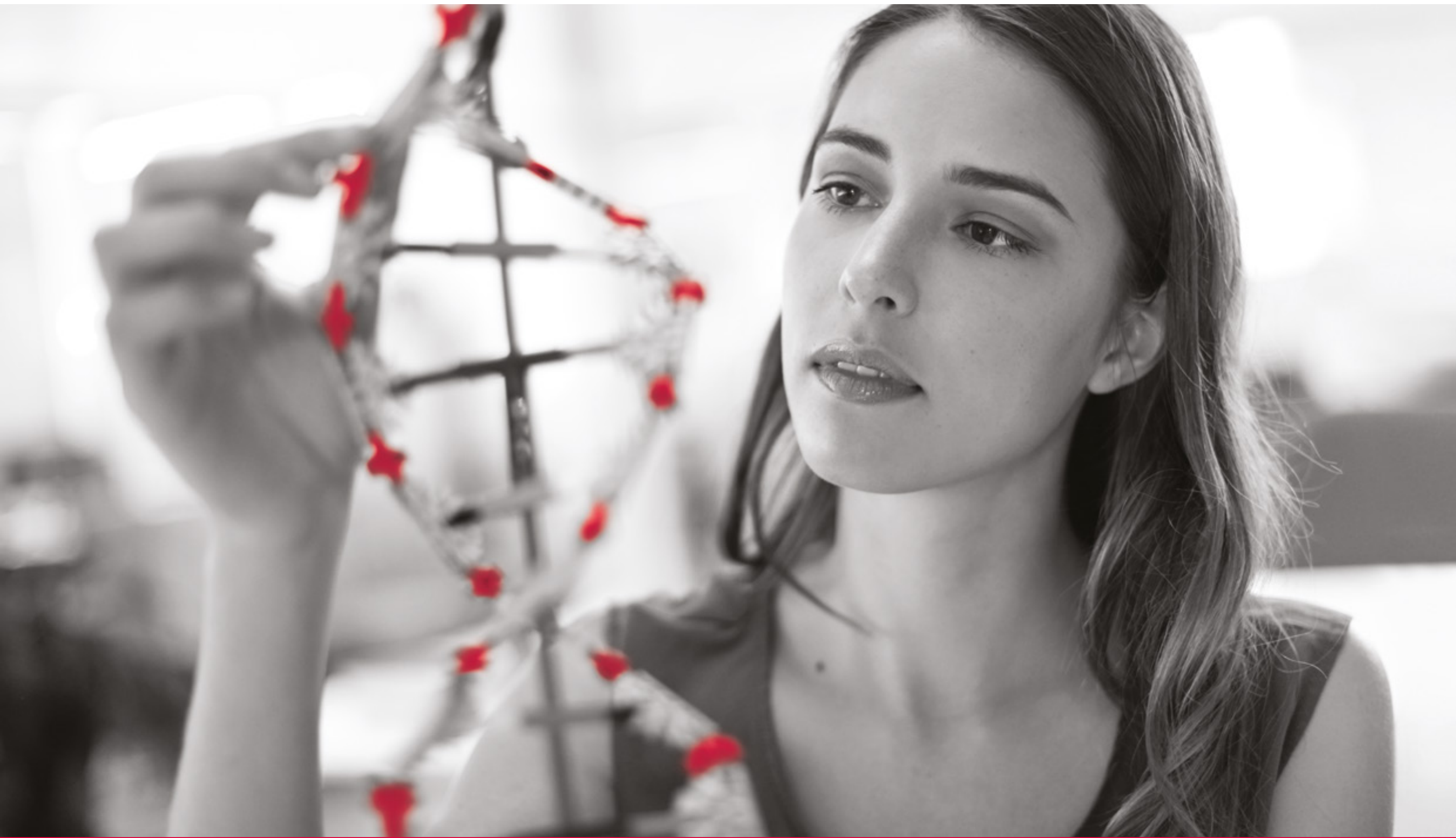
Atradius
Managing risk, enabling trade



The DNA of Atradius

Annual Report 2018 Atradius N.V.

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This is Atradius

At Atradius, we strengthen our customers' credit management, allowing businesses around the world to trade confidently and competitively. No matter how complex a transaction is, where in the world it is, or with whom, we want to help make it a success.

We do this by understanding each customer's business, and by getting to know the people behind it and their goals. With this knowledge we are able to deliver first-class insurance cover, trusted intelligence and business insight, and services that are tailored to suit each customer's needs.

Our ability to build strong customer relationships is in our nature. It even helps shape the services we provide. This is why we invest heavily in forging mutually beneficial partnerships - not only with customers, but also with agents, brokers, information providers, insurance partners, reinsurers and collections networks.

As our customers' businesses grow and the world they're trading in evolves, the demands on our business increase too. That's why we continue to find new and better ways to help customers manage the trade credit risks inherent in business. At the same time, we are keeping up with the challenges of digital transformation in what is an increasingly fast-paced and interconnected world.

We are continually evolving to provide customers and partners with the vital tools, technology, information and services they need to manage risk. For example, simplifying and streamlining every-day tasks like credit limit applications and claims submissions. This allows our customers to focus on activities that add value to their business.

Of course, developing deeper relationships, means being 'present'. We are in over 50 countries across six continents. Wherever we do business, we are attuned to the local cultural, political, regulatory and economic nuances of the markets our customers trade in.

Bring all this together and you can see how, by increasing the value of the services we provide, we help our customers expand, innovate and grow their businesses. Their success stories are what Atradius is built upon. It's in our DNA.

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 – NCM and Gerling Credit combine to form Gerling NCM.

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 help its regional teams across the globe be even more responsive to their customers' needs.

2013 – Atradius redefines its corporate guiding principles with a clear focus on providing 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 merges its two European insurance carriers, consolidating its leadership in the market and strengthening information services by acquiring 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 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.

Our performance at a glance

Continuous group-wide growth and profitability

- Insurance premium revenue increased by 3.8% (5.3% at constant foreign exchange rates) as Atradius continues to grow its portfolio and expand its global footprint.
- The result for the year grew to EUR 202.7 million, an 8.8% increase from 2017.
- Our prudent investment portfolio contributed EUR 22.1 million, in a difficult environment with low or negative interest rates and volatile equity markets.
- Atradius achieved a solid 43.7% claims ratio, paying out over 834m in claims to customers while consistently supporting them in a challenging risk environment.
- The expense ratio for the year decreased to 35.5% reflecting Atradius' commitment to efficiency.
- The combined ratio ended at 79.2%.[1]
- Our shareholders equity was further strengthened by 3.9%.

Management Board

Isidoro Unda, Chairman
Andreas Tesch
Christian van Lint
Claus Gramlich-Eicher
Marc Henstridge

Supervisory Board

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

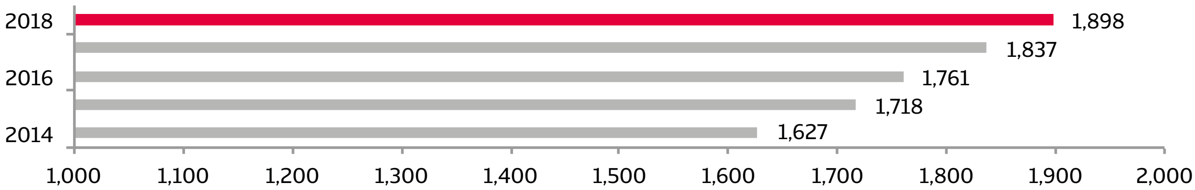
Supervisory Board Committees

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*

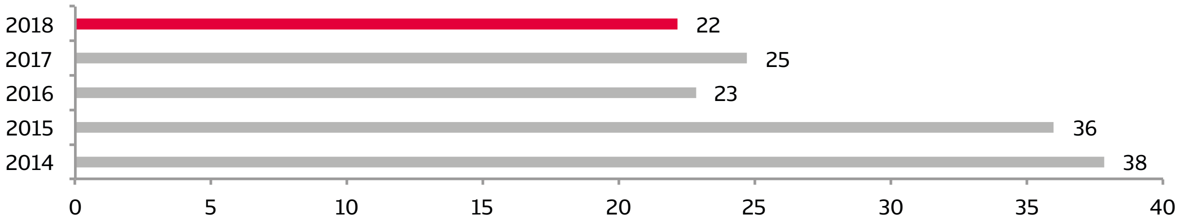
Total Revenue

In EUR million

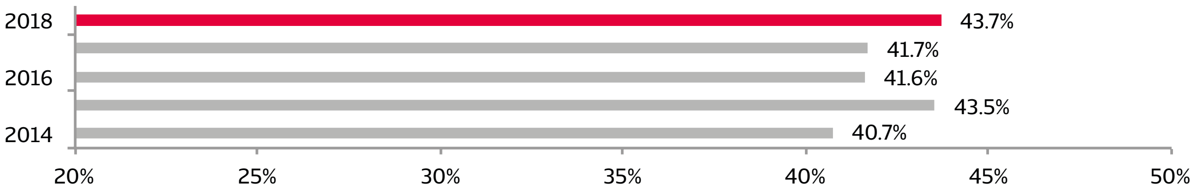


Net Investment Result [1]

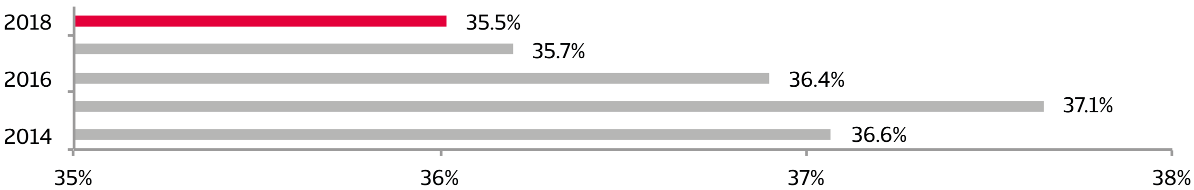
In EUR million



Claims Ratio

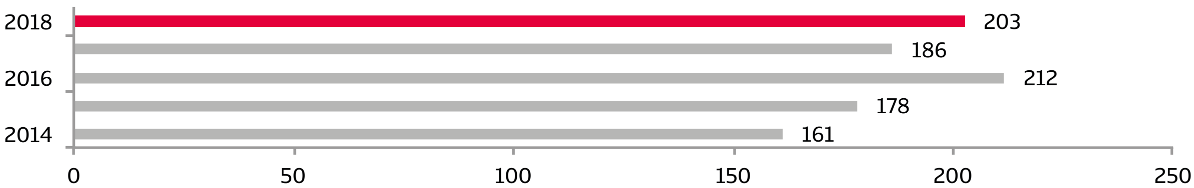


Expense Ratio



Result For The Year [2]

In EUR million



[1] *Net Investment Result consists of net income from investments and share of associated companies (excluding realised gains & losses, and impact of valuation of associated companies in 2016 and 2017).*

[2] *Result for the year includes impact of associated companies (minus EUR 11.7 million 2017 impairment and EUR 22.2 million 2016 realised gains).*

Ten years in figures

Financial information (in EUR million)	2018	2017	2016 (1)	2015	2014	2013	2012	2011	2010	2009
Insurance premium revenue	1,648.5	1,588.1	1,557.6	1,458.2	1,458.2	1,412.1	1,439.8	1,403.4	1,345.6	1,468.6
Service and other income	249.5	249.1	203.1	169.0	169.0	166.4	161.8	150.5	155.1	197.8
Total revenue	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	1,666.4
Net investment result (2)	22.1	24.7	22.8	36.0	37.8	35.1	30.3	31.1	22.7	68.3
Total income	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	1,734.7
Result for the year	202.7	186.2	211.8	178.2	161.2	134.5	113.6	129.8	124.9	(113.3)
Balance sheet information										
(in EUR million)										
Equity	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	905.0
Total assets	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	3,389.7
Insurance contracts	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	1,508.1
Shareholders information										
Return on equity (3)	11.3%	11.0%	13.6%	12.3%	12.0%	10.8%	9.8%	12.0%	12.9%	(12.0%)
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)	83.9	76.7	71.2	64.9	53.8	43.5	43.5	25.3	-	-
Technical ratios										
Gross claims ratio	43.7%	41.7%	41.6%	43.5%	40.7%	45.6%	51.2%	49.7%	38.6%	85.2%
Gross expense ratio	35.5%	35.7%	36.4%	37.1%	36.6%	35.9%	35.0%	35.2%	35.4%	36.6%
Gross combined ratio	79.2%	77.4%	78.0%	80.6%	77.3%	81.5%	86.2%	84.9%	74.0%	121.8%
Net claims ratio	44.7%	41.4%	42.0%	42.0%	42.6%	46.4%	49.1%	50.3%	44.6%	76.6%
Net expense ratio	32.0%	34.2%	35.4%	35.9%	35.8%	37.4%	37.5%	34.2%	39.3%	46.2%
Net combined ratio	76.7%	75.5%	77.4%	77.9%	78.3%	83.8%	86.7%	84.5%	83.9%	122.9%
Employees										
Full-time equivalents (FTE), at year-end	3,545	3,596	3,586	3,161	3,139	3,107	3,143	3,149	3,171	3,488
Financial strength ratings										
Moody's (4)	A2, outlook stable									
A.M. Best (5)	A (excellent), outlook stable									

(1) *Including Graydon, Iberinform Portugal, Gestifatura and Informes Mexico since Q3 2016.*

(2) *Consists of net income from investments, excluding extraordinary impact of associated companies (minus EUR 11.7 million 2017 impairment, and EUR 22.2 million 2016 realised gains).*

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

(4) *On 7th March 2018, Moody's upgraded the Insurance Financial Strength rating of the Atradius rated entities to 'A2'/outlook stable from 'A3'/on review.*

(5) *On 19th October 2018 A.M. Best affirmed the Financial Strength Rating of A (excellent) / outlook stable and upgraded the Long-Term Issuer Credit Ratings (Long-Term ICRs) of the Atradius rated entities to "a+" from "a".*

A message from the Management Board

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

Dear stakeholder,

2018 has been a successful, transformative and exciting year for Atradius, producing financial results that the whole Atradius family can be proud of and laying the foundations for the years to come. We have performed well in all areas of the business. Our insurance premium revenue has increased 3.8% to EUR 1,648.5 million, we have kept claims under control with an excellent ratio of 43.7% and the expense ratio has decreased to 35.5%. Our commitment to provide best-in-class service has been recognised, with an exceptional 94% customer retention rate. Our result for the year has grown 8.8% to EUR 202.7 million and our capital base, at EUR 1,821.4 million, is strong and steadily growing.

These excellent results are due to our approach to the market and to our values; to provide high-quality service by working closely with customers and treating them as partners. We have woven these values tightly into the fabric of the whole Atradius family.

While the world around us changes, our values do not, which is what makes Atradius such a reliable partner. Looking to the world, we see new global trade patterns, a burgeoning digital trade economy, a plethora of data that can transform businesses, and technological trends that are changing and merging at an alarming rate. This fast-evolving landscape brings opportunities, efficiencies,

> While the world around us changes, our values do not.

new services and new business models. However, it can also bring turmoil, instability and disruption. Therefore, we initiated a new strategic focus in 2018, which addresses these trends and the opportunities and threats they present. This new strategic focus aims to transform our business to future-proof our organisation and support our customers and partners in new and exciting ways.

The Big Data trend offers exciting opportunities to make Atradius a smarter and more efficient business. We are exploring innovative ways to enhance our underwriting and lead generation activities using new analytical techniques and tools. In 2018, this has included a ground-breaking pilot using the IBM Watson tool which can automatically read massive volumes of unstructured financial information and alert underwriters when negative developments are identified.

We are finding ways to tap into the new digital trade economy, creating new ways of working with our customers. In 2018 we have established a cooperation with Kemiex – the world's first online trading platform for companies in the pharmaceuticals, veterinary food and feed sectors. This enables direct access to Atradius' services in a dynamic online trading environment.

Connectivity is another important trend that we are tapping into to innovate in credit management. This year we have invested in new underlying API technology to upgrade our connectivity capabilities for core processes (such as limits, rating and claims). We will make these available to customers and partners in a digital 'shop', so they can easily connect and automate processes and data flows. The same connectivity capabilities also open up new distribution opportunities through the growing platform and ecosystem market, where we are integrating our products and services with trading, credit management, financing and Enterprise Resource Planning (ERP) platforms. For example, in 2018, we launched a credit insurance 'app' called 'Atradius Flow' in Denmark with Microsoft Dynamics – a world leading ERP package. This innovative app integrates Atradius' credit insurance services directly into the customer's ERP system, allowing them to manage their credit insurance policy from within their financial systems seamlessly alongside their day-to-day business.

In 2018 we continued our journey to refresh our core applications in Credit Insurance and Bonding with state-of-the-art-technology and streamlined processes. We also continued to deliver new features for our customer portal 'Atrium', which is now being recognised by the industry, winning the Insurance Technology Award in Hong Kong in 2018. The Atradius Collections platform (Agora) was launched in 2018. This platform allows customers to purchase Collections services and receive payments online – making the collecting of overdue payments more efficient and effective.

The Atradius family is pivotal to the success of our business and in 2018, we setup several initiatives to promote continuous learning and development and foster a culture focused on 'shaping tomorrow together'. Technological change and innovation are key themes we have addressed with initiatives such as the Digital Ambassador Programme and Innovation 'tribes' for key trends like Big Data, Platforms and Blockchain.

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This new strategic focus aims to transform our business, to future-proof our organisation, and support our customers and partners in new and exciting ways.

In 2018, Atradius' Insurance Financial Strength Rating was upgraded to 'A2' (outlook stable) by Moody's. Atradius' Long-Term Issuer Credit Ratings from A.M. Best has also been upgraded from 'a' to 'a+' with a stable outlook. These upgrades reflect Atradius' very strong consolidated balance sheet, strong operating performance, favourable business profile and appropriate enterprise risk management.

We have continued to expand and strengthen our geographic footprint in 2018 to improve the service we can offer to customers and build our local expertise. After obtaining licenses in 2017, we opened new offices in Bulgaria and Romania in March 2018. We invested further in Asia, with new offices in Indonesia, Taiwan and Vietnam, as well as strengthening our presence in Thailand and Malaysia. We have also expanded our Atradius Collections presence to Turkey.

> We have continued to expand and strengthen our geographic footprint in 2018.

Outlook for 2019

The economic outlook for 2019 is uncertain with global growth rates expected to ease to 2.8% (down from 3.0% in 2018). Tightening global monetary conditions, fading US fiscal stimulus and increased volatility in financial markets are all contributing to the slowdown. In line with easing GDP growth, we expect to see insolvencies stagnate in advanced economies. After nine straight years of decreasing insolvencies, recovering from the sharp increase at the time of the global crisis, we forecast a negative change in 2019. The impact of Brexit is still uncertain, but Atradius is well prepared for various scenarios and will continue to support customers who may be affected. Atradius customers can be confident we have the underwriting knowledge and skills to steer them away from risks and towards opportunities, enabling trade and managing risks on their behalf.

