintenance of risk registers, facilitation of risks and control self-assessments, capture of risk indicators and testing and review of business continuity plans. Additionally, risks and the related controls are discussed at all levels, locations and units across the business, including the Management Board and Supervisory Board. High-level information on crystallised risks has been captured for several 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 ORM 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 various locations, monitors the activity of customers and buyers to detect indications of fraud. 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.

4.4.1.1 Risk registers and risk / control self-assessments

While the ORM unit is responsible for facilitating operational risk management within Atradius, 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 the registers provides input to local management meetings and is also reviewed by an Operational Risk Committee and during meetings of the Management Board. This ensures that operational risks are evaluated 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 identify and assess risks and any control weaknesses inherent in business processes.

On a quarterly basis, Atradius 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.

4.4.1.2 Business continuity management

Atradius recognises the importance of being able to recover its critical business processes in the event of any major operational disruption. A Business Continuity Management (BCM) programme is embedded in the organisation to ensure the continuity of the Business in the event of severe disruptions. The BCM programme is aligned with the International Standard ISO22301. The Group Business Continuity manager co-ordinates the documentation, maintenance and continual testing of practical plans for recovering key business activities within acceptable timeframes.

4.4.1.3 Compliance

Compliance practices support our business, our reputation and our integrity. Complying with relevant laws, rules and regulations, and maintaining a high standard of ethics and integrity, leads to lower operational risk and more-stable business 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 the Atradius operations and business conduct. Additional Compliance Policies address specific compliance areas in more detail, and set out the requirements that Atradius' employees must adhere to. These requirements are also included in existing and new business procedures. For example, the Policy on Customer Due Diligence addresses potential risks in areas such as sanctions regulations while the Policy on Insurance Distribution outlines the Atradius rules and guidelines for compliance with the EU Insurance Distribution Directive.
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 Compliance Function within Atradius is headed by the Group Compliance Manager and consists of the Group Compliance Function – responsible for the maintenance and overall effectiveness of the compliance framework- and, the Local Compliance Function–, which monitors regulatory and compliance developments at local country level.

4.5 Capital management

4.5.1 Guiding principles

Capital management is guided by the following principles:

- to ensure that Atradius is sufficiently capitalised to have the ability to survive by maintaining sufficient available capital after meeting its financial obligations;
- to meet the local regulatory capital requirements of all Atradius entities, including branches and subsidiaries of Atradius worldwide;
- to manage the capital adequacy of Atradius and its entities, taking into account the economic and accounting views along with the external rating agencies and regulatory capital requirements;
- to optimise capital structure by allocating funds across Atradius' entities; and
- to minimise the overall cost of funding while preserving financial flexibility.

4.5.2 Atradius' objectives, policies and processes with regard to capital

Atradius manages capital worth more than two billion euro. Per year-end 2019, the capital includes shareholders' funds of EUR 2.0 billion and subordinated debt of EUR 325 million (nominal value). The subordinated debt includes subordinated notes of EUR 250 million (nominal value) and a subordinated loan of EUR 75 million. The subordinated notes and the subordinated loan are classified as Level 2 and as Tier 2 basic own funds for Solvency II.

In addition to the internally developed economic capital model, Atradius considers the solvency calculation models of the relevant regulatory authorities and credit rating agencies in its process of managing capital to ensure capital adequacy. The Company operates with a solvency ratio ambitions with the aim to maintain a A rating and an additional buffer to ensure rating capital in an adverse scenario.
Atradius has embedded processes and procedures to ensure compliance with externally imposed regulations and internally imposed requirements for capital adequacy. Such compliance is ensured by:

- regular assessment of solvency needs, taking into account the business strategy, resulting risk profile and applied risk appetite levels;
- incorporating a view on expected future investments in new businesses, revenues, claims, reinsurance expectations and dividends as these impact both available and required capital;
- monitoring duration of assets; and
- taking into consideration capital market expectations such as expected returns, volatilities and correlations as these may impact earnings and the shareholder equity reserves.

In order to ensure capital adequacy, a capital buffer above the solvency capital required is maintained, such that large loss events would not impair the ability of Atradius to carry on its normal course of business.

4.5.3 Regulatory capital requirements

In each country in which Atradius operates with insurance or reinsurance companies established according to local laws, and 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 2019, the capital of Atradius has been managed according to the Atradius guidelines and in close cooperation with the units involved in managing the different factors related to capital. The Atradius entities were able to meet their financial obligations and to comply with local legal and regulatory requirements.

4.5.4 Solvency II

Solvency II is the regulatory framework for (re-)insurance undertakings and groups domiciled in the EU.

Atradius Crédito y Caución, S.A. de Seguros y Reaseguros in Spain and Atradius Reinsurance DAC in Ireland are the regulated entities that are subject to Solvency II. Under Solvency II guidelines Group supervision takes place at the ultimate parent Grupo Catalana Occidente S.A.

After approval by the College of Supervisors during 2017, the regulated entities within Atradius apply a Partial Internal Model for calculating their regulatory capital requirements. An internal model, which reflects our business better than the regulatory “standard formula”, is used to calculate capital requirements for Underwriting Risk. Atradius uses the standard formula for Market, Counterparty Default and Operational Risk as the characteristics of these risk types do not warrant an internal model approach.

As per year end 2019 the eligible own funds under SII for the Company amounts to EUR 2,277 million (2018: EUR 2,059 million).

5 Segment information

Operating segments are identified on the basis of internal reports about components of Atradius that are regularly reviewed by the Management Board in order to allocate resources to the segment and to assess its performance. The company has identified two operating segments, insurance and services. Within the insurance segment there are different business activities Credit insurance, Instalment credit protection (ICP), Bonding and Reinsurance. The segment Services includes Collection activities, Atradius Dutch State Business and other service related business. Group costs relate to corporate operations, after cost allocations to the other business segments.

Collection activities include recovery activities on behalf of insurance companies. Transactions between segments are on an arm’s length basis in a manner similar to transactions with third parties. The accounting policies of the reportable segments are the same as described in Note 2.

Atradius revenue has no dependency on any large customer.

Information regarding these segments is presented in the following tables:

Business segment 2019	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
Insurance premium revenue	1,496,618	122,687	140,218	1,759,523	-	-	-	1,759,523
Service and other income	136,500	-	-	136,500	115,997	-	-	252,497
Inter-segment revenue	-	-	-	-	3,390	(3,390)	-	-
Total revenue	**1,633,118**	**122,687**	**140,218**	**1,896,023**	**119,387**	**(3,390)**	**-**	**2,012,020**
Insurance premium ceded to reinsurers	(608,553)	(50,892)	(25,843)	(685,288)	-	-	-	(685,288)
Total segment income after reinsurance	**1,024,565**	**71,795**	**114,375**	**1,210,735**	**119,387**	**(3,390)**	**-**	**1,326,732**
Insurance claims and loss adjustment expenses	(772,192)	(47,271)	(75,426)	(894,889)	-	2,578	-	(892,311)
Insurance claims and loss adjustment expenses recovered from reinsurers	334,141	17,862	18,092	370,095	-	-	-	370,095
Net insurance claims	**(438,051)**	**(29,409)**	**(57,334)**	**(524,794)**	**-**	**2,578**	**-**	**(522,216)**
Gross operating expenses	(562,994)	(51,985)	(57,447)	(672,425)	(116,386)	813	(7,601)	(795,600)
Commission received for business ceded to reinsurers	292,237	20,499	3,761	316,497	-	-	-	316,497
Net operating expenses	**(270,757)**	**(31,486)**	**(53,686)**	**(355,929)**	**(116,386)**	**813**	**(7,601)**	**(479,103)**
Operating segment result	**315,757**	**10,900**	**3,355**	**330,012**	**3,001**	**1**	**(7,601)**	**325,413**
Share of income/ (losses) of associated companies								(1,093)
Net income from investments								18,776
Finance income								2,629
Finance expenses								(32,887)
Result for the year before tax								**312,838**
Income tax expense								(85,130)
Result for the year								**227,708**

Business segment 2019	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Total
Reinsurance contracts	398,389	163,090	50,123	611,602	-	-	611,602
Receivables	208,066	20,678	7,518	236,262	6,643	(3,340)	239,565
Unallocated assets	-	-	-	-	-	-	4,216,206
Total assets	**606,455**	**183,768**	**57,641**	**847,864**	**6,643**	**(3,340)**	**5,067,373**
Insurance contracts	990,803	328,042	387,384	1,706,229	-	-	1,706,229
Payables	142,332	33,240	778	176,350	18,363	(16,030)	178,682
Unallocated liabilities	-	-	-	-	-	-	1,173,736
Total liabilities	**1,133,135**	**361,282**	**388,162**	**1,882,579**	**18,363**	**(16,030)**	**3,058,647**
Total year end number of employees (full-time equivalent)	**2,708**	**149**	**28**	**2,884**	**646**	**-**	**3,530**

All amounts in thousands of Euro, unless otherwise stated

Business segment 2018	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
Insurance premium revenue	1,397,309	119,854	131,364	1,648,527	-	-	-	1,648,527
Service and other income	132,511	-	-	132,511	117,006	-	-	249,517
Inter-segment revenue	-	-	-	-	3,742	(3,742)	-	-
Total revenue	**1,529,820**	**119,854**	**131,364**	**1,781,038**	**120,748**	**(3,742)**	**-**	**1,898,044**
Insurance premium ceded to reinsurers	(594,218)	(52,400)	(25,370)	(671,988)	-	-	-	(671,988)
Total segment income after reinsurance	**935,602**	**67,454**	**105,994**	**1,109,050**	**120,748**	**(3,742)**	**-**	**1,226,056**
Insurance claims and loss adjustment expenses	(680,354)	(25,607)	(72,376)	(778,337)	-	3,093	-	(775,244)
Insurance claims and loss adjustment expenses recovered from reinsurers	254,318	11,708	16,912	282,938	-	-	-	282,938
Net insurance claims	**(426,036)**	**(13,899)**	**(55,464)**	**(495,399)**	**-**	**3,093**	**-**	**(492,306)**
Gross operating expenses	(530,082)	(42,679)	(51,526)	(624,287)	(121,446)[1]	649	(8,123)	(753,207)
Commission received for business ceded to reinsurers	259,791	19,475	4,152	283,418	-	-	-	283,418
Net operating expenses	**(270,291)**	**(23,204)**	**(47,374)**	**(340,869)**	**(121,446)**	**649**	**(8,123)**	**(469,789)**
Operating segment result	**239,275**	**30,351**	**3,156**	**272,782**	**(698)**	**-**	**(8,123)**	**263,961**
Share of income/ (losses) of associated companies								4,652
Net income from investments								17,493
Finance income								5,858
Finance expenses								(14,599)
Result for the year before tax								**277,365**
Income tax expense								(74,710)
Result for the year								**202,655**

[1]Gross Operating Expenses Service Segment: includes EUR 4.3 million from Trade name amortisation (not considered for management reporting purposes).

Business segment 2018	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Total
Reinsurance contracts	397,473	151,591	48,652	597,716	-	-	597,716
Receivables	205,215	23,314	4,978	233,507	6,745	(3,181)	237,071
Unallocated assets	-	-	-	-	-	-	3,890,509
Total assets	**602,688**	**174,905**	**53,630**	**831,223**	**6,745**	**(3,181)**	**4,725,296**
Insurance contracts	944,516	292,785	382,568	1,619,869	-	-	1,619,869
Payables	188,204	38,889	334	227,427	18,943	(19,362)	227,008
Unallocated liabilities	-	-	-	-	-	-	1,056,981
Total liabilities	**1,132,720**	**331,674**	**382,902**	**1,847,296**	**18,943**	**(19,362)**	**2,903,858**
Total year end number of employees (full-time equivalent)	2,703	150	28	**2,881**	664	-	**3,545**

The segmental reporting follows the management point of view. In all the other insurance related notes the figures are reported based on the products of credit insurance and bonding which differs from the segmental view presented here. The underlying contracts of the Reinsurance segment are approximately 61% credit insurance contracts and approximately 39% bonding (2018: 58% and 42% respectively), based on premium volume.