We will continue our innovative company-wide multi-year programme, focused on enhancing our business processes, modernising our IT systems and strengthening our value proposition. We remain committed to developing our processes and applications, and the way we expect to interact with our customers, distribution channels and cooperation partners in the coming years.

We would like to thank our customers, business partners, brokers, agents, reinsurers and employees for their contribution to our success. We look forward to continuing to work alongside you in the years to come.

The Atradius Management Board

Isidoro Unda, Chairman
Andreas Tesch
Christian van Lint
Claus Gramlich-Eicher
Marc Henstridge

Business profile

Products and services

Flexible Credit Insurance products with excellent service built in

Credit Insurance products have more to offer than simply protection against losses arising from non-payment for goods sold on credit. Each policy is supported by an account manager, credit limit underwriting and our online tools and services. The account manager is a day-to-day contact person who will support customers and help them get the most from their policies. Hundreds of experienced underwriters carry out our credit limit underwriting across the globe. They assess the risk of our customers' buyers, and set safe trading limits. They are based in the country of the buyer, bringing local knowledge and language skills to provide the best possible risk assessments. Our online tools provide additional credit management support services such as 'Insights', where customers can analyse the risk in their portfolios, as well as perform administrative tasks such as applying for a credit limit or submitting a claim.

Our Credit Insurance products are based on a concept called 'Modula'. This is a worldwide aligned catalogue of modules (or policy conditions) which we can combine flexibly to meet each customers' needs. This means every policy can be tailored, with no superfluous terms, and provide protection for a customer's entire turnover.

Atradius has solutions for all sizes of business: offering credit insurance for small and medium-sized enterprises (SMEs), large local companies, and multinational corporations.

As a market leader and pioneer, Atradius Global has developed an excellent understanding of the needs of multinationals, with 20 years of experience in this segment. We offer a sophisticated and tailored credit management solution in our Global policy, which will meet their requirements whether they have centralised or local credit management. Our Global account teams and key account underwriters around the world provide extensive cross-border customer service and consistent high-quality decision making on our multinational customers' buyer portfolios.

For medium-size and large local companies, using the Modula concept we can adapt our cover to fit all kinds of businesses, in any sector, doing business domestically or internationally.

For SMEs, we have created a range of products built from the Modula concept, packaged to be easy to understand and use.

In addition to traditional credit insurance for a customer's whole turnover, we offer a range of structured credit risk solutions for specific large and complex transactions. These 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.

> Atradius has solutions for businesses of all sizes.

Specialised reinsurance 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 its team of underwriters in Dublin, Ireland, Atradius Re supports over 100 clients in 68 countries. The strength of Atradius Re is in its combination of access to the Atradius underwriting skills in its key business credit and bonding, and highly specialised reinsurance skills for the needs of small and mid-sized credit and bonding underwriters.

Leading European bonding solutions

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, and gain the trust of major organisations, making us a leading bond supplier in Europe.

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.

Professional and reliable debt collections

With worldwide expertise, and staff in 30 countries, Atradius Collections helps businesses - both insured and uninsured - collect domestic and international trade debts, while maintaining sound business relationships with their clients. It has built a strong reputation as a business-to-business specialist, using the strength of Atradius Credit Insurance, combined with its own integrated international network of collectors, lawyers and insolvency practitioners, in addition to its 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.

> We provide tailor-made solutions that fit our customers' needs and strategy.

Working with the Dutch state

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 investors. ADSB works on behalf of the Dutch state, making sure export transactions can be completed successfully.

Information services

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.

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Business intelligence solutions that can help customers manage risk and grow their business.

Global footprint

Europe

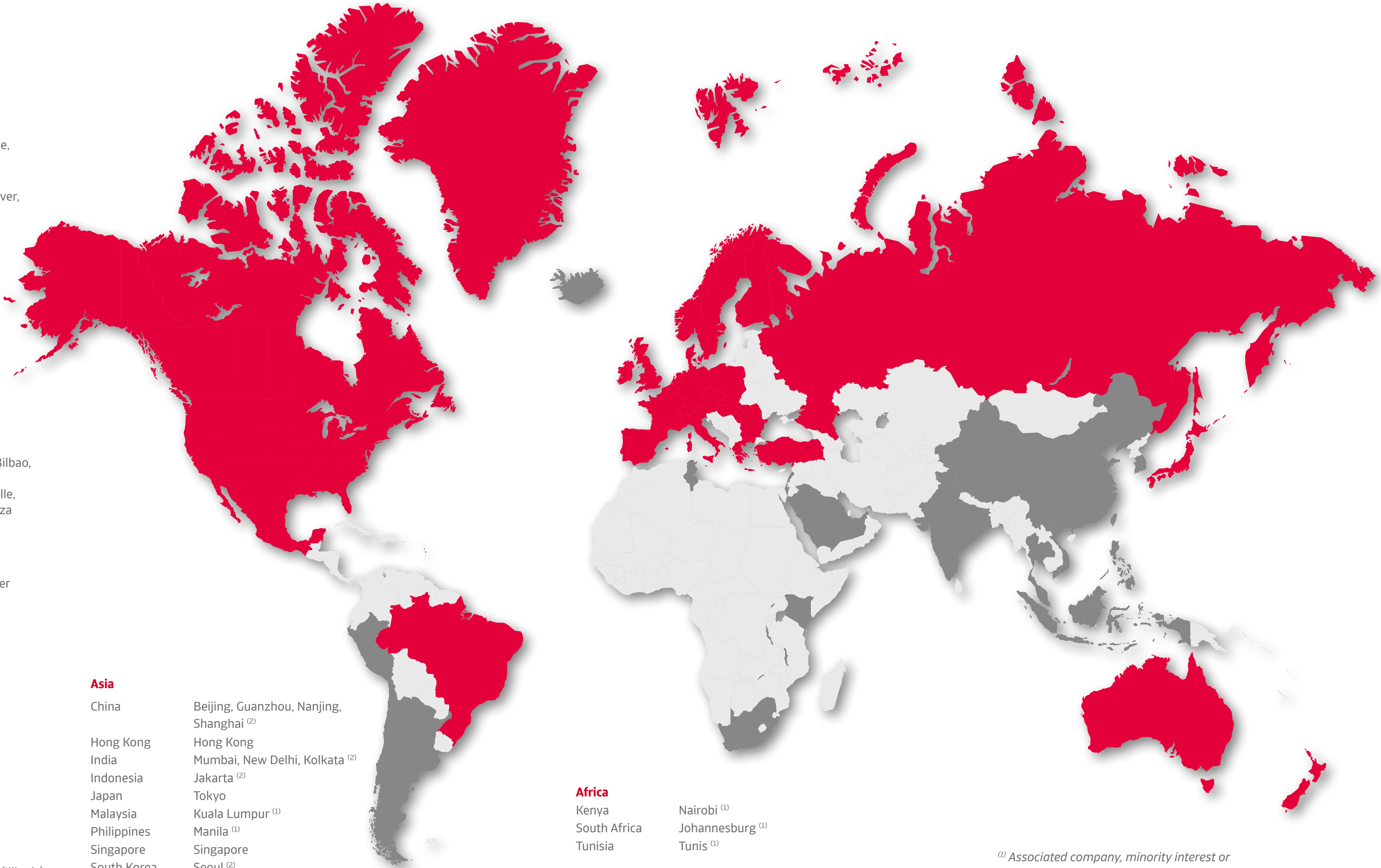
Austria	Vienna
Belgium	Namur, Antwerp
Bulgaria	Sofia
Czech Republic	Prague
Denmark	Copenhagen, Århus
Finland	Helsinki
France	Paris, Bordeaux, Compiègne, Lille, Lyon, Marseille, Rennes, Strasbourg
Germany	Cologne, Berlin, Bielefeld, Bremen, Dortmund, Düsseldorf, Frankfurt, Freiburg, Hamburg, Hanover, Kassel, Munich, Nuremberg, Stuttgart
Greece	Athens
Hungary	Budapest
Iceland	Reykjavik (1)
Ireland	Dublin
Italy	Rome, Milan
Luxembourg	Luxembourg
Netherlands	Amsterdam, Ommen
Norway	Oslo
Poland	Warsaw, Krakow, Poznan, Jelena Gora
Portugal	Lisbon, Porto
Romania	Bucharest
Russia	Moscow
Slovakia	Bratislava
Spain	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	Stockholm
Switzerland	Zurich
Turkey	Istanbul
United Kingdom	Cardiff, Belfast, Birmingham, London, Manchester

Middle East

Israel	Tel Aviv (1)
Lebanon	Beirut (1)
Saudi Arabia	Riyadh (1)
United Arab Emirates	Dubai (1)

Americas

Argentina	Buenos Aires (1)
Brazil	São Paulo
Canada	Almonte (Ottawa), Mississauga (Toronto), Pointe Claire (Montreal)
Chile	Santiago de Chile (1)
Mexico	Mexico City, Guadalajara, Monterrey
Peru	Lima (1)
USA	Baltimore (Maryland), Carmel (Indiana), Chicago (Illinois), Los Angeles (California), Morristown (New Jersey), New York (New York), Plano (Texas)



Asia

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

Africa

Kenya	Nairobi (1)
South Africa	Johannesburg (1)
Tunisia	Tunis (1)

Oceania

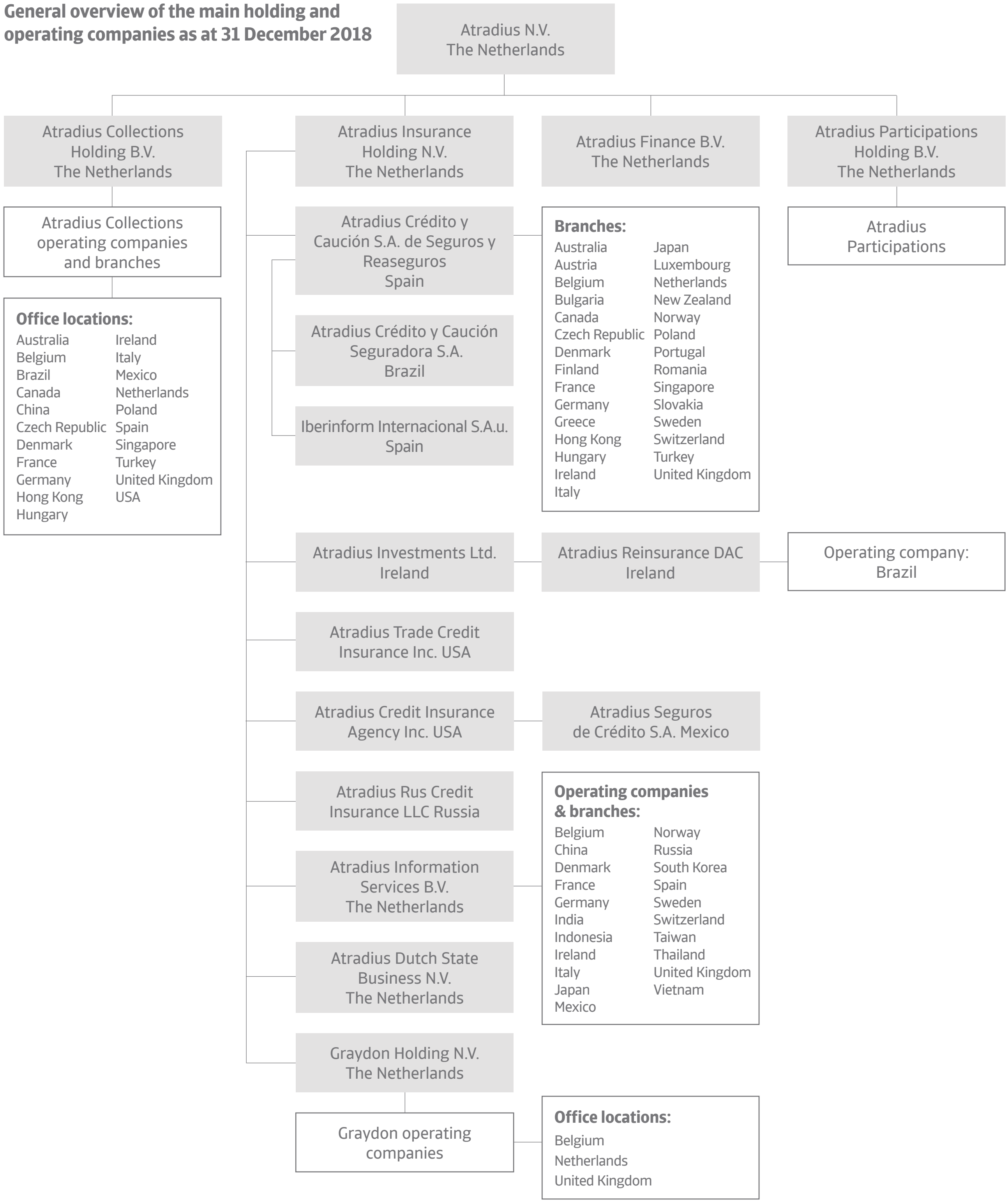
Australia	Sydney, Brisbane, Melbourne, Perth
New Zealand	Auckland

(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 2018



Corporate governance

Report of the Supervisory Board

The global economy has kept its momentum in 2018, whereby both emerging markets and advanced economies continued to grow at a rate which was more or less comparable to 2017.

In 2018 Atradius again produced strong results.

Tit-for-tat trade restrictions have been implemented by the US and China, and there is a high probability of further escalation. This has created uncertainty for firms, leading to lower investment. It will also hamper trade, given the trade-intensity of investment. Global trade growth remains strong but is decelerating. After a 4.7% expansion in 2017, the highest since 2011 on a rolling 12-month basis, trade growth has eased to 3.8%. Amid increasing uncertainty and lower investment, new export orders have also contracted for the first time in over two years, boding ill for the trade outlook. Global insolvencies continued to decline in 2018. The strongest improvement was seen in the Eurozone countries although the financial conditions are still a far from the benign environment of 2008.

In 2018, Atradius once again produced strong results. The profit for the year was EUR 202.7 million, which was supported by a 3.6% increase in insurance revenue compared to 2017. The performance in Spain, Atradius' largest credit insurance market, continues to be strong. Total revenue increased 3.3% including service income. Also risk acceptance remained high in 2018 as we continued to provide comprehensive coverage to our customers. The claims ratio of 43.7% reflects our prudent underwriting approach in a challenging risk environment. Profit generation further strengthened our shareholder's equity by 3.9%.

As a clear recognition of the company's strong results, continuous financial strength and proper risk management, Atradius' Insurance Financial Strength Rating was upgraded in 2018 to 'A2' (outlook stable) by Moody's. Atradius' Long-Term Issuer Credit Ratings from A.M. Best have also been upgraded from 'a' to 'a+' with a stable outlook.

Also in 2018 Atradius continued to cement its ambition to be a smarter, more efficient company and to further raise its high-quality service to its customers and distribution channels. There are several projects that have been in place during the year. In particular investments in state-of-the-art technology for the core credit insurance and bonding applications to create efficiencies in business processes and to evolve our value proposition to the market through a new platform.

In regards to distribution channels, during the year Atradius introduced new tools and functionalities to increase its business opportunities (GinaMaps), to provide services to their customers, to monitor its portfolio and to build a strong presence on the Internet (agent's websites in Spain).

Moreover, Atradius keeps attention on innovation and entrepreneurship programmes. It is delivering relevant initiatives like the Digital Ambassador Programme, Innovation 'tribes' (for trends like Big Data, Platforms and Blockchain) and the successful collaboration with Kemiex - the world's first online trading platform for companies in the pharmaceuticals, veterinary food and feed sectors - offering a credit insurance proposal to their customers by accessing Atradius' services online.

In 2018, Atradius also enhanced its global footprint by adding a local presence in three countries in Southeast Asia (Thailand, Indonesia and Vietnam) and two countries in Eastern Europe (Bulgaria and Romania), confirming the growth potential of this region and enabling credit insurance support for its international customers.

Regarding corporate governance, the Supervisory Board ensures that Atradius runs its business and manages risk for stakeholders in a transparent and ethical way. In 2018, the full Supervisory Board convened 4 times, the Audit Committee 4 times, while the Remuneration, Selection and Appointment Committee convened 3 times.

As in previous years, both the Management Board and the Supervisory Board participated in Atradius' annual Permanent Education Programme. In 2018, this programme covered, amongst other topics: Leading by Culture and Atradius' Credit Insurance Business Transformation (CIBT) Project. The Supervisory Board was also involved in the annual review of the Remuneration Policy.

Furthermore, in 2018 Mr. Dick Sluimers was re-appointed as a member of the Supervisory Board.

Atradius N.V.'s Annual Report contains the financial statements for the financial year 2018, 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 2018.

The Supervisory Board would again like to thank the Management Board and all Atradius employees for the outstanding results achieved in 2018 as well as all customers for their continued confidence in us. Finally, the Supervisory Board trusts that the Atradius management team, the stakeholders as well as the employees will contribute in making the year 2019 rewarding as well.

The Supervisory Board,

Ignacio Álvarez
Chairman

“

Atradius runs its business and manages risk for stakeholders in a transparent and ethical way.

Shareholder structure

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

Shareholder structure of Atradius N.V., since 2011:

Shareholder 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. 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)	**2018**	**2017**	**% change 2018/2017**
Long-term capital market value	**3,908.6**	**3,755.5**	**4.1%**
Equity	3,204.1	3,078.6	4.1%
Subordinated debt	200.4	200.2	0.2%
Return on long-term capital	**12.3%**	**11.8%**	
Funds under management	**12,323.5**	**11,988.2**	**2.8%**
Total revenue	**4,345.2**	**4,254.3**	**2.1%**
Consolidated result	**386.4**	**357.3**	**8.1%**

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.

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 19,000 insurance brokers

More than 1,600 offices

Presence in more than 50 countries

More than 7,300 employees

More than €4,300 million turnover

Strategic goal

To be leaders in the field of risk protection and long-term savings of families and SME's, 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 Groups 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
	More than 1,500 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.

Corporate governance

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.

Isidoro Unda - Chairman and Chief Executive Officer
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 2018.

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 ten members.

Ignacio Álvarez, Chairman
Francisco Arregui, Vice-Chairman
Bernd H. Meyer
Dick Sluimers
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. All risk subjects dealt with in meetings of the Supervisory Board are chaired by Mr. Bernd H. Meyer.

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.

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 2018, the Audit Committee met four times. The Audit Committee currently consists of Xavier Freixes (Chairman), Francisco Arregui and Dick Sluimers.

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 2018, the Remuneration, Selection and Appointment Committee met three 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 2018.

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 2018 on 9 March 2018.

Consolidated management report

The global economic environment

Global growth upholds momentum

The global economy kept up the pace in 2018, with both emerging markets and advanced economies growing at more or less the same rate as in 2017. GDP growth remained the same in 2018 as it was in the previous year (3.0%). It is expected to reduce slightly to 2.7% in 2019.

Advanced markets

Growth in advanced markets remained on par with 2017. However, there was a greater divergence between growth in the US, which continues to lead the pack, and the Eurozone and UK, where growth was somewhat lower.

Eurozone growth in 2018 was still reasonable at 1.9%, and domestic demand remained the main pillar of this growth. The rate of job expansion strengthened further and wages picked up, particularly in countries with relatively tight labour markets, such as Germany, the Netherlands and Ireland. The Eurozone-wide unemployment rate declined further in 2018, to 7.9% in November 2018, compared to 8.6% at the start of the year.

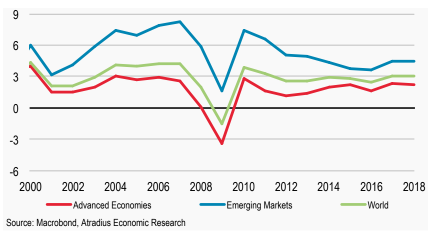
While all member states' economies grew last year, Eurozone growth continues to be distributed unevenly, with Southern European states lagging behind their Northern European counterparts. In Southern Europe, the economies of Spain and Portugal performed much better than those of Italy and Greece.

Financial conditions remained accommodative in 2018, despite the European Central Bank scaling back its bond-buying programme and ending net asset purchases completely in December 2018. Borrowing in the Eurozone continued to recover in 2018, with banks relaxing their credit conditions, making it easier to obtain loans. Southern Europe remained a weak spot in bank lending, as banks have to cope with continuing weak balance sheets and high levels of non-performing loans. The US economy was firing on all cylinders in 2018, with GDP growth accelerating to 2.9%. Private consumption, which accounts for more than two-thirds of the US economy, remained the primary growth driver. Labour market conditions continued to improve throughout the year, with the unemployment rate reaching 3.9% in December 2018. On top of strong consumption, fiscal stimulus helped boost growth further and higher energy prices continued to underpin investment growth.

> Eurozone growth continues to be distributed unevenly.

Global economic growth

Real GDP growth, percent change y-o-y



Emerging markets

Emerging market economies maintained growth in 2018. This was supported by solid global demand, relatively loose financial conditions, improving domestic policymaking in some markets, and higher commodity prices. A number of emerging economies have recorded sharp currency depreciations. Among the countries most severely hit were Argentina and Turkey, which are highly reliant on volatile portfolio capital to finance large external imbalances.

In Emerging Asia, GDP growth slowed slightly, mostly due to weakening global trade. The Chinese economy has begun feeling the pain of the escalated trade war with the US. GDP growth slowed to 6.6% in 2018. Stimulative macro policies only partially compensated for weaker export growth and the consequences of the shift from fixed investment-driven growth towards private consumption. India was still going strong, with GDP growth of 7.4% in 2018. In Latin America, growth slowed in 2018 as Argentina suffered from an economic crisis and growth in Brazil was more muted, due to a truckers strike and uncertainty ahead of the general elections. Eastern Europe enjoyed a stable economic expansion of 3.1%, but individual country growth rates varied widely. Russian growth increased slightly in 2018, while the Turkish economy cooled from a high credit-fuelled GDP growth rate in 2017.

While financial conditions in emerging markets remain supportive of economic activity, pressure points have emerged in countries with weaker macroeconomic fundamentals and greater political uncertainty. For commodity-exporting countries, 2018 was a moderate year. Oil price developments were volatile: the oil price rose gradually to above USD 85 per barrel in October 2018, before falling to just above USD 50 at the end of the year. Emerging markets that export commodities such as steel, aluminium and copper also felt the effects of lower prices throughout 2018.

Cautious decline in insolvencies

Global insolvencies continued to decline in 2018, in line with the economic cycle. The biggest improvements were seen in Eurozone countries with strong economic growth, like the Netherlands and Ireland, and some of the Southern European countries such as Spain and Portugal which are recovering from high insolvency levels. Credit conditions for businesses remained favourable across advanced markets in 2018, despite a marginal tightening due to monetary policy normalisation in the US and less monetary stimulus in the Eurozone. However, insolvency levels remained high in many Eurozone countries and financial conditions were still a long way from the benign environment before 2008.

Other advanced markets generally also faced improving conditions. US insolvencies declined on the back of another year of robust GDP growth. In the UK, insolvencies increased following a difficult start to the year in the construction sector and weakening consumer purchasing power, hurting the retail trade sector particularly. In most other advanced markets, a firming of domestic demand has pushed up GDP growth rates, leading to either stable or declining insolvencies.

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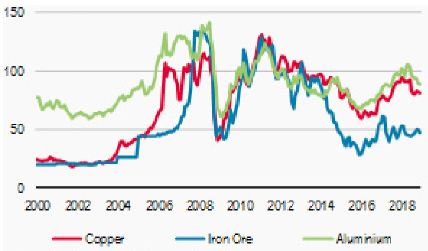
Emerging market economies maintained growth in 2018.

Global commodity prices

Price index, 2010 = 100



Source: Macrobond, Atradius Economic Research

Growth across emerging markets kept up the pace in 2018. The insolvency environment is relatively benign overall. Insolvencies are expected to have declined in Russia and India, countries that benefit from increasing economic growth. Other emerging markets faced increasing corporate bankruptcies in line with poorer economic growth. This was the case in China, as the government reins in excessive debt growth and speculative investments. South Africa entered a recession in the first half of 2018 and its growth in 2018 slowed notably as a result, also leading to a rise in insolvencies.

Outlook for 2019

Global growth is expected to cool slightly to a still solid 2.7% in 2019. Across emerging markets, growth is forecast to decline slightly. In Latin America, growth is forecast to increase, mainly on the back of a higher growth rate in Brazil. Argentina's economy should begin to recover in the course of 2019, but will stay in negative territory due to policy tightening. Mexico's growth is expected to remain subdued. The replacement of NAFTA by the US-Mexico-Canada Agreement (USMCA) has brought some certainty, but recent policy decisions made by the Mexican government are clouding the outlook. In Eastern Europe, we see growth to moderate slightly next year, with the Turkish economy expected to enter recession in 2019. Asian growth will continue to be the engine of global growth, though the slowdown in China will have an impact on the region.

Somewhat tighter financial conditions may appear as a result of monetary policy normalisation in the US, though the overall business environment remains accommodating, with the low interest rates making it relatively cheap for consumers and firms to borrow. Emerging markets, particularly those markets with weaker macroeconomic fundamentals, can also expect tighter financial conditions as less accommodative stances in advanced markets and the associated dollar appreciation makes emerging markets' borrowing and debt servicing in hard currency more expensive.

Advanced markets are expected to see their growth rate decline as trade measures and contractionary monetary policies weigh on economic activity. Eurozone growth is expected to moderate in 2019 as stronger imports weigh on the growth contribution of net trade, and due to negative spill-overs of Brexit uncertainty. US growth is forecast to moderate as well, due to monetary tightening by the Federal Reserve and the unwinding of the fiscal stimulus.

For advanced markets as a whole, somewhat tighter financial conditions are expected, though the business environment remains more accommodative compared to emerging markets. The UK is expected to see another year of rising insolvencies, as Brexit-related uncertainty is clouding the growth outlook. The number of UK business failures could be higher than expected in the case of a no-deal Brexit or a postponement, prolonging the uncertainty. This would also have negative spill-over effects on other EU countries. Germany, the Netherlands and France are forecast to see small increases as well. The overall business outlook for Europe is weakening as global trade slows.

In emerging markets, the insolvency outlook is worsening. In 2018 the situation was still benign thanks to a strong global economy and still-loose financing conditions. However, ongoing policy uncertainty both externally and domestically are expected to cause bankruptcies in emerging markets to increase in 2019.

Overall, the picture for 2019 is one of moderating global growth. Economic conditions in 2019 are expected to be more challenging than in 2018 due to monetary tightening and growing trade tensions.

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Global insolvencies continued to decline in 2018, in line with the economic cycle.

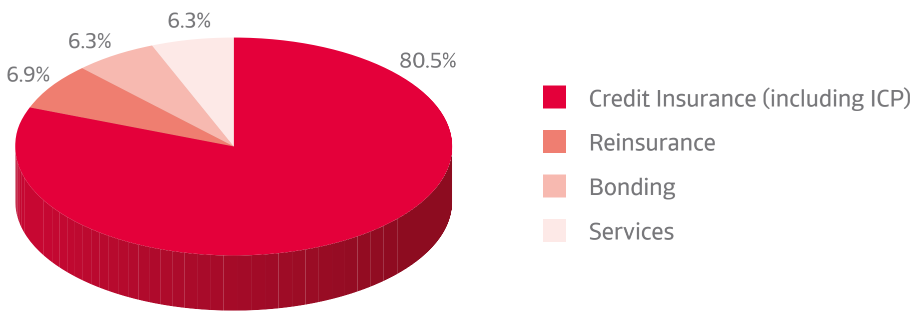
Excellent performance and solid results

(EUR thousands)	2018	2017	
Gross insurance revenue	1,781,037	1,718,925	3.6%
Gross insurance claims and loss adjustment expenses [1]	(778,337)	(717,228)	(8.5%)
Gross insurance operating expenses	(632,561)	(612,910)	(3.2%)
Reinsurance result	(105,632)	(133,683)	21.0%
Insurance result	**264,507**	**255,103**	**3.7%**
Service income [1]	120,099	121,056	(0.8%)
Service expenses	(116,297)	(116,016)	(0.2%)
Service result	**3,803**	**5,040**	**(24.6%)**
Net investment result	22,145	24,726	67.9%
Operating result before finance costs	**290,455**	**284,870**	**6.3%**
Result for the year (after tax)	**202,655**	**186,236**	**8.8%**
Employees (FTE)	**3,545**	**3,596**	**(1.4%)**

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

	Gross		Net	
	2018	**2017**	**2018**	**2017**
Claims ratio	43.7%	41.7%	44.7%	41.4%
Expense ratio	35.5%	35.7%	31.5%	34.2%
Combined ratio	79.2%	77.4%	76.2%	75.5%

Revenue by business segment



In 2018, Atradius achieved another year of strong performance, increasing the insurance result by 3.7% through our commitment to customers and best-in-class service. Insurance revenue increased 3.6% alongside an increase in gross insurance expenses of 3.2%, which allowed for further improvement of the expense ratio. Gross claims ended at EUR 778.3 million for the year, 8.5% above 2017, mainly resulting from continued growth in all of our insurance products. The net investment result also contributed positively with EUR 22.1 million, which is substantially more than 2017, which saw one-off impacts on associated companies. Together with a positive service result, the profit for the year reached EUR 202.7 million, an increase of 8.8% on 2017, driven by a very solid gross and net insurance result. The overall performance generated an excellent combined ratio of 79.2%.

In 2018, our credit insurance business continued to show stable and consistent growth across almost every region and business unit. Spain, our largest market, despite still facing the challenges of continued price pressure from a highly competitive environment, continues to grow due to strong activity and volume of insured turnover.

The markets in Northern & Central Europe had some of the strongest revenue growth within the Group, along with Asia and Oceania, meeting our ambition for these regions. Overall claims activity in 2018 proved to be stable, moderate and well within expectations.

The Global unit continues to excel, with strong revenue growth. Our Special Products unit saw a marginal decline in revenue but managed to further improve the level of claims compared to 2017. Instalment Credit Protection (ICP) also showed another year of strong performance, with revenue growth and low claims activity.

The Bonding and Reinsurance units showed strong growth while seeing continued stability in claims activity.

The reinsurance unit of the Group remained under a single quota share contract with the retention set at 60%, 2.5 percentage points higher than in 2017. The cost of reinsurance in 2018 was EUR 105.6 million, a decrease of EUR 28.1 million from the previous year, largely a result of higher reinsurance commission.

Services achieved a positive result, with overall stable performance throughout the different services.

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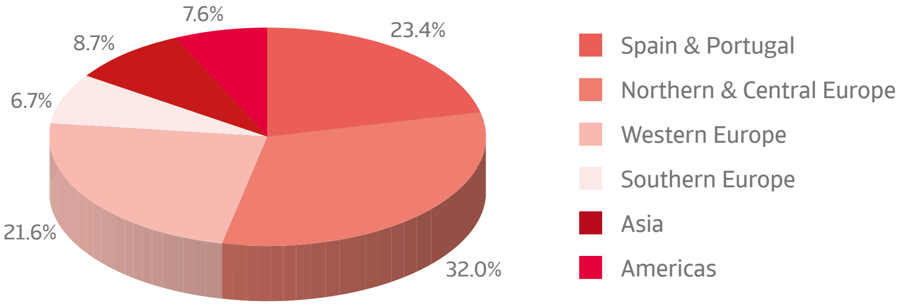
Our credit insurance business continued to show stable and consistent growth across almost every region and business unit.

Credit Insurance including Instalment Credit Protection (ICP)

(EUR thousands)	2018	2017	
Insurance premium revenue	1,397,309	1,341,173	4.2%
Information income	132,510	130,829	1.3%
Gross insurance revenue	**1,529,819**	**1,472,003**	**3.9%**
Gross insurance claims and loss adjustment expenses [1]	(680,354)	(618,736)	(10.0%)
Gross insurance operating expenses	(530,232)	(509,929)	(4.0%)
Result before reinsurance	**319,233**	**343,339**	**(7.0%)**
Reinsurance result	(80,109)	(108,898)	26.4%
Result after reinsurance	**239,124**	**234,441**	**2.0%**
Total credit insurance and ICP gross claims ratio	**44.5%**	**42.0%**	**(2.5% pts)**

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

Credit insurance & ICP revenue by region



Atradius' credit insurance business performed well in 2018, with a result after reinsurance of EUR 239.1 million, 2.0% above that of 2017. Gross insurance revenues grew by 3.9% (5.5% at constant foreign exchange rates). Overall claims inflow in 2018 remained stable, and while claims expenses increased slightly compared to 2017, this was well within expected ranges. The increased claims expenses also generated increased recoveries from claims ceded to reinsurers.

Our total potential exposure (TPE) in 2018 increased by 4.8% to EUR 680 billion. The top three regions for exposure concentration did not change from last year: Europe represents 72.3% of the exposure, whereas Asia and the Americas account for 14.1% and 12.1%, respectively.

In relative terms, the highest concentration is in Europe, although the region where exposure grew most (9.5%) was Asia. All buyer regions contributed to the increase in exposure. In North America the increase was 3.5%. In China, our exposure continues to increase substantially as we continue to support our clients' business growth in the region.

The concentration of exposure by trade sector remained fairly stable. Around 73% of the Group's TPE is in seven trade sectors: chemicals, construction, consumer durables, electronics, food, metals and transport.

2018 proved to be another year of excellent customer retention, a reflection of our commitment to our clients. Overall, our credit insurance portfolio reported very satisfactory growth. Our local credit insurance units generated EUR 1,042.4 million in revenues, a 3.0% increase over 2017.

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2018 proved to be another year of excellent customer retention, a reflection of our commitment to our clients.

In 2018, each of our local credit insurance units grew versus the previous year. Germany, one of our larger markets within Europe, delivered revenues 3.5% above 2017. Asia and the Nordic region also grew revenue strongly, and we also saw satisfying revenue growth of 5% or higher in the United Kingdom & Ireland, the Netherlands, France, and Oceania. Spain and North America continue to grow, but with greater strain from price pressure in their respective markets.

Gross claims expenses of local credit insurance ended at EUR 497.7 million with a claims ratio moderately higher than in 2017. In Asia the claims ratio increased more notably in 2018, however this was mainly resulting from a few large cases. Our Global unit on the other hand kept increases in claims expenses well below revenue growth, while our Special Products unit showed substantially lower claims expenses as a result of a more profitable risk acceptance strategy.

In 2018, Atradius Global achieved one of the highest revenue growth rates to date, predominately generated from existing customers. We helped our customers trade more and grow their business safely. Our unique Global service proposition yet again resulted in excellent retention rates.

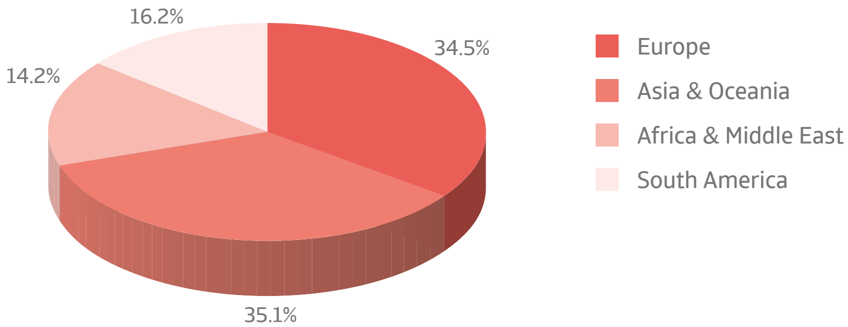
Performance of our Special Products Unit is highlighted by strong profitable revenue, low claims, solid recoveries and good momentum with long-term customers.

ICP revenue increased 12.4%. The claims ratio remained exceptionally low, at 11.9%, due to above-target recoveries.

Reinsurance

(EUR thousands)	2018	2017	
Gross insurance revenue	**131,364**	**133,697**	**(1.7%)**
Gross insurance claims and loss adjustment expenses	(72,376)	(77,452)	6.6%
Gross insurance operating expenses	(51,526)	(54,840)	6.0%
Result before reinsurance	**7,461**	**1,405**	**430.9%**
Reinsurance result	(4,306)	(592)	(628.0%)
Result after reinsurance	**3,155**	**813**	**288.1%**
Gross claims ratio	**55.1%**	**57.9%**	**2.8% 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 118 clients over 65 countries, maintaining a balanced diversity within the portfolio. The underlying business consists of around 65% credit insurance and 35% 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 30% 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 anticipate and respond to the specific and changing needs of our customers.

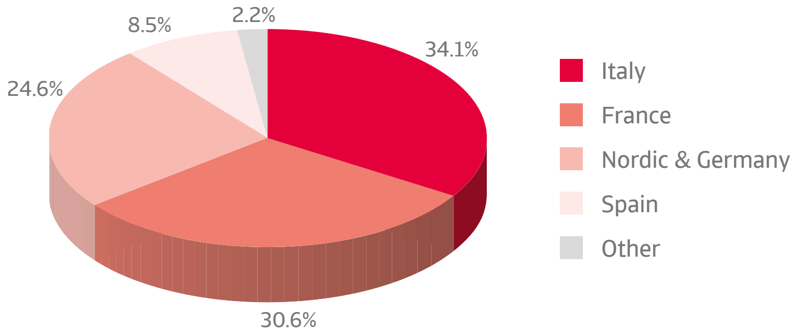
Total reinsurance revenue for 2018 of EUR 131.4 million, decreased from EUR 133.7 million in 2017. This is due to maintaining the current conservative, forward looking underwriting approach, with an emphasis on increasing profitability thresholds. The claims ratio decreased to 55.1% from 57.9% in 2017.