All amounts in thousands of Euro, unless otherwise stated

6 Intangible assets

2019	Goodwill	Software	Other [1]	Total
At cost at 1 January	**151,284**	**258,984**	**30,440**	**440,708**
Additions	146	48,240	-	48,386
Disposals	-	(6,996)	-	(6,996)
Effect of movements in foreign exchange rates	(5)	5,111	28	5,134
At cost at 31 December	**151,425**	**305,339**	**30,468**	**487,232**
Accumulated amortisation and impairments at 1 January	**(736)**	**(160,817)**	**(25,858)**	**(187,411)**
Amortisation charge for the year	-	(26,522)	(1,143)	(27,665)
Disposals	-	6,216	-	6,216
Impairment	(10,000)	(7,097)	-	(17,097)
Effect of movements in foreign exchange rates	-	(3,546)	(28)	(3,574)
Accumulated amortisation and impairments at 31 December	**(10,736)**	**(191,766)**	**(27,029)**	**(229,531)**
Balance at 1 January	**150,548**	**98,167**	**4,582**	**253,297**
Balance at 31 December	**140,689**	**113,573**	**3,439**	**257,701**

2018	Goodwill	Software	Other [1]	Total
At cost at 1 January	**151,292**	**218,831**	**30,342**	**400,465**
Additions	-	45,637	50	45,687
Disposals	-	(4,667)	-	(4,667)
Effect of movements in foreign exchange rates	(8)	(817)	48	(777)
At cost at 31 December	**151,284**	**258,984**	**30,440**	**440,708**
Accumulated amortisation and impairments at 1 January	**(736)**	**(142,984)**	**(20,326)**	**(164,046)**
Amortisation charge for the year	-	(17,200)	(5,484)	(22,684)
Disposals	-	4,181	-	4,181
Impairment	-	(5,347)	-	(5,347)
Effect of movements in foreign exchange rates	-	533	(48)	485
Accumulated amortisation and impairments at 31 December	**(736)**	**(160,817)**	**(25,858)**	**(187,411)**
Balance at 1 January	**150,556**	**75,847**	**10,016**	**236,419**
Balance at 31 December	**150,548**	**98,167**	**4,582**	**253,297**

1) Other intangible assets relate to agent networks, non-patented technology, trade names and insurance portfolios

Goodwill

If applicable, impairment of goodwill is recognised as a separate item in the income statement. Atradius assessed all goodwill for impairment. Based on the update of the business plan's short term assumptions, Atradius decided to partly impair the goodwill on Graydon Holding N.V (EUR 10 million). In 2018 there was no impairment charge.

The goodwill allocated to the main cash-generating units or groups of units (CGU's) is presented in the following table:

Cash-Generating Units	2019	2018
ACyC [1]	98,797	98,797
Graydon Holding N.V.	20,931	30,931
Atradius Trade Credit Insurance Inc.	4,750	4,750
Atradius Collections B.V.	6,426	6,426
ACyC. (France)	2,767	2,767
ACyC (Nordic bonding) [2]	2,568	2,563
Other	4,450	4,314
Total	**140,689**	**150,548**

1) The CGU ACyC includes the local business in Spain and Portugal,.

2) The Nordic Bonding unit includes Atradius' bonding business in Denmark, Norway, Sweden and Finland.

The value in use of an individual CGU is determined using a dividend discount model (DDM), except for Graydon which is determined using discount cash flow model (DCF). The dividend flows are estimated using a projection period and a normalised period. The projection period is 10 years towards covering a through-the-cycle performance, where the first 1-5 year projections are based on financial budgets and/or forecasts. The remaining years are estimated using ratios and growth rates that converge towards their normalised term value. The discount rate, gross of tax, varies depending on the Risk-Free Rate and the Country Risk Premium of the country where the CGU is located. For those CGUs with Goodwill higher than EUR 10 million, the discount rate stays between 6.4% and 7.6% and the growth rate between 1% and 2%. 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 1%-2% (2018: 1%) and the specific discount rate. Any profits, after fulfilling minimum capital requirements, are assumed to be distributable dividends. Minimum capital requirements are calculated based on the Solvency II Partial Internal Model and minimum shareholders equity required (non-distributable).

CGU are defined by line of business according to the way we manage and steer the operational business.

An approximation of the sensitivity of the following assumptions would impact the CGU goodwills by the percentages shown below (Other CGU are not included due to immaterial impacts):

Cash-Generating Units	Discount rate	Growth rate	Combined ratio [(1)]
	-50bp	-50bp	-50bp
ACyC	7.1%	(1.1%)	3.6%
Graydon Holding	9.2%	(5.9%)	(12.0%)
Atradius Trade Credit Insurance Inc.	7.0%	(5.8%)	2.8%
Atradius Collections B.V.	34.2%	(20.2%)	0.0%
ACyC (France)	24.8%	(15.5%)	5.7%
ACyC (Nordic bonding)	12.0%	(7.9%)	4.2%

(1) For Graydon, as a non-insurance CGU, the profitability variable used has been the EBITDA and the sensitivities are shown in this column.

Software

Atradius assessed all capitalised software to determine if the criteria for capitalisation are being met (see note 2.6.2). Based on this assessment Atradius decided to impair EUR 7.1 million (2018 EUR 5.3 million) of self-developed software since it did not satisfy all set requirements. During 2019 Atradius has capitalised EUR 42.5 million mainly due to Atradius Business Transformation project (ABT) (2018: EUR 38.1 million).

All amounts in thousands of Euro, unless otherwise stated

7 Property, plant and equipment & investment property

2019	Land & buildings	Fixtures & fittings	IT hardware	Right of Use assets	Total property, plant & equipment	Investment property
At cost at 1 January	**111,608**	**63,656**	**52,826**	**-**	**228,090**	**14,609**
First time adoption as per 1st January 2019	-	-	-	101,692	101,692	-
Additions	-	4,653	3,374	5,694	13,721	-
Disposals	-	(3,504)	(1,661)	(689)	(5,854)	(1,135)
Reclassification	(4,685)	-	-	-	(4,685)	4,685
Effect of movements in foreign exchange rates	87	679	1,002	1,154	2,922	36
At cost at 31 December	**107,010**	**65,484**	**55,541**	**107,851**	**335,886**	**18,195**
Accumulated depreciation and impairments at 1 January	**(12,506)**	**(42,989)**	**(40,278)**	**-**	**(95,773)**	**(4,968)**
Depreciation charge for the year	(1,115)	(4,399)	(5,486)	(22,698)	(33,699)	(134)
Disposals	-	3,506	1,651	176	5,333	457
Impairment loss	69	-	-	-	69	42
Reclassification	(400)	-	-	-	(400)	400
Effect of movements in foreign exchange rates	(14)	(539)	(699)	(113)	(1,365)	(4)
Accumulated depreciation and impairments at 31 December	**(13,967)**	**(44,421)**	**(44,812)**	**(22,635)**	**(125,834)**	**(4,207)**
Balance at 1 January	**99,102**	**20,667**	**12,548**	**-**	**132,317**	**9,641**
Balance at 31 December	**93,043**	**21,063**	**10,729**	**85,216**	**210,051**	**13,988**

2018	Land & buildings	Fixtures & fittings	IT hardware	Right of Use assets	Total property, plant & equipment	Investment property
At cost at 1 January	**112,112**	**60,930**	**51,481**	**-**	**224,523**	**14,581**
Additions	-	4,118	6,024	-	10,143	-
Disposals	(566)	(1,261)	(4,439)	-	(6,265)	-
Reclassification	-	(9)	2	-	(8)	-
Effect of movements in foreign exchange rates	62	(122)	(242)	-	(303)	28
At cost at 31 December	**111,608**	**63,656**	**52,826**	**-**	**228,090**	**14,609**
Accumulated depreciation and impairments at 1 January	**(11,540)**	**(40,308)**	**(39,230)**	**-**	**(91,078)**	**(4,893)**
Depreciation charge for the year	(1,102)	(4,054)	(5,554)	-	(10,710)	(118)
Disposals	49	1,261	4,358	-	5,668	-
Impairment loss	95	-	-	-	95	45
Reclassification	-	9	-	-	9	-
Effect of movements in foreign exchange rates	(8)	103	148	-	243	(2)
Accumulated depreciation and impairments at 31 December	**(12,506)**	**(42,989)**	**(40,278)**	**-**	**(95,773)**	**(4,968)**
Balance at 1 January	**100,572**	**20,622**	**12,251**	**-**	**133,445**	**9,688**
Balance at 31 December	**99,102**	**20,667**	**12,548**	**-**	**132,317**	**9,641**

The depreciation charge on property for own use is reported as part of net operating expenses. The depreciation charge on investment property is reported as part of net income from investments.

The fair value of land and buildings for own use and of investment property is presented in the following table:

	Property own use		Investment property	
	2019	**2018**	**2019**	**2018**
Spain and Portugal	89,024	92,634	12,713	9,104
Italy	21,020	20,620	681	675
Mexico	4,463	3,927	1,488	1,309
The Netherlands	-	-	-	475
Other	1,001	998	-	-
Total	**115,507**	**118,179**	**14,882**	**11,563**

Fair value measurement

Land and buildings are independently appraised by real estate valuers, which are registered in the relevant countries and have appropriate qualifications and experience in the valuation of properties. Atradius usually revalues land and buildings every two years.

All significant inputs used in the measurement are market observable and the fair value is therefore classified in Level 2 in the fair value hierarchy (as in 2018). Valuation techniques used are: Market (comparison) approach, Income approach (discounted cash flow method) and Cost approach. Significant valuation inputs used to determine the fair value measurements based on techniques used are construction features, location (and/or conditions) and transport utilities.

All amounts in thousands of Euro, unless otherwise stated

The estimated fair value of the properties is directly dependant on the changes of the inputs used. There has been no change in the valuation techniques used compared to prior year.

The investment property can be classified as follows: 90% office (2018: 89%) and 10% retail (2018: 11%).

Direct operating expenses incurred (including repairs and maintenance) arising from investment property are EUR 77 thousand (2018: EUR 400 thousand). During the year an amount of EUR 607 thousand (2018: EUR 735 thousand) has been recognised as rental income from investment property for lease contracts. These contracts have remaining terms of between 1 and 10 years. Expected rental income arising from these contracts for next year is EUR 557 thousand for non-cancellable contracts (In 2018, expected rental income for next year was 593 thousand for non-cancellable contracts).

Leases: Right of Use Assets

Right of Use assets consist of office space (90%), including parking and vehicles under a number of operating lease agreements. The most significant lease contracts relate to the offices in our locations in Western Europe. The remaining terms of these office rentals vary between 2 to 12 years and most of the contracts contain extension options. The extension options are taken into account in the measurement of lease liabilities when the Group is reasonably certain to exercise these options.

Further information about the leases for which Atradius is a lessee is presented below:

	2019
Lease liability included in statement of financial position at 31 December	85,038
Amounts recognised in income statement :	
Interest expenses on lease liabilities	(2,552)
Expenses relating to short-term leases	(118)
Expenses relating to low-value assets	(17)
Amounts recognised in the statement of cash flows :	
Total cash outflow for leases	16,094

8 Subsidiaries

The following table sets forth, as at 31 December 2019 and 2018, the name and country of incorporation of the main subsidiaries of Atradius N.V.

All companies are, directly or indirectly, wholly owned unless otherwise indicated. The companies are listed in alphabetical order.

	Country of incorporation	% interest held	Type of business
Atradius Collections B.V.	The Netherlands	100%	Collections
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	Spain	100%	Credit insurance
Atradius Finance B.V.	The Netherlands	100%	Finance
Atradius Information Services B.V.	The Netherlands	100%	Information services
Atradius Insurance Holding N.V.	The Netherlands	100%	Holding
Atradius Participations Holding B.V.	Spain	100%	Holding
Atradius Reinsurance DAC	Ireland	100%	Reinsurance
Atradius Rus Credit Insurance LLC	Russia	100%	Credit insurance
Atradius Seguros de Crédito, S.A.	Mexico	100%	Credit insurance
Atradius Trade Credit Insurance, Inc.	USA	100%	Credit insurance
Atradius Crédito y Caución Seguradora SA	Brazil	100%	Credit insurance
Graydon Holding N.V.	The Netherlands	100%	Information services

9 Investments in associated companies

	2019	2018
Balance at 1 January	**63,428**	**63,538**
Additions	-	-
Share of income of associated companies	7,126	4,652
Dividends received	(631)	(968)
Impairment of associated companies	(8,219)	-
Revaluations	1,166	(213)
Effect of movements in foreign exchange rates	240	(3,581)
Balance at 31 December	**63,110**	**63,428**

None of the associated companies are listed. All information from the associated companies, unless otherwise stated, is based on balance sheet dates between 30 September 2019 and 31 December 2019.

Atradius assessed the goodwill for impairment of associated companies. Based on this assessment Atradius decided to fully impair the goodwill (EUR 6.9 million) of Credit Guarantee Insurance Corporation of Africa Limited since the long term economic outlook of South Africa deteriorated compared to this outlook at acquisition date and the uncertainties remain.

Atradius has entered into negotiation to sell The Lebanese Credit Insurer s.a.l.. The net carrying amount has accordingly been reduced to fair value.

	Country of incorporation	% interest held	Type of business
Credit Guarantee Insurance Corporation of Africa Limited	South Africa	25.00%	Credit insurance
CLAL Credit Insurance Ltd., Tel Aviv	Israel	20.00%	Credit insurance
Compañía de Seguros de Crédito Continental S.A., Santiago de Chile	Chile	50.00% (1)	Credit insurance
The Lebanese Credit Insurer s.a.l., Beirut	Lebanon	48.90%	Credit insurance

(1) Minus one share

The following tables show summarised financial information of Atradius' interest in associated companies and the financial information of the associated companies:

2019	Credit Guarantee Insurance Corporation of Africa Limited	CLAL Credit Insurance Ltd.	Compañía de Seguros de Crédito Continental S.A. (1)	The Lebanese Credit Insurer s.a.l.	Other	Total
Atradius 's interest						
Goodwill	-	380	1,611	-	-	**1,991**
Net assets	17,619	13,406	30,094	1	-	**61,119**
Carrying amount	**17,619**	**13,786**	**31,705**	**1**	-	**63,110**
Share of income of associated companies	2,272	701	4,072	80	-	**7,126**
Impairments	(6,927)	-	-	(1,292)		**(8,219)**
Dividends received	(323)	-	(308)	-	-	**(631)**
Associated companies						
Assets	144,748	90,632	114,972	6,547	-	**356,899**
Liabilities	74,274	23,601	54,785	6,544	-	**159,204**
Revenue	54,910	14,503	8,433	4,285	-	**82,131**
Net assets	70,474	67,031	60,187	2	-	**197,695**
Result for the year	9,090	3,506	8,143	(2,479)	-	**18,261**
2018						
Atradius 's interest						
Goodwill	6,927	380	1,611	-	-	**8,918**
Net assets	14,991	11,340	26,997	1,182	-	**54,510**
Carrying amount	**21,918**	**11,720**	**28,608**	**1,182**	-	**63,428**
Share of income of associated companies	1,454	1,390	2,154	(346)	-	**4,652**
Dividends received	(253)	-	(715)	-	-	**(968)**
Associated companies						
Assets	120,944	85,363	121,213	9,445	-	**336,965**
Liabilities	60,977	28,663	62,139	7,027	-	**158,806**
Revenue	53,781	13,070	9,793	2,742	-	**79,386**
Net assets	59,967	56,700	59,074	2,418	-	**178,159**
Result for the year	5,814	6,951	4,309	(708)	-	**16,366**

(1)Figures for Compañía de Seguros de Crédito Continental S.A. are related to non-consolidated statements.

All amounts in thousands of Euro, unless otherwise stated

10 Financial investments

Financial investments classified by measurement category and nature	Available-for-sale		Loans and receivables (1)		Total	
	2019	2018	2019	2018	2019	2018
Equity securities	370,138	241,720	-	-	370,138	241,720
Debt securities	2,066,629	1,831,308	-	-	2,066,629	1,831,308
Loans	-	-	8	26	8	26
Short-term investments	-	-	131,442	205,514	131,442	205,514
Cash held for investments	-	-	20,948	50,380	20,948	50,380
Total	**2,436,767**	**2,073,028**	**152,398**	**255,920**	**2,589,165**	**2,328,948**

(1) There are no bank deposits tacitly renewable in 2019 and 2018.

Movements in available-for-sale financial investments	Equity securities		Debt securities		Total	
	2019	2018	2019	2018	2019	2018
Balance at 1 January	**241,720**	**293,976**	**1,831,308**	**1,788,607**	**2,073,028**	**2,082,583**
Additions	78,333	7,930	903,420	476,412	981,753	484,342
Disposals	(12,225)	(20,375)	(666,373)	(405,994)	(678,598)	(426,369)
Amortisation charge for the year	-	-	(21,448)	(23,304)	(21,448)	(23,304)
Revaluations through other comprehensive income and income statement	61,993	(39,954)	12,089	(7,756)	74,082	(47,710)
Effect of movements in foreign exchange rates	317	143	7,633	3,343	7,950	3,486
Balance at 31 December	**370,138**	**241,720**	**2,066,629**	**1,831,308**	**2,436,767**	**2,073,028**

For disclosures about the temporary exemption from IFRS 9, please refer to Note 4.3.2

11 Receivables

	2019	2018
Accounts receivable on insurance and reinsurance business	**192,782**	**180,503**
Amounts owed by policyholders and direct insurance operations	137,038	130,031
Receivables arising out of reinsurance	55,744	50,472
Other account receivable	**46,783**	**56,568**
Total	**239,565**	**237,071**

The outstanding receivables are substantially all current and consequently their fair values do not materially differ from their carrying amounts.

There is no concentration of credit risk in respect of receivables as Atradius has a large number of internationally dispersed debtors (see Note 4.3.2).

An amount of EUR 108.9 million (2018: EUR 77.7 million) relates to past due receivables on insurance and reinsurance business for which no impairment loss has been recognised, 93.1% (2018: 91.9%) relates to receivables ageing less than three months.

All receivables are considered for impairment testing. As of 31 December 2019, receivables of EUR 27.5 million (2018: EUR 24.9 million) were considered to be partially impaired. The amount of the impairment taken related to these receivables was EUR 13.2 million (2018: EUR 12.8 million). This balance takes into account that a portion of the impaired receivables will be recovered. Atradius does not hold any collateral over these balances.

The ‘Other accounts receivable’ related to service income, are short term balances which consist of individually small balances. The provision for impaired ‘Other accounts receivable’ for 2019 is EUR 2.7 million (2018: EUR 3.3 million)

Movements on the provision for impaired receivables are presented in the following table:

	2019	2018
Balance at 1 January	**12,743**	**14,693**
Impairment of receivables	7,825	3,057
Receivables written off during the year as uncollectable	(6,402)	(4,710)
Unused amounts reversed	(948)	(297)
Balance at 31 December	**13,218**	**12,743**

The movement in the provision for impaired receivables on insurance business is included in the premium line. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

For disclosures about the temporary exemption from IFRS 9, please refer to Note 4.3.2.1

12 Deferred acquisition costs

	2019	2018
Balance at 1 January	**71,743**	**69,441**
Deferred in the year	27,241	27,945
Amortisation change for the year	(23,540)	(26,817)
Effect of movements in foreign exchange rates	856	1,174
Balance at 31 December	**76,300**	**71,743**
Current	44,400	42,038
Non-current	31,900	29,705

13 Other assets and accruals

	2019	2018
Pipeline and return premium ceded	404,028	389,275
Prepayments and accrued interest	33,632	36,009
Net pension plan asset	53,393	38,440
Reimbursement rights	9,725	13,525
Other	24,363	21,323
Total	**525,143**	**498,572**

Pipeline premium relates to shipments made by Atradius’ policyholders for which Atradius is at risk but has not invoiced the premium.

Prepayments and accrued interest, relate to payments in advance for which the Company has received and invoice for future services or goods, and interest of financial investments for which Atradius is entitled but has not received yet.

The other assets and accruals are substantially all current and consequently the fair values of these assets do not materially differ from their carrying amounts.

All amounts in thousands of Euro, unless otherwise stated

The reimbursement rights relate to the Spanish pension plans. Since the related policies do not qualify as an insurance policy under IAS 19, the fair value cannot be netted with the related pension liability (see Note 17).

The net pension plan asset concerns the surplus of the pension plan in the UK; as per 31 December 2019 is EUR 53.3 million (2018: EUR 38.4 million) (see Note 17).

14 Cash and cash equivalents

	2019	2018
Cash at bank and on hand	399,308	441,353
Short-term bank deposits	4,936	5,004
Cash and cash equivalents	**404,244**	**446,357**
Cash and cash equivalents	404,244	446,357
Borrowings	-	(336)
Cash and cash equivalents in the statement of cash flows	**404,244**	**446,021**

Atradius manages the cash by using a cross-border cash pooling agreement. This provides for a notional pool structure with interest compensation per currency. The cash pool arrangement allows for offsetting of cash balances of branches within a legal entity. However, it does not allow offsetting between different legal entities. Therefore, in the statement of financial position, the related bank overdrafts that do not qualify for offsetting are presented separately as liabilities under borrowings.

15 Capital and reserves

15.1 Share capital

The authorised share capital of Atradius N.V. amounts to EUR 250,000,000 and is divided into 250,000,000 ordinary shares with a nominal value of EUR 1 each (2018: the same) of which 79,122,142 ordinary shares were issued and fully paid (2018: the same). The fully paid ordinary shares carry one vote per share and carry the right to dividends. Earnings per share are calculated by dividing the Group share of the net income by the number of ordinary shares in issue during the year. The earnings in 2019 were of EUR 2.9 per share.

15.2 Share premium reserve

	2019	2018
Balance at 1 January	**639,228**	**639,228**
Balance at 31 December	**639,228**	**639,228**

15.3 Revaluation reserve

	2019	2018
Balance at 1 January	**25,508**	**63,060**
Change in revaluation reserve - gross	76,872	(47,367)
Change in revaluation reserve - tax	(19,432)	10,039
Net (gains)/losses transferred to net profit on disposal - gross	(1,356)	(202)
Net (gains)/losses transferred to net profit on disposal - tax	327	(22)
Balance at 31 December	**81,919**	**25,508**

15.4 Currency translation reserve

	2019	2018
Balance at 1 January	**(61,582)**	**(55,612)**
Change in currency translation reserve - gross	11,723	(7,201)
Change in currency translation reserve - tax	(577)	1,231
Balance at 31 December	**(50,436)**	**(61,582)**

Atradius' significant foreign currencies and sensitivity to fluctuations are set out in Note 4.3.

15.5 Pension reserve

	2019	2018
Balance at 1 January	**(144,397)**	**(137,323)**
Recognised actuarial gains/(losses)	**(16,194)**	**(4,609)**
Change in pension reserve - gross	(21,023)	(8,697)
Change in pension reserve - tax	4,829	4,088
Effect of the asset ceiling	**-**	**(2,465)**
Change in pension reserve - gross	-	(3,286)
Change in pension reserve - tax	-	822
Balance at 31 December	**(160,591)**	**(144,397)**

15.6 Retained earnings

	2019	2018
Balance at 1 January	**1,283,527**	**1,164,758**
Acquisitions	33	-
Dividends	(91,782)	(83,869)
Result for the year	227,708	202,638
Balance at 31 December	**1,419,485**	**1,283,527**

15.7 Dividend distribution

Atradius' dividend distribution is based on the Company financial statements. The Company and its subsidiaries are subject to legal restrictions regarding the amount of dividends they can pay to their shareholders. Dividends can only be paid up to an amount equal to the excess of the Company's shareholders' equity and reserves required by law. The Dutch Civil Code contains the restriction that dividends can only be paid up to an amount equal to the excess of the Company's shareholders' equity and reserves required by law. Additionally, certain subsidiaries are subject to restrictions on the amount of funds they may distribute in the form of dividends or otherwise and also in respect of minimum capital requirements that are imposed by industry regulators in the countries in which the subsidiaries operate.

All amounts in thousands of Euro, unless otherwise stated

The Company distributes dividends out of the retained earnings balance. If this balance is insufficient, the Company will distribute dividends out of the share premium reserve (see Note 4.2 in the Company financial statements).

16 Subordinated debt

	2019	2018
Balance at 1 January	**323,790**	**323,614**
Accretion of interest	192	176
Balance at 31 December	**323,982**	**323,790**

On 23 September 2014, Atradius Finance B.V. issued guaranteed subordinated notes with a nominal value of EUR 100,000 each for an aggregate amount of EUR 250 million (the 'notes'). Atradius Finance B.V. may redeem the notes, in whole but not in part, on 23 September 2024 and thereafter on each interest payment date. Unless previously redeemed, the notes will be redeemed at maturity on 23 September 2044. The 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 notes are listed on the Luxembourg Stock Exchange.

On 20 April 2016 the shareholders of Atradius N.V. provided a subordinated loan to Atradius Reinsurance DAC with a principal amount of EUR 75 million. The subordinated loan bears interest at a fixed rate of 5.0% per annum, payable annually in arrears on 20 April each year until and including the maturity date: 20 April 2026. Atradius Reinsurance DAC may redeem the loan on the first call date, 20 April 2021, or thereafter on each interest payment date. The subordinated loan qualifies as Tier 2 basic own funds item as set out in article 73 of the European Commission's Solvency II Delegated Regulation (2015/35).

The fair value estimate of the notes issued by Atradius Finance BV is EUR 288 million (2018: EUR 260 million). The fair value estimate of the subordinated loan issued by Atradius Reinsurance DAC is EUR 82 million (2018: EUR 82 million). Both the subordinated notes and the subordinated loan are classified as Level 2 under the fair value hierarchy and as Tier 2 basic own funds for Solvency II.

The fair value estimates of the subordinated bond and the subordinated loan are provided by an external independent valuation company, which uses its own proprietary valuation systems to value securities supported by economic and market assumptions from financial information providers. The model calculates, accordingly to IFRS methodology, the present value of the subordinated bond/loan's cash flows discounted using the Euro government bond yield curve as a benchmark and applying an appropriate risk spread. The risk spread applied is estimated using the credit spreads of market quoted subordinated bond issues from similar issuers and with similar rating and maturity profiles.

17 Employee benefit assets and liabilities

	2019	2018
Retirement benefits	118,242	94,647
Other long-term employee benefits	6,642	5,534
Total	**124,884**	**100,182**

There has been a reclassification in 2018 figures due to contributions from Other long term employee benefits to Retirement benefits.