We can anticipate and respond to the specific and changing needs of our customers.

Bonding

(EUR thousands)	2018	2017	
Gross insurance revenue	**119,854**	**113,225**	**5.9%**
Gross insurance claims and loss adjustment expenses	(25,607)	(21,040)	(21.7%)
Gross insurance operating expenses	(42,679)	(41,396)	(3.1%)
Result before reinsurance	**51,568**	**50,789**	**1.5%**
Reinsurance result	(21,216)	(24,194)	12.3%
Result after reinsurance	**30,352**	**26,595**	**14.1%**
Gross claims ratio	**21.4%**	**18.6%**	**(2.8% pts)**

Bonding insurance revenue by region



Atradius is a leading bond and surety provider on the European market, with long standing expertise and deep local-market knowledge.

Atradius Bonding is active in twelve countries: Italy, France, Spain, Denmark, Finland, Norway, Sweden, Germany, Netherlands, Belgium, Luxembourg and, as from 2018, in Portugal. Our strategic focus is on developing new technologies to support and enhance our customers' business growth.

Insurance revenue in 2018 was EUR 119.9 million, a 5.9% increase on 2017. The business developed well in Spain, Italy and the Nordic region. In France, we significantly grew our customer base. In Germany, Belgium, the Netherlands and Luxembourg performance has been outstanding, with revenue growing 14.0% and the total result after reinsurance increasing 14.1%. This result is in line with the long-term strategy we initiated in 2017.

We are developing a common Bonding platform for our customers, business partners and staff (the Bonding Business Transformation programme).

This common platform will help us sustain and improve our market position through the use of new technologies and modern customer and user journeys. It will support our ambition to enable geographical expansion to countries where Atradius has a footprint, support the further expansion of our bonding service portfolio and strengthen our value proposition in the Bonding business. Italy will be the first focus area for roll out, starting in 2020.

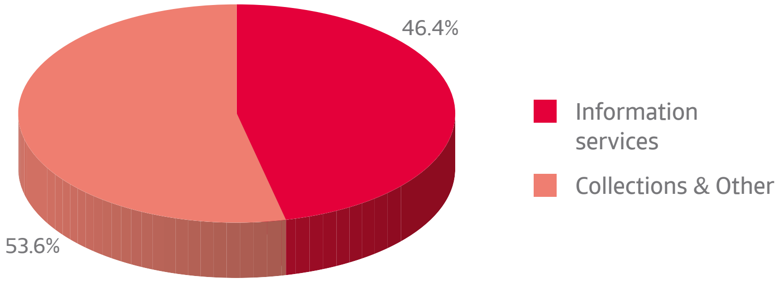
"Our strategic focus is to develop new technologies to support and enhance our customers' business growth.

Services

(EUR thousands)	2018	2017	
Service income [1]	120,099	121,056	(0.8%)
Service expenses	(116,297)	(116,016)	(0.2%)
Service result	**3,803**	**5,040**	**(24.6%)**

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

Service revenue



Atradius' services comprises our debt collection operations, the Dutch state business and our information service businesses.

Debt Collection

Atradius Collections' income increased 4.0% in 2018. Debt placements increased 4.0%. Collected sums have also increased 5.0% in 2018, a result of the improved quality and performance of our local teams. Our performance and underlying increase in our customer base provide a positive outlook for further business development and income generation in collections service.

The slowdown in China 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, improvements in insolvencies led to slow progress of debt placement. Atradius, however, reinforced its presence in the region by opening a branch in Turkey, while continuing to develop partnerships in other regions such as Morocco and Chile. Geographical expansion and enhancing our presence where strategic opportunities present themselves, remains key, alongside our commitment to excellence.

> A positive outlook for further business development.

Atradius Dutch State Business (ADSB)

ADSB provides 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.

Next to this, 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

In 2018, information service income decreased 3.9%, mainly due to a strategic decision for Graydon to sell its Dutch debt collections business and focus on business information.

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. The company is moving towards more tailored solutions for its customers, offering scalable products and services.

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.

"The company is moving towards more tailored solutions for its customers, offering scalable products and services.

Atradius Academy - shaping tomorrow together

'To developing and growing our people to be successful' is part of our DNA.

Atradius Academy supports an environment of continuous learning and development. Being adaptable to new challenges is important as we transform our business.

Atradius invests 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.

In 2018, we organised three management development programmes: Stepping Forward 1 and 2, and On the Move, 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: Leading by Culture, and Credit Insurance Business Transformation.

To ensure all Atradius employees maintain up-to-date knowledge, we run the annual Atradius Learning Carousel. Topics chosen for this year were General Data Protection Regulation (GDPR) at Atradius, and Shaping Tomorrow Together. GDPR at Atradius focuses on how our employees can help Atradius to be GDPR-compliant. Shaping Tomorrow Together highlights the innovative activities Atradius undertakes to stay future-proof, and the role our employees can play. All employees must take part in these e-learning courses.

Atradius is working with universities and other educational institutions to help develop young professionals and interns in different countries, which we see as good practice. Here we give two examples:

- Atradius created an ambitious and transformational initiative, the Welsh Financial Services Graduate Programme. This aims to build a centre of excellence in financial services skills, by attracting, developing and retaining high-calibre, graduate talent.
- The new Insurance Distribution Directive requires minimum training hours each year for direct sales employees, with a certificate to prove they have fulfilled the requirements. For Germany and the Central Eastern Europe region, we developed a training plan in the Atradius Academy Learning Management System, and keep track of the learning activities of sales employees.

“

Being adaptable to new challenges is important as we transform our business.

Evolve+

Evolve+ is a multi-year cultural change programme that focuses on increasing innovation and maintaining our customer-focus. We organised various local and central initiatives to establish this. The highlights of 2018 were the Evolve+ quiz and Atradius Cares.

The Evolve+ quiz, 'Together we know', highlighted the importance of teamwork and collaboration. 150 teams combining diverse expertise and backgrounds, each week answered 20 interactive questions within a limited period.

We also successfully continued the Atradius Cares initiative. This brings together all caring activities organised by our employees worldwide, to create a powerful overview of the impact Atradius has on our local communities.

Gender diversity

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

The current composition of the Management Board and the Supervisory Board deviates from these percentages. In 2018, no new appointments were made to the Supervisory Board or Management Board. For future appointments, the Management Board and the Supervisory Board will take gender diversity objectives into account as far as is possible.

Indicators	**2018**	**2017**	**2016** [1]	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Headcount	3,707	3,756	3,758	3,333	3,298	3,257	3,315	3,304	3,318	3,627
Total average number of employees (full-time equivalent)	3,571	3,591	3,584	3,153	3,132	3,132	3,139	3,159	3,318	3,662
Total year end number of employees (full-time equivalent)	3,545	3,596	3,586	3,161	3,139	3,107	3,143	3,149	3,165	3,470
Retention rate	91.1%	91.1%	92.3%	92.0%	94.9%	91.4%	92.6%	91.1%	85.8%	88.6%
Sick leave	3.8%	3.1%	2.9%	3.1%	2.8%	3.0%	3.1%	3.4%	3.6%	3.4%
Development and training										
Expenses as % of salaries	2.5%	1.8%	1.7%	1.6%	1.5%	1.2%	1.4%	1.3%	1.3%	1.4%
Number of training attendees	9,722	9,228	7,680	6,366	5,646	5,283	1,656	1,952	1,236	1,943

[1] Including FTEs from Graydon, Iberinform Portugal, Gestifatura and Informes since 2016.

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 Group's Code of Conduct outlines the basic corporate, legal and ethical compliance principles and guidelines that apply to all employees of the Group, and that govern the Group's operations and its employees' business conduct. Individual Compliance Policies address specific compliance areas in more detail, and set out the detailed compliance requirements people across the Group must follow, and which must be included in existing business procedures. For example, the Customer Due Diligence Policy addresses potential risks in areas such as sanction regulations and money laundering. The Compliance Function within Atradius consists of the Group Compliance Function and the Local Compliance Function and consists of employees who (partially) perform compliance activities. The Compliance Function supports the management of Atradius in meeting its objective of being compliant with applicable laws, rules and external and internal regulations.

> "In 2018, all Atradius' entities were able to meet their financial obligations efficiently.

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 2018, 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 2018 amounted to EUR 1,821.4 million, an increase of 3.9% from EUR 1,753.2 million at year-end 2017, mainly due to the strong positive results after tax.

Subordinated debt of EUR 325 million (nominal value) at the end of 2018 consisted of subordinated notes of EUR 250 million and a subordinated loan of EUR 75 million (both amounts unchanged versus 2017), 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 2018.

Regulatory capital

At the end of 2018, 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.

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 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.

Responsibility as part of our DNA

Atradius intensified cooperation with Grupo Catalana Occidente in the field of Corporate Social Responsibility (CSR). We are bringing into line not only our strategy, but also our key performance indicators to measure our progress on CSR.

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.

Principles

We will apply the following principles to all our stakeholders:

- Integrity and honesty: complying with regulations and professional ethics and avoiding any form of corruption.
- Impartiality: treating with respect, avoiding any type of discrimination and guaranteeing the fulfilment of the rights recognised in the Universal Declaration of Human Rights.
- Transparency and confidentiality: commitment to clarity and accuracy in information, respecting people's privacy and confidentiality.
- Professionalism: professional seriousness, diligence, dedication to service and quality of products, respecting free competition.

"We follow the principles of responsibility, ethics, transparency and commitment to the law in all our activities.

Stakeholders

Our stakeholders are our:

- Employees: our most important asset. We provide equal opportunities, with fair wages for all employees. Once employees are hired, they will have ample opportunity for on-the-job training and appropriate education to increase their employability. Furthermore, we ensure a proper work-life balance to maintain a healthy working staff.
- Customers: the central link in our activity. Newly developed competitive products for our clients, with personal advice and our customer service centre geared toward providing customer excellence.
- Shareholders and investors: the key to sustainability. We provide an attractive return on investment. Due to our prudent risk management, transparency of information and focus on a long-term strategy, we ensure additional value and continuity in our shareholder structure.
- Agents and brokers: enablers of growing sales volumes. We treat them equally, to ensure trust and security. We also provide continuous support through professional development and training.
- Suppliers: long-term service providers such as lawyers, but also office suppliers and housing providers. We ensure objectivity and impartiality in selection, transparency in management and equal treatment.
- Society: covers the whole of public opinion, the media and the public authorities. We cooperate with entities in the insurance sector and other associations. We also provide voluntary contributions to charitable organisations. Our tax policy promotes a cooperative relationship with the tax authorities.

Channels of communication, participation and dialogue

The UN Global Compact requires us to produce an annual Communication on Progress (CoP) report on the required incorporation of CSR Principles into our strategies and operations, as well as efforts to support societal priorities. The CoP is a visible expression of our commitment to sustainability. This report is available on the UN website under www.unglobalcompact.org

We have developed a system of measuring key performance indicators for each country we operate in, to accurately gauge our consumption of energy and other resources. We also monitor how much of that is derived from renewable and recycled sources. In addition, we monitor our greenhouse gas emissions and our methods of disposal of waste materials. While our measurement methods do have some limitations, due to the diversity of our offices and data collectors meaning not all our data are measured the same way, we are continually looking to make improvements.

Our compliance with the UN Global Compact

Environmental KPIs (1)	2018	2017	2018/2017
KPI	**Total**	**Total**	**Change**
Number of reporting countries	32	32	-
Number of offices	98	99	decrease
Total office space (m^2)	102,491	101,429	increase
Energy (gas & electricity) usage			
Electricity from non-renewable source (kWh)	7,673,245	7,730,922	decrease
Electricity from renewable source (kWh)	2,965,137	2,794,747	increase
% of renewable electricity	27.9%	26.6%	increase
Total electricity (kWh)	10,638,382	10,525,669	increase
Gas (m^3)	410,955	361,173	increase
Total energy	**14,624,645**	**13,709,761**	**increase**
Travel			
Employee air travel (km)	14,902,324	15,780,012	decrease
Employee rail travel (km)	3,131,502	3,042,574	increase
Company lease car travel (km)	10,294,129	10,614,257	decrease
Total travel (km)	**28,327,955**	**29,436,843**	**decrease**
CO2 footprint (tonnes of CO2)			
Energy (CO2)	8,577	6,870	increase
Travel (CO2)	6,323	7,871	decrease
Total (CO2)	**14,900**	**14,741**	**increase**
Paper used			
Non-recycled paper (sheets A4)	13,761,563	15,206,023	decrease
Recycled paper (sheets A4)	3,744,505	4,225,298	decrease
% recycled paper	21.0%	21.7%	decrease
Total paper	**17,506,068**	**19,431,321**	**decrease**
Water usage (m^3)	**39,210**	**39,237**	**decrease**
Waste -per type			
Hazardous waste (tonnes)	5	6	decrease
Non-hazardous waste (tonnes) (2)	1,408	532	increase
Total waste	**1,413**	**538**	**increase**

(1) This table does not include information from Graydon, Gestifatura, Informes Mexico and Iberinform Portugal

(1) Increase due to refurbishing old buildings

Financial statements

Consolidated financial statements 2018

Contents

All amounts in thousands of Euro, unless otherwise stated

Consolidated financial statements

Consolidated statement of financial position

Assets	Note	31.12.2018	31.12.2017
Intangible assets	6	**253,297**	**236,419**
Property, plant and equipment	7	**132,317**	**133,445**
Investment property	7	**9,641**	**9,688**
Investments in associated companies	9	**63,428**	**63,538**
Financial investments	10	**2,328,948**	**2,287,830**
Reinsurance contracts	18	**597,716**	**585,887**
Deferred income tax assets	20	**37,271**	**30,087**
Current income tax assets	20	**48,935**	**59,559**
Receivables	11	**237,071**	**225,079**
Accounts receivable on insurance and reinsurance business		180,503	164,983
Other accounts receivable		56,568	60,096
Other assets		**570,315**	**540,459**
Deferred acquisition costs	12	71,743	69,441
Miscellaneous assets and accruals	13	498,572	471,018
Cash and cash equivalents	14	**446,357**	**347,171**
Total		**4,725,296**	**4,519,162**
Equity			
Capital and reserves attributable to the owners of the Company		1,821,405	1,753,232
Non-controlling interests		33	16
Total		**1,821,438**	**1,753,248**
Liabilities			
Subordinated debt	16	**323,790**	**323,614**
Employee benefit liabilities	17	**100,182**	**79,554**
Insurance contracts	18	**1,619,869**	**1,530,339**
Provisions	19	**2,679**	**3,034**
Deferred income tax liabilities	20	**101,155**	**124,951**
Current income tax liabilities	20	**47,992**	**37,636**
Payables	21	**227,008**	**200,947**
Accounts payable on insurance and reinsurance business		152,802	129,822
Trade and other accounts payable		74,206	71,125
Other liabilities	22	**480,847**	**459,846**
Borrowings	14	**336**	**5,993**
Total		**2,903,858**	**2,765,914**
Total equity and liabilities		**4,725,296**	**4,519,162**

Consolidated income statement

	Note	2018	2017
Insurance premium revenue	23	1,648,527	1,588,095
Insurance premium ceded to reinsurers	23	(671,988)	(675,629)
Net premium earned		**976,539**	**912,466**
Service and other income	24	249,517	249,140
Share of income/ (losses) of associated companies	25	4,652	(7,396)
Net income from investments	25	17,493	20,585
Total income after reinsurance		**1,248,201**	**1,174,795**
Insurance claims and loss adjustment expenses	26	(775,244)	(714,482)
Insurance claims and loss adjustment expenses recovered from reinsurers	26	282,938	285,498
Net insurance claims		**(492,306)**	**(428,984)**
Net operating expenses	27	(469,789)	(473,929)
Total expenses after reinsurance		**(962,095)**	**(902,913)**
Operating result before finance costs		**286,106**	**271,882**
Finance income		5,858	2,696
Finance expenses	28	(14,599)	(19,271)
Result for the year before tax		**277,365**	**255,307**
Income tax expense	29	(74,710)	(69,073)
Result for the year		**202,655**	**186,234**
Attributable to:			
Owners of the Company		202,638	186,275
Non-controlling interests		17	(39)
Total result for the year		**202,655**	**186,236**

All amounts in thousands of Euro, unless otherwise stated

Consolidated statement of comprehensive income

	Note	2018	2017
Result for the year		202,655	186,236
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	(3,286)
Actuarial gains/(losses) on defined benefit pension plans	15.5	(15,269)	45,643
Income tax relating to items that will not be reclassified		4,909	(9,370)
Items that may be subsequently reclassified to the income statement:			
Net fair value gains/(losses) on available-for-sale financial investments	15.3	(47,569)	12,854
Share of other comprehensive income of associated companies		-	-
Exchange gains/(losses) on translating foreign operations and associated companies	15.4	(7,201)	(25,303)
Income tax relating to items that may be reclassified		11,248	(2,303)
Other comprehensive income for the year, net of tax		**(50,596)**	**18,235**
Total comprehensive income for the year		**152,059**	**204,471**
Attributable to:			
The owners of the Company		152,042	204,510
Non-controlling interests		17	(39)
Total comprehensive income for the year		**152,059**	**204,471**

Consolidated statement of changes in equity

	Note	Attributable to the owners of the Company								
		Share capital	Share premium reserve	Revaluation reserve	Currency translation reserve	Pension reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2017		**79,122**	**639,228**	**54,757**	**(32,558)**	**(170,310)**	**1,055,231**	**1,625,470**	**55**	**1,625,525**
Dividends	30	-	-	-	-	-	(76,748)	(76,748)	-	(76,748)
Total comprehensive income for the year		**-**	**-**	**8,303**	**(23,055)**	**32,987**	**186,275**	**204,510**	**(39)**	**204,471**
Result for the year		-	-	-	-	-	186,275	186,275	(39)	186,236
Other comprehensive income		-	-	8,303	(23,055)	32,987	-	18,235	-	18,235
Balance at 31 December 2017		**79,122**	**639,228**	**63,060**	**(55,612)**	**(137,323)**	**1,164,758**	**1,753,232**	**16**	**1,753,248**
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**
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**

Consolidated statement of cash flows

I. Cash flows from operating activities	Note	2018	2017
Result for the year before tax		277,365	255,309
Adjustments for:			
Realised capital (gains)/losses on investments		(157)	(5,379)
Dividends received from financial investments		(9,383)	(9,463)
Impairment loss		5,347	-
Share of income of associated companies	9	(4,652)	(3,678)
Depreciation, impairment and amortisation		56,951	67,608
Interest expense on subordinated debt	28	17,074	17,065
Net interest income		(38,975)	(37,582)
Other non-cash items		10,410	27,686
Changes in operational assets and liabilities:			
Insurance contracts	18	89,530	(30,816)
Reinsurance contracts	18	(11,829)	46,375
Deferred acquisition costs	12	(7,184)	3,683
Accounts receivable and payable on insurance and reinsurance business		7,460	(65,163)
Changes in other assets and liabilities		44,427	48,986
Pensions and other long-term employee benefit net contributions		(34,444)	(22,870)
Cash generated from operations		**401,940**	**291,761**
Income tax paid		(66,514)	(58,070)
Interest paid		(18,780)	(1,308)
Net cash (used in)/generated by operating activities		**316,646**	**232,383**
II. Cash flows from investing activities			
Investments and acquisitions (cash outflows):			
Investments in associated companies	9	-	(34,742)
Short-term investments		(235,035)	(159,856)
Financial investments available-for-sale	10	(484,342)	(586,891)
Property, plant and equipment and intangible assets		(55,830)	(50,393)
Divestments, redemptions and disposals (cash inflows):			
Short-term investments		186,880	157,368
Financial investments available-for-sale	10	426,369	543,470
Property, plant and equipment and intangible assets		-	2
Dividends received from associated companies	9	-	462
Dividends received from financial investments		9,383	9,001
Interest received		41,489	42,237
Net cash (used in)/generated by investing activities		**(111,086)**	**(79,342)**
III. Cash flows from financing activities			
Dividend paid	30	(83,869)	(76,748)
Interest paid on subordinated debt		(16,888)	(16,875)
Net cash (used in)/generated by financing activities		**(100,757)**	**(93,623)**
Changes in cash and cash equivalents (I + II + III)		104,803	59,418
Cash and cash equivalents at the beginning of the year	14	341,178	286,469
Effect of exchange rate changes on cash and cash equivalents		40	(4,709)
Cash and cash equivalents at the end of the year		**446,021**	**341,178**

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 3,707 people as at 31 December 2018 (2017: 3,756). The parent is Grupo Compañía Española de Crédito y Caución, S.L., which owns 64.23% (2017: the same) 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% (2017: the same) 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 6 March 2019 and have been reviewed by the Supervisory Board. On 6 March 2019 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 2018 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 2018

The following relevant standards, amendments and interpretations have been adopted in 2018, but have had no material effect on the consolidated financial statements unless otherwise mentioned:

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard supersedes IAS 18 revenue recognition standard and the related interpretations under IFRS. For implementation, Atradius has chosen to apply the modified retrospective method, by which the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of equity at 1 January 2018 and the comparative information is not restated. Since insurance contracts are scoped out of IFRS 15, only service and other income of EUR 250 million (2017: EUR 249 million) is affected. Atradius has analysed the IFRS 15 requirements for these revenue streams and concluded that Atradius accounting policies are in line with IFRS 15. As such, the IFRS 15 implementation has had no impact on the 2017 net result and therefore did not affect equity as at 1 January 2018.