17.1 Retirement benefits

The employee benefit assets and liabilities relate mainly to pension assets and liabilities for defined benefit plans. The main defined benefit plans are in the United Kingdom, Germany and the Netherlands and these represent 90% (2018: 89%) of the defined benefit obligation. The other plans relate to Spain and Portugal, Italy, Switzerland, Sweden, Belgium, Norway, France and Mexico. The recognition of assets and liabilities is determined separately for each plan.

Within Atradius there are also defined contribution plans. The contributions to these plans are recognised as expenses in the income statement. The total contributions amounted to EUR 11.6 million in 2019 (2018: EUR 11.4 million).

Pension assets and liabilities

The following table presents the change in the value of the net defined benefit liability:

	Defined benefit obligation		Fair value of plan assets		Asset ceiling		Net defined benefit (asset) liability	
	2019	2018	2019	2018	2019	2018	2019	2018
Balance at 1 January	**838,533**	**845,838**	**743,886**	**775,244**	**-**	**(3,286)**	**94,647**	**73,880**
Included in the income statement:	-	-	-	-	-	-	-	-
Current service cost	12,428	13,154	-	-	-	-	12,428	13,154
Past service cost	0	(3,877)	-	-	-	-	0	(3,877)
Interest cost / income	17,294	17,342	17,055	16,963	-	(66)	239	445
Administration costs	580	528	-	-	-	-	580	528
Cost of Termination Benefits	-	4,402	-	-	-	-	-	4,402
Effect of movements in foreign exchange rates	(1,176)	459	882	75	-	-	(2,058)	384
Total included in the income statement	**29,126**	**32,008**	**17,937**	**17,038**	**-**	**(66)**	**11,189**	**15,036**
Included in OCI:								
Remeasurement loss (gain):								
Actuarial loss (gain) arising from:								
- demographic assumptions	(11,421)	(12,275)	-	-	-	-	(11,421)	(12,275)
- financial assumptions	112,844	8,459	-	-	-	-	112,844	8,459
- experience adjustments	770	(2,228)	-	-	-	-	770	(2,228)
Return on plan assets excluding interest income	-	-	83,032	(21,471)	-	-	(83,032)	21,471
Change in Irrecoverable Surplus other than Interest	-	-	-	-	-	3,352	-	(3,352)
Effect of movements in foreign exchange rates	16,056	(2,554)	16,179	(2,588)	-	-	(123)	34
Total included in OCI	**118,249**	**(8,598)**	**99,211**	**(24,059)**	**-**	**3,352**	**19,038**	**12,109**
Other:								
Contributions paid by the employer	(3,817)	(3,450)	16,128	20,554	-	-	(19,945)	(24,004)
Plan participants contributions	2,023	2,160	2,023	2,160	-	-	-	-
Benefits paid	(24,192)	(29,425)	(24,192)	(29,425)	-	-	-	-
Additional benefits	(1,640)	-	-	-	-	-	(1,640)	-
Reclassification of surplus plan assets	-	-	(14,953)	(17,626)	-	-	14,953	17,626
Total other	**(27,626)**	**(30,715)**	**(20,994)**	**(24,337)**	**-**	**-**	**(6,632)**	**(6,378)**
Balance at 31 December	**958,282**	**838,533**	**840,040**	**743,886**	**-**	**-**	**118,242**	**94,647**

Plan assets

Atradius has pension related assets which under IAS 19 do not meet the criteria to qualify as plan assets. In Germany, for one of the plans, assets of EUR 16.3 million (2018: EUR 16.3 million) are classified as financial investments since in the event of bankruptcy, these assets are not fully secured for the members of the pension plan. In the UK, EUR 35.3 million of financial investments (2018: EUR 28.7 million) is on an escrow account to support the UK pension fund. In the event of insolvency, the Trustee of the pension fund has the right to those investments, provided certain conditions are met.

The surplus of the UK pension plans as per 31 December 2019 is EUR 53.4 million (2018: EUR 38.4 million) is disclosed as net plan pension assets as part of Note 13.

In Spain and Portugal, the defined benefit plans are partially insured with Seguros Catalana Occidente S.A.. These insurance policies do not qualify as insurance policies under IAS 19, therefore the fair value is treated as reimbursement rights, which are recorded as part of other assets for an amount of EUR 9.2 million (2018: EUR 13.1 million). At the end of 2019, the defined benefit obligation related to the reimbursement rights amounts to EUR 19.6 million (2018: EUR 21.9 million). This same defined benefit obligation has in addition plan assets of EUR 14.6 million (2018: EUR 15.5 million).

Characteristics of the main defined benefit plans

Characteristic	United Kingdom	Germany	The Netherlands
Entitlement	Pension entitlements are based on a percentage of final salary (closed to new employees).	Pension entitlements are based on a percentage of the average salary of the last 10 years.	Pension entitlements are based on a percentage of the average salary (maximum of EUR 0.1 million - closed to new employees).
Number of participants	130 active members (2018: 135 active members). 520 inactive members (2018: 525 inactive members).	496 active members (2018: 485 active members). 456 inactive members (2018: 452 inactive members).	289 active members (2018: 307 active members). 1,361 inactive members (2018: 1,363 inactive members).
Defined benefit obligation	EUR 287 million (2018: EUR 257 million).	EUR 149 million (2018: EUR 129 million).	EUR 407 million (2018: EUR 343 million).
Plan assets	EUR 341 million (2018: EUR 296 million).	EUR 83 million (2018: EUR 74 million). Assets of EUR 16.3 million (2018: EUR 16.3 million) are recognised as part of the financial investments.	EUR 382 million (2018: EUR 326 million).
Remeasurement gain (loss) through OCI	EUR 6 million - gain (2018: EUR 13.5 million - gain).	EUR 10.5 million – loss (2018: EUR 11.1 million - loss).	EUR 8.6 million - loss (2018: EUR 17.9 million - gain).
Funding arrangement	The basis of the funding agreement lies in the Trust Deed and Rules. The pension fund performs triennial actuarial valuations to determine employer contributions.	A Contractual Trust Agreement is established as a financing vehicle to cover part of the pension liabilities. There is no specific funding arrangement although the assets must exceed the initially funded amount of EUR 39.2 million.	The employer pays a yearly base premium as a percentage of the total sum of eligible salaries of all active participants which cannot be below the cost-effective premium for that year.
Employee contributions	In 2019 contributions amounted to 7.1% (2018: 7.1%) of the eligible salary.	None; all contributions are made by the employer.	Employees contribute in 2019 7.5% (2018: 7.5%) of their eligible salary.
ALM-strategy	A Cash Driven Investment portfolio has been implemented that combines Buy & Maintain Credit with a Liability Driven Investment, to provide contractual income that aligns with the timing of the pension liability cash flow payments together with a 100% interest rate and inflation rate liability hedge to maintain Self-sufficiency.	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.	At least once every three years an ALM-study is performed in which the impact of the strategic investment policies are analysed. The interest rate risk is partially hedged within the investment portfolio by the use of debt instruments in combination with liability driven investment funds.
Regulatory Framework	The UK pension plan is subject to UK pensions legislation and guidance issued by the Pensions Regulator in the UK	The German pension plan is subject to German pensions legislation and guidance issued by the Pensions Regulator in Germany	The Dutch pension plan is subject to The Netherlands pensions legislation and guidance issued by the Pensions Regulator in The Netherlands

In general, the defined benefit plans are administered by pension vehicles. Although liaised with the Group, these are separate legal entities (a Trustee in the United Kingdom, a Pension Trust eV in Germany and a Pension Fund in the Netherlands). The boards of these entities compromises both employer and employee representatives. The boards are responsible for setting their own policies (e.g. investment and governance) within the applicable legal framework. These defined benefit plans may expose the Group to actuarial risks (such as longevity risk) and financial risks like interest rate risks and investment risk.

All amounts in thousands of Euro, unless otherwise stated

Fair value of plan assets

The fair value of plan assets at the end of the reporting period is analysed in the following table:

Plan assets 2019	Cash and cash equivalents	Equity instruments	Debt instruments	Investment funds	Insurance contracts	Real estate	Total 2019
Belgium	-	-	-	-	45,150	-	**45,150**
Germany	2,130	29,939	51,288	-	-	-	**83,357**
Mexico	-	23	1,081	-	-	-	**1,104**
Norway	-	-	-	-	3,663	-	**3,663**
Spain	-	-	-	-	14,573	-	**14,573**
Sweden	-	369	1,761	370	-	341	**2,841**
Switzerland	-	-	-	-	3,141	-	**3,141**
The Netherlands	2,574	154,413	-	225,249	-	-	**382,236**
United Kingdom	10,064	-	266,521	13,858	-	13,532	**303,975**
Total	**14,768**	**184,744**	**320,651**	**239,477**	**66,527**	**13,873**	**840,040**

Plan assets 2018	Cash and cash equivalents	Equity instruments	Debt instruments	Investment funds	Insurance contracts	Real estate	Total 2018
Belgium	-	-	-	-	40,261	-	**40,261**
Germany	1,711	23,227	49,424	-	-	-	**74,363**
Mexico	-	23	1,031	-	-	-	**1,054**
Norway	-	-	-	-	3,372	-	**3,372**
Spain	-	-	-	-	16,604	-	**16,604**
Sweden	-	257	1,944	314	-	343	**2,858**
Switzerland	-	-	-	-	4,976	-	**4,976**
The Netherlands	19,738	123,929	-	182,433	-	-	**326,100**
United Kingdom	1,033	-	244,977	14,905	-	13,383	**274,298**
Total	**22,482**	**147,436**	**297,376**	**197,652**	**65,213**	**13,726**	**743,886**

All equity and debt securities have quoted prices in active markets. The plan assets do not include any of Atradius' own financial instruments, nor any property occupied or other assets used by Atradius.

The return on plan assets is determined by multiplying the fair value of the plan assets by the discount rate as determined at the start of the annual reporting period, taking account of any changes in the plan assets held during the period as a result of contributions and benefit payments. The actual return on plan assets (including reimbursement rights) was EUR 98.3 million – gain (2018: EUR 4.2 million - loss).

Actuarial assumptions

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

Principal actuarial assumptions	United Kingdom		Germany		The Netherlands	
	2019	2018	2019	2018	2019	2018
Discount rate	2.00%	2.75%	1.00%	1.75%	1.00%	1.75%
Price inflation rate	3.00%	3.50%	1.75%	1.75%	1.75%	1.75%
Expected increase of future salaries	2.25%	2.65%	2.30%	2.30%	1.75%	1.75%
Expected increase of future benefit levels	2.85%	3.19%	1.50%	1.50%	0.88%	0.88%
Mortality table	CMI 2018 (1.5% LTR)	CMI 2017 (1.5% LTR)	Heubeck Richttafeln 2018 G	Heubeck Richttafeln 2018 G	Prognosetafel AG2018 + adjusted experience	Prognosetafel AG2018 + adjusted experience
Duration in years	20	19	17	16	21	20

An approximation of the sensitivity of the relevant 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 obligation	2019		2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(151,496)	202,141	(124,531)	163,185
Price inflation rate (1% movement)	128,264	(109,091)	87,371	(80,472)
Future salary growth (1% movement)	20,232	(19,275)	17,253	(16,404)
Future pension growth (1% movement)	159,985	(126,183)	130,557	(103,926)
Future mortality (+1 year)	34,651	n/a	25,555	n/a

17.2 Defined benefit costs

A total defined benefit cost of EUR 13.9 million (2018: EUR 14.3 million) is recognised in the income statement under net operating expenses (see Note 27). EUR 13.3 million (2018: EUR 14.2 million) relates to pension plans and EUR 0.6 million (2018: EUR 0.1 million) to other long-term employee benefits.

All amounts in thousands of Euro, unless otherwise stated

18 Insurance contracts

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2019			2018	
Claims reported and loss adjustment expenses	246,401	(121,494)	124,907	229,635	(119,443)	110,192
Claims incurred but not reported	593,922	(225,339)	368,583	592,305	(230,085)	362,220
Claims provisions	**840,323**	**(346,833)**	**493,490**	**821,940**	**(349,528)**	**472,412**
Provision for unearned premium	332,904	(101,679)	231,225	308,226	(96,596)	211,630
Total	**1,173,227**	**(448,512)**	**724,715**	**1,130,166**	**(446,124)**	**684,042**
Bonding						
Claims reported and loss adjustment expenses	198,008	(68,230)	129,778	198,143	(69,416)	128,727
Claims incurred but not reported	96,082	(15,554)	80,528	71,216	(7,104)	64,112
Claims provisions	**294,090**	**(83,784)**	**210,306**	**269,359**	**(76,520)**	**192,839**
Provision for unearned premium	238,912	(79,306)	159,606	220,344	(75,072)	145,272
Total	**533,002**	**(163,090)**	**369,912**	**489,703**	**(151,592)**	**338,111**
Total insurance contracts	**1,706,229**	**(611,602)**	**1,094,627**	**1,619,869**	**(597,716)**	**1,022,153**
Current	1,172,479	(420,278)	752,200	1,113,521	(410,878)	702,642
Non-current	533,750	(191,324)	342,426	506,348	(186,838)	319,511

The liabilities for gross claims reported, loss adjustment expenses and claims incurred but not reported are net of expected recoveries from salvage and subrogation and contain reinsurance business.

18.1 Claims development tables

The claims development tables provide an overview of how Atradius' recognised claims costs for underwriting years 2010-2019 have changed at successive financial year-ends. This overview also provides a breakdown of the claims provisions (claims reported and loss adjustment expenses and claims incurred but not reported) that are held against each underwriting year as at 31 December 2019. Underwriting year here means the year in which the risks were accepted; for reinsurance business it is the treaty year.

Credit Insurance – Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	515.2	739.7	809.6	682.1	753.0	829.6	755.7	770.4	833.8	858.5	
one year later	500.3	694.4	764.0	586.0	734.6	780.7	669.6	735.3	890.7 (1)	-	
two years later	451.2	670.4	704.9	554.6	734.9	744.5	638.5	679.9	-	-	
three years later	437.4	663.5	696.3	543.8	732.4	715.0	627.4	-	-	-	
four years later	438.9	649.7	684.3	540.9	724.5	701.7	-	-	-	-	
five years later	432.1	642.9	685.4	533.2	713.3	-	-	-	-	-	
six years later	425.7	636.7	678.1	522.2	-	-	-	-	-	-	
seven years later	419.1	630.5	683.2	-	-	-	-	-	-	-	
eight years later	414.8	623.9	-	-	-	-	-	-	-	-	
nine years later	410.0	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	410.0	623.9	683.2	522.2	713.3	701.7	627.4	679.9	890.7	858.5	6,710.7
Cumulative payments to date	412.0	625.0	662.9	530.7	690.5	705.5	653.7	680.1	727.5	194.8	5,882.7
Claims provision at 31 December 2019 in respect of 2010 - 2019	(1.9)	(1.1)	20.3	(8.6)	22.7	(3.8)	(26.3)	(0.2)	163.2	663.7	828.0
In respect of prior years (before 2010)											12.3
Total											**840.3**

The table contains recognised claims costs only. It excludes the impact of losses from risks that have been accepted for which the premium has yet to be earned. The consequence of this is that the claims expense for a particular underwriting year can increase in future financial years as both the premium and losses are recognised in the income statement. This is relevant for the credit insurance business written by the local business in Spain and Portugal, the reinsurance business and instalment credit protection. The premium earned for underwriting years 2016-2018 in the current financial year for these blocks of business was EUR 132.1 million.

The claims development tables are presented on a gross basis. The effect of risk mitigation is in line with our quota share treaties as included in Note 4.2, detailing further disclosures on insurance risk. The overall impact of risk mitigation on claims provisions (for all underwriting years combined) is approximately 41.3%. Risk mitigation for gross claims incurred as shown in this table varies between 37% and 47%. These differ from the quota share treaties due to the private instalment credit protection which are not ceded and the inward reinsurance business which is covered by Excess of loss treaties.

(1) 2019 claims development table includes a single large claim of 83.9m which was 100% reinsured and had zero impact on the net insurance result.

All amounts in thousands of Euro, unless otherwise stated

Bonding - Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	10.2	19.3	19.0	21.7	19.0	21.0	16.8	13.6	10.6	31.7	
one year later	25.7	48.8	48.6	32.6	34.6	26.8	22.8	32.0	36.1	-	
two years later	36.4	60.8	53.7	39.1	43.6	31.5	32.9	36.6	-	-	
three years later	43.4	62.8	58.4	42.0	45.8	38.2	37.4	-	-	-	
four years later	43.4	57.4	58.7	41.0	41.6	44.0	-	-	-	-	
five years later	42.4	60.7	58.5	40.2	39.3	-	-	-	-	-	
six years later	42.1	64.2	58.1	45.7	-	-	-	-	-	-	
seven years later	42.3	64.6	56.2	-	-	-	-	-	-	-	
eight years later	42.3	65.8	-	-	-	-	-	-	-	-	
nine years later	42.1	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	42.1	65.8	56.2	45.7	39.3	44.0	37.4	36.6	36.1	31.7	434.9
Cumulative payments to date	31.9	53.7	42.1	24.6	20.5	11.4	16.6	8.9	13.1	4.1	226.8
Claims provision at 31 December 2019 in respect of 2010 - 2019	10.2	12.0	14.1	21.1	18.8	32.6	20.8	27.8	23.0	27.6	208.0
In respect of prior years (before 2010)											86.0
Total											**294.1**

The claims costs do not include an estimate for future claim payments on cases where Atradius does not yet have adverse information. This explains the increase in claims costs over time. For bonding, Atradius typically earns premium in proportion to the length of time involved, over the tenor of the bond, meaning that while an increase in the claims incurred can be seen, premium will also be recognised and this cannot be seen in the table above. The premium earned for underwriting years 2016-2018 in the current financial year was EUR 75 million.

The claims development tables are presented on a gross basis. The effect of risk mitigation is in line with our quota share treaties as included in Note 4.2, detailing further disclosures on insurance risk. The overall impact of risk mitigation on claims provisions (for all underwriting years combined) is approximately 28.5%. Risk mitigation for gross claims incurred as shown in this table varies between 19% and 30%.

18.2 Insurance liabilities and reinsurance assets

18.2.1 Changes in insurance liabilities and reinsurance assets

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2019			2018	
Balance at 1 January	**821,940**	**(349,528)**	**472,412**	**777,406**	**(342,904)**	**434,503**
Claims paid in the year	(773,560)	357,442	(416,118)	(639,597)	263,355	(376,242)
Increase/(decrease) in liabilities arising from claims	779,651	(351,921)	427,730	683,421	(269,438)	413,983
Foreign exchange rate and other movements	12,293	(2,826)	9,467	709	(541)	168
Balance at 31 December	**840,323**	**(346,833)**	**493,490**	**821,940**	**(349,528)**	**472,412**
Claims reported and loss adjustment expenses	246,401	(121,494)	124,907	229,635	(119,443)	110,192
Claims incurred but not reported	593,922	(225,339)	368,583	592,305	(230,085)	362,220
Total	**840,323**	**(346,833)**	**493,490**	**821,940**	**(349,528)**	**472,412**
Bonding						
Balance at 1 January	**269,359**	**(76,520)**	**192,839**	**250,752**	**(74,094)**	**176,658**
Claims paid in the year	(45,270)	10,657	(34,613)	(30,117)	10,085	(20,032)
Increase/(decrease) in liabilities arising from claims	72,276	(18,174)	54,102	52,730	(13,500)	39,230
Foreign exchange rate and other movements	(2,275)	252	(2,023)	(4,006)	990	(3,016)
Balance at 31 December	**294,090**	**(83,785)**	**210,305**	**269,359**	**(76,520)**	**192,840**
Claims reported and loss adjustment expenses	198,008	(68,230)	129,778	198,143	(69,416)	128,727
Claims incurred but not reported	96,082	(15,554)	80,528	71,216	(7,104)	64,112
Total	**294,090**	**(83,784)**	**210,306**	**269,359**	**(76,520)**	**192,839**
Claims provisions	**1,134,413**	**(430,617)**	**703,796**	**1,091,299**	**(426,048)**	**665,251**

All amounts in thousands of Euro, unless otherwise stated

18.2.2 Provision for unearned premium

Credit insurance	Gross 2019	Reinsurance asset 2019	Net 2019	Gross 2018	Reinsurance asset 2018	Net 2018
Balance at 1 January	**308,226**	**(96,596)**	**211,630**	**287,072**	**(94,938)**	**192,134**
Movement in the period	21,358	(4,584)	16,775	18,548	(1,118)	17,430
Foreign exchange rate and other movements	3,320	(499)	2,821	2,606	(540)	2,066
Balance at 31 December	**332,904**	**(101,679)**	**231,225**	**308,226**	**(96,596)**	**211,630**
Bonding						
Balance at 1 January	**220,344**	**(75,072)**	**145,272**	**215,108**	**(73,950)**	**141,158**
Movement in the period	17,069	(4,156)	12,913	5,202	(1,395)	3,807
Foreign exchange rate and other movements	1,499	(79)	1,421	34	273	307
Balance at 31 December	**238,912**	**(79,306)**	**159,606**	**220,344**	**(75,072)**	**145,272**
Provision for unearned premium	**571,817**	**(180,985)**	**390,832**	**528,570**	**(171,668)**	**356,902**

19 Other provisions

2019	Restructuring	Litigation	Total
Balance at 1 January	**580**	**2,099**	**2,679**
Additional provisions	1,000	170	1,170
Unused amounts reversed	-	(683)	(683)
Utilised	(95)	(450)	(545)
Effect of movements in foreign exchange rates	-	-	-
Balance at 31 December	**1,485**	**1,135**	**2,620**
Current	1,485	-	1,485
Non-current	-	1,135	1,135

2018	Restructuring	Litigation	Total
Balance at 1 January	**1,131**	**1,903**	**3,034**
Additional provisions	485	784	1,269
Unused amounts reversed	(180)	(249)	(429)
Utilised	(856)	(339)	(1,195)
Balance at 31 December	**580**	**2,099**	**2,679**
Current	580	-	580
Non-current	-	2,099	2,099

Litigation

The litigation provision is related to disputes with third parties that are not related to the insurance business of Atradius. Insurance business related litigation provisions are included in the provisions for outstanding claims. The provision relates to the estimated cost including the costs of legal proceedings of any non-insurance claims against Atradius. These provisions have not been discounted to reflect present value since the effect of discounting is not material.

20 Deferred and current income tax

Current income tax

	2019	2018
Current income tax assets	40,889	48,935
Current income tax liabilities	38,747	47,992
Net	**2,142**	**943**

The current income tax assets consist mainly of advances paid for local income tax. The current income tax liabilities consist mainly of income and other local taxes payable.

Deferred income tax

	2019	2018
Deferred income tax assets before set-off	167,958	136,080
Set-off of deferred tax positions	(132,343)	(98,809)
Net deferred tax assets as presented in the statement of financial position	**35,615**	**37,271**
Deferred income tax liabilities before set-off	235,852	199,964
Set-off of deferred tax positions	(132,343)	(98,809)
Net deferred tax liabilities as presented in the statement of financial position	**103,509**	**101,155**

The gross movement on the deferred income tax is presented in the following table:

	2019	2018
Balance at 1 January	**(63,884)**	**(94,864)**
Credit (charge) to other comprehensive income for the year	(14,276)	14,926
Charge to the income statement for the year	11,188	15,955
Effect of movements in foreign exchange rates	(922)	99
Balance at 31 December	**(67,894)**	**(63,884)**

All amounts in thousands of Euro, unless otherwise stated

The movement in the deferred tax assets and liabilities is presented in the following table:

2019	**Balance at 1 January**	**Recognised in other comprehensive income for the year**	**Recognised in the income statement for the year**	**Effect of movements in foreign exchange**	**Balance at 31 December**
Tax losses carried forward	12,662	-	(3,833)	7	8,836
Technical balances	33,810	-	10,122	114	44,047
Pensions	21,550	4,829	6,417	(301)	32,494
Fiscal goodwill	4,792	-	(1,618)	(7)	3,168
Financial investments	(4,268)	(19,105)	485	(76)	(22,964)
Equalisation provisions	(105,123)	-	(4,540)	(137)	(109,800)
Property, plant and equipment	(13,750)	-	(9,921)	(21)	(23,692)
Other	(13,556)	-	14,076	(502)	18
Total	**(63,884)**	**(14,276)**	**11,188**	**(922)**	**(67,894)**

2018	**Balance at 1 January**	**Recognised in other comprehensive income for the year**	**Recognised in the income statement for the year**	**Effect of movements in foreign exchange**	**Balance at 31 December**
Tax losses carried forward	12,171	-	489	2	12,662
Technical balances	13,120	-	20,667	23	33,810
Pensions	22,420	4,909	(5,852)	73	21,550
Fiscal goodwill	7,285	-	(2,573)	80	4,792
Financial investments	(12,772)	10,017	(1,603)	89	(4,268)
Equalisation provisions	(113,567)	-	8,315	129	(105,123)
Property, plant and equipment	(13,545)	-	(175)	(30)	(13,750)
Other	(9,976)	-	(3,313)	(267)	(13,556)
Total	**(94,864)**	**14,926**	**15,955**	**99**	**(63,884)**

Deferred income tax assets are recognised for tax losses carried forward, unused tax credits, and deductible temporary differences, to the extent that it is probable that taxable profits will be available against which the unused tax losses carried forward, unused tax credits, and deductible temporary differences can be utilised. In 2019, EUR 1.2 million deferred tax assets on the losses carried forward and deductible temporary difference were written down or not recognised (2018: EUR 1.4 million). This is offset by the reversals of the impairments, prior year adjustments and foreign exchange, resulting in a net reversal of these deferred tax assets.