- 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 will not have a material impact on the consolidated financial statements.
- Amendments to IAS 40 Investment property: Transfer of investment property (effective 1 January 2018) clarifies that management’s intention is insufficient on its own to justify a previously recognised property from being reclassified to or from the investment property category. This amendment will not have a material impact on the consolidated financial statements.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018) clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. This interpretation will not have a material impact on the consolidated financial statements.
- Annual improvements cycle 2014-2016 (effective 1 January 2018). The Cycle introduces limited amendments to the following standards: IAS 28 Investments in Associates and Joint ventures and IFRS 1 First time adoption of International Financial Reporting Standards. The amendments are not expected to 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 2018 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.
- IFRS 16 was issued in January 2016 (effective 1 January 2019) and replaces IAS 17 Leases. 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”) the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today’s accounting under IAS 17. Atradius has made an assessment of the impact on its consolidated financial statements and completed the necessary changes to its accounting systems in order to comply with the new lease accounting methodology. Atradius has chosen to implement IFRS 16 applying the modified retrospective approach, and will recognise the ROU as assets and lease liabilities for its operating leases at approximately EUR 99 million as at 1 January

2019, of which 94% relates to buildings, with no impact on profit or loss. The comparative information of lease liabilities from previous year will not be restated. In addition, the expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for the right-of-use assets and interest expense on lease liabilities, calculated against an incremental borrowing rate. The group elected the practical expedient to apply the standard to contracts that were previously identified as leases under IAS 17, as well as the exemption options for short term- and low value leases.
- Annual improvements cycle 2015-2017 (effective 1 January 2019). The cycle introduces limited amendments to the following standards: IFRS 3 Business combinations, IFRS 11 Joint arrangements, IAS 12 Income taxes and IAS 23 Borrowing costs. The amendments are not expected to have a material impact on the consolidated financial statements.
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019). The interpretation is not expected to 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 are not expected to have a material impact on the 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 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 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.
- 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 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 very 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. Associated companies are accounted for using the equity method and are initially recognised at cost. Atradius' investment in associated companies includes goodwill (net of any accumulated impairment loss).

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.

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 and other currency instruments designated as hedges of such investments, 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 2018	1.118	0.873	0.617	1.123	0.880	0.642
At 31 December 2017	1.127	0.834	0.652	1.146	0.891	0.680

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.

For the purpose of impairment testing, goodwill is allocated to Atradius' relevant cash-generating units. 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.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

The CGU's where Goodwill is allocated are the lowest identifiable level possible.

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.

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.

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.

2.8 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.

Atradius has profit commission arrangements with its reinsurance companies that are based on the loss ratio per underwriting year. Atradius accounts for these commissions based on detailed assessments of the expected ultimate loss ratios.

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 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

2.23.1 Atradius as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.23.2 Atradius as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are realised. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are realised.

2.24 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.

Sliding scale reinsurance commission

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.

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 or prolonged 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 10.4 million loss before tax (2017: EUR 3.5 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% - 3.5% and the specific discount rate.

The projection period is 10 years, where the first 1-3 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 strong governance and associated internal control system within the organisation. As a self-learning organisation and based on additional regulatory requirements, Atradius continues to strengthen its risk management capabilities by broadening risk management scope and enhancing existing risk management tools.

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 a respective appetite. Moreover, risk management, risk profile measurement and implicitly the relationship between risk and capital play a central role in the European regulatory regime, Solvency II.

4.1.1 The risk landscape

The state of the global economy greatly influences the risks that Atradius faces. Economic deterioration may result in higher insolvencies causing more frequent and severe claims expenses. In addition, a deterioration may lower our revenues as they are strongly correlated to global trade. 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 potential negative impact on the number of customer policies held by Atradius. This might further lower revenues. Understanding of that landscape, anticipating developments and preparation for mitigating actions is a key expertise of Atradius.

The uncertainty triggered by Brexit continues to present challenges. Our global footprint of offices enables Atradius to connect to customers in territories throughout Europe and across the globe. Through our network of established offices, which all operate under one single legal framework, Atradius is able to deliver international insurance solutions in every EU27 country as well as the United Kingdom and will be able to continue doing that after Brexit. Our strong network of offices, combined with our flexibility and customer centred approach, will enable Atradius to continue to deliver customer specific solutions in the future.
Atradius' current activities will continue without interruption, whether there is a Hard Brexit, or whether the UK leaves the European Union with an “agreed deal”. The departure of the UK from the EU and the subsequent loss of Freedom of Services will mean that Atradius may no longer be able to provide policies across border as we currently do. However, as an EEA registered insurer, Atradius is able to issue policies from any of its EU branches. Accordingly, for customers with insured subsidiaries operating cross border in EU territories, the subsidiary's policy may be issued from an Atradius office within the EU.
In the UK, the financial regulatory authority (PRA) has prepared for a no-deal Brexit with the Temporary Permissions Regime. This Regime will enable Atradius to continue all its activities in the UK, through its existing Atradius UK branch, which going forward, will be operating as a Third Country Branch. Atradius has already secured the necessary regulatory permissions. This required regulatory change will have no material impact on the cover available or claims payment under current or future policies, nor to our customers' rights under their policy.

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

Atradius' risk management policies are established to identify and analyse the risks faced by Atradius, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Atradius' activities. Through its training and management standards and procedures, Atradius has implemented and 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 RSMB in specific risk areas), approval authorities, roles and responsibilities and risk boundaries which combine to define the process by which Atradius decides what risks it takes on and how it manages those risks.

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 lines of 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 applicable loss 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 and that all risk acceptance must take place within the framework of the risk governance structure described in Note 4.1.2. The main elements of the risk governance structure currently in place are described below. Furthermore, Atradius' reinsurance DAC 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 over 50 countries worldwide, maintaining a balanced diversity within the portfolio from each continent. The underlying business consists of approximately 58% credit insurance and 42% 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 to 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 2017, Atradius decided to renew its reinsurance arrangements for 2018.This trend continued with the renewal of the reinsurance arrangements for 2019 in early 2018. On renewal, Atradius assesses the optimal structure of the treaties for the forthcoming period, including the excess of loss treaties (the attachment points, spread of the layer and the number of reinstatements). 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 requirements and Atradius' SCR appetite.

For the underwriting year 2018 one quota share reinsurance treaty is in place covering the majority of Atradius' business. The retention under this treaty is 60% (2017; 57.5%).

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, impacting 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 quality standard of solvency/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.

All amounts in thousands of Euro, unless otherwise stated

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 2018 and 2017 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 credit 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 and, 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 DAC programme, which has a finite number of reinstatements for each layer, there is no natural way to show TPE net of reinsurance.

In the following tables, the TPE has been aggregated and shows the exposure for credit insurance (including special products and reinsurance). Germany, Spain and Portugal constitute more than 29% of the overall exposure.

Buyer country	**TPE 2018 (EUR million)**	**%**	**TPE 2017 (EUR million)**	**%**
Spain, Portugal	99,453	15.2%	98,714	15.8%
Germany	90,599	13.9%	86,430	14.1%
Central and Eastern Europe	63,935	9.8%	59,253	9.4%
USA	50,556	7.7%	49,228	8.3%
France	47,119	7.2%	44,854	7.4%
United Kingdom	44,989	6.9%	43,537	6.8%
Italy	44,263	6.8%	42,242	6.3%
The Netherlands	29,650	4.5%	27,636	4.3%
Nordic	28,072	4.3%	26,390	4.2%
Other	154,768	23.7%	144,545	23.2%
Total	**653,404**	**100%**	**622,829**	**100%**

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

Industry sector	TPE 2018 (EUR million)	%	TPE 2017 (EUR million)	%
Chemicals	86,479	13.2%	82,783	13.3%
Electronics	77,433	11.9%	74,476	12%
Consumer durables	69,881	10.7%	68,442	11%
Metals	68,424	10.5%	63,419	10.2%
Food	63,001	9.6%	58,608	9.4%
Transport	60,461	9.3%	56,930	9.1%
Construction	49,773	7.6%	46,896	7.5%
Machines	39,972	6.1%	37,137	6%
Agriculture	33,876	5.2%	33,318	5.3%
Construction materials	28,360	4.3%	27,058	4.3%
Services	27,837	4.3%	26,994	4.3%
Other	47,907	7.3%	46,768	7.5%
Total	**653,404**	**100%**	**622,829**	**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 (2017: the same).

Value band (EUR million)	TPE 2018 (EUR million)	%	TPE 2017 (EUR million)	%
0 - 20	349,910	53.6%	339,174	54.5%
20 - 100	113,528	17.4%	107,227	17.2%
100 - 250	70,575	10.8%	66,824	10.7%
250 - 500	48,405	7.4%	46,080	7.4%
500 - 1000	37,175	5.7%	33,858	5.4%
1000 - and more	33,811	5.2%	29,666	4.8%
Total	**653,404**	**100%**	**622,829**	**100%**

Exposure for bonding and for instalment credit protection has different characteristics and therefore has not been included in these tables. The bonding exposure is EUR 24 billion (2017: EUR 23.4 billion). Exposure for instalment credit protection amounts to EUR 2.6 billion (2017: EUR 2.5 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 almost always 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. However, 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 2019 will be around 20% above the level of end 2018. 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 25 million, gross of reinsurance (2017: EUR 23 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.

Claims provisions are presented net of recoveries from salvage and subrogation. Realised recoveries can deviate from expected recoveries. Expected recoveries amount to EUR 409.2 million (2017: EUR 441.2 million). The largest two components of the expected recoveries are the recoveries for standard credit insurance of EUR 185.7 million (2017: EUR 194.2 million), and for instalment credit protection of EUR 141.7 million (2017: EUR 134.7 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 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.

All amounts in thousands of Euro, unless otherwise stated

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	**2018**	**2017**
Available-for-sale:		
Equity securities	241,720	293,976
Debt securities:		
Government bonds	563,834	555,976
Corporate bonds	1,267,474	1,232,631
Total	**2,073,028**	**2,082,583**

The Company has at 31 December 2018 respectively 31 December 2017 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 manage these risks.

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 an investment management agreement. This diversified portfolio consists out of EUR denominated large capitalisation equities. Per the end of December 2018, the market value of this equities portfolio is EUR 78.5 million (2017: EUR 95.2 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:

		Weight in %		Weight in %
	2018		2017	
Passive equities exchange traded funds	161,184	98.8%	197,334	99.3%
Active money market funds	2,008	1.2%	1,448	0.7%
Total	**163,192**	**100.0%**	**198,782**	**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 out of one money market fund denominated in Brazilian real.

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.

Profile

All amounts in thousands of Euro, unless otherwise stated

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	
	2018	**2017**	**2018**	**2017**
Financial assets [1) 3)]	1,831,308	1,788,607	702,277	552,419
Financial liabilities [2) 4)]	(323,790)	(323,614)	(42,347)	(50,875)
Total	**1,507,518**	**1,464,993**	**659,930**	**501,544**

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 and cash held for 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 1%. 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 1% and is calculated as the weighted average of the discounted future cash flows to be received measured in years. The duration for 2018 is 2.0 years (2017: 2.5 years) and the average maturity for 2018 is 2.2 years (2017: 2.8 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 2018	% of the market value 2018	EUR million 2017	% of the market value 2017
Equity securities:				
Shares (including equity funds)	84.6	35.3%	77.8	26.6%
Debt securities:				
Government bonds (including government bond funds)	17.0	3.0%	7.1	1.3%
Corporate bonds (including corporate bond funds)	17.7	1.4%	17.9	1.4%
Total portfolio	95.9	4.1%	85.9	3.8%

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 may not be equal to the sum of the VaR of the individual portfolio components because the correlation between these components may be less than one. The VaR percentage increased from 3.8% at the end of 2017 to 4.1% at the end of 2018 and the VaR value increased from EUR 85.9 million at the end of 2017 to EUR 95.9 million at the end of 2018.

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 2018, the Euro strengthened against most of the non-Euro functional currencies (see Note 2.5.3) resulting in a foreign currency loss in other comprehensive income of EUR 6 million, net of tax (2017: a loss of EUR 23.1 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.

Atradius' exposure to foreign currency exchange rate risk, arising from monetary financial assets and liabilities denominated in non-functional currencies as at 31 December 2018 and 31 December 2017, is presented in the following table:

	Financial assets 2018	Financial liabilities 2018	Net position 2018	Financial assets 2017	Financial liabilities 2017	Net position 2017
EUR	165,638	153,919	11,719	202,045	145,944	56,101
GBP	24,217	25,559	(1,342)	31,872	23,883	7,989
USD	307,310	260,599	46,711	291,314	271,401	19,913
AUD	8,644	8,610	34	7,520	7,913	(393)
Other	143,022	236,587	(93,565)	153,813	239,240	(85,427)
Total	**648,831**	**685,274**	**(36,443)**	**686,564**	**688,381**	**(1,817)**

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 2017. 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.

All amounts in thousands of Euro, unless otherwise stated

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

	Assets	Liabilities	Net position	Assets	Liabilities	Net position
		2018			2017	
EUR	3,487,135	2,000,708	1,486,427	3,382,508	1,902,228	1,480,280
GBP	163,861	112,692	51,169	135,653	96,473	39,180
USD	432,628	296,766	135,862	394,331	299,070	95,261
AUD	85,823	42,730	43,093	77,034	40,823	36,211
Other	555,849	450,962	104,887	529,636	427,320	102,316
Total	**4,725,296**	**2,903,858**	**1,821,438**	**4,519,162**	**2,765,914**	**1,753,248**

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 normal 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 and are therefore included in the table below.

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 overall fixed income portfolio is almost completely invested in investment grade debt securities which are rated 'A-' or higher. 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 level) is 5% of the market value of the financial investments of the legal entity or Atradius. 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 action is taken if a concentration limit is breached.

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 2018 and as at 31 December 2017, are presented in the following tables:

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
Structured debt	-	-	-	-	-	-
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	-	34	343	51	19	446
Total	**297**	**633**	**1,772**	**203**	**65**	**2,969**

At 31 December 2017 (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	232	1	24	466
Deposits received from reinsurers	-	(22)	(21)	-	(2)	(45)
Debt securities:						
Government bonds	187	280	61	8	20	556
Corporate bonds	9	96	1,011	116	1	1,233
Short-term investments:						
Deposits withheld by ceding companies	-	7	6	4	9	26
Bank deposits under short-term investments	20	19	106	33	-	178
Cash and cash equivalents [1]	-	31	272	40	4	347
Total	**216**	**620**	**1,667**	**202**	**56**	**2,761**

1) For comparative purposes 2017 ratings have been amended. In cash and cash equivalents line, reclassifications have been performed without any financial impact at total level.

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

4.3.2.1 Disclosures about the 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 2018 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.

All amounts in thousands of Euro, unless otherwise stated

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 2018, 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.

	Fair Value at		Change in fair value
(EUR million)	**31-Dec**	**01-Jan**	
Debt securities: **(Government bonds + Corporate bonds+ Structured debt)**	1,831	1,789	42
SPPI	1,826	1,783	43
Other	5	6	(1)
Equity securities:	242	294	(52)
SPPI	-	-	-
Other	242	294	-
Short-term investments:	230	179	52
SPPI	230	179	-
Other	-	-	-
Cash and cash equivalents	446	347	99
SPPI	446	347	-
Other	-	-	-
Total	**2,749**	**2,609**	**142**

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 2018.

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 (2017: 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 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 2017		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount [1)]
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	52,500	272,654	248,614
Subordinated loan	5.00%	-	3,750	83,620	-	75,000
Bankoverdraft	0.00%	5,993	-	-	-	5,993
Deposits received from reinsurers	0.16%	-	44,882	-	-	44,882
Total		**5,993**	**61,757**	**136,120**	**272,654**	**374,489**
Non-interest bearing liabilities						
Insurance contracts		-	1,038,894	469,319	(1,031)	1,530,339
Payables		-	200,947	-	-	200,947
Total		**-**	**1,239,841**	**469,319**	**(1,031)**	**1,731,286**

1) In 2017 Annual Report, the undiscounted subordinated notes cash flows were calculated until their maturity date. In 2018 Annual Report, such cash flows have been recalculated until these subordinated notes first call date. Due to this change of criteria, 2017 figures show an impact of EUR 235 million under the [>5 years] bracket.