Atradius has unrecognised tax losses carried forward balances amounting to EUR 56.0 million (2018: EUR 54.1 million). The expiration of these unrecognised tax losses carried forward is included in the following table:

Expiration unrecognised tax losses carried forward	**2019**	**2018**
1 - 3 years	4,222	6,199
4 - 9 years	6,219	6,427
Indefinite	45,571	41,452
Total	**56,012**	**54,078**

The increase of unrecognised tax losses is mainly due to the tax loss of this year in loss making countries with a restriction on the carry forward of losses.

The deferred and current income tax charged or credited to other comprehensive income during the year is presented in the following table:

	Deferred tax	Current tax	Deferred tax	Current tax
	2019		2018	
Revaluation reserve in shareholders equity related to:				
Available-for-sale financial investments	(19,105)	-	10,017	-
Pension reserve in shareholders equity related to:				
Recognised actuarial gains/(losses)	4,829	-	4,909	-
Currency translation reserve in shareholders equity related to:				
Currency translation reserve	-	(577)	-	1,231
Total	**(14,276)**	**(577)**	**14,926**	**1,231**

21 Payables

	2019	2018
Accounts payable on insurance and reinsurance business	**122,186**	**152,802**
Payables arising out of reinsurance operations	68,610	98,723
Amounts due to policyholders	35,003	35,877
Amounts due to intermediaries and current account Dutch State	18,574	18,202
Trade and other accounts payable	**56,496**	**74,206**
Accounts payable	22,723	42,850
Other accounts payable	33,773	31,356
Total	**178,682**	**227,008**

The payables are substantially all current.

22 Other liabilities

	2019	2018
Ceded pipeline premium and return premium	205,231	203,621
Deposits received from reinsurers	43,529	42,011
Unearned reinsurance commission	64,165	59,503
Payroll and bonus accruals	51,198	50,056
Reinsurance accruals	28,173	27,571
Other accruals	92,690	84,569
Other taxes	9,971	13,516
Lease liabilities	85,038	-
Total	**579,994**	**480,847**

All amounts in thousands of Euro, unless otherwise stated

Lease liability maturity analysis

Lease liability maturity analysis (undiscounted cash flows)	2019
Less than one year	22,092
Between one and five years	50,943
More than five years	20,079
Total	**93,114**

23 Net premium earned

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		2019			2018	
Written premium	1,604,428	(638,189)	966,239	1,500,202	(620,852)	879,351
Change in provision for unearned premium	(21,358)	4,584	(16,775)	(18,548)	1,118	(17,430)
Other movements	(1,060)	419	(641)	197	(173)	24
Total	**1,582,010**	**(633,186)**	**948,823**	**1,481,853**	**(619,907)**	**861,945**
Bonding						
Written premium	194,766	(56,324)	138,441	171,908	(53,486)	118,422
Change in provision for unearned premium	(17,069)	4,156	(12,913)	(5,201)	1,395	(3,806)
Other movements	(183)	67	(116)	(33)	10	(23)
Total	**177,514**	**(52,102)**	**125,412**	**166,674**	**(52,081)**	**114,593**
Total premium earned	**1,759,523**	**(685,288)**	**1,074,235**	**1,648,527**	**(671,988)**	**976,539**

The written premium and change in provision for unearned premium contain reinsurance business.

24 Service and other income

	2019	2018
Debt collection services	52,550	46,657
Credit information services	136,500	132,511
Business information and other service income	63,447	70,349
Total	**252,497**	**249,517**

Credit information services are part of the insurance segment. All other services are part of the service segment.

Characteristics of service contracts and income:

- The contracts of credit information, collections and business information services mostly have a duration of one year. The contract period of credit information contracts is linked to the insurance policies, which can be up to two years. But the credit limits are renewed on an annual basis, which requires additional credit information that is separately invoiced to the customer. The cooperation agreement of Atradius Dutch State Business with the Dutch state has an undetermined period.
- The agreed performance obligations and transaction prices, included in the contracts, are clear and contain no judgements that significantly affect the determination of the amount and timing of revenue.
- The contracts contain no financing elements, warranties or obligations for returns or refunds.
- Around 16.5% of total service income relates to variable consideration. In all cases, the conditions for variable

consideration are explicitly stated in the contract.

- All costs for obtaining and fulfilling contracts are recognised as expenses. Atradius does not incur costs that meet the criteria to create assets for obtaining or fulfilling specific contracts
- Applying the practical expedient in paragraph 121 of IFRS 15 Atradius does not separately disclose the remaining performance obligations for service contracts at year end, since the contracts either have a duration of one year or Atradius is allowed to recognise revenue in an amount to which it has a right to invoice.

All amounts in thousands of Euro, unless otherwise stated

25 Net income from investments

Net investment income by type of investment	2019	2018
Income		
Debt securities available-for-sale	15,524	12,150
Loans	9	10
Equity securities available-for-sale	9,435	11,772
Other investments	1,640	965
Total income from financial investments	**26,608**	**24,897**
Investment property	813	520
Total investment income	**27,421**	**25,417**
Expenses		
Debt securities available-for-sale	(132)	(524)
Equity securities available-for-sale	(4,114)	(3,230)
Handling expenses	(4,307)	(4,097)
Total expenses from financial investments	**(8,553)**	**(7,851)**
Investment property	(92)	(73)
Total investment expenses	**(8,645)**	**(7,924)**
Net income from investments	**18,776**	**17,493**
Share of income/ (losses) of associated companies	(1,093)	4,652
Net income from investments including associated companies	**17,683**	**22,145**

Net investment income by nature of income/(expense)	2019	2018
Income		
Interest	14,382	11,946
Dividends	9,431	9,383
Realised gains	2,994	3,567
Rental income from investment property	614	521
Total	**27,421**	**25,417**
Expenses		
Handling expenses	(4,307)	(4,097)
Realised losses	(1,434)	(3,410)
Impairment loss	(2,770)	(299)
Depreciation of investment property	(134)	(118)
Total	**(8,645)**	**(7,924)**
Net income from investments	**18,776**	**17,493**
Share of income of associated companies	7,126	4,652
Impairments of associated companies	(8,219)	-
Realised gains	-	-
Other	-	-
Total	**(1,093)**	**4,652**
Net income from investments including associated companies	**17,683**	**22,145**

In interest income and expenses reported above, the component related to financial investments available-for-sale is net EUR 12.7 million (2018: EUR 11 million); this is derived from government and corporate bonds.

Net gains/(losses) by category	Impairments	Realised gains/(losses)	Impairments	Realised gains/(losses)
	2019		2018	
Investment property	42	206	45	-
Financial assets classified as available-for-sale	(2,812)	1,354	(344)	157
Total	**(2,770)**	**1,560**	**(299)**	**157**

All amounts in thousands of Euro, unless otherwise stated

26 Insurance claims

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		2019			2018	
Claims paid in the year	773,560	(357,442)	416,118	639,597	(263,354)	376,243
Change in claims provisions	6,091	5,521	11,612	43,826	(6,084)	37,742
Claims handling expenses	38,836	-	38,836	37,463	-	37,463
Total	**818,487**	**(351,921)**	**466,566**	**720,885**	**(269,438)**	**451,447**
Bonding						
Claims paid in the year	45,270	(10,657)	34,613	30,117	(10,085)	20,032
Change in claims provisions	27,006	(7,517)	19,489	22,612	(3,415)	19,197
Claims handling expenses	1,548	-	1,548	1,630	-	1,630
Total	**73,824**	**(18,174)**	**55,650**	**54,359**	**(13,500)**	**40,859**
Total insurance claims	**892,311**	**(370,095)**	**522,216**	**775,244**	**(282,938)**	**492,306**

For more detail on the change in claims provisions, see Note 18.2.1.

27 Net operating expenses

	2019	2018
Total administrative expenses	565,821	543,083
Acquisition costs	233,480	211,252
Change in deferred acquisition costs	(3,701)	(1,128)
Gross operating expenses	**795,600**	**753,207**
Commissions received for business ceded to reinsurers	(316,497)	(283,418)
Total net operating expenses	**479,103**	**469,789**

Administrative expenses by type of business	2019	2018
Insurance and information expenses	482,218	452,607
Recoveries and collections expenses	52,432	47,585
Other service expenses	63,954	73,861
Group costs	7,601	8,123
Total gross administrative expenses	**606,205**	**582,176**
Claims handling expenses allocated to insurance claims	(40,384)	(39,093)
Total administrative expenses	**565,821**	**543,083**

In the gross administrative expenses are included:
- Depreciation, amortisation and impairment charges for intangible assets and property, plant and equipment amount to EUR 78.5 million (2018: EUR 38.9 million).
- Short term and low value leases amount to EUR 0.1 million

Employee benefit expenses	**2019**	**2018**
Salaries and wages (including social security costs)	333,288	321,422
Restructuring costs and termination benefits	1,176	305
Pension costs - defined contribution plans	11,607	11,382
Pension costs - defined benefit plans	13,918	14,268
Total employee benefit expenses	**359,989**	**347,377**

For an explanation of the employee benefit details see Note 17.

28 Finance expenses

	2019	**2018**
Impairment of goodwill	10,000	-
Interest and fees on the subordinated debt	17,077	17,074
Net interest on the net defined benefit liability	134	323
Other interest expense	1,833	1,961
Foreign exchange (income)/expense	1,292	(4,759)
Interest expense on Right of use	2,552	-
Total	**32,888**	**14,599**

The subordinated debt costs include the periodic interest expenses of EUR 16.9 million (2018: EUR 16.9 million) and the accretion of interest on the debt in the amount of EUR 0.2 million (2018: EUR 0.2 million).

29 Income tax

	2019	**2018**
Current tax	96,318	90,665
Deferred tax	(11,188)	(15,955)
Income tax expense/(income) for the year	**85,130**	**74,710**

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

	2019	**2018**
Result before tax	**312,838**	**277,365**
Tax calculated at domestic tax rates applicable to results in the respective countries	76,541	69,767
Tax exempt (income)/loss	1,561	(2,012)
Write down/(reversal) of deferred tax assets	168	(506)
Reassessment of prior year local tax positions	3,363	80
Impact of change in tax rate	(1,650)	(1,975)
Other	5,148	9,356
Income tax expense/(income) for the year	**85,130**	**74,710**

The weighted average applicable tax rate was 24.5% (2018: 25.2%).

Deferred tax assets relating to losses carried forward in certain entities have been impaired. This is included in ‘write down (reversal) of deferred tax assets’.

All amounts in thousands of Euro, unless otherwise stated

The impact of the change in tax rate in 2019 mainly reflects the effect of changes in income tax rate in the Netherlands, Switzerland, France, Belgium and the UK.

The category "Other" includes non-deductible expenses, regional taxes such as IRAP in Italy and withholding taxes.

30 Dividends per share

The dividends paid in 2019 and 2018 were EUR 91.8 million (EUR 1.16 per share) and EUR 83.9 million (EUR 1.06 per share) respectively.

31 Assets not freely disposable

The financial assets not freely disposable in 2019 are EUR 290,8 million (2018: EUR 226.4 million). Assets that are not freely disposable consist of financial investments, properties and cash that have been held mainly for local regulatory purposes and can be used to cover technical provisions. The amount of pledged assets not covering technical provisions is EUR 84.4 million (2018: EUR 79.3 million).

32 Capital commitments and contingencies

Capital commitments of EUR 21.1 million (2018: EUR 15.8 million) are related to contracted obligations for future payments for outsourcing, networking, imaging and licences.

The Group has contingent liabilities in respect of matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group has given guarantees to third parties amounting to EUR 1.2 million (2018: EUR 1.2 million).

33 Personnel

The number of employees working for Atradius is included in the following table:

	2019	2018
Total average number of employees (full-time equivalent)	3,538	3,571
Total year end number of employees (full-time equivalent)	3,530	3,545
Total year end number of employees (headcount)	3,692	3,707

34 Related party transactions

The following table provides the total value of transactions which have been entered into with related parties in the financial year:

	Associated companies	Parent (1)	Associated companies	Parent (1)
	2019		2018	
Sales to related parties	15,539	775	17,668	755
Purchases from related parties	2,423	2,808	3,526	1403 (2)
Amounts owed by related parties	983	12,502	60	13,116
Amounts owed to related parties	67	334	1	383

(1) *Subsidiaries of Grupo Catalana Occidente, S.A.*

(2) *For comparative purposes 2018 figure has been amended.*

Sales to related parties consist of the net effect of Reinsurance business (premiums, claims, recoveries and commission) and for information services provided to Atradius. Purchases from related parties consist of the net effect of (retro-) ceded insurance (premiums, claims, recoveries and commission). The amounts owed by related Atradius companies consist of the fair value of insurance policies as calculated under the requirements of IAS 19.

Terms and conditions of transactions with related parties

No guarantees have been provided or received for any related party receivables for 2019 or 2018. For the years ending 31 December 2019 and 2018, Atradius has not raised any provision or expenses for doubtful debtors relating to amounts owed by related parties.