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%)	441,353	5,005	-	-	446,358
Total		**517,161**	**573,200**	**1,436,020**	**37,259**	**2,533,560**
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**

At 31 December 2017		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	0.22%	-	196,223	1,545,996	51,401	1,788,607
Investments: deposits and cash held for investments	0.00%	65,786	99,402	40,000	-	205,222
Cash: Cash and bank deposits	0.00%	340,195	6,976	-	-	347,171
Total		**405,981**	**302,601**	**1,585,996**	**51,401**	**2,341,000**
Non-interest bearing assets						
Other financial assets		-	294,002	-	-	294,002
Reinsurance contracts		-	403,849	182,439	(401)	585,887
Receivables		-	225,079	-	-	225,079
Total		**-**	**922,930**	**182,439**	**(401)**	**1,104,968**

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 therefore present within all activities undertaken by Atradius, at all levels and across all locations.

The Operational Risk Management (ORM) unit is part of the Atradius Group Risk Management department and 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 through to the Chief Risk Officer.

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, risks and control self-assessment procedures and 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 to employees 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; 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. The business continuity management programme at Atradius is aligned with the International Standard ISO22301. The ORM unit 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. These elements are of importance to our customers, suppliers, staff and other stakeholders. Complying with relevant laws, rules and regulations and maintaining a high standard in terms 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 employees of Atradius and that govern Atradius' operations and its employees' business conduct and actions. Individual Compliance Policies address specific compliance areas in more detail and set out detailed compliance requirements that must be complied with across Atradius and which must be included in existing business procedures. For the monitoring and testing of effectiveness of these requirements, close alignment is sought with the activities of the ORM and Internal Audit units.

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
- minimising 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 2018, the capital includes shareholders' funds of EUR 1.8 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.

Available capital is measured and managed both from an accounting and economic perspective. Atradius considers the solvency calculation models of the relevant regulatory authorities and credit rating agencies to actively manage capital to ensure capital adequacy. Atradius' policy is to maintain a sufficient excess above the minimum solvency capital required by the relevant regulatory authorities.

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:

- a process of regular assessment of solvency needs, taking into account the business strategy, resulting risk profile and applied risk limits;
- 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 regulatory 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 2018, 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; it became effective on 1 January 2016. It replaced the former regulatory regime of 14 directives which were commonly known as "Solvency I".

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 2018 the eligible own funds under SII for the Company amounts to EUR 2,059 million (2017: EUR 2,040 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 insurance business is split into the segments Credit insurance which includes Instalment credit protection (ICP), Bonding and Reinsurance due to the different nature of the related products and the associated insurance liabilities. 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.

Information regarding these segments is presented in the following tables:

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) *	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**

**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**

All amounts in thousands of Euro, unless otherwise stated

Business segment 2017	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
Insurance premium revenue	1,341,173	113,225	133,697	1,588,095	-	-	-	1,588,095
Service and other income	130,830	-	-	130,830	118,310	-	-	249,140
Inter-segment revenue	-	-	-	-	3,402	(3,402)	-	-
Total revenue	**1,472,003**	**113,225**	**133,697**	**1,718,925**	**121,712**	**(3,402)**	**-**	**1,837,235**
Insurance premium ceded to reinsurers	(599,825)	(50,394)	(25,410)	(675,629)	-	-	-	(675,629)
Total segment income after reinsurance	**872,178**	**62,831**	**108,287**	**1,043,296**	**121,712**	**(3,402)**	**-**	**1,161,606**
Insurance claims and loss adjustment expenses	(618,736)	(21,040)	(77,452)	(717,228)	-	2,746	-	(714,482)
Insurance claims and loss adjustment expenses recovered from reinsurers	257,764	7,468	20,266	285,498	-	-	-	285,498
Net insurance claims	**(360,972)**	**(13,572)**	**(57,186)**	**(431,730)**	**-**	**2,746**	**-**	**(428,984)**
Gross operating expenses	(509,929)	(41,396)	(54,840)	(606,165)	(118,122)	656	(6,745)	(730,376)
Commission received for business ceded to reinsurers	233,162	18,733	4,552	256,447	-	-	-	256,447
Net operating expenses	**(276,767)**	**(22,663)**	**(50,288)**	**(349,718)**	**(118,122)**	**656**	**(6,745)**	**(473,929)**
Operating segment result	**234,439**	**26,596**	**813**	**261,848**	**3,590**	**-**	**(6,745)**	**258,693**
Share of income/ (losses) of associated companies								(7,396)
Net income from investments								20,586
Finance income								2,696
Finance expenses								(19,271)
Result for the year before tax								**255,309**
Income tax expense								(69,073)
Result for the year								**186,236**

**Gross Operating Expenses Service Segment: includes EUR 1.5 million from Trade name amortisation (not considered for management reporting purposes).*

Business segment 2017	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Total
Reinsurance contracts	390,885	148,045	46,957	585,887	-	-	585,887
Receivables	198,207	20,377	3,559	222,143	5,675	(2,739)	225,079
Unallocated assets	-	-	-	-	-	-	3,708,196
Total assets	**589,092**	**168,422**	**50,516**	**808,030**	**5,675**	**(2,739)**	**4,519,162**
Insurance contracts	879,679	278,074	372,586	1,530,339	-	-	1,530,339
Payables	161,940	37,960	564	200,464	15,051	(14,568)	200,947
Unallocated liabilities	-	-	-	-	-	-	1,034,628
Total liabilities	**1,041,619**	**316,034**	**373,150**	**1,730,803**	**15,051**	**(14,568)**	**2,765,914**
Total year end number of employees (full-time equivalent)	2,723	139	21	**2,883**	713	-	**3,596**

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 58% credit insurance contracts and approximately 42% bonding (2017: 58% and 42% respectively), based on premium volume.

Revenue from external customers allocated to the region in which the insurance contract is issued or services are rendered is presented in the following table:

	2018	2017
Spain and Portugal	380,418	372,348
France, Belgium, Italy and Luxembourg	356,213	340,480
Germany, Central and Eastern Europe	352,639	328,485
United Kingdom and Ireland	277,087	277,770
The Netherlands	169,979	168,758
Oceania and Asia	138,622	130,259
Americas	118,637	121,604
Nordic countries	104,449	97,531
Total	**1,898,044**	**1,837,235**

Total assets and capital expenditure allocated based on where the assets are located are presented in the following table:

	Assets		Non-current assets 1)		Additions to non-current assets 1)	
	2018	2017	2018	2017	2018	2017
Spain and Portugal	1,342,231	1,420,458	121,798	123,738	6,018	12,712
France, Belgium, Italy and Luxembourg	362,474	321,651	23,565	25,025	1,519	5,076
Germany, Central and Eastern Europe	345,625	342,190	7,673	7,215	2,288	3,004
United Kingdom and Ireland	1,523,439	1,462,223	36,300	34,017	14,990	17,078
The Netherlands	572,918	433,406	50,322	33,449	30,238	11,900
Nordic countries	156,614	147,083	891	1,180	124	315
Americas	228,829	208,994	2,914	2,859	372	1,049
Oceania and Asia	193,166	183,157	1,244	1,512	281	360
Total	**4,725,296**	**4,519,162**	**244,708**	**228,995**	**55,830**	**51,494**

1) Non-current assets included in the above table comprise intangible assets (other than goodwill), property, plant and equipment and investment property.

All amounts in thousands of Euro, unless otherwise stated

6 Intangible assets

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**

2017	Goodwill	Software	Other [1]	Total
At cost at 1 January	**151,312**	**193,424**	**32,238**	**376,974**
Additions	-	31,316	-	31,316
Disposals	-	(3,286)	(1,739)	(5,025)
Reclassification	-	(9)	-	(9)
Effect of movements in foreign exchange rates	(20)	(2,614)	(157)	(2,791)
At cost at 31 December	**151,292**	**218,831**	**30,342**	**400,465**
Accumulated amortisation and impairments at 1 January	**(736)**	**(130,802)**	**(19,431)**	**(150,969)**
Amortisation charge for the year	-	(16,074)	(2,584)	(18,658)
Disposals	-	1,881	1,532	3,413
Reclassification	-	163	-	163
Effect of movements in foreign exchange rates	-	1,848	157	2,005
Accumulated amortisation and impairments at 31 December	**(736)**	**(142,984)**	**(20,326)**	**(164,046)**
Balance at 1 January	**150,576**	**62,622**	**12,805**	**226,005**
Balance at 31 December	**150,556**	**75,847**	**10,014**	**236,419**

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. During 2018 there was no impairment charge (2017: 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	2018	2017
ACyC [1]	98,797	98,797
Graydon Holding N.V.	30,931	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]	2,563	2,571
Other	4,314	4,314
Total	**150,548**	**150,556**

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 1-3 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 6.2% and 7.8% and the growth rate between 1% and 1.4% . 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% (2017: 0.5%) 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	7.4%	-1.4%	1.8%
Graydon Holding	15.3%	-11.1%	-3.5%
Atradius Trade Credit Insurance Inc.	6.3%	-4.8%	2.9%
Atradius Collections B.V.	23.2%	-18.5%	0.0%
ACyC (France)	11.5%	-9.0%	4.8%
ACyC (Nordic bonding)	7.5%	-5.5%	3.3%

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. During 2018 Atradius has capitalised EUR 38.1 million mainly due to Atradius Business Transformation project (ABT) (2017: EUR 25.2 million).
Atradius performed an impairment test on an annually basis. In 2018 there is an impairment recognition of 5.3 million. (There was no impairment recognition in 2017.)

All amounts in thousands of Euro, unless otherwise stated

7 Property, plant and equipment & investment property

2018	Land & buildings	Fixtures & fittings	IT hardware	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**

2017	Land & buildings	Fixtures & fittings	IT hardware	Total property, plant & equipment	Investment property
At cost at 1 January	**108,388**	**57,229**	**49,177**	**214,794**	**14,518**
Additions	-	7,902	7,204	15,106	3,971
Disposals	-	(3,325)	(3,886)	(7,211)	-
Reclassification	3,860	4	(12)	3,852	(3,860)
Effect of movements in foreign exchange rates	(136)	(880)	(1,002)	(2,018)	(48)
At cost at 31 December	**112,112**	**60,930**	**51,481**	**224,523**	**14,581**
Accumulated depreciation and impairments at 1 January	**(10,427)**	**(40,026)**	**(38,373)**	**(88,826)**	**(4,610)**
Depreciation charge for the year	(1,022)	(4,031)	(5,393)	(10,446)	(134)
Disposals	-	3,279	3,852	7,131	-
Impairment loss	-	-	-	-	(269)
Reclassification	(114)	(118)	(38)	(270)	115
Effect of movements in foreign exchange rates	23	588	722	1,333	5
Accumulated depreciation and impairments at 31 December	**(11,540)**	**(40,308)**	**(39,230)**	**(91,078)**	**(4,893)**
Balance at 1 January	**97,961**	**17,203**	**10,804**	**125,968**	**9,908**
Balance at 31 December	**100,572**	**20,622**	**12,251**	**133,445**	**9,688**

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	
	2018	**2017**	**2018**	**2017**
Spain and Portugal	92,634	86,395	9,104	8,830
Italy	20,620	20,620	675	675
Mexico	3,927	3,567	1,309	1,189
The Netherlands	-	-	475	460
Other	998	904	-	-
Total	**118,179**	**111,486**	**11,563**	**11,154**

Fair value measurement

Land and buildings are independently appraised by real estate valuators, 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 property is valued using valuation techniques. 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 2017). 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: 89% office (2017: 89%) and 11% retail (2017: 11%).

Direct operating expenses incurred (including repairs and maintenance) arising from investment property are EUR 400 thousand (2017: EUR 97 thousand). During the year an amount of EUR 735 thousand (2017: EUR 551 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 593 thousand of which EUR 536 thousand are for non-cancellable contracts.

8 Subsidiaries

The following table sets forth, as at 31 December 2018 and 2017, 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	100.00%	Collections
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	Spain	100.00%	Credit insurance
Atradius Finance B.V.	The Netherlands	100.00%	Finance
Atradius Information Services B.V.	The Netherlands	100.00%	Information services
Atradius Insurance Holding N.V.	The Netherlands	100.00%	Holding
Atradius Participations Holding B.V.	The Netherlands	100.00%	Holding
Atradius Reinsurance DAC	Ireland	100.00%	Reinsurance
Atradius Rus Credit Insurance LLC	Russia	100.00%	Credit insurance
Atradius Seguros de Crédito, S.A.	Mexico	100.00%	Credit insurance
Atradius Trade Credit Insurance, Inc.	USA	100.00%	Credit insurance
Atradius Crédito y Caución Seguradora SA	Brazil	100.00%	Credit insurance
Graydon Holding N.V.	The Netherlands	100.00%	Information services

9 Investments in associated companies

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

	2018	2017
Balance at 1 January	**63,538**	**39,586**
Additions	-	34,742
Share of income of associated companies	4,652.0	3,678
Dividends received	(968.0)	-
Disposals	-	-
Impairments of associated companies	-	(11,701)
Revaluations	(213.0)	54
Effect of movements in foreign exchange rates	(3,581.4)	(2,821)
Balance at 31 December	**63,428**	**63,538**

None of the associated companies is listed. All information from the associated companies, unless otherwise stated, is based on balance sheet dates between 30 September 2018 and 31 December 2018.

	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:

All amounts in thousands of Euro, unless otherwise stated

2018	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	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**
Result sale	-	-	-	-	-	**-**
Other income/(expense)	-	-	-	-	-	**-**
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**
2017						
Atradius 's interest						
Goodwill	6,927	380	1,611	-	-	**8,918**
Net assets	15,318	10,361	27,480	1,461	-	**54,620**
Carrying amount	**22,245**	**10,741**	**29,091**	**1,461**	-	**63,538**
Share of income of associated companies	964	958	1,919	(163)	-	**3,678**
Dividends received	-	-	-	-	627	**627**
Associated companies						
Assets	127,879	81,144	120,160	10,674	-	**339,857**
Liabilities	66,608	29,334	65,199	7,686	-	**168,827**
Revenue	46,842	13,574	10,745	2,662	-	**73,823**
Net assets	61,271	51,810	54,961	2,988	-	**171,030**
Result for the year	3,856	4,795	3,838	(334)	-	**12,155**

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

10 Financial investments

Financial investments classified by measurement category and nature	Available-for-sale		Loans and receivables 1)		Total	
	2018	2017	2018	2017	2018	2017
Equity securities	241,720	293,976	-	-	241,720	293,976
Debt securities	1,831,308	1,788,607	-	-	1,831,308	1,788,607
Loans	-	-	26	26	26	26
Short-term investments	-	-	205,514	166,338	205,514	166,338
Cash held for investments	-	-	50,380	38,883	50,380	38,883
Total	**2,073,028**	**2,082,583**	**255,920**	**205,247**	**2,328,948**	**2,287,830**

1) There are not bank deposits tacitly renewable in 2018 (EUR 30 million with a maturity of 90 days tacitly renewable in 2017)

Movements in available-for-sale financial investments	Equity securities		Debt securities		Total	
	2018	2017	2018	2017	2018	2017
Balance at 1 January	**293,976**	**290,904**	**1,788,607**	**1,781,141**	**2,082,583**	**2,072,045**
Additions	7,930	26,870	476,412	560,021	484,342	586,891
Disposals	(20,375)	(42,649)	(405,994)	(500,821)	(426,369)	(543,470)
Amortisation charge for the year	-	-	(23,304)	(25,061)	(23,304)	(25,061)
Revaluations through other comprehensive income and income statement	(39,954)	19,586	(7,756)	(2,860)	(47,710)	16,726
Effect of movements in foreign exchange rates	143	(735)	3,343	(23,813)	3,486	(24,548)
Balance at 31 December	**241,720**	**293,976**	**1,831,308**	**1,788,607**	**2,073,028**	**2,082,583**

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

11 Receivables

	2018	2017
Accounts receivable on insurance and reinsurance business	**180,503**	**164,983**
Amounts owed by policyholders and direct insurance operations	130,031	116,941
Receivables arising out of reinsurance	50,472	48,042
Other account receivable	**56,568**	**60,096**
Total	**237,071**	**225,079**

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 77.7 million (2017: EUR 75.7 million) relates to past due receivables on insurance and reinsurance business for which no impairment loss has been recognised, 91.9% (2017: 91.6%) relates to receivables ageing less than three months.

All receivables are considered for impairment testing. As of 31 December 2018, receivables of EUR 24.9 million (2017: EUR 22.1 million) were considered to be partially impaired. The amount of the impairment taken related to these receivables was EUR 12.8 million (2017: EUR 14.7 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.

All amounts in thousands of Euro, unless otherwise stated

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 2018 is EUR 3.3 million (2017: EUR 3.3 million)

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

	2018	2017
Balance at 1 January	**14,693**	**17,576**
Impairment of receivables	3,057	4,678
Receivables written off during the year as uncollectable	(4,710)	(7,128)
Unused amounts reversed	(297)	(433)
Balance at 31 December	**12,743**	**14,693**

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

12 Deferred acquisition costs

	2018	2017
Balance at 1 January	**69,441**	**73,919**
Change in deferred acquisition costs	1,128	233
Effect of movements in foreign exchange rates	1,174	(4,711)
Balance at 31 December	**71,743**	**69,441**
Current	42,038	47,865
Non-current	29,705	21,576

13 Miscellaneous assets and accruals

	2018	2017
Pipeline and ceded return premium	389,275	375,086
Prepayments and accrued interest	36,009	41,519
Net pension plan asset	38,440	20,814
Reimbursement rights	13,525	12,894
Other	21,323	20,705
Total	**498,572**	**471,018**

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

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

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 2018 is EUR 38.4 million (2017: EUR 20.8 million) (see Note 17).

14 Cash and cash equivalents

	2018	2017
Cash at bank and on hand	441,353	340,195
Short-term bank deposits	5,005	6,976
Cash and cash equivalents	**446,358**	**347,171**

Cash and cash equivalents	446,357	347,171
Borrowings	(336)	(5,993)
Cash and cash equivalents in the statement of cash flows	**446,021**	**341,178**

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.

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

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 (2017: the same) of which 79,122,142 ordinary shares were issued and fully paid (2017: 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 2018 were of EUR 2.5 per share.

15.2 Share premium reserve

	2018	2017
Balance at 1 January	**639,228**	**639,228**
Balance at 31 December	**639,228**	**639,228**

15.3 Revaluation reserve

	2018	2017
Balance at 1 January	**63,060**	**54,757**
Change in revaluation reserve - gross	(47,367)	18,069
Change in revaluation reserve - tax	10,039	(5,235)
Net (gains)/losses transferred to net profit on disposal - gross	(202)	(5,215)
Net (gains)/losses transferred to net profit on disposal - tax	(22)	684
Balance at 31 December	**25,508**	**63,060**

All amounts in thousands of Euro, unless otherwise stated

15.4 Currency translation reserve

	2018	2017
Balance at 1 January	**(55,612)**	**(32,558)**
Change in currency translation reserve - gross	(7,201)	(25,303)
Change in currency translation reserve - tax	1,231	2,248
Balance at 31 December	**(61,582)**	**(55,612)**

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

15.5 Pension reserve

	2018	2017
Balance at 1 January	**(137,323)**	**(170,310)**
Recognised actuarial gains/(losses)	**(9,539)**	**35,452**
Change in pension reserve - gross	(15,269)	45,643
Change in pension reserve - tax	5,731	(10,192)
Effect of the asset ceiling	**2,465**	**(2,465)**
Change in pension reserve - gross	3,286	(3,286)
Change in pension reserve - tax	(822)	822
Balance at 31 December	**(144,397)**	**(137,323)**

15.6 Retained earnings

	2018	2017
Balance at 1 January	**1,164,758**	**1,055,231**
Dividends	(83,869)	(76,748)
Result for the year	202,638	186,275
Balance at 31 December	**1,283,527**	**1,164,758**

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.

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

	2018	2017
Balance at 1 January	**323,614**	**323,437**
Accretion of interest	176	177
Redemption	-	-
Addition	-	-
Balance at 31 December	**323,790**	**323,614**

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 260 million (2017: EUR 295 million). The fair value estimate of the subordinated loan issued by Atradius Reinsurance DAC is EUR 82 million (2017: EUR 80 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

	2018	2017
Retirement benefits	95,792	73,880
Other long-term employee benefits	4,390	5,673
Total	**100,182**	**79,553**

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 89% (2017: 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 11.4 million in 2018 (2017: EUR 10.5 million).

All amounts in thousands of Euro, unless otherwise stated

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	
	2018	2017	2018	2017	2018	2017	2018	2017
Balance at 1 January	**845,838**	**828,531**	**775,244**	**724,178**	**(3,286)**	**-**	**73,880**	**104,353**
Additions	-	**37,325**	-	**37,529**	-	-	-	**(204)**
Included in the income statement:	-	-	-	-	-	-	-	-
Current service cost	13,154	14,724	-	-	-	-	13,154	14,724
Past service cost	(3,877)	(2,462)	-	-	-	-	(3,877)	(2,462)
Interest cost / income	17,342	17,003	16,963	15,627	(66)	-	445	1,376
Administration costs	528	532	-	-	-	-	528	532
Cost of Termination Benefits	4,402	2,797	-	-	-	-	4,402	2,797
Effect of movements in foreign exchange rates	459	1,122	75	1,249	-	-	384	(127)
Total included in the income statement	**32,008**	**33,716**	**17,038**	**16,876**	**(66)**	**-**	**15,036**	**16,840**
Included in OCI:								
Remeasurement loss (gain):								
Actuarial loss (gain) arising from:								
- demographic assumptions	(12,275)	(100)	-	-	-	-	(12,275)	(100)
- financial assumptions	8,459	(6,605)	-	-	-	-	8,459	(6,605)
- experience adjustments	(2,228)	(6,506)	-	-	-	-	(2,228)	(6,506)
Return on plan assets excluding interest income	-	-	(21,471)	32,861	-	-	21,471	(32,861)
Change in Irrecoverable Surplus other than Interest	-	-	-	-	3,352	(3,286)	(3,352)	3,286
Effect of movements in foreign exchange rates	(2,554)	(12,947)	(2,588)	(12,988)	-	-	34	41
Total included in OCI	**(8,598)**	**(26,158)**	**(24,059)**	**19,873**	**3,352**	**(3,286)**	**12,109**	**(42,745)**
Other:								
Contributions paid by the employer	(3,450)	(3,416)	19,409	19,178	-	-	(22,859)	(22,594)
Plan participants contributions	2,160	2,121	2,160	2,121	-	-	-	-
Benefits paid	(29,425)	(26,251)	(29,425)	(26,251)	-	-	-	-
Additional benefits	-	(30)	-	(30)	-	-	-	-
Reclassification of surplus plan assets	-	-	(17,626)	(18,230)	-	-	17,626	18,230
Total other	**(30,715)**	**(27,576)**	**(25,482)**	**(23,212)**	**-**	**-**	**(5,233)**	**(4,364)**
Balance at 31 December	**838,533**	**845,838**	**742,741**	**775,244**	**-**	**(3,286)**	**95,792**	**73,880**

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 (2017: EUR 16.7 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 28.7 million of financial investments (2017: EUR 29.9 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 2018 is EUR 38.4 million (2017: EUR 20.8 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 12.8 million (2017: EUR 12.3 million). At the end of 2018, the defined benefit obligation related to the reimbursement rights amounts to EUR 21.9 million (2017: EUR 24.6 million). This same defined benefit obligation has in addition plan assets of EUR 15.5 million (2017: EUR 15.1 million).

All amounts in thousands of Euro, unless otherwise stated

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	135 active members (2017: 152 active members). 525 inactive members (2017: 523 inactive members).	485 active members (2017: 504 active members). 452 inactive members (2017: 433 inactive members).	307 active members (2017: 317 active members). 1,363 inactive members (2017: 1,367 inactive members).
Defined benefit obligation	EUR 257 million (2017: EUR 282 million).	EUR 129 million (2017: EUR 121 million).	EUR 343 million (2017: EUR 331 million).
Plan assets	EUR 296 million (2017: EUR 303 million).	EUR 74 million (2017: EUR 76 million). Assets of EUR 16.3 million (2017: EUR 16.7 million) are recognised as part of the financial investments.	EUR 326 million (2017: EUR 334 million).
Remeasurement gain (loss) through OCI	EUR 13.5 million - gain (2017: EUR 14.2 million - gain).	EUR 11.1 million – loss (2017: EUR 1 million - loss).	EUR 17.9 million - loss (2017: EUR 27.2 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 2018 contributions amounted to 7.1% (2017: 7.1%) of the eligible salary.	None; all contributions are made by the employer.	Employees contribute in 2018 7.50% (2017: 7.0%) of their eligible salary.
ALM-strategy	Every three years an ALM-study is performed to review the investment policy. The investment policy is to hold government and corporate bonds in respect of pensioners to broadly match their liabilities and to hold assets expecting to deliver a return in respect of the non-pensioners.	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.

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.

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 2018	Cash and cash equivalents	Equity instruments	Debt instruments	Investment funds	Insurance contracts	Real estate	Total 2018
Belgium	-	-	-	-	40,261	-	**40,261**
France	-	-	-	-	-	-	**-**
Germany	1,711	23,227	49,424	-	-	-	**74,363**
Italy	-	-	-	-	-	-	**-**
Mexico	-	23	1,031	-	-	-	**1,054**
Norway	-	-	-	-	3,372	-	**3,372**
Spain	-	-	-	-	15,459	-	**15,459**
Sweden	-	257	1,944	314	-	343	**2,858**
Switzerland	-	-	-	-	4,976	-	**4,976**
The Netherlands	19,738	123,929	-	182,433	-	-	**326,101**
United Kingdom	1,032	-	244,977	14,905	-	13,383	**274,297**
Total	**22,481**	**147,437**	**297,376**	**197,653**	**64,068**	**13,726**	**742,741**

Plan assets 2017	Cash and cash equivalents	Equity instruments	Debt instruments	Investment funds	Insurance contracts	Real estate	Total 2017
Belgium	-	-	-	-	38,288	-	**38,288**
France	-	-	-	-	-	-	**-**
Germany	938	26,049	49,323	-	-	-	**76,310**
Italy	-	-		-	-	-	**-**
Mexico	-	20	874	-	-	-	**894**
Norway	-	-	-	-	3,243	-	**3,243**
Spain	-	-	-	-	15,076		**15,076**
Sweden	-	251	2,546	-		346	**3,143**
Switzerland	-	-	-	-	4,465	-	**4,465**
The Netherlands	20,901	136,118	35	177,685	-	-	**334,739**
United Kingdom	1,562	116,657	156,322	10,535	-	14,011	**299,086**
Total	**23,401**	**279,095**	**209,100**	**188,220**	**61,072**	**14,357**	**775,244**

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 4.2 million – loss (2017: EUR 48.5 million - gain).

All amounts in thousands of Euro, unless otherwise stated

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	
	2018	2017	2018	2017	2018	2017
Discount rate	2.75%	2.50%	1.75%	1.75%	1.75%	2.00%
Price inflation rate	3.50%	3.50%	1.75%	1.50%	1.75%	1.75%
Expected increase of future salaries	2.65%	2.40%	2.30%	2.05%	1.75%	1.75%
Expected increase of future benefit levels	3.19%	3.00%	1.50%	1.25%	0.88%	0.88%
Mortality table	CMI 2017 (1.5% LTR)	CMI 2015 (1.5% LTR)	Heubeck Richttafeln 2018 G	Heubeck Richttafeln 2005 G	Prognosetafel AG2018 + adjusted experience	Prognosetafel AG2016 + adjusted experience
Duration in years	19	21	16	16	20	21

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	2018		2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(124,531)	163,185	(128,986)	170,004
Price inflation rate (1% movement)	87,371	(80,472)	105,044	(89,593)
Future salary growth (1% movement)	17,253	(16,404)	18,034	(15,718)
Future pension growth (1% movement)	130,557	(103,926)	134,719	(102,249)
Future mortality (+1 year)	25,555	n/a	27,738	n/a

17.2 Defined benefit costs

A total defined benefit cost of EUR 14.3 million (2017: EUR 16 million) is recognised in the income statement under net operating expenses (see Note 27). EUR 14.2 million (2017: EUR 15.7 million) relates to pension plans and EUR 0.1 million (2017: EUR 0.3 million) to other long-term employee benefits.

18 Insurance contracts

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2018			2017	
Claims reported and loss adjustment expenses	229,635	(119,443)	110,192	222,699	(119,645)	103,054
Claims incurred but not reported	592,305	(230,085)	362,220	554,708	(223,259)	331,449
Claims provisions	**821,940**	**(349,528)**	**472,412**	**777,407**	**(342,904)**	**434,503**
Provision for unearned premium	308,226	(96,596)	211,630	287,072	(94,938)	192,134
Total	**1,130,166**	**(446,124)**	**684,042**	**1,064,479**	**(437,842)**	**626,637**
Bonding						
Claims reported and loss adjustment expenses	198,143	(69,416)	128,727	186,784	(67,005)	119,779
Claims incurred but not reported	71,216	(7,104)	64,112	63,968	(7,090)	56,878
Claims provisions	**269,359**	**(76,520)**	**192,839**	**250,752**	**(74,095)**	**176,657**
Provision for unearned premium	220,344	(75,072)	145,272	215,108	(73,950)	141,158
Total	**489,703**	**(151,592)**	**338,111**	**465,860**	**(148,045)**	**317,815**
Total insurance contracts	**1,619,869**	**(597,716)**	**1,022,153**	**1,530,339**	**(585,887)**	**944,452**
Current	1,113,521	(410,878)	702,642	1,038,894	(403,849)	635,045
Non-current	506,348	(186,838)	319,511	491,445	(182,038)	309,407

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

18.1 Claims development tables

The claims development tables provide an overview of how Atradius' recognised claims costs for underwriting years 2009-2018 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 2018. Underwriting year here means the year in which the risks were accepted; for reinsurance business it is the treaty year.

All amounts in thousands of Euro, unless otherwise stated

Credit Insurance – Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	749.0	515.2	739.7	809.6	682.1	753.0	829.6	755.7	770.4	833.8	
one year later	644.8	500.3	694.4	764.0	586.0	734.6	780.7	669.6	735.3	-	
two years later	620.6	451.2	670.4	704.9	554.6	734.9	744.5	638.5	-	-	
three years later	592.0	437.4	663.5	696.3	543.8	732.4	715.0	-	-	-	
four years later	578.7	438.9	649.7	684.3	540.9	724.5	-	-	-	-	
five years later	577.0	432.1	642.9	685.4	533.2	-	-	-	-	-	
six years later	569.5	425.7	636.7	678.1	-	-	-	-	-	-	
seven years later	561.0	419.1	630.5	-	-	-	-	-	-	-	
eight years later	557.3	414.8	-	-	-	-	-	-	-	-	
nine years later	553.1	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	553.1	414.8	630.5	678.1	533.2	724.5	715.0	638.5	735.3	833.8	6,456.8
Cumulative payments to date	555.0	417.9	630.5	667.0	535.6	695.1	711.6	644.6	610.6	179.3	5,647.2
Claims provision at 31 December 2018 in respect of 2009 - 2018	(1.9)	(3.1)	-	11.1	(2.4)	29.4	3.4	(6.1)	124.8	654.5	809.6
In respect of prior years (before 2009)											12.3
Total											**821.9**

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 2015-2017 in the current financial year for these blocks of business was EUR 128.6 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 42.5%. Risk mitigation for gross claims incurred as shown in this table varies between 40% and 46%. 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.

Bonding - Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	10.7	10.2	19.3	19.0	21.7	19.0	21.0	16.8	13.6	10.6	
one year later	22.1	25.7	48.8	48.6	32.6	34.6	26.8	22.8	32.0	-	
two years later	30.7	36.4	60.8	53.7	39.1	43.6	31.5	32.9	-	-	
three years later	34.8	43.4	62.8	58.4	42.0	45.8	38.2	-	-	-	
four years later	36.3	43.4	57.4	58.7	41.0	41.6	-	-	-	-	
five years later	38.4	42.4	60.7	58.5	40.2	-	-	-	-	-	
six years later	38.1	42.1	64.2	58.1	-	-	-	-	-	-	
seven years later	37.6	42.3	64.6	-	-	-	-	-	-	-	
eight years later	34.9	42.3	-	-	-	-	-	-	-	-	
nine years later	35.4	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	35.4	42.3	64.6	58.1	40.2	41.6	38.2	32.9	32.0	10.6	395.9
Cumulative payments to date	26.9	30.7	52.4	39.8	22.0	20.0	7.9	13.7	4.0	0.3	217.8
Claims provision at 31 December 2018 in respect of 2009 - 2018	8.5	11.6	12.2	18.3	18.2	21.6	30.3	19.2	28.0	10.3	178.1
In respect of prior years (before 2009)											91.3
Total											**269.4**

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 2015-2017 in the current financial year was EUR 71.8 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%. Risk mitigation for gross claims incurred as shown in this table varies between 16% and 24%.

All amounts in thousands of Euro, unless otherwise stated

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
		2018			2017	
Balance at 1 January	**777,407**	**(342,904)**	**434,503**	**795,454**	**(376,714)**	**418,740**
Claims paid in the year	(639,597)	263,355	(376,242)	(621,369)	297,288	(324,081)
Increase/(decrease) in liabilities arising from claims	683,421	(269,438)	413,983	637,287	(277,292)	359,995
Foreign exchange rate and other movements	709	(541)	168	(33,965)	13,814	(20,151)
Balance at 31 December	**821,940**	**(349,528)**	**472,412**	**777,407**	**(342,904)**	**434,503**
Claims reported and loss adjustment expenses	229,635	(119,443)	110,192	222,699	(119,645)	103,054
Claims incurred but not reported	592,305	(230,085)	362,220	554,708	(223,259)	331,449
Total	**821,940**	**(349,528)**	**472,412**	**777,407**	**(342,904)**	**434,503**
Bonding						
Balance at 1 January	**250,752**	**(74,095)**	**176,657**	**266,079**	**(86,084)**	**179,995**
Claims paid in the year	(30,117)	10,085	(20,032)	(49,389)	19,336	(30,053)
Increase/(decrease) in liabilities arising from claims	52,730	(13,500)	39,230	38,566	(8,206)	30,360
Foreign exchange rate and other movements	(4,006)	990	(3,016)	(4,504)	859	(3,645)
Balance at 31 December	**269,359**	**(76,520)**	**192,839**	**250,752**	**(74,095)**	**176,657**
Claims reported and loss adjustment expenses	198,143	(69,416)	128,727	186,784	(67,005)	119,779
Claims incurred but not reported	71,216	(7,104)	64,112	63,968	(7,090)	56,878
Total	**269,359**	**(76,520)**	**192,839**	**250,752**	**(74,095)**	**176,657**
Claims provisions	**1,091,299**	**(426,048)**	**665,251**	**1,028,159**	**(416,999)**	**611,160**

18.2.2 Provision for unearned premium

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2018			2017	
Balance at 1 January	**287,072**	**(94,938)**	**192,134**	**285,841**	**(97,034)**	**188,807**
Movement in the period	18,548	(1,118)	17,430	15,513	(3,255)	12,258
Foreign exchange rate and other movements	2,606	(540)	2,066	(14,282)	5,351	(8,931)
Balance at 31 December	**308,226**	**(96,596)**	**211,630**	**287,072**	**(94,938)**	**192,134**
Bonding						
Balance at 1 January	**215,108**	**(73,950)**	**141,158**	**213,781**	**(72,430)**	**141,351**
Movement in the period	5,202	(1,395)	3,807	7,892	(2,617)	5,275
Foreign exchange rate and other movements	34	273	307	(6,565)	1,097	(5,468)
Balance at 31 December	**220,344**	**(75,072)**	**145,272**	**215,108**	**(73,950)**	**141,158**
Provision for unearned premium	**528,570**	**(171,668)**	**356,902**	**502,180**	**(168,888)**	**333,292**

19 Provisions

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)
Effect of movements in foreign exchange rates	-	-	-
Balance at 31 December	**580**	**2,099**	**2,679**
Current	580	-	580
Non-current	-	2,099	2,099

2017	Restructuring	Litigation	Total
Balance at 1 January	**4,320**	**1,707**	**6,027**
Additional provisions	523	324	847
Unused amounts reversed	(372)	(54)	(426)
Utilised	(3,334)	(74)	(3,408)
Effect of movements in foreign exchange rates	(6)	-	(6)
Balance at 31 December	**1,131**	**1,903**	**3,034**
Current	1,131	-	1,131
Non-current	-	1,903	1,903

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.