Subordinated debt

Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros, Seguros Catalana Occidente S.A. de Seguros y Reaseguros and Bilbao Compañía Anónima de Seguros y Reaseguros; subsidiaries of the ultimate parent of the Group purchased EUR 56.3 million (22.5%) of the guaranteed subordinated notes issued by Atradius Finance B.V. In 2019 the interest expense relating to this portion was EUR 3.0 million (2018: EUR 2.9 million).

In 2016 the shareholders of Atradius N.V. provided a subordinated loan to Atradius Reinsurance DAC with a principle amount of EUR 75 million. In 2019 the interest expense relating to this subordinate loan was EUR 3.4 million.

The related party share for the subordinated debt is as follows:

Lenders	Nominal value	Interest expense	Nominal value	Interest expense
	2019		2018	
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	40,000	2,110	40,000	2,098
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	36,291	1,871	36,291	1,872
Bilbao Compañía Anónima de Seguros y Reaseguros	43,000	2,158	43,000	2,162
Nortehispana, de Seguros y Reaseguros S.A.	6,000	299	6,000	300
Total	**125,291**	**6,438**	**125,291**	**6,432**

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

Compensation of key current and former management personnel of Atradius

The following table provides details on the remuneration for members of the Management Board and Supervisory Board.

All amounts in thousands of Euro, unless otherwise stated

Remuneration	2019	2018
Management Board		
Short-term employee benefits (1)	2,640	2,158
Long-term employee benefits	1,259	773
Post-employment benefits	344	354
Total compensation paid to Management Board members	**4,243**	**3,285**
Number of members	**5**	**5**
Supervisory Board		
Short-term employee benefits (1)	566	595
Total compensation paid to Supervisory Board members	**566**	**595**
Number of members	**9**	**10**

(1) Short-term employee benefits include salaries, housing, social security, medical expenses, lease cars and other.

From the total compensation for Management Board members, EUR 2.9 million (2018: EUR 2.5 million) has been paid at the end of the reporting period. The remaining balance payable is subject to meeting the variable pay conditions. The Management Board and Supervisory Board members also participate in the Boards of some of the Company´s subsidiaries. Apart from this they do not have other relationships with the Company or its subsidiaries.

If a member of the Management Board could have a conflict of interest with the Company, he/she must immediately report this to the Chairman of the Board, who will determine whether the reported case qualifies as a conflict of interest. A member of the Board will not participate in any deliberations or decision-making of the Board if that member has a direct or indirect personal interest that conflicts with the interest of the Company or its business. In such a case, the other non-conflicted members of the Board will pass the resolution. In 2019 there has not been any conflict of interest.

35 Events after the reporting period

There are no events to report.

Company financial statements 2019

Contents

All amounts in thousands of Euro, unless otherwise stated

Company financial statements

Company balance sheet
(before profit appropriation)

Assets	Note	31.12.2019	31.12.2018
Fixed assets		**1,994,631**	**1,817,083**
Property, plant and equipment		5	10
Investments in group companies	3	1,994,626	1,817,073
Current assets		**39,595**	**39,046**
Receivables from group companies		25,572	9,265
Current income tax assets		1,836	7,304
Cash and cash equivalents		12,187	22,477
Total		**2,034,226**	**1,856,129**
Equity			
Capital and reserves attributable to the owners of the Company	4		
Share capital		79,122	79,122
Share premium reserve		862,883	862,883
Legal reserve		(37,256)	(100,056)
- Reserve intangibles assets		73,648	62,210
- Revaluation reserve		81,919	25,508
- Pension reserve		(160,595)	(144,400)
- Currency translation reserve		(32,228)	(43,374)
Retained earnings		876,269	776,818
Result for the year (unappropriated)		227,708	202,638
Total		**2,008,726**	**1,821,405**
Liabilities			
Current liabilities		**25,500**	**34,724**
Payables to group companies		21,006	29,837
Other liabilities	5	4,494	4,887
Total		**25,500**	**34,724**
Total equity and liabilities		**2,034,226**	**1,856,129**

Company income statement

	2019	2018
Income after tax from group companies	229,939	207,068
Other results after tax	(2,231)	(4,430)
Result for the year	**227,708**	**202,638**

Company statement of changes in equity

	Share capital	Share premium reserve	Legal reserves				Retained earnings	Result for the year	Total
			Reserve intangibles assets	Revaluation reserve	Pension reserve	Currency translation reserve			
Balance at 1 January 2018	**79,122**	**862,883**	**45,262**	**63,060**	**(137,326)**	**(37,404)**	**691,360**	**186,275**	**1,753,232**
Change in revaluation reserve, pension reserve and currency translation reserve	-	-	-	(37,552)	(7,074)	(5,970)	-	-	**(50,596)**
Net income recognised directly in equity	**-**	**-**	**-**	**(37,552)**	**(7,074)**	**(5,970)**	**-**	**-**	**(50,596)**
Appropriation of prior year result	-	-	-	-	-	-	186,275	(186,275)	**-**
Result for the year	-	-	-	-	-	-		202,638	**202,638**
Change in reserve intangible assets	-	-	16,948	-	-	-	(16,948)	-	**-**
Dividends	-	-	-	-	-	-	(83,869)	-	**(83,869)**
Balance at 31 December 2018	**79,122**	**862,883**	**62,210**	**25,508**	**(144,400)**	**(43,374)**	**776,818**	**202,638**	**1,821,405**
Balance at 1 January 2019	**79,122**	**862,883**	**62,210**	**25,508**	**(144,400)**	**(43,374)**	**776,818**	**202,638**	**1,821,405**
Change in revaluation reserve, pension reserve and currency translation reserve	-	-	-	56,411	(16,195)	11,146	-	-	**51,362**
Net income recognised directly in equity	**-**	**-**	**-**	**56,411**	**(16,195)**	**11,146**	**-**	**-**	**51,362**
Acquisitions	-	-	-	-	-	-	33	-	**33**
Appropriation of prior year result	-	-	-	-	-	-	202,638	(202,638)	**-**
Result for the year	-	-	-	-	-	-		227,708	**227,708**
Change in reserve intangible assets	-	-	11,438	-	-	-	(11,438)	-	**-**
Dividends	-	-	-	-	-	-	(91,782)	-	**(91,782)**
Balance at 31 December 2019	**79,122**	**862,883**	**73,648**	**81,919**	**(160,595)**	**(32,228)**	**876,268**	**227,708**	**2,008,726**

Notes to the Company financial statements

1 General information

Atradius N.V. (referred to as the “Company’) is based in Amsterdam (The Netherlands) and registered at the Dutch Chamber of Commerce under number 34196963,

The Company financial statements are part of the 2019 consolidated financial statements, which are also included in the annual report. The Company income statement is presented in abbreviated form in accordance with Article 402 of Book 2 of the Dutch Civil Code.

The Company has applied the provisions of Article 379, Subsection 5 of Book 2 of the Dutch Civil Code. The list referred to in this article has been included in the appendix and is filed at the offices of the Commercial Register in Amsterdam.

The Company has issued a statement of liability in accordance with Article 403, Book 2 of the Dutch Civil Code for the following Atradius companies: Atradius Collections B.V., Atradius Collections Holding B.V., Atradius Credit Management Services B.V. and Atradius Information Services B.V.

The Company financial statements have been authorised for issue by the Management Board on 4 March 2020.

2 Summary of significant accounting policies

2.1 Basis of presentation

The Company annual financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In the preparation of the Company annual financial statements, the provisions of Article 362, Subsection 8 of Book 2 of the Dutch Civil Code have been applied. The valuation principles for assets and liabilities and the method of determining the result are identical to those applied in the consolidated financial statements. Reference is made to the notes thereto.

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

2.2 Investments in group companies

Atradius companies are valued using the equity method in accordance with the accounting principles applied in the consolidated financial statements.

2.3 Legal reserve

The legal reserve has to be created under Dutch legislation for the reserves established by subsidiaries that cannot be distributed and relates to:

- Reserve intangible assets;
- Revaluation reserve;
- Pension reserve;
- Currency translation reserve.

3 Investments in group companies

The following table shows the changes in investments in group companies valued using the equity method:

	2019	2018
Balance at 1 January	**1,817,073**	**1,751,470**
Investments in group companies	33	-
Share of profit/(loss)	229,939	207,068
Dividends received	(103,782)	(90,869)
Change in revaluation reserve and pension reserve	40,217	(44,626)
Foreign exchange reserve movements	11,146	(5,970)
Balance at 31 December	**1,994,626**	**1,817,073**

4 Capital and reserves

4.1 Share capital

The authorised share capital of Atradius N.V. amounts to EUR 250,000,000 and is divided into 250,000,000 ordinary shares with a nominal value of EUR 1 each (equal to 2018) of which 79,122,142 ordinary shares were issued and fully paid (equal to 2018). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

4.2 Share premium reserve

	2019	2018
Balance at 1 January	**862,883**	**862,883**
Balance at 31 December	**862,883**	**862,883**

4.3 Legal reserve

The total amount of equity in the Company financial statements equals shareholders' equity in the consolidated financial statements. Certain components within equity are different in the Company financial statements due to legal reserves, established by subsidiaries of Atradius N.V., which in accordance with Book 2, Part 9 of the Dutch Civil Code, Article 389, Subsection 6, cannot be distributed. In particular:

- costs for research and development to the extent they are capitalised
- changes in revaluation of group companies, which consists of unrealised revaluations within consolidated group companies presented in the revaluation reserve in the consolidated financial statements, and actuarial gains and losses
- effect of asset ceilings within consolidated group companies presented in the pension reserve in the consolidated financial statements and
- foreign currency translations on consolidated group companies, presented in the currency translation reserve in the consolidated financial statements

In addition to the legal and regulatory restrictions on distributing dividends from subsidiaries to Atradius N.V., there are various other considerations and limitations that are taken into account in determining the appropriate levels of equity in the Group's subsidiaries. These considerations and limitations include, but are not restricted to, local regulatory regulations and rating agency requirements, that can change over time. It is not possible to disclose a reliable quantification of these limitations. Reference is made to paragraph 4.5 Capital Management in the consolidated annual report.

All amounts in thousands of Euro, unless otherwise stated

4.4 Retained earnings

	2019	2018
Balance at 1 January	**776,818**	**691,360**
Appropriation of prior year result	202,638	186,275
Transfer between legal reserve and retained earnings	(11,438)	(16,948)
Dividends	(91,782)	(83,869)
Acquisition minorities	33	-
Balance at 31 December	**876,269**	**776,818**

5 Other liabilities

	2019	2018
Long-term employee benefits	1,890	1,460
Other liabilities	2,604	3,427
Total	**4,494**	**4,887**

6 Contingencies

The Company has contingent liabilities in respect of guarantees arising in the ordinary course of business. It was not anticipated that any material liabilities will arise from the contingent liabilities. The Company gave guarantees to third parties in the ordinary course of business amounting to EUR 0.6 million (2018: EUR 0.6 million).

Atradius N.V. is head of the Dutch fiscal unity for corporate income tax, consisting of Atradius N.V., Atradius Insurance Holding N.V., Atradius Finance B.V., Atradius Crédito y Caución S.A. de Seguros y Reaseguros, Dutch branch, Atradius Information Services B.V., Atradius Collections Holding B.V., Atradius Credit Management Services B.V., Atradius Dutch State Business N.V., and Graydon Holding N.V. (including its Dutch subsidiaries). All companies included in the fiscal unity are jointly and severally liable for the corporate income tax payable in the Netherlands by the fiscal unity.

As per 21 October 2019 the conversion of Atradius Participations Holding B.V. to Spain was completed, after which the name of the company was changed into Atradius Participations Holding S.L. With retroactive effect to 1 January 2019 this company is taxable in Spain and is no longer included in the Dutch fiscal unity headed by Atradius N.V.

The Company is subject to litigation in the normal course of business. The Company believes that such litigation will not have a material effect on its profit or loss and financial condition.

The Company acts as the guarantor for the guaranteed subordinated loan, EUR 250 million, (2018: EUR 250 million) issued by Atradius Finance B.V. (see Note 16 of the consolidated financial statements).

7 Personnel

The number of employees working for the Company:

	2019	2018
Total average number of employees (headcount)	6	6
Total year end number of employees (headcount)	6	6

8 Auditor fees

The following expenses were made for audit and non-audit services rendered by Atradius' external auditor:

2019 Including VAT	**PwC Accountants N.V.**	**Other PwC Network organisations**	**Total PwC Network**
Audit financial statements	570	2,015	2,585
Other audit services	-	477	477
Fiscal advisory services	-	-	-
Non-audit services	-	13	13
Total	**570**	**2,504**	**3,075**

2018 Including VAT	**PwC Accountants N.V.**	**Other PwC Network organisations**	**Total PwC Network**
Audit financial statements	576	1,694	2,271
Other audit services	-	493	493
Fiscal advisory services	34	18	52
Non-audit services	69	545	614
Total	**679**	**2,751**	**3,430**

These amounts relate to the actual expenses incurred for the audit of the related financial year, and other services, on an accrual basis (expenses and non-recoverable VAT costs are included). The amounts reported on non-audit services and fiscal advisory service lines are related services performed in previous years but paid in 2019.

9 Remuneration of Management Board and Supervisory Board

For information on remuneration of the members of the Management Board and the Supervisory Board: see Note 34 of the consolidated financial statements.

10 Proposed profit appropriation

Proposed appropriation of result
The Management Board proposes to the General Meeting to allocate the result for the year to the retained earnings and to make, in 2020, a distribution of EUR 102.9 million out of the retained earnings.

11 Events after the reporting period

There are no events to report

Other information

Statutory appropriation of result

In accordance with article 24 of the Articles of Association the result for the year is at the disposal of the General Meeting

Annual Report Atradius N.V.

Amsterdam, 4 March 2020

The Supervisory Board

Ignacio Álvarez, Chairman
Francisco Arregui, Vice-Chairman
Bernd H. Meyer
Xavier Freixes
Hugo Serra
Désirée van Gorp
John Hourican
Carlos Halpern
José Maria Sunyer

The Management Board

David Capdevila, Chairman
Andreas Tesch
Christian van Lint
Claus Gramlich-Eicher
Marc Henstridge

Independent auditor's report

To: the general meeting and the supervisory board of Atradius N.V.

Report on the financial statements 2019

Our opinion

In our opinion:

- the consolidated financial statements of Atradius N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2019 and of its result and 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;
- the company financial statements of Atradius N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2019 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2019 of Atradius N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2019;
- the following statements for 2019: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:
- the company balance sheet as at 31 December 2019;
- the company income statement for the year then ended;
- the notes, comprising the accounting policies applied 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 for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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 N.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, Dutch Code of Ethics).

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

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board 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; and for
- such internal control as the management board 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 management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management board 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.

The supervisory board is responsible for overseeing the Company's financial reporting process.

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 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 and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material 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.

Rotterdam, 4 March 2020

PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.D. Jansen RA

Appendix to our auditor's report on the financial statements 2019 of Atradius N.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 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 management board.
- Concluding on the appropriateness of the management board'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.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board 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.

Glossary

Atradius Atrium
online credit management portal giving customers and brokers access to all the information they need to manage their policies and apply for credit limits in one place, in real time.

Bonding (product)
The activity of providing guarantees that protect the beneficiary if the supplier fails to meet the agreed performance level. Bonding is also known as surety.

Buyer
A customer of our insured customer (i.e. the holder of the credit insurance policy). Buyers carry a credit risk such as protracted default, insolvency and bankruptcy. This could lead to a financial loss for our customer and/or policyholder. Buyer underwriting is related to the assessment of this credit risk.

Buyer underwriting
The activity related to the risk acceptance of credit risk of buyers. Buyer underwriting determines the credit limits that are attached to the credit insurance policy and determines the amount for which shipments are insured. Buyers are assessed on financial and non-financial criteria, including financial status, profitability, liquidity, size, region, trade sector and payment experience.

Claim
An application by an insured customer for indemnification of a loss under the policy.

Claims ratio
A performance indicator that is defined as total claims including claims handling expenses divided by total insurance revenue.

Combined ratio
The combined ratio is calculated using the general insurance standard; the sum of the claims and the expenses divided by total insurance revenue.

Credit Insurance (product)
Commercial and/or political risk insurance whereby the customer is protected against non-payment of trade receivables due to insolvency or default.

Credit limit
The maximum exposure specifically approved or otherwise authorised by the insurer in respect of a buyer.

Debt collection
Activity to collect monies owed by a company. Atradius offers this service to both insured customers and third parties.

Economic capital
The amount of risk capital, assessed on a realistic basis, required by a company to cover its risks assumed under insurance contracts.

Eurozone
Refers to the European Union member states that have adopted the Euro as their currency.

Expense ratio
A performance indicator that is defined as total insurance expenses divided by total insurance revenue.

Exposure
Total amount underwritten by the insurer as cover on a buyer, a country, under a policy or under all policies.

Financial year
A period used for calculating annual financial statements but which does not require that the period reported on constitutes a calendar year.

Global
Atradius' product and service offering to multinational customers, which provides tailored credit management solutions for customers worldwide in several languages and currencies.

Atradius Insights
An advanced online business intelligence tool to support our customers with a detailed analysis of their debtor portfolio and help them in managing their buyer portfolios and credit risks.

Insolvency
Legally recognised inability of a debtor to meet its commitments and pay its debts.

Instalment credit protection
Atradius' offering to financial and corporate policyholders in Belgium and Luxembourg, that protects against short and medium-term risks involved in multiple instalment agreements with private individuals and businesses (business-to-consumer).

Insurance revenue
The total of gross earned premium and information income (i.e. credit checking fees).

Medium-term business
Business (capital goods and major projects) transacted on credit terms of between two and five years.

Policyholder
Our insured customer; the party that purchases an insurance policy for protection against the risk of non-payment by (foreign or domestic) buyers and assumes responsibilities and obligations under that policy.

Policy underwriting
The activity related to establishing the terms and conditions of the insurance policy designed to mitigate unacceptable risks. These terms and conditions include premium rate, maximum credit periods, the insurer's maximum liability, the customer's own retention and other risk sharing and mitigation aspects.

Political risk
The risk that a government buyer or a country prevents the fulfilment of a transaction, or fails to meet its payment obligations, or the risk that is beyond the scope of an individual buyer or falls outside the individual buyer's responsibility.

Premium
Amount paid by an insured customer to the insurer in return for risk coverage.

Reinsurance
A risk-sharing operation, whereby the insurer obtains cover from a third party (the reinsurer) for part of the credit risks that it has guaranteed, in exchange for the payment of a premium.

Reinsurance business
The activity whereby Atradius acts as a reinsurance company for credit insurance and bonding business of primary insurers. This activity is performed by a dedicated team of underwriters at Atradius Reinsurance DAC.

SME
Small and medium-sized enterprises.

Solvency II
An EU Directive that codifies the EU insurance regulation. It introduces a new regulatory framework and has come into effect on January 2016. The Solvency II Directive aims to create a harmonised, risk-orientated solvency regime resulting in capital requirements for (re) insurance companies that are more reflective of the risks they run. Its objectives are to deepen the integration of the EU insurance market, to improve the protection of policyholders and beneficiaries, to improve the international competitiveness of EU insurers and to instil better regulation of the EU insurance markets.

Underwriter
Person charged with risk acceptance, control of that risk and the setting of cover conditions on buyer/credit limits, including any country-specific terms of cover.

Underwriting year
The year in which a risk is accepted for a shipment from a customer/policyholder to its buyer. The underwriting year performance provides management with important insight into the buyer (risk) underwriting performance. In addition, it gives information about the most recent underwriting year performance without any impact from previous underwriting years.

UN Global Compact
A United Nations strategic policy initiative for Businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Overview of subsidiaries, associated companies and minority shareholdings

The following table sets forth, as at 31 December 2019, the name and jurisdiction of establishment of the subsidiaries, branches, associated companies and minority shareholdings of Atradius N.V. All companies are, directly or indirectly, wholly owned unless otherwise indicated. The companies are listed in alphabetical order.

Name	Country	Ownership
Accento Services S.A.	Belgium	
African Trade Insurance Agency	Kenya	1 share
Atradius Collections B.V.	Netherlands	
Belgium branch	Belgium	
Czech Republic branch	Czech Republic	
Denmark branch	Denmark	
France branch	France	
Germany branch	Germany	
Hungary branch	Hungary	
Ireland branch	Ireland	
Italy branch	Italy	
Poland branch	Poland	
Turkey branch	Turkey	
Atradius Collections DMCC	UAE	
Atradius Collections Holding B.V.	Netherlands	
Atradius Collections Limited	Canada	
Atradius Collections Limited	Hong Kong	
Atradius Collections Limited	United Kingdom	
Atradius Collections Pte. Limited	Singapore	
Atradius Collections Pty. Limited	Australia	
Atradius Collections Serviços de Cobranças de Dívidas Ltda	Brazil	
Atradius Collections, S.A. de C.V.	Mexico	
Atradius Collections S.L.	Spain	
Atradius Collections, Inc.	USA	
Atradius Corporate Management Consulting (Shanghai) Co., Ltd.	China	
Atradius Credit Insurance Agency, Inc.	USA	
Atradius Credit Management Services B.V.	Netherlands	
Atradius Credit Management Services (RUS) LLC	Russia	
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	Spain	
Australia branch	Australia	
Austria branch	Austria	
Belgium branch	Belgium	
Bulgaria branch	Bulgaria	
Canada branch	Canada	
Czech Republic branch	Czech Republic	
Denmark branch	Denmark	
Finland branch	Finland	
France branch	France	
Germany branch	Germany	
Greece branch	Greece	
Hong Kong branch	Hong Kong	
Hungary branch	Hungary	
Ireland branch	Ireland	
Italy branch	Italy	
Japan branch	Japan	
Luxembourg branch	Luxembourg	
Netherlands branch	Netherlands	
New Zealand branch	New Zealand	
Norway branch	Norway	
Poland branch	Poland	
Portugal branch	Portugal	
Romania branch	Romania	
Singapore branch	Singapore	
Slovakia branch	Slovakia	
Sweden branch	Sweden	
Switzerland branch	Switzerland	
Turkey branch	Turkey	
United Kingdom branch	United Kingdom	

Name	Country	Ownership
Atradius Crédito y Caución Seguradora S.A.	Brazil	
Atradius Dutch State Business N.V.	Netherlands	
Atradius Enterprise Management Consulting (Shanghai) Co., Ltd.	China	
Atradius Finance B.V.	Netherlands	
Atradius Information Services B.V.	Netherlands	
Belgium branch	Belgium	
Denmark branch	Denmark	
France branch	France	
Germany branch	Germany	
Ireland branch	Ireland	
Italy branch	Italy	
Japan branch	Japan	
Norway branch	Norway	
Spain branch	Spain	
Sweden branch	Sweden	
Switzerland branch	Switzerland	
Taiwan branch	Taiwan	
Thailand branch	Thailand	
United Kingdom branch	United Kingdom	
Atradius Information Services Vietnam Company Limited	Vietnam	
Atradius India Credit Management Services Private Ltd.	India	
Atradius Insurance Holding N.V.	Netherlands	
Atradius Investments Limited	Ireland	
Atradius Italia Intermediazioni S.R.L.	Italy	
Atradius Participations Holding S.L.U.	Spain	
Atradius Pension Trustees Ltd.	United Kingdom	
Atradius Reinsurance DAC	Ireland	
Atradius Reinsurance DAC Escritório de Representação no Brasil Ltda.	Brazil	
Atradius Rus Credit Insurance LLC	Russia	
Atradius Seguros de Crédito, S.A.	Mexico	
Atradius Trade Credit Insurance, Inc.	USA	
Atradius Trade Insurance Brokerage Yuhan Hoesa	South Korea	
CLAL Credit Insurance Ltd.	Israel	20%
Compagnie Tunisienne pour l'Assurance du Commerce Exterieur S.A.	Tunisia	3.92%
Compania de Seguros de Crédito Continental S.A.	Chile	50%*
Credit Guarantee Insurance Corporation of Africa Ltd	South Africa	25%
Crédito y Caución do Brasil Gestao de Riscos de Crédito e Serviços LTDA	Brazil	
DAP Holding N.V.	Netherlands	2.37%
Gestifatura S.A.	Portugal	
Giant-net B.V.	Netherlands	
Graydon Holding N.V.	Netherlands	
Graydon Nederland B.V	Netherlands	
Graydon Belgium N.V.	Belgium	
Graydon UK Ltd.	United Kingdom	
Hotel Maatschappij de Wittenburg B.V.	Netherlands	2.7%
Iberinform Internacional S.A.U.	Spain	
Iberinmobiliaria, S.A.U.	Spain	
Iberinform Portugal S.A.	Portugal	
Informes Mexico, S.A. de C.V.	Mexico	
Invercyca, S.A.U.	Spain	
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V.	Netherlands	0.5%
OpenCompanies B.V.	Netherlands	
PT Atradius Information Services Indonesia	Indonesia	
Starzyński i Wspólnicy Kancelaria Prawna spółka komandytowa	Poland	99.99%
The Lebanese Credit Insurer s.a.l.	Lebanon	48.9%
Verenigde Assurantiebedrijven Nederland N.V.	Netherlands	0.65%

** Minus one share*

Disclaimer

The information in the chapter 'The global economic environment in 2018' is for general guidance on matters of interest only. While we have made every attempt to ensure that the information contained in this report reflects careful analysis and investigations on our side before publication of this Annual Report, we are neither responsible for any errors or omissions nor for the results obtained from the use of this information.

The information in this Annual Report does not contain nor imply a warranty as to the completeness, accuracy, timeliness or otherwise. Atradius, its related partnerships or corporations, or the directors, partners, agents or employees thereof will in no event be liable to you or anyone regarding any decision made or action taken in reliance on the information in this Annual Report or for any consequential, special or similar damages.

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