All amounts in thousands of Euro, unless otherwise stated

20 Deferred and current income tax

Current income tax

	2018	2017
Current income tax assets	48,935	59,559
Current income tax liabilities	47,992	37,636
Net	**943**	**21,923**

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

	2018	2017
Deferred income tax assets before set-off	136,080	124,023
Set-off of deferred tax positions	(98,809)	(93,936)
Net deferred tax assets as presented in the statement of financial position	**37,271**	**30,087**
Deferred income tax liabilities before set-off	199,964	218,887
Set-off of deferred tax positions	(98,809)	(93,936)
Net deferred tax liabilities as presented in the statement of financial position	**101,155**	**124,951**

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

	2018	2017
Balance at 1 January	**(94,864)**	**(69,864)**
Credit (charge) to other comprehensive income for the year	14,926	(13,921)
Charge to the income statement for the year	15,955	(12,558)
Effect of movements in foreign exchange rates	99	1,479
Balance at 31 December	**(63,884)**	**(94,864)**

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

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	(4,269)
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)**

2017	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	12,543	-	(205)	(166)	12,171
Technical balances	9,916	-	3,230	(26)	13,120
Pensions	28,933	(9,370)	2,900	(43)	22,420
Fiscal goodwill	10,011	-	(2,617)	(109)	7,285
Financial investments	(11,100)	(4,551)	2,703	175	(12,772)
Equalisation provisions	(109,587)	-	(4,960)	980	(113,567)
Property, plant and equipment	(14,047)	-	487	14	(13,545)
Other	3,467	-	(14,096)	654	(9,975)
Total	**(69,864)**	**(13,921)**	**(12,558)**	**1,479**	**(94,863)**

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 2018, EUR 1.4 million deferred tax assets on the losses carried forward and deductible temporary difference were written down or not recognised (2017: 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 54.1 million (2017: EUR 54.8 million). The expiration of these unrecognised tax losses carried forward is included in the following table:

Expiration unrecognised tax losses carried forward	2018	2017
1 - 3 years	6,199	434
4 - 9 years	6,427	8,573
Indefinite	41,452	45,802
Total	**54,078**	**54,809**

The decrease of unrecognised tax losses is mainly due to utilisation of the losses carried forward mentioned above.

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

All amounts in thousands of Euro, unless otherwise stated

	Deferred tax	Current tax	Deferred tax	Current tax
	2018		2017	
Revaluation reserve in shareholders equity related to:				
Available-for-sale financial investments	10,017	-	(4,551)	-
Pension reserve in shareholders equity related to:				
Recognised actuarial gains/(losses)	4,909	-	(9,370)	-
Currency translation reserve in shareholders equity related to:				
Currency translation reserve	-	1,231	-	2,248
Total	**14,926**	**1,231**	**(13,921)**	**2,248**

21 Payables

	2018	2017
Accounts payable on insurance and reinsurance business	**152,802**	**129,822**
Payables arising out of reinsurance operations	98,723	78,223
Amounts due to policyholders	35,877	36,759
Amounts due to intermediaries and current account Dutch State	18,202	14,840
Trade and other accounts payable	**74,206**	**71,125**
Accounts payable	42,850	31,716
Other accounts payable	31,356	39,409
Total	**227,008**	**200,947**

The payables are substantially all current.

22 Other liabilities

	2018	2017
Ceded pipeline premium and return premium	203,621	193,678
Deposits received from reinsurers	42,011	44,882
Unearned reinsurance commission	59,503	56,431
Payroll and bonus accruals	50,056	44,944
Reinsurance accruals	27,571	30,039
Other accruals	84,569	73,853
Insurance premium tax and stamp duties payable	2,469	4,914
Other taxes	11,047	11,105
Total	**480,847**	**459,846**

Other liabilities are substantially all current.

23 Net premium earned

Credit insurance	Gross 2018	Reinsurers' share 2018	Net 2018	Gross 2017	Reinsurers' share 2017	Net 2017
Written premium	1,500,202	(620,852)	879,351	1,431,588	(625,505)	806,083
Change in provision for unearned premium	(18,548)	1,118	(17,430)	(15,513)	3,255	(12,258)
Other movements	197	(173)	24	2,612	(1,142)	1,470
Total	**1,481,853**	**(619,907)**	**861,945**	**1,418,687**	**(623,392)**	**795,295**
Bonding						
Written premium	171,908	(53,486)	118,422	177,363	(54,881)	122,482
Change in provision for unearned premium	(5,201)	1,395	(3,806)	(7,892)	2,617	(5,275)
Other movements	(33)	10	(23)	(63)	27	(36)
Total	**166,674**	**(52,081)**	**114,593**	**169,408**	**(52,237)**	**117,171**
Total premium earned	**1,648,527**	**(671,988)**	**976,539**	**1,588,095**	**(675,629)**	**912,466**

24 Service and other income

	2018	2017
Debt collection services	46,657	44,711
Credit information services	132,511	130,829
Business information and other service income	70,349	73,600
Total	**249,517**	**249,140**

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 15% 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	2018	2017
Income		
Debt securities available-for-sale	12,150	12,221
Loans	10	5
Equity securities available-for-sale	11,772	14,473
Other investments	965	1,045
Total income from financial investments	**24,896**	**27,744**
Investment property	521	416
Total investment income	**25,417**	**28,160**
Expenses		
Debt securities available-for-sale	(524)	(1,037)
Equity securities available-for-sale	(3,230)	(2,403)
Handling expenses	(4,097)	(3,731)
Total expenses from financial investments	**(7,851)**	**(7,171)**
Investment property	(73)	(403)
Total investment expenses	**(7,924)**	**(7,574)**
Net income from investments	**17,493**	**20,586**
Share of income/ (losses) of associated companies	4,652	(7,396)
Net income from investments including associated companies	**22,145**	**13,190**

Net investment income by nature of income/(expense)	2018	2017
Income		
Interest	11,946	11,428
Dividends	9,383	9,001
Realised gains	3,567	7,315
Rental income from investment property	521	416
Total	**25,417**	**28,160**
Expenses		
Handling expenses	(4,097)	(3,731)
Realised losses	(3,410)	(2,100)
Impairment loss	(299)	(1,609)
Depreciation of investment property	(118)	(134)
Total	**(7,924)**	**(7,574)**
Net income from investments	**17,493**	**20,586**
Share of income of associated companies	4,652	3,678
Impairments of associated companies	-	(11,701)
Realised gains	-	165
Other	-	462
Total	**4,652**	**(7,396)**
Net income from investments including associated companies	**22,145**	**13,190**

In interest income and expenses reported above, the component related to financial investments available-for-sale is net EUR 11.0 million (2017: EUR 10.3 million); this is derived from government and corporate bonds.

Net gains/(losses) by category	Impairments	Realised gains/(losses)	Impairments	Realised gains/(losses)
	2018		2017	
Investment property	45	-	(269)	-
Financial assets classified as available-for-sale	(344)	157	(1,340)	5,215
Total	**(299)**	**157**	**(1,609)**	**5,215**

All amounts in thousands of Euro, unless otherwise stated

26 Insurance claims

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		2018			2017	
Claims paid in the year	639,596	(263,354)	376,242	621,369	(297,288)	324,081
Change in claims provisions	43,826	(6,084)	37,742	15,917	19,995	35,912
Claims handling expenses	37,463	-	37,463	36,468	-	36,468
Total	**720,885**	**(269,438)**	**451,447**	**673,754**	**(277,293)**	**396,461**
Bonding						
Claims paid in the year	30,117	(10,085)	20,032	49,389	(19,336)	30,053
Change in claims provisions	22,612	(3,415)	19,197	(10,824)	11,132	308
Claims handling expenses	1,630	-	1,630	2,163	-	2,163
Total	**54,359**	**(13,500)**	**40,859**	**40,728**	**(8,204)**	**32,524**
Total insurance claims	**775,244**	**(282,938)**	**492,306**	**714,482**	**(285,497)**	**428,985**

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

27 Net operating expenses

	2018	2017
Total administrative expenses	543,083	522,738
Acquisition costs	211,252	207,871
Change in deferred acquisition costs	(1,128)	(233)
Gross operating expenses	**753,207**	**730,376**
Commissions received for business ceded to reinsurers	(283,418)	(256,447)
Total net operating expenses	**469,789**	**473,929**

Administrative expenses by type of business	2018	2017
Insurance and information expenses	452,607	436,372
Recoveries and collections expenses	47,585	45,143
Other service expenses	73,861	73,024
Group costs	8,123	6,745
Total gross administrative expenses	**582,176**	**561,284**
Claims handling expenses allocated to insurance claims	(39,093)	(38,546)
Total administrative expenses	**543,083**	**522,738**

As part of the gross administrative expenses, depreciation, amortisation and impairment charges for intangible assets and property, plant and equipment amount to EUR 38.9 million (2017: EUR 29.5 million).

Employee benefit expenses	2018	2017
Salaries and wages (including social security costs)	321,422	315,972
Restructuring costs and termination benefits	305	150
Pension costs - defined contribution plans	11,382	10,500
Pension costs - defined benefit plans	14,268	16,057
Total employee benefit expenses	**347,377**	**342,679**

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

28 Finance expenses

	2018	2017
Interest and fees on the subordinated debt	17,074	17,065
Net interest on the net defined benefit liability	323	1,243
Other interest expense	1,961	1,483
Foreign exchange (income)/expense	(4,759)	(520)
Total	**14,599**	**19,271**

The subordinated debt costs include the periodic interest expenses of EUR 16.9 million (2017: EUR 16.9 million) and the accretion of interest on the debt in the amount of EUR 0.2 million (2017: EUR 0.2 million).

29 Income tax

	2018	2017
Current tax	90,665	56,514
Deferred tax	(15,955)	12,558
Income tax expense/(income) for the year	**74,710**	**69,073**

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

	2018	2017
Result before tax	**277,365**	**255,308**
Tax calculated at domestic tax rates applicable to results in the respective countries	69,767	62,370
Tax exempt (income)/loss	(2,012)	1,398
Write down/(reversal) of deferred tax assets	(506)	(850)
Reassessment of prior year local tax positions	80	1,313
Impact of change in tax rate	(1,975)	1,326
Other	9,356	3,516
Income tax expense/(income) for the year	**74,710**	**69,073**

The weighted average applicable tax rate was 25.2% (2017: 24.4%).

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’.

The impact of the change in tax rate in 2018 mainly reflects the effect of changes in income tax rate in France, Belgium, Sweden, UK and The Netherlands.

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

All amounts in thousands of Euro, unless otherwise stated

30 Dividends per share

The dividends paid in 2018 and 2017 were EUR 83.9 million (EUR 1.06 per share) and EUR 76.7 million (EUR 0.97 per share) respectively.

31 Assets not freely disposable

The financial assets not freely disposable in 2018 are EUR 226.4 million (2017: EUR 235.5 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 79.3 million (2017: EUR 82 million).

32 Capital commitments and contingencies

Capital commitments of EUR 15.8 million (2017: EUR 18.3 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 (2017: EUR 1.0 million).

33 Operating leases

Non-cancellable operating lease commitments are included in the following table:

	2018	**2017**
Less than one year	24,145	23,077
Between one and five years	59,172	56,846
More than five years	25,801	18,233
Total	**109,119**	**98,156**

Atradius leases office equipment and office space under a number of operating lease agreements. The lease contracts have remaining terms of between 1 and 20 years. The leasing of office space represents around 92.0% (2017: 86.5%) of the total future payments regarding operating leases.

During the year an amount of EUR 23 million (2017: EUR 26 million) has been recognised as expense.

Further to the implementation of IFRS 16 a lease liability of EUR 99 million will be recorded in the opening balance sheet as per 1 January 2019. The difference of EUR 10 million between this liability and the reported operating leases is explained by the fact that the lease liability according to IFRS 16 is a discounted amount and doesn't include liabilities for short term- and low value leases.

34 Personnel

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

	2018	**2017**
Total average number of employees (full-time equivalent)	3,571	3,591
Total year end number of employees (full-time equivalent)	3,545	3,596
Total year end number of employees (headcount)	3,707	3,756

35 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]
	2018		2017	
Sales to related parties	17,668	755	14,368	1,205
Purchases from related parties	3,526	6,330	5,416	4,829
Amounts owed by related parties	60	13,116	15	28,956
Amounts owed to related parties	1	383	793	437

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

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 2018 or 2017. For the years ending 31 December 2018 and 2017, 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 2018 the interest expense relating to this portion was EUR 2.9 million (2017: 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 2018 the interest expense relating to this subordinate loan was EUR 3.5 million.

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

Lenders	Nominal value	Interest expense	Nominal value	Interest expense
	2018		2017	
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	40,000	2,098	40,000	2,098
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	36,291	1,872	36,291	1,865
Bilbao Compañía Anónima de Seguros y Reaseguros	43,000	2,162	43,000	2,158
Nortehispana, de Seguros y Reaseguros S.A.	6,000	300	6,000	300
Total	**125,291**	**6,432**	**125,291**	**6,421**

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	2018	2017 [2]
Management Board		
Short-term employee benefits [1]	2,158	2,140
Long-term employee benefits	773	1,433
Post-employment benefits	354	351
Total compensation paid to Management Board members	**3,285**	**3,924**
Number of members	**5**	**5**
Supervisory Board		
Short-term employee benefits [1]	595	595
Total compensation paid to Supervisory Board members	**595**	**595**
Number of members	**10**	**10**

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

2) For comparison purposes 2017 information has been disclosed on a consolidated basis

From the total compensation for Management Board members, EUR 2.5 million (2017: 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 subsidiaries. Apart from this they do not have other relationships with the Company or its subsidiaries.

36 Events after the reporting period

There are no events to report.

Company financial statements 2018

Contents

All amounts in thousands of Euro, unless otherwise stated

Company financial statements

Company statement of financial position (before profit appropriation)

Assets	Note	31.12.2018	31.12.2017
Fixed assets		**1,817,083**	**1,751,480**
Property, plant and equipment		10	10
Investments in group companies	3	1,817,073	1,751,470
Current assets		**39,046**	**38,859**
Receivables from group companies		9,265	16,619
Deferred income tax assets		-	1,560
Current income tax assets		7,304	5,795
Cash and cash equivalents		22,477	14,885
Total		**1,856,129**	**1,790,339**
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		(100,056)	(66,408)
- Reserve intangibles assets		62,210	45,262
- Revaluation reserve		25,508	63,060
- Pension reserve		(144,400)	(137,326)
- Currency translation reserve		(43,374)	(37,404)
Retained earnings		776,818	691,360
Result for the year (unappropriated)		202,638	186,275
Total		**1,821,405**	**1,753,232**
Liabilities			
Current liabilities		**34,724**	**37,107**
Payables to group companies		29,837	32,059
Other liabilities	5	4,887	5,048
Total		**34,724**	**37,107**
Total equity and liabilities		**1,856,129**	**1,790,339**

Company income statement

	2018	2017
Income after tax from group companies	207,068	188,750
Other results after tax	(4,430)	(2,475)
Result for the year	**202,638**	**186,275**

Company statement of changes in equity

	Share capital	Share premium reserve	Legal reserves: Reserve intangibles assets	Legal reserves: Revaluation reserve	Legal reserves: Pension reserve	Legal reserves: Currency translation reserve	Retained earnings	Result for the year	Total
Balance at 1 January 2017	**79,122**	**862,883**	**33,041**	**54,757**	**(170,313)**	**(14,349)**	**568,534**	**211,795**	**1,625,470**
Change in revaluation reserve, pension reserve and currency translation reserve	-	-	-	8,303	32,987	(23,055)	-	-	**18,235**
Net income recognised directly in equity	**-**	**-**	**-**	**8,303**	**32,987**	**(23,055)**	**-**	**-**	**18,235**
Appropriation of prior year result	-	-	-	-	-	-	211,795	(211,795)	-
Result for the year	-	-	-	-	-	-	-	186,275	**186,275**
Change in reserve intangible assets	-	-	12,221	-	-	-	(12,221)	-	-
Dividends	-	-	-	-	-	-	(76,748)	-	**(76,748)**
Balance at 31 December 2017	**79,122**	**862,883**	**45,263**	**63,060**	**(137,326)**	**(37,404)**	**691,360**	**186,275**	**1,753,232**
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**

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 2018 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 6 March 2019.

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:

	2018	2017
Balance at 1 January	**1,751,470**	**1,627,733**
Investments in group companies	-	34,000
Share of profit/(loss)	207,068	188,750
Dividends received	(90,869)	(117,248)
Change in revaluation reserve and pension reserve	(44,626)	41,290
Foreign exchange reserve movements	(5,970)	(23,055)
Balance at 31 December	**1,817,073**	**1,751,470**

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 (2017: the same) of which 79,122,142 ordinary shares were issued and fully paid (2017: the same). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

4.2 Share premium reserve

	2018	2017
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

	2018	2017
Balance at 1 January	**691,360**	**568,534**
Appropriation of prior year result	186,275	211,795
Transfer between legal reserve and retained earnings	(16,948)	(12,221)
Dividends	(83,869)	(76,748)
Balance at 31 December	**776,818**	**691,360**

5 Other liabilities

	2018	2017
Other taxes	-	157
Long-term employee benefits	1,460	1,451
Other liabilities	3,427	3,440
Total	**4,887**	**5,048**

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 (2017: EUR 0.5 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 Participations Holding B.V., Atradius Information Services B.V., Atradius Collections Holding B.V., Atradius Collections B.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.

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, (2017: 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:

	2018	2017
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:

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**

2017 Including VAT	Deloitte Accountants B.V.	Other Deloitte Network organisations	Total Deloitte Network
Audit financial statements	646	1,831	2,477
Other audit services	147	415	562
Fiscal advisory services	-	-	-
Non-audit services	-	-	-
Total	**793**	**2,246**	**3,039**

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 the current one.

The amounts disclosed relate to the services provided to Atradius N.V. and/or its subsidiaries. No non audit services where delivered by PwC The Netherlands nor to Atradius N.V. or its Dutch subsidiaries after the start of the Audit mandate

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 36 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 2019, a distribution of EUR 91.8 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, 6 March 2019

The Supervisory Board

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

The Management Board

Isidoro Unda, Chairman
Andreas Tesch
Christian van Lint
Claus Gramlich-Eicher
Marc Henstridge

Independent auditor's report

To the general meeting of Atradius N.V.

Report on the financial statements 2018

Our opinion

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

What we have audited

We have audited the accompanying financial statements 2018 of Atradius N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of Atradius N.V. together with its subsidiaries ('the Group') and the company financial statements.

The financial statements comprise:

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

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

The basis for our opinion

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

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

Independence

We are independent of Atradius 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 – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

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:

- This is Atradius
- A message from the Management Board;
- Business profile
- Corporate governance
- Consolidated management 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 directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

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

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 audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
A more detailed description of our responsibilities is set out in the appendix to our report.
Amsterdam, 6 March 2019
PricewaterhouseCoopers Accountants N.V.
Originally signed by A.H. Zoon RA

Appendix to our auditor's report on the financial statements 2018 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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.

Other information

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 this 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-term 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 or 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 or 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 2018, 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
African Trade Insurance Agency	Kenya	1 share
Atradius Collections B.V.	Netherlands	
Belgium branch	Belgium	
Canada branch	Canada	
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 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	
Bulgaria branch	Bulgaria	
Belgium branch	Belgium	
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	
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 B.V.	Netherlands	
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%[1]
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%
Galilean Properties Proprietary Ltd	South Africa	25%
Gestifatura S.A.	Portugal	80%[2]
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	80%[2]
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%
Technical Credit Insurance Consultants S.A.	Belgium	
The Lebanese Credit Insurer s.a.l.	Lebanon	48.9%
Verenigde Assurantiebedrijven Nederland N.V.	Netherlands	0.65%

[1] Minus one share; [2] minus 3 shares;

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.

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